

cPa DIXON, WALLER & CO., INC.

SANTA FE TRAIL BOARD OF
COOPERATIVE EDUCATIONAL
SERVICES
LA JUNTA, COLORADO
FINANCIAL STATEMENTS
JUNE 30, 2022

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

**SANTA FE TRAIL BOARD OF
COOPERATIVE EDUCATIONAL SERVICES**

FINANCIAL STATEMENTS

JUNE 30, 2022

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis.....	i-vi
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	4
Statement of Activities.....	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Basic Financial Statements	10-36

REQUIRED SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Major Governmental Funds:

General Fund 37

Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability..... 38

Schedule of Cooperative Contributions - Pension..... 39

Other Post Employment Benefits (OPEB) Trend Data:

Schedule of Proportionate Share of Net OPEB Liability..... 40

Schedule of Cooperative Contributions – OPEB..... 41

OTHER SCHEDULES:

Combining Balance Sheet – General Fund 42-44

**Combining Schedule of Revenues, Expenditures and Changes
In Fund Balances – General Fund..... 45-47**

STATE REQUIRED SCHEDULES:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)..... 48

Bolded Balance Sheet..... 49-51

SINGLE AUDIT SECTION:

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*..... 52-53**

**Independent Auditor’s Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by Uniform Guidance..... 54-56**

Schedule of Findings and Questioned Costs..... 57-58

Summary of Schedule of Prior Audit Findings..... 59

Schedule of Expenditures of Federal Awards..... 60

Notes of Schedule of Expenditures of Federal Awards 61

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BOARD OF DIRECTORS
June 30, 2022**

BOARD OF DIRECTORS

Mr. Bill Deal	President
Ms. Dianna Milenski	Vice-President
Ms. Kristen Bickel	Secretary
Ms. Sharri Moreland	Treasurer
Ms. Caitlin Hansen	Member
Mr. George Pendleton	Member

BOCES OFFICE STAFF

Sandy Malouff	Executive Director
----------------------	-------------------------------

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Santa Fe Trail Board of Cooperative Educational Services
La Junta, Colorado 81050

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Santa Fe Trail Board of Cooperative Educational Services, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santa Fe Trail 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, each major fund, and the aggregate remaining fund information of Santa Fe Trail Board of Cooperative Educational Services, as of June 30, 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Fe Trail Board of Cooperative Educational Services, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Fe Trail 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Fe Trail 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 about Santa Fe Trail 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Santa Fe Trail Board of Cooperative Educational Services basic financial statements. The accompanying other schedules, state required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules, state required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Santa Fe Trail 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Fe Trail Board of Cooperative Educational Services's 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 Santa Fe Trail Board of Cooperative Educational Services' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "DeFon, Walker & Co., Inc." The signature is written in dark ink and is positioned above the date.

November 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

SANTA FE TRAIL BOCES
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022

Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June, 1999. As management of the Santa Fe Trail BOCES, we offer readers of the BOCES' Annual Financial Report this narrative and analysis of the financial activities of the SFTBOCES for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

Overview of the Financial Statements

A comparison to the prior year's activity is provided in this document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) program financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide statements report information about the SFTBOCES as a whole using accounting methods similar to those used by private-sector businesses. The statement of net assets includes all of the SFTBOCES' assets and liabilities. The *statement of net assets* presents information on all of the SFTBOCES' assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the financial position of the SFTBOCES.

Fund Financial Statements

A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the SFTBOCES' general fund. Funds are accounting devices that the SFTBOCES uses to keep track of specific sources of funding and spending for particular purposes. SFTBOCES uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

All of the SFTBOCES' basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and

out and (2) the balances left at year-end that are available for spending. Consequently, the government fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the SFTBOCES' programs.

SFTBOCES maintains one governmental fund. Information is presented separately in the governmental fund, balance sheet, statement of revenues, expenditures and changes in fund balances for the General Fund.

SFTBOCES adopts an annual appropriated budget for the general fund. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

Proprietary Funds - NA
Fiduciary Funds - NA

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

	<u>2022</u>	<u>2021</u>
Governmental Activities		
Assets:		
Cash and investments	\$ 911,928	\$ 764,622
Accounts receivable	\$ 378,328	\$ 11,415
Accrued revenue	\$ 126,639	\$ 46,380
Capital assets	\$ 1,355,392	\$ 994,790
Accumulated Depreciation	\$ (447,251)	\$ (363,742)
Total Assets	<u>\$ 2,325,036</u>	<u>\$ 1,453,465</u>
Deferred Outflow of Resources		
Pensions	\$ 906,144	\$ 1,523,951
Other Post-Employment Benefits	\$ 19,917	\$ 22,348
Total Deferred Outflow of Resources	<u>\$ 926,061</u>	<u>\$ 1,546,299</u>
Liabilities and Fund Balances:		
Accounts payable	\$ 33,867	\$ 30,230
Accrued salaries	\$ 244,745	\$ 263,880
Net Pension Obligation	\$ 3,228,706	\$ 4,754,363
Compensated Absences	\$ 12,654	\$ 25,308
Net Other Post-Employment Benefits Liability	\$ 156,206	\$ 172,861
Unearned Grants and Payments	\$ 511,100	\$ 240,841
Total Liabilities	<u>\$ 5,187,278</u>	<u>\$ 5,487,483</u>
Deferred Inflow of Resources		
Pensions	\$ 3,978,946	\$ 1,979,205
Other Post-Employment Benefits	\$ 3,264	\$ 56,763
Pension Inflows - Employer Level	\$ -	\$ -
Total Deferred Inflow of Resources	<u>\$ 3,982,210</u>	<u>\$ 2,035,678</u>
Net Position:		
Net Investment in Capital Assets	\$ 908,141	\$ 631,048
Unrestricted	\$(3,598,539)	\$(5,154,445)
Total Net Position	<u>\$(2,690,398)</u>	<u>\$(4,523,397)</u>

REVENUES & EXPENDITURES BY SOURCE		
REVENUES	2022	2021
Program Revenues		
Charges for Services	\$ 123,732	\$ 392,116
Operating Grants & Contributions	\$ 4,122,544	\$ 3,127,968
General Revenues		
BOCES Administration	\$ 1,009,717	\$ 595,141
Earnings on Investments	\$ 0	\$ 0
TOTAL REVENUES	\$ 5,255,933	\$ 4,115,225
EXPENDITURES		
Instructional Services	\$ 1,272,400	\$ 1,300,867
Supporting Services		
Students	\$ 1,141,947	\$ 1,268,488
Instructional Staff	\$ 925,847	\$ 881,871
General Administration	\$ 735,119	\$ 623,254
Business	\$ 55,962	\$ 56,748
Operation & Maintenance of Facilities	\$ 486,084	\$ 122,128
Other Uses	\$ 9,170	\$ 11,319
Capital Outlay		
Pension Amortization	\$ (1,189,074)	\$ (1,026,455)
OPEB	\$ (14,461)	(9,206)
TOTAL EXPENDITURES	\$ 3,422,994	\$ 3,229,014
CHANGE IN NET ASSETS	\$ 1,832,999	\$ 886,211
Beginning Net Assets	\$ (4,523,397)	\$ (5,409,608)
Ending Net Assets	\$ (2,690,398)	\$ (4,523,397)

The assets of the SFTBOCES are classified as current assets and capital assets. Cash, accounts receivables, inventories and accrued revenue are current assets. These assets are available to provide resources for the near-term operations of the SFTBOCES. Capital assets are used in the operation of the SFTBOCES. These assets include land, a building, and equipment.

At the end of the current fiscal year, the assets of the SFTBOCES exceeded its liabilities by \$2,690,398. This represents the SFTBOCES pension obligation, which is required by GASB. In the past, the pension obligation was calculated by PERA and included in PERA's financial statements. It continues to be calculated by PERA; however, it is now included in our financial statements. This is not a debt, but for record keeping purposes only.

	Total Cost of Service	Net Cost of Service
Instructional Services	1,272,400	(160,159)
Student	1,141,947	290,443
Instructional Staff	925,847	(136,448)
General Administration	735,119	(269,427)
Business	55,962	(55,466)
Operation & Maintenance of Facilities	486,084	(89,527)
Other Uses	9,170	(4,585)
Pension Expense	(1,189,074)	1,189,074
OPEB Expense	(14,461)	14,461
Total	3,422,994	778,366

Financial Analysis of the Government's Funds

The focus of the SFTBOCES' governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SFTBOCES' financing requirements. In particular, unreserved fund balance may serve as a useful measure of the SFTBOCES' net resources available for spending at the end of the fiscal year.

The combined general fund is the major governmental fund of the SFTBOCES. The combined general fund under GASB 34 reporting requirements includes the general fund with the following programs:

- BOCES Administration
- Professional Development
- Pathway to Prosperity Grant
- Rawlings Grant
- Special Education
- Gifted & Talented
- Gifted & Talented Regional
- Gifted & Talented Universal Screening
- School Health Professional Grant
- Computer Science Education Grant
- Early Literacy Grant
- Workforce Diploma Pilot Grant
- School Leadership Pilot Program
- Implementation of Student Education Priorities
- The Colorado Health Foundation
- IDEA Part B
- IDEA Preschool
- Part C Preschool
- Gifted & Talented IREECCH
- Education Stabilization Fund – ESSER
- Governor's Emergency Education Relief Fund - RISE

At the end of the fiscal year, the combined general fund shows an ending fund balance of \$627,183, an increase of \$339,717 from the previous fiscal year.

General Fund Budgetary Highlights

SFTBOCES’ budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The only budgeted fund is the General Fund.

SFTBOCES began budget development for the 2021-22 fiscal year in April, 2021 with preliminary analysis of salary requirements and budget changes. After reviewing district projections and the most current revenue assumptions, the SFTBOCES Business Manager and Executive Director prepared a preliminary budget. The preliminary budget was presented to the SFTBOCES Board of Directors on May 26, 2021. Adoption of the original 2021-22 SFTBOCES budget occurred on June 16, 2021. A revised budget was approved by the SFTBOCES board on June 29, 2022.

Difference between the original budget and final revised budget totaled an increase of \$419,080 and can be briefly summarized as follows:

- Gifted & Talented – Subtraction of \$3,665
- SPED IDEA – Subtraction of \$21,950
- The Colorado Health Foundation – Addition of \$580,997
- Decrease in the Beginning Fund Balance – Subtraction of \$136,302

Capital Assets and Debt Administration

SFTBOCES’ investment in capital assets for governmental activities as of June 30, 2022 amount to \$1,355,392 (total of accumulated depreciation). This investment in capital assets includes land, a building and office and instructional equipment all with an original cost greater than \$5,000.

Net of Accumulated Depreciation		
	2022	2021
Land & Sites	\$ 5,710	\$ 5,710
Construction In Progress	\$ 348,598	
Building	\$ 22,240	\$ 16,552
Vehicles	\$ -	\$ -
Equipment	\$ 531,593	\$ 608,786
TOTALS	\$ 908,141	\$ 631,048

In accordance with Board policy, there were capital asset additions during the current fiscal year greater than \$5,000.

Changes in Compensated Absences

As of June 30, 2021 SFTBOCES had the following Changes in Compensated Absences

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2022</u>
Compensated Absences	-	37,961	25,307	12,654
Totals	-	37,961	25,307	12,654

As of June 30, 2022 SFTBOCES did not have any bonded debt outstanding.

Economic Factors and Next Year's Budgets

At the time these financial statements were prepared and audited, the SFTBOCES was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Continuing fluctuation in student enrollment in member districts
- Changes in State ECEA revenue
- Changes in Special Education IDEA revenues and other federal funding
- The addition and discontinuation of various grants

Requests for Information

This financial report is designed to provide for all those with an interest in the SFTBOCES, a general overview of the SFTBOCES' finances and to demonstrate the SFTBOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Tara Neugebauer, Office Manager
 Santa Fe Trail BOCES
 P.O. Box 980
 302 Colorado Avenue
 La Junta, CO 81050
 719-383-2623 ext. 216

BASIC FINANCIAL STATEMENTS

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Equivalents	911,928	911,928
Accounts Receivable	378,328	378,328
Accrued Revenue	126,639	126,639
Capital Assets	1,355,392	1,355,392
Accumulated Depreciation	<u>(447,251)</u>	<u>(447,251)</u>
<u>Total Assets</u>	<u>2,325,036</u>	<u>2,325,036</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	906,144	906,144
Other Post Employment Benefits	<u>19,917</u>	<u>19,917</u>
<u>Total Deferred Outflow of Resources</u>	<u>926,061</u>	<u>926,061</u>
<u>LIABILITIES</u>		
Accounts Payable	33,867	33,867
Accrued Salaries	244,745	244,745
Compensated Absences	12,654	12,654
Net Pension Liability	3,228,706	3,228,706
Net OPEB Liability	156,206	156,206
Unearned Grants and Payments	<u>511,100</u>	<u>511,100</u>
<u>Total Liabilities</u>	<u>4,187,278</u>	<u>4,187,278</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	1,697,981	1,697,981
Other Post Employment Benefits	<u>56,236</u>	<u>56,236</u>
<u>Total Deferred Inflow of Resources</u>	<u>1,754,217</u>	<u>1,754,217</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	908,141	908,141
Unrestricted	<u>(3,598,539)</u>	<u>(3,598,539)</u>
<u>Total Net Position</u>	<u>(2,690,398)</u>	<u>(2,690,398)</u>

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>
	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
FUNCTIONS					
Instructional Services	1,272,400	1,057,639	-	(160,159)	(160,159)
Supporting Services:					
Students	1,141,947	1,414,883	-	290,443	290,443
Instructional Staff	925,847	776,296	-	(136,448)	(136,448)
General Administration	735,119	431,078	-	(269,427)	(269,427)
Business	55,962	496	-	(55,466)	(55,466)
Operation & Maintenance of Facilities	486,084	44,394	348,598	(89,527)	(89,527)
Other Uses	9,170	4,244	-	(4,585)	(4,585)
Net Pension Change	(1,189,074)	-	-	1,189,074	1,189,074
Net OPEB Change	(14,461)	-	-	14,461	14,461
Total Governmental Activities	<u>3,422,994</u>	<u>3,729,030</u>	<u>348,598</u>	<u>778,366</u>	<u>778,366</u>
General Revenues					
BOCES Administration				<u>1,054,633</u>	<u>1,054,633</u>
Total General Revenues				<u>1,054,633</u>	<u>1,054,633</u>
Change in Net Position				1,832,999	1,832,999
Net Position, Beginning				(4,523,397)	(4,523,397)
Net Position, Ending				<u>(2,690,398)</u>	<u>(2,690,398)</u>

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash and Equivalents	911,928	911,928
Accounts Receivable	378,328	378,328
Accrued Revenue	<u>126,639</u>	<u>126,639</u>
<u>Total Assets</u>	<u>1,416,895</u>	<u>1,416,895</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>Liabilities:</u>		
Accounts Payable	33,867	33,867
Accrued Salaries	244,745	244,745
Unearned Revenue:		
Local Sources	199,944	199,944
Other Governments	<u>311,156</u>	<u>311,156</u>
<u>Total Liabilities</u>	<u>789,712</u>	<u>789,712</u>
<u>Fund Balances:</u>		
Assigned	-	-
Unassigned	<u>627,183</u>	<u>627,183</u>
<u>Total Fund Balances</u>	<u>627,183</u>	<u>627,183</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>1,416,895</u>	<u>1,416,895</u>

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

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2022**

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	627,183
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,355,392 and the accumulated depreciation is \$447,251.	908,141
Compensated absences are not reported as a liability in funds.	(12,654)
The portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(3,228,706)
The portion of the net OPEB obligation is reported on the statement of net position is not reported as a liability in the funds.	(156,206)
Deferred flows for pension and OPEB obligations are not reported in the funds:	
Net Deferred Pension Flows	(791,837)
Net Deferred OPEB Flows	<u>(36,319)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(2,690,398)</u>

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>		
Local Sources	1,163,557	1,163,557
State Sources	2,532,350	2,532,350
Federal Sources	<u>1,560,086</u>	<u>1,560,086</u>
<u>Total Revenues</u>	<u>5,255,993</u>	<u>5,255,993</u>
<u>EXPENDITURES</u>		
Instruction	1,272,400	1,272,400
Supporting Services:		
Students	1,490,545	1,490,545
Instructional Staff	925,847	925,847
General Administration	664,264	664,264
Business	55,962	55,962
Operation & Maintenance of Facilities	498,088	498,088
Other Uses	<u>9,170</u>	<u>9,170</u>
<u>Total Expenditures</u>	<u>4,916,276</u>	<u>4,916,276</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	339,717	339,717
<u>FUND BALANCES, Beginning</u>	<u>287,466</u>	<u>287,466</u>
<u>FUND BALANCES, Ending</u>	<u>627,183</u>	<u>627,183</u>

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

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022**

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

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS **339,717**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	360,602	
Capital outlays more than \$5,000		
Depreciation Expense	<u>(83,509)</u>	277,093

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount. **12,654**

The statement of activities reports net pension liability which is not reported in the fund financial statements.

	1,525,657	
Change in net pension liability		
Change in net OPEB liability	16,655	
Deferred flows from net pension liability	(336,583)	
Deferred flows from net OPEB liability	<u>(2,194)</u>	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **1,832,999**

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

NOTES TO BASIC FINANCIAL STATEMENTS

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Cooperative. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

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

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

• **Major Governmental Funds**

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

E. Cash and Investments

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

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

F. Accumulated Leave

Compensated absences are made up of accumulated leave reported as a non-current liability in the government-wide financial statements. As of June 30, 2022 the Cooperative has recorded a liability of \$12,654 relating to accrued leave.

A summary of changes in compensated absences is as follows:

	Beginning Balance July 1, 2021	Additions	Deletions	Ending Balance June 30, 2022
Compensated Absences	\$25,308	-	\$12,654	\$12,654

G. Encumbrances

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

H. Restricted Grants

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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

I. Capital Assets

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

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The Cooperative does not capitalize interest on the construction of capital assets in governmental funds. However, the Cooperative does capitalize interest on the construction of capital assets in business-type activities. It is the Cooperatives policy to capitalize assets costing \$5,000 or more.

J. Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable government activities. The Cooperative records long-term debt of governmental funds at the face value. The Cooperative has a liability of \$12,654 for compensated absences payable at June 30, 2022.

K. Use of Estimates

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

L. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. GASB Statement No. 54

2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Cooperative's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The Cooperative's Committed Fund Balance is fund balance reporting required by the School Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

Assigned Fund Balance Policy:

The Cooperative's Assigned Fund Balance is fund balance reporting occurring by Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The Cooperative's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

<u>Fund</u>	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assigned	-	-
Unassigned	627,183	627,183
<u>Total Fund Balances</u>	<u>627,183</u>	<u>627,183</u>

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

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

M. **Deferred Outflows/Inflows of Resources**

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

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

N. **GASB 87**

On July 1, 2021 Santa Fe Trail Board of Cooperative Educational Services adopted GASB 87, Leases. The BOCES will comply with GASB 87 on all leases that are individually and aggregately material to the financial statements.

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 **BUDGETARY INFORMATION**

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

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

1. Prior to June 1, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 BUDGETARY INFORMATION (Continued)

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

NOTE 4 DEPOSITS

The Colorado Public Deposit Protection Act (PDDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDDPA. PDDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2022, the Cooperative's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	<u>661,928</u>	<u>1,511,083</u>
<u>Total Cash and Deposits</u>	<u>911,928</u>	<u>1,761,083</u>

As presented above, deposits with a bank balance of \$1,511,083 and a carrying balance of \$661,928 as of June 30, 2022 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 5 ACCRUED SALARIES 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, at June 30, 2022, are estimated to be \$244,745. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the Santa Fe Trail Board of Cooperative Educational Services 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, 2021. 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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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, 2022: Eligible employees of, Santa Fe Trail Board of Cooperative Educational Services 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below.

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Santa Fe Trail Board of Cooperative Educational Services is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Santa Fe Trail Board of Cooperative Educational Services were \$345,106 for the year ended June 30, 2022.

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 \$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. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Santa Fe Trail Board of Cooperative Educational Services proportion of the net pension liability was based on Santa Fe Trail Board of Cooperative Educational Services contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services reported a liability of \$3,228,706 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Santa Fe Trail Board of Cooperative Educational Services 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 Santa Fe Trail Board of Cooperative Educational Services were as follows:

Santa Fe Trail Board of Cooperative Educational Services proportionate share of the net pension liability	\$ 3,228,706
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Santa Fe Trail Board of Cooperative Educational Services	\$ 370,130
Total	\$ 3,598,836

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

At December 31, 2021, the Santa Fe Trail Board of Cooperative Educational Services proportion was 0.028%, which was a decrease of 0.0037% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services recognized pension income of \$1,189,074 and revenue of \$39,516 for support from the State as a nonemployer contributing entity. At June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	123,608	-
Changes of assumptions or other inputs	246,488	-
Net difference between projected and actual earnings on pension plan investments	-	(1,213,897)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	363,170	(484,084)
Contributions subsequent to the measurement date	172,878	N/A
Total	906,144	(1,697,981)

\$172,878 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, 2023. 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, 2022	
2023	(41,436)
2024	(419,129)
2025	(356,810)
2026	(147,340)
2027	-
Thereafter	-

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

The actuarial assumptions used in the December 31, 2020, 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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 percentage and then adding expected inflation.

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

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

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

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%.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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.
- 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 position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 **PENSION PLAN (Continued)**

Sensitivity of the Santa Fe Trail Board of Cooperative Educational Services 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	4,752,392	3,228,706	1,957,248

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.

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description – Employees of the Santa Fe Trail Board of Cooperative Educational Services 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 ACFR which includes additional information on the Voluntary Investment Program. 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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$10,700.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Santa Fe Trail Board of Cooperative Educational Services 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 Santa Fe Trail Board of Cooperative Educational Services 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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

PERA Benefit Structure

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

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

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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Santa Fe Trail Board of Cooperative Educational Services is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Santa Fe Trail Board of Cooperative Educational Services were \$17,707 for the year ended June 30, 2022.

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

At June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services reported a liability of \$156,206 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The Santa Fe Trail Board of Cooperative Educational Services proportion of the net OPEB liability was based on Santa Fe Trail Board of Cooperative Educational Services contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Santa Fe Trail Board of Cooperative Educational Services proportion was 0.018%, which was a decrease of 0.0001% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services recognized OPEB income of \$14,461. At June 30, 2022, the Santa Fe Trail Board of Cooperative Educational Services reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	238	(37,038)
Changes of assumptions or other inputs	3,234	(8,473)
Net difference between projected and actual earnings on OPEB plan investments	-	(9,669)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,575	(1,056)
Contributions subsequent to the measurement date	8,870	N/A
Total	19,917	(56,236)

\$8,870 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2022	
2023	(9,930)
2024	(13,210)
2025	(13,346)
2026	(7,019)
2027	(1,475)
Thereafter	(209)

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40% -11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00 %	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, 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
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7

OTHER POST EMPLOYMENT BENEFITS (Continued)

Mortality assumptions used in the December 31, 2020 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 using 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.

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

The 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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Disabled mortality assumptions for Members 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 Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, 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 every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$151,720	\$156,206	\$161,402

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, 2021, 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%.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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 Santa Fe Trail Board of Cooperative Educational Services 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$181,417	\$156,206	\$134,671

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.

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

NOTE 8 **INTERGOVERNMENTAL AGREEMENTS**

Not reflected in the accompanying financial statements is the various Districts' participation in the Santa Fe Trail Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

The Districts have one member on the Board. This Board has full authority for all budgeting and financing of the Cooperative.

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

NOTE 9 **SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The Cooperative 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 District may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by the grantor but the Cooperative believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual government fund or the overall financial position of the Cooperative.

NOTE 10 **CONTINGENCIES - TAX, SPENDING LIMITATIONS**

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

1. A BOCES is not independently subject to the spending and revenue limits imposed by Amendment 1. BOCES revenues and spending may therefore fluctuate independent of the restrictions imposed by the Amendment. However, contributions by member districts and by the state will be subject to the spending limits imposed by the Amendment at the time the transfer is made to the BOCES account.
2. A BOCES may enter into multiple-year financial obligations, as those obligations are defined in Amendment 1, only to the extent and in the manner to which its member school districts are permitted under Amendment 1 to enter into such financial obligations.
3. The BOCES need not maintain an emergency reserve as required by Amendment 1 for local government entities.
4. The BOCES is not a local government under Amendment 1 because its activities and authority are not confined to a specific geographical area within the state, it addresses matters of statewide concern, and it was created by a statewide vote of the electorate.

The board is decidedly not a private entity. Nor is it as presently constituted an "enterprise" under Amendment 1. While the board is not an "agency" of the state, the BOCES conclude that the best reading of Amendment 1 is to exclude from state fiscal year spending limits only those entities that are nongovernmental, and the board is essentially governmental in nature. This interpretation of Amendment 1 is the interpretation that "reasonably restrains most of the growth of government".

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	5,710	-	-	5,710
Construction in Progress	-	348,598	-	348,598
<u>Total Capital Assets Not Being Depreciated</u>	<u>5,710</u>	<u>348,598</u>	<u>-</u>	<u>354,308</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings & Site Improvements	138,038	12,004	-	150,042
Equipment & Vehicles	851,042	-	-	851,042
<u>Total Capital Assets Being Depreciated</u>	<u>989,080</u>	<u>12,004</u>	<u>-</u>	<u>1,001,084</u>
<u>Less Accumulated Depreciation for:</u>				
Building &				
Site Improvements	121,486	6,316	-	127,802
Equipment & Vehicles	242,256	77,193	-	319,449
<u>Total Accumulated Depreciation</u>	<u>363,742</u>	<u>83,509</u>	<u>-</u>	<u>447,251</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>625,338</u>	<u>(71,505)</u>	<u>-</u>	<u>553,833</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>631,048</u>	<u>277,093</u>	<u>-</u>	<u>908,141</u>

Depreciation expense was charged to functions/programs for the primary government as follows:

<u>Governmental Activities</u>	
Instruction	-
General Administration	83,509
	<u>83,509</u>

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

As the Cooperative did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the Cooperative and only the Cooperative's share of contributions to the Pool are recorded as expenditures.

The Cooperative's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The Cooperative's share, if calculated, would not be material to the Pool's financial information at June 30, 2022.

An audited summary of the Colorado School District's Pool financial information at June 30, 2021 and for the year then ended (latest information available) follows:

Total Assets	<u>64,950,784</u>
Total Liabilities	<u>26,531,849</u>
Total Equity	<u>38,418,935</u>
Revenue	32,051,341
Underwriting Expenses	<u>22,573,689</u>
Underwriting Gain (Loss)	9,477,652
Net Investment Income	1,118,389
Other Income	-
Net Income (Loss) Before Dividend	<u>10,596,041</u>
Dividend	-
Net Income	<u>10,596,041</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>(19,019)</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>38,418,935</u>

NOTE 14 LITIGATION

None.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

The General Fund accounts for all transactions of the Cooperative not accounted for in other funds. This fund represents an accounting for the Cooperative's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the Cooperative's overall operations.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	1,172,406	1,172,406	1,163,557	(8,849)
State Sources	1,842,076	2,419,408	2,532,350	112,942
Federal Sources	1,480,507	1,458,557	1,560,086	101,529
<u>Total Revenues</u>	<u>4,494,989</u>	<u>5,050,371</u>	<u>5,255,993</u>	<u>205,622</u>
<u>EXPENDITURES</u>				
Instruction	3,139,614	3,745,273	1,272,400	2,472,873
Supporting Services	1,449,732	1,447,556	3,634,706	(2,187,150)
Other Uses	570,253	385,850	9,170	376,680
<u>Total Expenditures</u>	<u>5,159,599</u>	<u>5,578,679</u>	<u>4,916,276</u>	<u>662,403</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(664,610)	(528,308)	339,717	
<u>FUND BALANCES – Beginning</u>				
	<u>664,610</u>	<u>528,308</u>	<u>287,466</u>	
<u>FUND BALANCES – Ending</u>				
	<u>-</u>	<u>-</u>	<u>627,183</u>	

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
BOCES proportion of the net pension liability (asset)	0.0277%	0.0314%	0.0279%	0.0273%	0.0305%	0.0287%	0.0283%	0.0279%	0.0283%	-
BOCES proportionate share of the net pension liability (asset)	\$3,228,706	\$4,754,363	\$4,174,919	\$4,838,248	\$9,879,607	\$8,555,531	\$4,329,199	\$3,785,534	\$3,613,152	-
State's proportionate share of the net pension liability associated with the BOCES**	\$370,130	-	\$529,535	\$661,565	-	-	-	-	-	-
BOCES covered payroll	\$1,735,948	\$1,694,632	\$1,670,431	\$1,573,902	\$1,494,592	\$1,293,988	\$1,187,141	\$1,101,359	\$1,062,971	-
BOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	186%	280%	250%	307%	661%	661%	365%	344%	340%	-
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.96%	48.13%	59.20%	62.80%	64.06%	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF COOPERATIVE CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 345,106	\$ 354,178	\$ 323,730	\$ 301,087	\$ 282,220	\$ 237,845	\$ 210,481	\$ 133,259	\$ 141,329	\$ 134,478
Contributions in relation to the contractually required contributions	<u>\$ (345,106)</u>	<u>\$ (354,178)</u>	<u>\$ (323,730)</u>	<u>\$ (301,087)</u>	<u>\$ (282,220)</u>	<u>\$ (237,845)</u>	<u>\$ (210,481)</u>	<u>\$ (133,259)</u>	<u>\$ (141,329)</u>	<u>\$ (134,478)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOCES covered payroll	\$1,735,948	\$1,694,632	\$1,670,431	\$1,573,902	\$1,494,592	\$1,293,988	\$1,187,141	\$1,101,359	\$1,062,971	\$1,119,906
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	12.10%	13.30%	12.01%

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
BOCES proportion of the net OPEB liability (asset)	0.0181%	0.0182%	0.0183%	0.0178%	0.0174%	0.0163%	-	-	-	-
BOCES proportionate share of the net OPEB liability (asset)	\$156,206	\$172,861	\$205,297	\$241,641	\$225,608	\$211,767	-	-	-	-
BOCES covered payroll	\$1,735,948	\$1,694,632	\$1,670,431	\$1,573,902	\$1,494,592	\$1,293,988	-	-	-	-
BOCES proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.00%	10.20%	12.30%	15.35%	15.09%	16.37%	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 SCHEDULE OF COOPERATIVE CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 17,707	\$ 17,285	\$ 17,038	\$ 16,054	\$ 15,245	\$ 13,199	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (17,707)</u>	<u>\$ (17,285)</u>	<u>\$ (17,038)</u>	<u>\$ (16,054)</u>	<u>\$ (15,245)</u>	<u>\$ (13,199)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
BOCES covered payroll	\$1,735,948	\$1,694,632	\$1,670,431	\$1,573,902	\$1,494,592	\$1,293,988	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-

OTHER SCHEDULES

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING BALANCE SHEET – GENERAL FUND
June 30, 2022

	<u>BOCES</u> <u>Administration</u>	<u>Prof.</u> <u>Education</u>	<u>Pathway</u> <u>Prosperity</u>	<u>Rawlings</u>	<u>Special</u> <u>Education</u>	<u>Gifted &</u> <u>Talented</u>
<u>ASSETS</u>						
Cash and Equivalents	481,471	(647)	2,728	5,893	122,923	15,998
Accounts Receivable	166,587	900	-	-	210,841	-
Accrued Revenue	-	-	-	-	1,556	-
<u>Total Assets</u>	<u>648,058</u>	<u>253</u>	<u>2,728</u>	<u>5,893</u>	<u>335,320</u>	<u>15,998</u>
<u>LIABILITIES AND FUND</u>						
<u>BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	-	-	-	5,148	-	15,998
Accrued Salaries	21,128	-	-	-	138,104	-
Unearned Revenue:						
Local Sources	-	-	2,728	745	197,216	-
Other Governments	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>21,128</u>	<u>-</u>	<u>2,728</u>	<u>5,893</u>	<u>335,320</u>	<u>15,998</u>
<u>Fund Balances</u>						
Assigned	-	-	-	-	-	-
Unassigned	626,930	253	-	-	-	-
<u>Total Fund Balances</u>	<u>626,930</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities and Fund</u>						
<u>Balances</u>	<u>648,058</u>	<u>253</u>	<u>2,728</u>	<u>5,893</u>	<u>335,320</u>	<u>15,998</u>

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

<u>School Health</u>	<u>Computer Grant</u>	<u>Early Lit</u>	<u>State Ed Priorities</u>	<u>Work Diploma</u>	<u>Playground</u>	<u>School Leader</u>	<u>IDEA Part B</u>	<u>IDEA Preschool</u>
104,276	-	-	-	-	232,399	-	59,648	3,602
-	-	-	-	-	-	-	-	-
<u>104,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,399</u>	<u>-</u>	<u>59,648</u>	<u>3,602</u>
4,001	-	-	-	-	-	-	-	-
22,263	-	-	-	-	-	-	59,648	3,602
-	-	-	-	-	-	-	-	-
<u>78,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>104,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,399</u>	<u>-</u>	<u>59,648</u>	<u>3,602</u>
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>104,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,399</u>	<u>-</u>	<u>59,648</u>	<u>3,602</u>

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

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING BALANCE SHEET – GENERAL FUND
June 30, 2022

(Continued)	<u>G&T</u>				<u>Student</u>	
<u>ASSETS</u>	<u>IREECH</u>	<u>ESSER II</u>	<u>RISE</u>	<u>Coding</u>	<u>Health</u>	<u>TOTAL</u>
Cash and Equivalents	8,720	(13,955)	(111,128)	-	-	911,928
Accounts Receivable	-	-	-	-	-	378,328
Accrued Revenue	-	<u>13,955</u>	<u>111,128</u>	-	-	<u>126,639</u>
<u>Total Assets</u>	<u>8,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,416,895</u>
 <u>LIABILITIES AND FUND</u>						
<u>BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	8,720	-	-	-	-	33,867
Accrued Salaries	-	-	-	-	-	244,745
Unearned Revenue:						
Local Sources	-	-	-	-	-	200,689
Other Governments	-	-	-	-	-	<u>310,411</u>
<u>Total Liabilities</u>	<u>8,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789,712</u>
 <u>Fund Balances</u>						
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	<u>627,183</u>
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,183</u>
 <u>Total Liabilities and Fund</u>						
<u>Balances</u>	<u>8,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,416,895</u>

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

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
Fiscal Year Ended June 30, 2022**

	<u>BOCES Administration</u>	<u>Prof. Education</u>	<u>Pathway Prosperity</u>	<u>Rawlings</u>	<u>Special Education</u>	<u>Gifted & Talented</u>
<u>REVENUES</u>						
Local Sources	1,009,717	5,400	453	24,255	123,732	-
State Sources	39,516	-	-	-	1,540,950	182,729
Federal Sources	-	-	-	-	-	-
<u>Total Revenues</u>	<u>1,049,233</u>	<u>5,400</u>	<u>453</u>	<u>24,255</u>	<u>1,664,682</u>	<u>182,729</u>
<u>EXPENDITURES:</u>						
Instruction	160,159	-	-	-	734,616	16,736
Supporting Services:						
Students	58,155	-	-	-	235,540	-
Instructional Staff	130,477	5,971	453	24,255	176,290	165,993
General Administration	198,572	-	-	-	465,692	-
School Administration	-	-	-	-	-	-
Business	55,466	-	-	-	-	-
Operation and Maintenance of Facilities	101,531	-	-	-	47,959	-
Other Uses	4,585	-	-	-	4,585	-
<u>Total Expenditures</u>	<u>708,945</u>	<u>5,971</u>	<u>453</u>	<u>24,255</u>	<u>1,664,682</u>	<u>182,729</u>
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>340,288</u>	<u>(571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances – Beginning</u>	<u>286,642</u>	<u>824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances - Ending</u>	<u>626,930</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

<u>School Health</u>	<u>Computer Grant</u>	<u>Early Lit</u>	<u>State Ed Priorities</u>	<u>Work Diploma</u>	<u>Playground</u>	<u>School Leader</u>	<u>IDEA Part B</u>	<u>IDEA Preschool</u>
-	-	-	-	-	-	-	-	-
280,626	11,380	7,972	117,012	742	348,598	2,825	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328,683</u>	<u>45,124</u>
<u>280,626</u>	<u>11,380</u>	<u>7,972</u>	<u>117,012</u>	<u>742</u>	<u>348,598</u>	<u>2,825</u>	<u>1,328,683</u>	<u>45,124</u>
-	11,380	-	-	-	-	-	275,585	45,124
280,626	-	-	-	-	-	-	916,224	-
-	-	7,972	117,012	742	-	2,825	136,874	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	348,598	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>280,626</u>	<u>11,380</u>	<u>7,972</u>	<u>117,012</u>	<u>742</u>	<u>348,598</u>	<u>2,825</u>	<u>1,328,683</u>	<u>45,124</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
Fiscal Year Ended June 30, 2022**

(Continued)	G&T				Student	
<u>REVENUES</u>	<u>IREECH</u>	<u>ESSER II</u>	<u>RISE</u>	<u>Coding</u>	<u>Health</u>	<u>TOTAL</u>
Local Sources	-	-	-	-	-	1,163,557
State Sources	-	-	-	-	-	2,532,350
Federal Sources	<u>29,196</u>	<u>13,955</u>	<u>111,128</u>	<u>29,500</u>	<u>2,500</u>	<u>1,560,086</u>
<u>Total Revenues</u>	<u>29,196</u>	<u>13,955</u>	<u>111,128</u>	<u>29,500</u>	<u>2,500</u>	<u>5,255,993</u>
<u>EXPENDITURES:</u>						
Instruction	-	-	-	28,800	-	1,272,400
Supporting Services:						
Students	-	-	-	-	-	1,490,545
Instructional Staff	28,700	13,955	111,128	700	2,500	925,847
General Administration	-	-	-	-	-	664,264
School Administration	-	-	-	-	-	-
Business	496	-	-	-	-	55,962
Operation and Maintenance of Facilities	-	-	-	-	-	498,088
Other Uses	-	-	-	-	-	9,170
<u>Total Expenditures</u>	<u>29,196</u>	<u>13,955</u>	<u>111,128</u>	<u>29,500</u>	<u>2,500</u>	<u>4,916,276</u>
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,717</u>
<u>Fund Balances – Beginning</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,466</u>
<u>Fund Balances - Ending</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,183</u>

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

STATE REQUIRED SCHEDULES



Colorado Department of Education
Auditors Integrity Report
 District: 9150 - Santa Fe Trail BOCES
 Fiscal Year 2021-22
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	1000 - 5999 Total Revenues & Other Sources	1000 - 5999 Total Expenditures & Other Uses	5700-5799 & Prior Per Adj (6880) Ending Fund Balance
Governmental			
10 General Fund	5,255,993	4,916,276	627,183
18 Risk Mgmt Sub-Fund of General Fund	0	0	0
19 Colorado Pre-school Program Fund	0	0	0
Sub-Totals:	5,255,993	4,916,276	627,183
11 Charter School Fund	0	0	0
20,26,29 Special Revenue Fund	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0
07 Total Program Reserve Fund	0	0	0
21 Food Service Spec Revenue Fund	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0
25 Transportation Fund	0	0	0
31 Bond Redemption Fund	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0
41 Building Fund	0	0	0
42 Special Building Fund	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0
Totals	5,255,993	4,916,276	627,183
Proprietary			
50 Other Enterprise Funds	0	0	0
54 623 Risk-Related Activity Fund	0	0	0
50,65-69 Other Intern. Service Funds	0	0	0
Totals	0	0	0
Fiduciary			
70 Other Trust and Agency Funds	0	0	0
72 Private Purpose Trust Fund	0	0	0
73 Agency Fund	0	0	0
74 Pupil Activity Agency Fund	0	0	0
79 GASB 34 Rm/rent Fund	0	0	0
85 Foundations	0	0	0
Totals	0	0	0

FINAL



Colorado Department of Education
Balanced Budget Report
 District: 9150 - Santa Fe Trail BOCES
 Fiscal Year 2021-22
 Colorado School District/BOCES

ASSETS	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 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
Cash and Investments (8100-8104,8111)	911,928	0	0	0	0	0	0	0	0	0	0	0	0	0	0	911,928
Grants Accounts Receivable (8142)	126,639	0	0	0	0	0	0	0	0	0	0	0	0	0	0	126,639
Other Receivables (8151-8154,8161)	378,328	0	0	0	0	0	0	0	0	0	0	0	0	0	0	378,328
Total Assets:	1,416,895	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,416,895

	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	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
Other Payables (7421-7423)	33,867	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33,867
Accrued Expenses (7461)	244,745	0	0	0	0	0	0	0	0	0	0	0	0	0	0	244,745
Unearned Revenue (7481)	199,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	199,944
Grants Deferred Revenue (7482)	311,156	0	0	0	0	0	0	0	0	0	0	0	0	0	0	311,156
Total Liabilities	789,712	0	0	0	0	0	0	0	0	0	0	0	0	0	0	789,712

LIABILITIES & FUND EQUITY

LIABILITIES

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 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, 70-79	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 Capital 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
Committed 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	627,183	0	0	0	0	0	0	0	0	0	0	0	0	0	0	627,183
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	627,183	0	0	0	0	0	0	0	0	0	0	0	0	0	0	627,183

	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, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,416,895	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,416,895

	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, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

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

Board of Directors
Santa Fe Trail Board of Cooperative Educational Services
La Junta, Colorado 81050

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Santa Fe Trail Board of Cooperative Educational Services as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santa Fe Trail Board of Cooperative Educational Services' basic financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Deyan, Waller & Co., Inc.".

November 28, 2022

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

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

**Board of Directors
Santa Fe Trail Board of Cooperative Educational Services
La Junta, Colorado 81050**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Fe Trail Board of Cooperative Educational Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Fe Trail Board of Cooperative Educational Services' major federal programs for the year ended June 30, 2022. Santa Fe Trail Board of Cooperative Educational Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Fe Trail Board of Cooperative Educational Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



November 28, 2022

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Santa Fe Trail Board of Cooperative Educational Services.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Santa Fe Trail Board of Cooperative Educational Services were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified report has been issued on Santa Fe Trail Board of Cooperative Educational Services compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Special Education Cluster (IDEA)

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Santa Fe Trail Board of Cooperative Educational Services qualified as a low-risk auditee for the fiscal year ended June 30, 2022.

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022**

There are no prior audit findings requiring disclosure.

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor</u>	<u>State Code</u>	<u>Provided to Subrecipient</u>	<u>Federal Expenditures</u>
<u>Special Education Cluster (IDEA)-Cluster</u>					
<u>Department of Education</u>					
<u>Special Education Grants to States</u>					
Special Education Grants to States	84.027	Colorado Department of Education	4027		1,077,994
Special Education Grants to States	84.027X	Colorado Department of Education	6027	-	250,689
<u>Total Special Education Grants to States</u>				-	1,328,683
<u>Special Education Preschool Grants</u>					
Special Education Preschool Grants	84.173	Colorado Department of Education	4173		27,638
Special Education Preschool Grants	84.173X	Colorado Department of Education	6173	-	17,486
<u>Total Special Education Preschool Grants</u>				-	45,124
<u>Total Department of Education</u>				-	1,373,807
<u>Total Special Education Cluster (IDEA)-Cluster</u>				-	1,373,807
<u>Other Programs</u>					
<u>Department of Education</u>					
Javits Gifted and Talented Students Education	84.206	University of Denver	5206	-	29,196
<u>Total Javits Gifted and Talented Students Education</u>				-	29,196
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act	84.425	Colorado Office of the Governor	6426	-	111,128
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act	84.425D	Colorado Department of Education	4419	-	13,955
<u>Total Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act</u>				-	125,083
<u>Total Department of Education</u>				-	154,279
<u>Department of Health and Human Services</u>					
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	Colorado Department of Education	7981	-	2,500
<u>Total Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools</u>				-	2,500
<u>Total Department of Health and Human Services</u>				-	2,500
<u>Total Other Programs</u>				-	156,779
<u>Total Expenditures of Federal Awards</u>				-	\$ 1,530,586

The accompanying notes are an integral part of this financial statement

SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Santa Fe Trail Board of Cooperative Educational Services and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 **INDIRECT COST RATES**

All grants have been received from the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The BOCES has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.