

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

**LA JUNTA, COLORADO**

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

**JUNE 30, 2024**

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

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June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sante Fe Trail Board of Cooperative Educational Services (the BOCES) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Sante Fe Trail Board of Cooperative Educational Services, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BOCES's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BOCES's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES' basic financial statements. The accompanying 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*, and the auditor's integrity report listed in the table of contents 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the auditor's integrity report 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 February 24, 2025, on our consideration of the BOCES's 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 the BOCES'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 the BOCES's internal control over financial reporting and compliance.

*DMC Auditing and Consulting, LLC*

February 24, 2025  
Bailey, Colorado

**SANTA FE TRAIL BOCES - LA JUNTA, COLORADO**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**FISCAL YEAR ENDING JUNE 30, 2024**

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, 2024. 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 position includes all of the SFTBOCES’ assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The *statement of net position* presents information on all of the SFTBOCES’ assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 the change in fund balance 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.

## 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 Summary of Net Position

<b>Governmental Activities</b>	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Assets:</b>		
Cash and investments	\$ 578,018	\$ 972,936
Accounts receivable	\$ 57,881	\$ 955
Accrued revenue	\$ 619,304	\$ 205,854
Capital assets	\$ 1,575,558	\$ 1,231,158
<b>Total Assets</b>	<u><b>\$ 2,830,761</b></u>	<u><b>\$ 2,410,903</b></u>
<b>Deferred Outflow of Resources</b>		
Pensions	\$ 1,295,931	\$ 979,249
Other Post-Employment Benefits	\$ 16,209	\$ 23,481
<b>Total Deferred Outflow of Resources</b>	<u><b>\$ 1,312,140</b></u>	<u><b>\$ 1,002,730</b></u>
<b>Liabilities and Fund Balances:</b>		
Accounts payable	\$ 25,871	\$ 19,852
Accrued salaries	\$ 285,490	\$ 224,198
Due Within One Year	\$ 20,150	\$ -
Due In More Than One Year	\$ 443,382	\$ -
Net Pension Obligation	\$ 4,896,328	\$ 4,165,791
Compensated Absences	\$ -	\$ -
Net Other Post-Employment Benefits Liability	\$ 118,227	\$ 141,963
Unearned Grants and Payments	\$ 277,850	\$ 273,988
<b>Total Liabilities</b>	<u><b>\$ 6,067,298</b></u>	<u><b>\$ 4,825,792</b></u>
<b>Deferred Inflow of Resources</b>		
Pensions	\$ 354,683	\$ 776,607
Other Post-Employment Benefits	\$ 50,507	\$ 58,148
Pension Inflows - Employer Level	\$ -	\$ -
<b>Total Deferred Inflow of Resources</b>	<u><b>\$ 405,190</b></u>	<u><b>\$ 834,755</b></u>
<b>Net Position:</b>		
Net Investment in Capital Assets	\$ 1,106,316	\$ 1,231,158
Unrestricted	<u>\$(3,435,903)</u>	<u>\$(3,478,072)</u>
<b>Total Net Position</b>	<u><b>\$(2,329,587)</b></u>	<u><b>\$(2,246,914)</b></u>

## Statement of Activities Revenues and Expenditures

<b>Program Revenues:</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Charges for Services	\$ 974,015.00	\$ 972,947.00
Operating Grants	\$ 3,717,717.00	\$ 3,713,871.00
Total Program Revenues	\$ 4,691,732.00	\$ 4,686,818.00
<b>General Revenues:</b>		
Investment Earnings	\$ 1,763.00	\$ 1,020.00
Total General Revenues	\$ 1,763.00	\$ 1,020.00
<b>Total Revenues</b>	<b>\$ 4,693,495.00</b>	<b>\$ 4,687,838.00</b>
 <b>Expenses:</b>		
Instruction	\$ 1,264,368.00	\$ 796,809.00
Supporting Services	\$ 3,529,180.00	\$ 3,447,545.00
Interest in Long-Term Debt	\$ 20,618.00	\$ -
Total Expenses	\$ 4,814,166.00	\$ 4,244,354.00
Change in Net Position	\$ (120,671.00)	\$ 443,484.00
Net Position - Beginning	\$ (2,246,914.00)	\$ (2,690,398.00)
Net Position - Ending	<b>\$ (2,367,585.00)</b>	<b>\$ (2,246,914.00)</b>

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 and deferred outflows of resources of the SFTBOCES exceeded its liabilities and deferred inflows of resources by negative \$2,329,587. 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.

### 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  
Special Education  
BOCES Grant Writing  
Gifted & Talented  
Gifted & Talented Regional  
Gifted & Talented Universal Screening  
Implementation of Student Education Priorities  
School Health Professional Grant  
IDEA Part B  
IDEA Preschool  
Gifted & Talented IREECCH  
Education Stabilization Fund – ESSER  
Governor’s Emergency Education Relief Fund – RISE  
Multi-Tiered System Supports - COMTSS

At the end of the fiscal year, the combined general fund shows an ending fund balance of \$665,992, an increase of \$4,285 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 2023-24 fiscal year in April 2023 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 24, 2023. Adoption of the original 2023-24 SFTBOCES budget occurred on June 21, 2023. A revised budget was approved by the SFTBOCES board on January 31, 2024.

Difference between the original budget and final revised budget totaled an increase of \$338,251 and can be briefly summarized as follows:

Gifted & Talented – Increase of \$2,373  
Universal Screener – Increase of \$12,133  
Implementation of Student Education Priorities – Increase of \$8,160  
Multi-Tiered System Supports – Increase of \$120,000  
Increase in the Beginning Fund Balance – Addition of \$195,585

## Capital Assets

SFTBOCES' investment in capital assets for governmental activities as of June 30, 2024, amount to \$1,575,558 (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.

	<u>Balance</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	5,710	-	-	5,710
Capital Assets Being Depreciated:				
Buildings & Improvements	361,042	25,463		386,505
Equipment	1,371,980	-	(14,784)	1,357,196
Right-to-Use Asset	-	476,250	-	476,250
Total Capital Assets Being Depreciated	<u>1,733,022</u>	<u>501,713</u>	<u>(14,784)</u>	<u>2,219,951</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(127,802)	(22,080)	-	(149,882)
Equipment & Vehicles	(379,772)	(114,066)	14,784	(479,054)
Right-to-Use Asset	-	(21,167)	-	(21,167)
Total Accumulated Depreciation	<u>(507,574)</u>	<u>(157,313)</u>	<u>14,784</u>	<u>(650,103)</u>
Total Capital Assets Being Depreciated, Net	<u>1,225,448</u>	<u>344,400</u>	<u>-</u>	<u>1,569,848</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>1,231,158</u>	<u>344,400</u>	<u>-</u>	<u>1,575,558</u>

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

## Changes in Long-Term Liabilities

As of June 30, 2024, SFTBOCES had the following Changes in long-term liabilities.

	<u>Balance</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due In</u> <u>One Year</u>
<u>Governmental Activities</u>					
Lease Building	\$ -	\$ 476,250.00	\$ 12,718.00	\$ 463,532.00	\$ 20,150.00
Compensated Absences	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 476,250.00</u>	<u>\$ 12,718.00</u>	<u>\$ 463,532.00</u>	<u>\$ 20,150.00</u>

## **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
- Necessary increases to salary schedules to remain competitive in the job market.

## **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, 2024

PRIMARY  
GOVERNMENT  
GOVERNMENTAL  
ACTIVITIES

ASSETS	
Cash	\$ 578,018
Accounts Receivable	57,881
Grants Receivable	619,304
Capital Assets, <i>Not Being Depreciated</i>	5,710
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>1,569,848</u>
 TOTAL ASSETS	 <u>2,830,761</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	1,295,931
OPEB, <i>Net of Accumulated Amortization</i>	<u>16,209</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>1,312,140</u>
 LIABILITIES	
Accounts Payable	25,871
Accrued Salaries and Benefits	285,490
Unearned Revenue	277,850
Long-Term Liabilities	
Due Within One Year	20,150
Due in More Than One Year	443,382
Net Pension Liability	4,896,328
Net OPEB Liability	<u>118,227</u>
 TOTAL LIABILITIES	 <u>6,067,298</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	354,683
OPEB, <i>Net of Accumulated Amortization</i>	<u>50,507</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>405,190</u>
 NET POSITION	
Net Investment in Capital Assets	1,106,316
Unrestricted	<u>(3,435,903)</u>
 TOTAL NET POSITION	 <u>\$ (2,329,587)</u>

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND IN NET POSITION PRIMARY GOVERNMENT
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental Activities</b>				
Instruction	\$ 1,264,368	\$ 578,977	\$ 3,107,909	\$ 2,422,518
Supporting Services	3,529,180	395,038	647,806	(2,486,336)
Interest on Long-Term Debt	20,618	-	-	(20,618)
 TOTAL GOVERNMENTAL ACTIVITIES	 \$ 4,814,166	 \$ 974,015	 \$ 3,755,715	 (84,436)
 GENERAL REVENUES				
Investment Income				1,763
 TOTAL GENERAL REVENUES				1,763
 CHANGE IN NET POSITION				(82,673)
 NET POSITION, Beginning				(2,246,914)
 NET POSITION, Ending				\$ (2,329,587)

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

**BALANCE SHEET**

**GOVERNMENTAL FUND**

June 30, 2024

	<u>GENERAL</u>
<b>ASSETS</b>	
Cash and Investments	\$ 578,018
Accounts Receivable	57,881
Grants Receivable	<u>619,304</u>
TOTAL ASSETS	<u>\$ 1,255,203</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 25,871
Accrued Salaries and Benefits	285,490
Unearned Revenue	<u>277,850</u>
TOTAL LIABILITIES	<u>589,211</u>
<b>FUND BALANCE</b>	
Unassigned	<u>665,992</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,255,203</u>

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2024

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

Total Fund Balances of Governmental Funds	\$	665,992
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		1,575,558
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Debt Payable		(463,532)
Accrued Compensated Absences		-
Net Pension Liability		(4,896,328)
Pension-Related Deferred Outflows of Resources		1,295,931
Pension-Related Deferred Inflows of Resources		(354,683)
Net OPEB Liability		(118,227)
OPEB-Related Deferred Outflows of Resources		16,209
OPEB-Related Deferred Inflows of Resources		<u>(50,507)</u>
Total Net Position of Governmental Activities	\$	<u><u>(2,329,587)</u></u>



**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
Year Ended June 30, 2024

	<u>GENERAL</u>
REVENUES	
Local Sources	\$ 975,778
State Sources	2,513,261
Federal Sources	1,242,454
 TOTAL REVENUES	 4,731,493
EXPENDITURES	
Current	
Instruction	1,278,983
Supporting Services	3,414,889
Capital Outlay	476,250
Debt Service	
Principal	12,718
Interest	20,618
 TOTAL EXPENDITURES	 5,203,458
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	 (471,965)
OTHER FINANCING SOURCES (USES)	
Lease Proceeds	476,250
 CHANGE IN FUND BALANCE	 4,285
FUND BALANCE, Beginning	661,707
FUND BALANCE, Ending	\$ 665,992

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

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

Net Change in Fund Balances of Governmental Funds	\$	4,285
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation expense		(157,313)
Capital outlay		501,713
Lease proceeds provide current financial resources to governmental funds, but increases in long-term liabilities in the statement of net position and do not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt / lease proceeds and related items.		
		(463,532)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Compensated Absences		-
Net Pension Liability		(730,537)
Pension-Related Deferred Outflows of Resources		316,682
Pension-Related Deferred Inflows of Resources		421,924
Net OPEB Liability		23,736
OPEB-Related Deferred Outflows of Resources		(7,272)
OPEB-Related Deferred Inflows of Resources		7,641
		7,641
Change in Net Position of Governmental Activities	\$	(82,673)

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

Sante Fe Trail Board of Cooperative Educational Services (BOCES) operates under Colorado Revised Statutes providing educational and educational support services for its seven member BOCES districts. The Board members are appointed by the Boards of the member districts, with one from each school district Board, which consist of Cheraw, Kim, La Junta, Las Animas, Rocky Ford, Swink, and Wiley school districts.

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

**Reporting Entity**

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

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

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

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

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

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

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

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

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

Buildings	30 years
Equipment	5 - 15 years
Right-to-Use Lease Assets	Shorter of lease term or useful life

*Deferred Outflows of Resources* - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

*Unearned Revenue* – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

*Leases* – The BOCES determines if an arrangement is a lease at inception. For leasing arrangements where the BOCES is the lessee, leases are included in capital assets and noncurrent liabilities in the statement of net position.

Lease assets represent the BOCES’s control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the BOCES as assets with an initial, individual cost of more than \$5,000.

Lease liabilities represent the BOCES’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, and less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the BOCES will exercise that option.

For individual lease contracts where information about the discount rate implicit in the lease is not included, the BOCES has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

*Compensated Absences* – Vacation leave and discretionary may be carried over at maximum days based on years of service at a rate at the employee’s regular daily rate and paid out only upon retirement. No long-term liability for accrued vacation benefits at June 30, 2024, has been recorded in the governmental-wide financial statements.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

*Deferred Inflows of Resources* – This separate financial statement element represents an acquisition of net assets by the BOCES that is applicable to a future reporting period.

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

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

**NOTE 2: Cash**

At June 30, 2024, the BOCES had \$578,018 in deposits reported as cash.

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the BOCES had bank deposits of \$673,096 collateralized with securities held by the financial institution's agent but not in the BOCES's name.

**NOTE 3: Risk Management**

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

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

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 4: Capital Assets**

Capital asset activity for the year ended June 30, 2024, is summarized below.

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated / Amortized:				
Land	\$ 5,710	\$ -	\$ -	\$ 5,710
Capital Assets, Being Depreciated / Amortized:				
Buildings and Improvements	361,042	25,463	-	386,505
Equipment and Vehicles	1,371,980	-	(14,784)	1,357,196
Right-to-Use Asset	-	476,250	-	476,250
Total Capital Assets, Being Depreciated / Amortized	<u>1,733,022</u>	<u>501,713</u>	<u>(14,784)</u>	<u>2,219,951</u>
Less Accumulated Depreciation / Amortization:				
Buildings and Improvements	(127,802)	(22,080)	-	(149,882)
Equipment and Vehicles	(379,772)	(114,066)	14,784	(479,054)
Right-to-Use Asset	-	(21,167)	-	(21,167)
Total Accumulated Depreciation / Amortization	<u>(507,574)</u>	<u>(157,313)</u>	<u>14,784</u>	<u>(650,103)</u>
Capital Assets, Being Depreciated / Amortized, Net	<u>1,225,448</u>	<u>344,400</u>	<u>-</u>	<u>1,569,848</u>
Capital Assets, Governmental Activities, Net	<u>\$ 1,231,158</u>	<u>\$ 344,400</u>	<u>\$ -</u>	<u>\$ 1,575,558</u>

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

**NOTE 5: Long-Term Liabilities**

Following is a summary of long-term liabilities for the year ended June 30, 2024.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
<b>Governmental Activities</b>					
Lease Building	<u>\$ -</u>	<u>\$ 476,250</u>	<u>\$ 12,718</u>	<u>\$ 463,532</u>	<u>\$ 20,150</u>

In 2023, the BOCES entered into a 180-month building lease agreement as lessee for the use of the administrative office expiring October 31, 2038. The BOCES is required to make monthly payments of \$4,167. The lease interest rate accrues at a rate of 6.57% per annum. During fiscal year ended June 30, 2024, payments were \$33,336, including \$12,718 in principal and \$20,618 in interest.

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2024

**NOTE 5: Long-Term Liabilities (Continued)**

As of June 30, 2024, lease payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,150	\$ 29,854	\$ 50,004
2026	21,514	28,490	50,004
2027	22,971	27,033	50,004
2028	24,526	25,478	50,004
2029	26,187	23,817	50,004
2030-2034	160,061	89,959	250,020
2035-2039	188,123	28,560	216,683
Total	<u>\$ 463,532</u>	<u>\$ 253,191</u>	<u>\$ 716,723</u>

**NOTE 6: Defined Benefit Pension Plan**

**General Information**

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

*Benefits Provided as of December 31, 2023* - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant’s contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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

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



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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

**General Information (Continued)**

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

*Contributions provisions as of June 30, 2024* - The BOCES, the State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The BOCES's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the BOCES's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The BOCES's contributions to the SDTF for the year ended June 30, 2024, were \$389,782 equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added CRS § 24-51-414(9) provides compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023.

The BOCES's proportion of the net pension liability was based on the BOCES's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2023, the BOCES's proportion was 0.0276888009%, which was an increase of 0.0048117369% from its proportion measured at December 31, 2023.

At June 30, 2024, the BOCES reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the BOCES. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the BOCES were as follows:

BOCES's proportionate share of the net pension liability	\$ 4,896,328
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the BOCES	<u>107,362</u>
Total	<u>\$ 5,003,690</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

For the year ended June 30, 2024, the BOCES recognized pension expense of \$381,713 and a revenue of (\$10,050) for support from the State as a nonemployer contributing entity. At June 30, 2024, the BOCES 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
Differences between expected and actual experience	\$ 232,180	\$ -
Net difference between projected and actual earnings on plan investments	350,989	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	514,051	354,683
Contributions subsequent to the measurement date	198,711	-
Total	\$ 1,295,931	\$ 354,683

The BOCES contributions subsequent to the measurement date of \$198,711 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>			
2025		\$	47,261
2026			392,516
2027			400,626
2028			(97,866)
Total		\$	742,537

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

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: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) 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.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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:

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- The BOCES contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. The BOCES contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated the BOCES contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, the BOCES contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

- The BOCES contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

*Sensitivity of BOCES’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the BOCES’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the BOCES’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u>          </u>	<u>          </u>	<u>          </u>
Proportionate share of the net pension liability	\$ 6,547,204	\$ 4,896,328	\$ 3,519,696

*Pension Plan Fiduciary Net Position* - Detailed information about the SDTF’s fiduciary net position is available in PERA’s separately issued annual comprehensive financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the BOCES are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

*PERA Benefit Structure* - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the BOCES's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The BOCES's apportionment to the HCTF for the year ended June 30, 2024, was \$19,507, equal to the required amount.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

At June 30, 2024, the BOCES reported a net OPEB liability of \$118,227, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The BOCES's proportion of the net OPEB liability was based on the BOCES's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers. At December 31, 2023, the BOCES's proportion was 0.0165647108%, which was a decrease of 0.0008224492% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the BOCES recognized OPEB expense of (\$4,596). At June 30, 2024, the BOCES 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
Differences between expected and actual experience	\$ -	\$ 24,231
Changes of assumptions and other inputs	1,390	12,536
Net difference between projected and actual earnings on plan investments	3,657	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,217	13,740
Contributions subsequent to the measurement date	9,945	-
Total	\$ 16,209	\$ 50,507

The BOCES contributions subsequent to the measurement date of \$9,945 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ (16,211)
2026	(10,517)
2027	(5,442)
2028	(7,925)
2029	(3,137)
2030	(1,011)
Total	\$ (44,243)

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.



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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

Age-Related Morbidity Assumptions

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

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

Sample Age	MAPD PPO #1 with Medicare		MAPD PPO #2 with Medicare		MAPD HMO (Kaiser) with Medicare	
	Part A for Retiree / Spouse		Part A for Retiree / Spouse		Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

  

Sample Age	MAPD PPO #1 without Medicare		MAPD PPO #2 without Medicare		MAPD HMO (Kaiser) without Medicare	
	Part A for Retiree / Spouse		Part A for Retiree / Spouse		Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,581
70	\$ 7,266	\$ 6,011	\$ 4,715	\$ 3,900	\$ 7,546	\$ 6,243
75	\$ 8,026	\$ 6,319	\$ 5,208	\$ 4,101	\$ 8,336	\$ 6,563

The 2022 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

Measurement Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2023 plan year. The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status from actuary's claims data warehouse. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA's actuary.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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 total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, 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%.

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

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

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 114,833	\$ 118,227	\$ 121,918

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

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2024

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 139,641	\$ 118,227	\$ 99,907

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 8: Commitments and Contingencies**

**Tabor Amendment**

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

**Litigation**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 965,576	\$ 965,576	\$ 975,778	\$ 10,202
State Grants	2,460,545	2,615,809	2,513,261	(102,548)
Federal Grants	982,736	982,736	1,242,454	259,718
<b>TOTAL REVENUES</b>	<b>4,408,857</b>	<b>4,564,121</b>	<b>4,731,493</b>	<b>167,372</b>
EXPENDITURES				
Current				
Instruction	1,331,748	1,331,748	1,278,983	52,765
Supporting Services				
Student Support	1,644,539	1,644,539	1,505,032	139,507
Instructional Support	953,132	1,111,430	1,117,713	(6,283)
General Administration	242,322	242,322	332,933	(90,611)
Business Services	101,825	101,825	88,623	13,202
Transportation	180,427	360,380	357,173	3,207
Central Support	11,200	11,200	13,415	(2,215)
Total Supporting Services	3,133,445	3,471,696	3,414,889	56,807
Capital Outlay	-	-	476,250	(476,250)
Debt Service				
Principal	-	-	12,718	(12,718)
Interest	-	-	20,618	(20,618)
Total Debt Service	-	-	33,336	(33,336)
<b>TOTAL EXPENDITURES</b>	<b>4,465,193</b>	<b>4,803,444</b>	<b>5,203,458</b>	<b>76,236</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(56,336)	(239,323)	(471,965)	(232,642)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	476,250	476,250
<b>CHANGE IN FUND BALANCE</b>	<b>(56,336)</b>	<b>(239,323)</b>	<b>4,285</b>	<b>243,608</b>
FUND BALANCE, Beginning	740,110	935,695	661,707	(273,988)
FUND BALANCE, Ending	\$ 683,774	\$ 696,372	\$ 665,992	\$ (30,380)

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND**  
June 30, 2024

<b>MEASUREMENT YEAR</b>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>				
BOCES's Proportion of the Net Pension Liability	0.0276888009%	0.0228770640%	0.0277443046%	0.0314483981%
BOCES's Proportionate Share of the Net Pension Liability	\$ 4,896,328	\$ 4,165,791	\$ 3,228,706	\$ 4,754,363
State's Proportionate Share of the Net Pension Liability Associated with the BOCES	<u>107,362</u>	<u>1,213,953</u>	<u>370,130</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 5,003,690</u>	<u>\$ 5,379,744</u>	<u>\$ 3,598,836</u>	<u>\$ 4,754,363</u>
BOCES's Covered Payroll	\$ 1,912,418	\$ 1,787,721	\$ 1,735,948	\$ 1,694,632
BOCES's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	256%	233%	186%	281%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	62%	75%	67%
<b>FISCAL YEAR</b>				
<b>BOCES CONTRIBUTIONS</b>				
Statutorily Required Contribution	\$ 389,782	\$ 364,338	\$ 345,106	\$ 354,178
Contributions in Relation to the Statutorily Required Contribution	<u>(389,782)</u>	<u>(364,338)</u>	<u>(345,106)</u>	<u>(354,178)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES's Covered Payroll	\$ 1,912,418	\$ 1,787,721	\$ 1,735,948	\$ 1,694,632
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	20.90%



<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0279449768%	0.0273238425%	0.0305525456%	0.0287350335%	0.0283059726%	0.0279305993%
\$ 4,174,919	\$ 4,838,248	\$ 9,879,607	\$ 8,555,531	\$ 4,329,199	\$ 3,785,534
<u>529,535</u>	<u>661,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,704,454</u>	<u>\$ 5,499,813</u>	<u>\$ 9,879,607</u>	<u>\$ 8,555,531</u>	<u>\$ 4,329,199</u>	<u>\$ 3,785,534</u>
\$ 1,670,431	\$ 1,573,902	\$ 1,494,592	\$ 1,293,988	\$ 1,187,141	\$ 1,101,359
250%	307%	661%	661%	365%	344%
65%	57%	44%	43%	59%	63%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 323,730	\$ 301,087	\$ 282,220	\$ 237,845	\$ 210,481	\$ 133,259
<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,670,431	\$ 1,573,902	\$ 1,494,592	\$ 1,293,988	\$ 1,187,141	\$ 1,101,359
19.38%	19.13%	18.88%	18.38%	17.73%	12.10%

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**  
**June 30, 2024**

<b>MEASUREMENT YEAR</b>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
BOCES's Proportion of the Net OPEB Liability	0.0165647108%	0.0173000000%	0.0181000000%
 BOCES's Proportionate Share of the Net OPEB Liability	 \$ 118,227	 \$ 141,963	 \$ 156,206
BOCES's Covered Payroll	\$ 1,912,418	\$ 1,787,721	\$ 1,735,948
 BOCES's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	 6%	 8%	 9%
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 46%	 39%	 33%
 <b>FISCAL YEAR</b>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
Statutorily Required Contributions	\$ 19,507	\$ 18,235	\$ 17,707
Contributions in Relation to the Statutorily Required Contribution	<u>(19,507)</u>	<u>(18,235)</u>	<u>(17,707)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 BOCES's Covered Payroll	 \$ 1,912,418	 \$ 1,787,721	 \$ 1,735,948
 Contributions as a Percentage of Covered Payroll	 1.02%	 1.02%	 1.02%

This schedule is presented to show information for 10 years.  
Information will be presented for the years it is available.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
0.0182000000%	0.0183000000%	0.0178000000%	0.0174000000%	0.0163000000%
\$ 172,861	\$ 205,297	\$ 241,641	\$ 225,608	\$ 211,767
\$ 1,694,632	\$ 1,670,431	\$ 1,573,902	\$ 1,494,592	\$ 1,293,988
10%	12%	15%	15%	16%
24%	17%	18%	17%	-
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>
\$ 17,285	\$ 17,038	\$ 16,054	\$ 15,245	\$ 13,199
<u>(17,285)</u>	<u>(17,038)</u>	<u>(16,054)</u>	<u>(15,245)</u>	<u>(13,199)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,694,632	\$ 1,670,431	\$ 1,573,902	\$ 1,494,592	\$ 1,293,988
1.02%	1.02%	1.02%	1.02%	1.02%

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2024

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

**Budgetary Information**

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

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Executive Director. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All budget appropriations lapse at fiscal year-end.

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

*STDF Plan* - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

*HCTF Plan* - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

No changes made to the actuarial methods or assumptions.

## **COMPLIANCE SECTION**

## **SINGLE AUDIT**

**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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Santa Fe Trail Board of Cooperative Educational Services (the BOCES) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the BOCES’s and have issued our report thereon dated February 24, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the BOCES’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, report on, but not for the purpose of expressing an opinion on the effectiveness of the BOCES’s internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES’s internal control over financial reporting.

*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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BOCES’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

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

Board of Directors  
Sante Fe Trail Board of Cooperative Educational Services

**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 BOCES'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 BOCES's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*DMC Auditing and Consulting, LLC*

February 24, 2025  
Bailey, Colorado



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Sante Fe Trail Board of Cooperative Educational Services’ (the BOCES) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the BOCES’s major federal programs for the year ended June 30, 2024. The BOCES’s 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, the BOCES complied, in all material respects, with the 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, 2024.

**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 (GAAS); 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 the BOCES 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 the BOCES’s 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, and rules and provisions of contracts or grant agreements applicable to the BOCES’s 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 to express an opinion on the BOCES's 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 GAAS, *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 the BOCES's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the BOCES's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the BOCES's 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 the BOCES's 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 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 the BOCES's 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.

Board of Directors  
Sante Fe Trail Board of Cooperative Educational Services

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities and each major fund of the BOCES as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the BOCES's. We issued our report thereon dated February 24, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the BOCES's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DMC Auditing and Consulting, LLC*

February 24, 2025  
Bailey, Colorado

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2024

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to the financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

**Federal Assistance**

**Listing Number**

84.027, 84.173

**Name of Federal Cluster/Program**

Special Education Cluster

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes  No

**SECTION II: FINANCIAL STATEMENT FINDINGS**

No current year findings or questioned costs were reported.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No current year findings or questioned costs were reported.

**SANTA FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through To Subrecipients
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed Through Colorado Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - IDEA Part B	84.027A	4027	\$ 941,864	\$ 544,057
Special Education - IDEA Preschool	84.173A	4173	30,874	-
<i>Special Education Cluster (IDEA) Subtotal</i>			<u>972,738</u>	<u>544,057</u>
Special Education - Personnel Development	84.323A	5323	170,000	156,622
Education Stabilization Fund (COVID-19 Education Stabilization Fund)				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4419	25,990	25,990
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	4418	45,941	45,941
Education Stabilization Fund Total			<u>71,931</u>	<u>71,931</u>
Passed Through Colorado Office of the Governor				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425C	6426	19,785	13,097
Passed Through University of Denver				
Javits Gifted and Talented Students Education	84.206	5206	8,000	4,468
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>1,242,454</u>	<u>790,175</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,242,454</u>	<u>\$ 790,175</u>

**SANTE FE TRAIL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2024

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The BOCES does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the BOCES, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the BOCES.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

**NOTE 2: Summary of Significant Accounting Policies**

Governmental fund types account for the majority of the BOCES's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

**NOTE 3: Indirect Cost Rate**

The BOCES has not elected to use the 10% de minimis indirect cost rate.

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 9150 - Santa Fe Trail BOCES  
 Fiscal Year 2023-24  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	661,707	5,207,742	5,203,457	665,991
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>661,707</b>	<b>5,207,742</b>	<b>5,203,457</b>	<b>665,991</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL