

GRAND VALLEY BOARD OF COOPERATIVE
EDUCATIONAL SERVICES

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Valley Board of Cooperative Educational Services
Grand Junction, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grand Valley Board of Cooperative Educational Services as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Grand Valley Board of Cooperative Educational Services' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grand Valley Board of Cooperative Educational Services, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Grand Valley Board of Cooperative Educational Services, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Grand Valley Board of Cooperative Educational Services' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Grand Valley Board of Cooperative Educational Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Grand Valley Board of Cooperative Educational Services' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Valley Board of Cooperative Educational Services' basic financial statements. The Auditor's Integrity Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 Auditor's Integrity Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.
January 31, 2023

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the Grand Valley Board of Cooperative Educational Services (GVBOCES), we offer readers of GVBOCES financial statements this narrative overview and analysis of the financial activities of GVBOCES for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

GVBOCES is a collaborative partnership effort between Mesa County Valley School District No. 51 and Colorado Mesa University as an effort to provide career and technical programs to students from both institutions. GVBOCES was founded in 1994 and student enrollment and programs have increased at a constant rate since the inception of GVBOCES.

Financial Highlights

- The liabilities and deferred inflows of resources of GVBOCES exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$264,213 (net position). Of this amount, \$176,372 is the net investment in capital assets leaving an unrestricted net position balance of (\$440,585).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$227,572.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to GVBOCES basic financial statements. GVBOCES basic financial statements comprise three components: 1) government-wide financial statements, 2) fund 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 financial statements* are designed to provide readers with a broad overview of GVBOCES finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of GVBOCES assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of GVBOCES is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of GVBOCES that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of GVBOCES include instructional services, pupil services, general administration services, business administration services, and central support services. The business-type activities of the GVBOCES consist of a restaurant and a law enforcement training facility.

The government-wide financial statements include only GVBOCES itself, as GVBOCES has no component units.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GVBOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of GVBOCES can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

GVBOCES maintains one individual governmental fund, the General Fund, which is considered to be a major fund.

GVBOCES adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Proprietary funds. GVBOCES maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. GVBOCES uses enterprise funds to account for its law enforcement training facility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions of GVBOCES.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the CLETC Enterprise Fund, which is considered to be a major fund of GVBOCES.

The basic proprietary funds financial statements can be found on pages 15-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support GVBOCES own programs.

GVBOCES uses a Student Activity Fund to account for resources held for student activities and groups.

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. The notes to the financial statements can be found on pages 18-42 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of GVBOCES, liabilities and deferred inflows exceeded assets and deferred outflows by \$375,245 at the close of the most recent fiscal year.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Net Position

	Governmental Activities 2021	Business-type Activities 2021	Governmental Activities 2022	Business-type Activities 2022	Total Activities 2021	Total Activities 2022
Current and Other Assets	670,258	19,842	634,382	32,671	690,100	667,053
Capital Assets	205,223	0	176,372	0	205,223	176,372
Deferred Outflows	137,087	0	82,342	0	137,087	82,342
Total	1,012,569	19,842	893,096	32,671	1,032,411	925,767
Current Liabilities	29	0	283,706	250	29	283,956
Noncurrent Liabilities	789,686	0	502,661	0	789,686	502,661
Deferred Inflows	617,941	0	403,363	0	617,941	403,363
Total	1,407,656	0	1,189,730	250	1,407,656	1,189,980
Net Position	(395,087)	19,842	(296,634)	32,421	(375,245)	(264,213)
Net Investment in Capital Assets	205,223	0	176,372	0	205,223	176,372
Unrestricted Net Position	(600,311)	19,842	(473,006)	32,421	(580,469)	(440,585)
Total Net Position	(395,087)	19,842	(296,634)	32,421	(375,245)	(264,213)

Of all GVBOCES assets, 19.1% reflect its investment in capital assets, less accumulated depreciation. GVBOCES uses these capital assets to provide services to students; consequently, these assets are not available for future spending. 72.1% of GVBOCES assets are cash and investments.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Changes in Net Position

	Governmental Activities 2021	Business-type Activities 2021	Governmental Activities 2022	Business-type Activities 2022	Total Activities 2021	Total Activities 2022
Revenues						
Program Revenues						
Charges for Services	2,300,814	24,625	2,400,882	16,600	2,325,439	2,417,482
Grants/Contributions	137,084	12,035	117,745	16,024	149,119	133,769
General Revenues						
Investment Earnings	466	0	872	0	466	872
Transfers/Contributions	0	0	0	0	0	0
Total Revenues	<u>2,438,364</u>	<u>36,660</u>	<u>2,519,499</u>	<u>32,624</u>	<u>2,475,024</u>	<u>2,552,123</u>
Expenditures						
Instructional Services	1,200,841		1,489,056		1,200,841	1,489,056
Student Services	115,149		131,284		115,149	131,284
General / Administrative	258,901		287,166		258,901	287,166
Business Services	159,182		181,335		159,182	181,335
Central Support	312,041		332,205		312,041	332,205
CLETC	0	30,794	0	20,045	30,794	20,045
Total Expenses	<u>2,046,114</u>	<u>30,794</u>	<u>2,421,046</u>	<u>20,045</u>	<u>2,076,908</u>	<u>2,441,091</u>
Increase (Decrease) in Net Position	<u>392,250</u>	<u>5,866</u>	<u>98,453</u>	<u>12,579</u>	<u>398,116</u>	<u>111,032</u>
					Net Position July 1, 2021	(375,245)
					Increase (Decrease) in Net Position	<u>111,032</u>
					Net Position July 1, 2022	<u>(264,213)</u>

- Revenues increased 3.1%
- Investment earnings increased 87.1%
- Expenses increased 17.5%

Financial Analysis of the Government's Funds

As noted earlier, GVBOCES uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of GVBOCES *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing GVBOCES financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the GVBOCES governmental fund reported ending fund balance of \$227,572, a decrease of \$304,551 in comparison with the prior year. **Unassigned fund balance** of \$227,572 is available for spending at the GVBOCES discretion.

The General Fund is the chief operating fund of the GVBOCES. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$227,572. See page 11 of this report for detail.

Proprietary funds. GVBOCES proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the CLETC Enterprise Fund amounted to \$32,421 as of June 30, 2022, an increase of \$12,579.

General Fund Budgetary Highlights

The net decrease in General Fund Balance is \$227,572 less than budgeted. This is due to unspent reserve and general expenditures less than expected.

Capital Asset and Debt Administration

Capital assets. GVBOCES investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$176,372 (net of accumulated depreciation). This investment in capital assets is in equipment; GVBOCES does not own land or buildings.

Long-term debt. At the end of the current fiscal year, GVBOCES had no outstanding long-term debt.

Requests for Information

This financial report is designed to provide a general overview of GVBOCES finances for all those with an interest in GVBOCES finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Business Services, Grand Valley BOCES at 2508 Blichmann Avenue, Grand Junction, Colorado 81505.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and investments	\$ 536,350	\$ 32,671	\$ 569,021
Accounts receivable, less allowance for doubtful accounts of \$-0-	98,032	-	98,032
Capital assets (net of accumulated depreciation)			
Equipment	176,372	-	176,372
Total assets	<u>810,754</u>	<u>32,671</u>	<u>843,425</u>
Deferred outflows related to pension	80,453	-	80,453
Deferred outflows related to OPEB	1,889	-	1,889
Total deferred outflows of resources	<u>82,342</u>	<u>-</u>	<u>82,342</u>
Total assets and deferred outflows of resources	<u>\$ 893,096</u>	<u>\$ 32,671</u>	<u>\$ 925,767</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Accounts payable	\$ 280,107	\$ 250	\$ 280,357
Unearned revenue	3,599	-	3,599
Non-current liabilities			
Compensated absences	14,087	-	14,087
Net pension liability	466,027	-	466,027
Net OPEB liability	22,547	-	22,547
Total liabilities	<u>786,367</u>	<u>250</u>	<u>786,617</u>
Deferred inflows related to pension	378,522	-	378,522
Deferred inflows related to OPEB	24,841	-	24,841
Total deferred inflows of resources	<u>403,363</u>	<u>-</u>	<u>403,363</u>
Net Position			
Net investment in capital assets	176,372	-	176,372
Unrestricted	(473,006)	32,421	(440,585)
Total net position	<u>(296,634)</u>	<u>32,421</u>	<u>(264,213)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 893,096</u>	<u>\$ 32,671</u>	<u>\$ 925,767</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

Function/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities:							
Instructional services	\$ 1,489,056	\$ 1,318,357	\$ 111,086	\$ 955	\$ (58,658)	\$ -	\$ (58,658)
Support services:							
Pupil services	131,284	265,077	-	-	133,793	-	133,793
General administration	287,166	504,159	5,704	-	222,697	-	222,697
Business administration	181,335	155,361	-	-	(25,974)	-	(25,974)
Central support	332,205	157,928	-	-	(174,277)	-	(174,277)
Total support services	931,990	1,082,525	5,704	-	156,239	-	156,239
Total governmental activities	2,421,046	2,400,882	116,790	955	97,581	-	97,581
Business-type activities:							
CLETC	20,045	16,600	16,024	-	-	12,579	12,579
Total business-type activities	20,045	16,600	16,024	-	-	12,579	12,579
Total	\$ 2,441,091	\$ 2,417,482	\$ 132,814	\$ 955	97,581	12,579	110,160
General revenues:							
Interest earnings					872	-	872
Total general revenues					872	-	872
Change in net position					98,453	12,579	111,032
Net position at beginning of year					(395,087)	19,842	(375,245)
Net position at end of year					\$ (296,634)	\$ 32,421	\$ (264,213)

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General	Student Activity	Total Governmental Funds
ASSETS			
Cash and investments	\$ 416,367	\$ 119,983	\$ 536,350
Accounts receivable, less allowance for doubtful accounts of \$-0-	98,032	-	98,032
Due from other funds	-	3,121	3,121
Total assets	<u>\$ 514,399</u>	<u>\$ 123,104</u>	<u>\$ 637,503</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 280,107	\$ -	\$ 280,107
Accrued liabilities	-	-	-
Unearned revenue	3,599	-	3,599
Due to other funds	3,121	-	3,121
Total liabilities	<u>286,827</u>	<u>-</u>	<u>286,827</u>
Fund equity			
Assigned for student activities	-	123,104	123,104
Unassigned	227,572	-	227,572
Total fund equity	<u>227,572</u>	<u>123,104</u>	<u>350,676</u>
Total liabilities and fund equity	<u>\$ 514,399</u>	<u>\$ 123,104</u>	<u>\$ 637,503</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2022

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

Total governmental fund balance	\$ 350,676
Capital assets are not recorded in the funds.	176,372
The amount by which deferred outflows of resources are less than deferred inflows of resources, both of which are not recorded in the funds.	(321,021)
Net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(488,576)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,087)</u>
Net position of governmental activities.	<u><u>\$ (296,636)</u></u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2022

	General	Student Activity	Total Governmental Funds
Revenues			
Local sources	\$ 2,308,564	\$ 93,274	\$ 2,401,838
State sources	116,790	-	116,790
Interest revenue	872	-	872
Total revenues	<u>2,426,226</u>	<u>93,274</u>	<u>2,519,500</u>
Expenditures			
Current			
Instructional services			
Vocational education	1,434,330	-	1,434,330
Student activities	-	108,276	108,276
Support services	1,136,356	-	1,136,356
Capital outlay	160,091	-	160,091
Total expenditures	<u>2,730,777</u>	<u>108,276</u>	<u>2,839,053</u>
	Excess of revenues over		
	(under) expenditures		
	(304,551)	(15,002)	(319,553)
Fund balance at beginning of year	<u>532,123</u>	<u>138,106</u>	<u>670,229</u>
Fund balance at end of year	<u>\$ 227,572</u>	<u>\$ 123,104</u>	<u>\$ 350,676</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$ (319,553)
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. This is the amount by which depreciation was (more) less than capital outlay in the current period.	(28,851)
In the governmental funds, expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the plan), whereas in the statement of activities, they are measured on full accrual basis. This is the amount by which pension and OPEB expense in the statement of activities was less than pension and OPEB expenditures in the governmental funds.	430,465
In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences increased during the year.	<u>16,392</u>
Change in net position of governmental activities	<u><u>\$ 98,453</u></u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF FUND NET POSITION -
PROPRIETARY FUND

June 30, 2022

	<u>CLETC</u>
ASSETS	
Cash and cash equivalents	<u>\$ 32,671</u>
	Total assets <u>\$ 32,671</u>
LIABILITIES	
Accounts payable	<u>\$ 250</u>
	Total liabilities 250
NET POSITION	
Unrestricted	<u>32,421</u>
	Total liabilities and net position <u>\$ 32,671</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND

Year ended June 30, 2022

	<u>CLETC</u>
Operating revenues	
Charges for services	\$ 16,600
Contributions	<u>16,024</u>
Total revenues	32,624
Operating expenses	
Supplies and miscellaneous	250
Contract services	4,008
Utilities	<u>15,787</u>
Total operating expenses	<u>20,045</u>
	Change in net position 12,579
Net position beginning of year	<u>19,842</u>
Net position end of year	<u><u>\$ 32,421</u></u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

Year ended June 30, 2022

	<u>CLETC</u>
Cash flows from operating activities	
Cash received from customers	\$ 32,624
Cash paid to suppliers	<u>(19,795)</u>
Net cash provided (used) by operating activities	<u>12,829</u>
Increase (decrease) in cash	12,829
Cash at beginning of year	<u>19,842</u>
Cash at end of year	<u><u>\$ 32,671</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 12,579
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	<u>250</u>
Total adjustments	<u>250</u>
Net cash provided (used) by operating activities	<u><u>\$ 12,829</u></u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The Reporting Entity

The Grand Valley Board of Cooperative Educational Services (BOCES) is a local educational service unit organized under the "Board of Cooperative Services Act of 1965" - Colorado Revised Statutes 22-5-101 through 117. The BOCES serves one member school district and one member institution of higher education in western Colorado.

The BOCES is the primary government and has no component units.

2. Government-wide and Fund Financial Statements

The BOCES basic financial statements include both government-wide (reporting the BOCES as a whole) and fund financial statements (reporting the BOCES major funds). Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resources as well as long-term debt, obligations, and deferred inflows of resources. BOCES net position is reported in two parts: net investment in capital assets and unrestricted net position.

The government-wide focus is on the sustainability of the BOCES as an entity and the change in the BOCES' net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the BOCES are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

The BOCES reports the following governmental funds:

GOVERNMENTAL FUNDS

General Fund. The General fund is the BOCES' general operating fund and is used to account for all financial transactions not accounted for elsewhere. Major revenue sources include grants, contracts, and state funding. Expenditures include all costs associated with specific contracts entered into by the BOCES.

Student Activity Fund. The Student Activity Fund accounts for funds raised by student groups to be used for student activities.

PROPRIETARY FUND

Colorado Law Enforcement Training Center (CLETC) Fund. The CLETC fund is used to account for activities related to the drive track maintained by the educational unit. The fund is supported through annual payments made by three outside government agencies that use the drive track and also by user charges.

4. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

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 to finance expenditures of the current period. For this purpose, the BOCES considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized when the related fund liability is incurred.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is not eliminated in the fund financial statements.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Basis of Accounting and Measurement Focus – Continued

The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund is accounted for on a cost of services (capital maintenance) measurement focus. The statement of net position for this fund includes all current and non-current assets and liabilities (net position). Unrestricted net position is the only component of fund equity. The operating statement summarizes cost of services for the period and reflects the change in net position.

5. Budget Adoption Process

In June, the Board of Directors adopts the budget for the following fiscal year. The Board may amend or adopt supplemental budgets during the budget year. A supplemental budget was appropriated by the Board for the year ended June 30, 2022.

6. Budgeted Level of Expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Directors. At year-end, all appropriations lapse in accordance with Colorado statutes.

7. Budgetary Basis of Accounting

Appropriated budgets are adopted by the Board of Directors for all funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The following is a presentation of final budget to actual for the CLETC fund for the year ended June 30, 2022.

	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues	\$ 28,000	\$ 32,624	\$ 4,624
Operating expenditures	(41,976)	(20,045)	21,931
Net earnings (loss)	(13,976)	12,579	26,555
Net position, beginning	19,842	19,842	–
Net position, ending	<u>\$ 5,866</u>	<u>\$ 32,421</u>	<u>\$ 26,555</u>

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by BOCES as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed and donated capital assets are recorded at their estimated fair market value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant and equipment of BOCES are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment	8-30
Vehicles and software	5-7
Computers and office equipment	5

9. Future Compensated Absences

In Governmental Fund Types, the costs for compensated absences are recognized when payments are made to employees. A long-term liability for accrued vacation and sick leave benefits at June 30, 2020, has been recorded in the governmental-wide financial statements, representing the BOCES commitment to fund such costs from the General fund. Payment for any of the accrued benefits will occur in subsequent years and be made from future resources.

10. Related Parties

A substantial amount of the funds for facilities and personnel for the BOCES are currently provided by Mesa County Valley School District No. 51 (the District) and Colorado Mesa University (the University). The District and the University organized the BOCES and each appoints two of the seven Board members, with the other three Board members selected from the community. The District has a contract with the BOCES to provide funding and support.

11. Use of Estimates

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Interfund Balances

Due To and Due From Other Funds. During the course of its operations, the BOCES has numerous transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded.

13. Pensions

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

14. Other Post-Employment Benefit Plan (OPEB)

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

NOTE B – DEPOSITS AND INVESTMENTS

At June 30, 2022, the carrying value of deposits with financial institutions was \$320,912. Cash consists of the following:

Cash on hand	\$ 350
Cash in demand accounts	300,449
Total cash	<u>\$ 300,799</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At June 30, 2022, the BOCES cash deposits had a bank balance as follows:

	<u>Bank Balance</u>
Insured deposits	\$ 250,000
PDPA collateralized	<u>61,377</u>
Total deposits	<u>\$ 311,377</u>

State statutes authorize the BOCES to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools.

At June 30, 2022, the BOCES had \$268,222 invested in the Colorado Surplus Asset Fund Trust (CSAFE) respectively, an investment vehicle established for local governmental entities in Colorado to pool surplus funds for investment purposes. At June 30, 2022, the approximate market value of the BOCES' investments is \$268,222. CSAFE was rated AAAM by Standard & Poor's Corporation.

The BOCES categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. C-SAFE operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by CSAFE, and the BOCES' investment in CSAFE, are valued at amortized cost which approximates fair value; there are no limitations on withdrawals.

Interest rate risk – The BOCES does not have a formal policy limiting investment maturities, other than that established by state statute of five years that would help manage its exposure to fair value losses from increasing interest rates.

NOTE C – MAJOR REVENUES

The BOCES received 76% and 10% of its general fund revenue for the year ended June 30, 2022, from contracts with Mesa County Valley School District No. 51 and with Colorado Mesa University, respectively.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE D – CAPITAL ASSETS

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ —	\$ —	\$ —	\$ —
Depreciable capital assets:				
Equipment	1,132,176	—	(22,000)	1,110,176
Total depreciable capital assets	1,132,176	—	—	1,110,176
Accumulated depreciation				
Equipment	(926,953)	(28,851)	22,000	(933,804)
Total accumulated depreciation	(926,953)	(28,851)	—	(933,804)
Depreciable capital assets, net	205,223	(28,851)	—	176,372
Capital assets, net	<u>\$ 205,223</u>	<u>\$ (28,851)</u>	<u>\$ —</u>	<u>\$ 176,372</u>

Capital outlay accounts are used to record expenditures made for items, which have a useful life of more than one year. Capital expenditures made in the General fund are recorded as instructional or support services for presentation in this financial statement. Not all capital outlay expenditures become actual additions to capital assets.

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

Instructional services	\$ 25,481
Central support	3,370
Total depreciation expense for governmental activities	<u>\$ 28,851</u>

NOTE E – LONG-TERM LIABILITIES

The BOCES long-term liabilities consist of the following:

	Balance June 30, 2021	Additions (Reductions)	Balance June 30, 2022
Future compensated absences	\$ 30,479	\$ (16,392)	\$ 14,087
Net pension liability	732,571	(266,544)	466,027
Net OPEB liability	26,636	(4,089)	22,547
	<u>\$ 789,686</u>	<u>\$ (287,025)</u>	<u>\$ 502,661</u>

NOTE F – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2022: Eligible employees of the BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$51,962 for the year ended June 30, 2022.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The BOCES' proportion of the net pension liability was based on BOCES' contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022 the BOCES reported a liability of \$466,027 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

The BOCES' proportionate share of the net pension liability	\$ 466,027
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the BOCES	47,929
Total	\$ 513,956

At December 31, 2021, BOCES' proportion was 0.00400 percent, which was a decrease of 0.000841 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the BOCES recognized pension expense of \$(383,172) and revenue of \$18,475 for support from the State as a nonemployer contributing entity. At June 30, 2022, the BOCES

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 17,841	\$ –
Changes of assumptions or other inputs	35,578	–
Net difference between projected and actual earnings on pension plan investments	–	175,212
Changes in proportion and differences between contributions recognized and proportionate share of contributions	–	203,310
Contributions subsequent to the measurement date	27,036	–
Total	\$ 80,455	\$ 378,522

\$27,036 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2022:	
2023	(143,346)
2024	(103,465)
2025	(57,025)
2026	(21,267)
Thereafter	–

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00 percent
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

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

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

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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 ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 percent.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the BOCES' proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$685,953	\$466,027	\$282,506

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

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

PERA Benefit Structure

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

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES were \$2,666 for the year ended June 30, 2022.

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

At June 30, 2022, the BOCES reported a liability of \$22,546 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the BOCES' proportion was 0.00261 percent, which was a decrease of 0.00018 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the BOCES recognized negative OPEB expense of \$(5,438). At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 34	\$ 5,346
Changes of assumptions or other inputs	467	1,223
Net difference between projected and actual earnings on OPEB plan investments	–	1,396
Changes in proportion and differences between contributions recognized and proportionate share of contributions	–	16,877
Contributions subsequent to the measurement date	1,387	–
Total	\$1,888	\$24,842

\$1,387 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021	
2022	\$(7,407)
2023	(6,918)
2024	(6,628)
2025	(2,664)
2026	(587)
Thereafter	(137)

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation school division	3.40 – 11.00 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	4.50 percent in 2021, 6.00 percent in 2022, gradually decreased to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent in 2021, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Prescription	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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

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

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

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

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

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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

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

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

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:

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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 ¹	6.00%	4.70%
Total	100.00%	

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 rate of return assumption of 7.25 percent.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$21,899	\$22,546	\$19,438

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – 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 the OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent.

Sensitivity of the BOCES’ proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$26,185	\$22,546	\$19,438

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

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The BOCES believes it is in compliance with the requirements of the amendment. However, the BOCES has made certain interpretations of the amendment's language in order to determine its compliance.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE I – RISK MANAGEMENT

The BOCES is a member of the Colorado School District Self-Insurance Pool (the Pool), which operates as a risk-sharing public entity pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the BOCES with various types of insurance. During the year ended June 30, 2021, the BOCES paid \$29,963 in premiums to the Pool. In the event of the impairment or insolvency of the Pool, the BOCES may be assessed such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

The Colorado Compensation Insurance Authority provides worker's compensation insurance coverage. Commercial insurance companies are used to provide coverage for health, life, and other employee insurance programs maintained by the BOCES.

NOTE J – RELATED PARTY SERVICES

The BOCES receives the services of Colorado Mesa University administrative personnel and of faculty for post-secondary class offerings. The expenditures related to these services are included in the financial statements of Colorado Mesa University and amounted to \$3,503,769 for the year ended June 30, 2022.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources				
Charges for services - contracts	\$ 2,161,969	\$ 2,161,969	\$ 2,161,970	\$ 1
Interest	700	700	872	172
Miscellaneous	75,824	195,824	146,594	(49,230)
	<u>2,238,493</u>	<u>2,358,493</u>	<u>2,309,436</u>	<u>(49,057)</u>
State sources				
Grants	111,514	111,086	116,790	5,704
	<u>111,514</u>	<u>111,086</u>	<u>116,790</u>	<u>5,704</u>
Total revenues	<u>2,350,007</u>	<u>2,469,579</u>	<u>2,426,226</u>	<u>(43,353)</u>
Expenditures				
Current				
Instructional - vocational education	1,373,247	1,592,957	1,434,330	158,627
Support services				
Instructional support	168,010	168,010	155,852	12,158
School and central administration	325,746	325,746	340,905	(15,159)
Business administration	213,103	213,103	215,269	(2,166)
Operations and maintenance	432,811	432,811	424,330	8,481
Appropriated reserve	153,694	116,459	-	116,459
	<u>2,666,611</u>	<u>2,849,086</u>	<u>2,570,686</u>	<u>278,400</u>
Capital outlay				
Other	4,000	152,616	160,091	(7,475)
Legislative - equipment	-	-	-	-
	<u>4,000</u>	<u>152,616</u>	<u>160,091</u>	<u>(7,475)</u>
Total expenditures	<u>2,670,611</u>	<u>3,001,702</u>	<u>2,730,777</u>	<u>270,925</u>
Excess of revenues over (under) expenditures	(320,604)	(532,123)	(304,551)	227,572
Fund balance at beginning of year	320,604	532,123	532,123	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,572</u>	<u>\$ 227,572</u>

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - STUDENT ACTIVITY FUND

Year ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Student activities	\$ 192,863	\$ 93,274	\$ (99,589)
Expenditures			
Student activities	192,863	108,276	84,587
Excess of revenues over (under) expenditures	-	(15,002)	(15,002)
Fund balance, beginning of year	96,863	138,106	41,243
Fund balance, end of year	<u>\$ 96,863</u>	<u>\$ 123,104</u>	<u>\$ 26,241</u>

Grand Valley Board of Cooperative Educational Services

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2022

	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Total of employer and nonemployer proportionate share of NPL	Covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
<u>Measurement date:</u>							
December 31, 2014	0.01039%	\$ 1,407,908	\$ -	1,407,908	\$ 390,084	361%	63%
December 31, 2015	0.00937%	1,432,711	-	1,432,711	374,810	382%	59%
December 31, 2016	0.00896%	2,668,983	-	2,668,983	381,217	700%	43%
December 31, 2017	0.00841%	2,720,792	-	2,720,792	403,859	674%	44%
December 31, 2018	0.00725%	1,284,517	154,512	1,439,029	402,630	319%	57%
December 31, 2019	0.00506%	756,511	85,153	841,664	297,801	254%	65%
December 31, 2020	0.00485%	732,571	-	732,571	259,192	283%	67%
December 31, 2021	0.00401%	466,027	47,929	513,956	250,273	186%	75%

Grand Valley Board of Cooperative Educational Services

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2022

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2015	\$ 69,767	\$ 69,767	\$ -	\$ 389,915	17.89%
June 30, 2016	70,640	70,640	-	372,840	18.95%
June 30, 2017	72,942	72,942	-	387,576	18.82%
June 30, 2018	78,651	78,651	-	416,568	18.88%
June 30, 2019	68,850	68,850	-	359,903	19.13%
June 30, 2020	50,890	50,890	-	262,590	19.38%
June 30, 2021	50,305	50,305	-	253,043	19.88%
June 30, 2022	51,963	51,963	-	261,383	19.88%

Grand Valley Board of Cooperative Educational Services

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2022

	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
<u>Measurement date:</u>					
December 31, 2017	0.00475%	\$ 61,698	\$ 403,859	15%	18%
December 31, 2018	0.00470%	63,965	402,630	16%	17%
December 31, 2019	0.00331%	37,229	297,801	13%	24%
December 31, 2020	0.00280%	26,636	259,192	10%	33%
December 31, 2021	0.00261%	22,546	250,273	9%	39%

Grand Valley Board of Cooperative Educational Services

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2022

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2018	\$ 4,249	\$ 4,249	\$ -	\$ 416,568	1.02%
June 30, 2019	3,671	3,671	-	359,903	1.02%
June 30, 2020	2,678	2,678	-	262,590	1.02%
June 30, 2021	2,581	2,581	-	253,043	1.02%
June 30, 2022	2,666	2,666	-	261,383	1.02%



Colorado Department of Education
Auditors Integrity Report
 District: 9135 - Grand Valley BOCES
 Fiscal Year 2021-22
 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
Governmental	+		-	=
10 General Fund	532,123	2,426,225	2,730,777	227,571
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	532,123	2,426,225	2,730,777	227,571
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	138,106	93,274	108,276	123,104
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
Totals	670,229	2,519,499	2,839,053	350,676
Proprietary				
50 Other Enterprise Funds	19,842	32,624	20,045	32,421
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	19,842	32,624	20,045	32,421
Fiduciary				
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
Totals	0	0	0	0

FINAL