COLORADO MOUNTAIN COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

COLORADO MOUNTAIN COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Mountain College
Glenwood Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Colorado Mountain College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Colorado Mountain College Foundation, Inc. (the Foundation), the discretely presented component unit of the College. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Colorado Mountain College as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions and Related Ratios, the Schedule of Proportionate Share of the Net OPEB Liability, the Schedule of OPEB Contributions and Related Ratios, and the Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Actual to Budget Comparison Schedule – Collegewide is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Actual to Budget Comparison Schedule – Collegewide is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Colorado Mountain College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2020

Following is a discussion of Colorado Mountain College's (the College or CMC) financial performance for the fiscal year ended June 30, 2020. It should be read in conjunction with the College's financial statements, which begin on page 15.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The College strategic plan, Reaching Greater Heights (2019-23), sets forth a clear path over the next three years to build on the college's individual, organizational, and community strengths that have resulted in strong and stable enrollments; increased diversity and completion rates that are superior to state averages; sound financial position; and significant expansion of access for students through both CMC's concurrent enrollment and bachelor's degree offerings.

- Voters in both the CMC District and the Salida School District overwhelmingly approved annexation of the Salida School District into the CMC District. The College established a storefront campus on a busy downtown corner and launched searches for academic and administrative staff; the Board of Trustees appointed a liaison to represent local community concerns during the ramp up of the Salida campus operations.

- The Board of Trustees used their authority from the successful 2018 ballot question 7D to adjust the college's mill levy from 3.997 to 4.013 solely for the purpose of maintaining revenues that would be lost due to statewide property tax assessment rate reductions.

- Academic programs with low performance were phased out, while the College invested in the expansion of critical academic programs to additional campus locations, such as law enforcement (CLETA), nursing, and teacher education.

- The J. Robert Young Alpine Ascent Center and the Outdoor Leadership Center and Field House were dedicated on August 28, 2019 at the Spring Valley campus.

- Following implementation of the Fund Sueños program for DACA students, the College participated in the successful enactment of new legislation creating state financial aid options for eligible (in-state) undocumented students.

- The College completed scheduled migration to Basecamp 2.0, the college communication portal, which includes several accessibility features and which will be implemented through software adjustments and staff training.

- The College completed a new Facilities Master Plan that creates a roadmap for streamlining planning activities and includes facility priorities for academic and housing projects. The plan includes recommendations regarding space utilization, more deliberate scheduling coordination and enrollment management, and targeted technology investments that improve interconnectivity and flexibility across all campuses.

- All campuses quickly mobilized Spring transitioning learning to technology-enhanced alternatives in response to the COVID-19 pandemic, and then offered tuition-free virtual courses in the summer 2020 term through the CMC Responds discount waivers, resulting in historically large summer enrollments.

- Annually, the College adjusts the net pension liability to reflect the College's share of the overall plan liability (as provided by Colorado's Public Employee Retirement Association (PERA)) in accordance with GASB 68. For the second year in a row, the amounts booked are in the opposite direction of normal years, due to changes in actuarial assumptions that span multiple years. For 2019-20 the required pension expense adjustment (including both pension expense and other required adjustments) recognized was a credit of $32 million, and the net pension liability decreased by $19 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows represent the activities of the College as a whole, with all operating funds combined into one statement.

Financial highlights are presented in this discussion and analysis to help your assessment of the College's financial activities. Since the presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following parts:

- Independent Auditors' Report, which presents an unmodified opinion prepared by our auditors, CliftonLarsonAllen LLP, an independent certified public accounting firm, on the fairness, in all material respects, of our financial statements.

- Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2020. Its purpose is to present a financial snapshot of the College. It aids readers in determining the assets available to continue College operations; how much the College owes to employees, vendors and creditors; and a picture of net position and their availability for expenditure by the College.

- Statement of Revenues, Expenses and Changes in Net Position, which presents the total revenues, earned and expenses incurred by the College for operating, nonoperating and other related activities during the fiscal year ended June 30, 2020. Its purpose is to assess the College's operating and nonoperating activities.

- Statement of Cash Flows, which presents the cash receipts and disbursements of the College for the fiscal year ended June 30, 2020. Its purpose is to assess the College's ability to generate net cash flows to meet its obligations as they come due.

- Notes to the Financial Statements, which present additional information to support the financial statements and are commonly referred to as "Notes". Their purpose is to clarify and expand on the information in the financial statements.

- Required Supplementary Information, which presents this Management's Discussion and Analysis, and schedules providing additional net pension liability and OPEB information as required by the Governmental Accounting Standards Board.

Reporting the College as a Whole

The analysis shows the financial activity of the College as a whole (all funds combined) and begins on page 15. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. This means that regardless of which fund it was recorded in, it is included in these reports. All of the current year's revenue and expenses are also taken into account, regardless of the fund they are recorded in.

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Increases or decreases in net position are an indicator of the College's financial position. There are other factors that contribute to the College's financial position. They include, but are not limited to:

- Student enrollment
- State funding
- Property tax base
- Condition of CMC-owned property

Enrollment Highlights

For FY2019-20, the College held tuition rates flat to honor the collaboration between the governor and the state's institutions of higher education to make a meaningful stance on tuition, as well as to honor the strong response by voters so willing to contribute to the college through property taxes.

Associate degree tuition rates from 2015-16 to 2019-20:

Tuition Category	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.	2017-18 Rate/Credit Hr.	2018-19 Rate/Credit Hr.	2019-20 Rate/Credit Hr.
In-District	$ 57.00	$ 62.00	$ 65.00	$ 80.00	$ 80.00
Service Area	$ 103.00	$ 123.00	$ 143.00	$ 170.00	$ 170.00
In-State	$ 107.00	$ 127.00	$ 147.00	$ 180.00	$ 180.00
Out of State	$ 373.00	$ 429.00	$ 440.00	$ 453.00	$ 453.00
Industry Rate	$ 119.00	$ 127.00	$ 147.00	$ 180.00	$ 180.00

Bachelor degree tuition rates from 2015-16 to 2019-20:

Tuition Category	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.	2017-18 Rate/Credit Hr.	2018-19 Rate/Credit Hr.	2019-20 Rate/Credit Hr.
In-District	$ 99.00	$ 99.00	$ 99.00	$ 80.00	$ 80.00
Service Area	$ 205.00	$ 205.00	$ 205.00	$ 170.00	$ 170.00
In-State	$ 212.00	$ 212.00	$ 212.00	$ 180.00	$ 180.00
Out of State	$ 429.00	$ 429.00	$ 440.00	$ 453.00	$ 453.00

Enrollments are generally measured in full time equivalents (FTE) where a full-time student is counted as taking 30 credit hours per year. Following is an enrollment comparison with last year:

FTE Category	2018-19 Actual	2019-20 actual	% Change
Credit FTE	3,524.3	3,676.5	4.3%
Noncredit FTE	326.1	197.9	-39.3%
ESL FTE	190.6	184.1	-3.4%
Total	**4,041.0**	**4,058.5**	**0.4%**

Noncredit courses are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate. In response to the pandemic, the college quickly mobilized Spring transitioning learning to technology-enhanced alternatives, and then offered tuition-free virtual courses in the summer 2020 term through the CMC Responds discount waivers, resulting in historically large summer enrollments. While CMC Responds successfully boosted credit enrollment during the Summer Semester, and ESL and High School Equivalency (HSE) held steady throughout the year, the pandemic impact on enrollment was felt most severely through cancelled non-credit offerings. This is reflected in the -39% non-credit change, and brought the overall enrollment for the year for all FTE types to essentially flat.

Additionally, gross tuition revenue was essentially flat, but with the discounts increasing by $1 million due to the CMC Responds initiative, and a shift in the scholarship allowance, the total tuition and fees, net of scholarship allowance presentation in the financials can be better understood when considering the following detail:

	2018-19	2019-20
Gross Tuition	$ 13,332,720	$ 13,273,401
Ongoing Discounts	(1,685,684)	(1,705,634)
CMC Responds Discounts	-	(1,080,429)
Total Tuition and Fees	11,647,036	10,487,338
Less Scholarship Allowance	(3,593,670)	(4,173,801)
Total Tuition and Fees, Net of Scholarship Allowance	$ 8,053,366	$ 6,313,537

Net Position

The College's net position is $107,709,751 at June 30, 2020, reflecting an increase of $40,731,279 from last year, due mainly to non-cash pension expense entries. Total current assets decreased by $4.6 million due mostly to the use of the restricted cash and cash equivalents. Specifically, College reserves were used for the completion of the Spring Valley construction project. Total noncurrent assets increased by $14 million with a major increase to Buildings and Improvements for this same Spring Valley construction project. All assets combined increased $9.5 million over last year.

A number of minor and major capital projects were started during FY2019-20 but are not complete, and thus are reflected in the Construction in Progress totals. The Construction in Progress projects from the prior year were completed and capitalized into the appropriate capital asset category and annual depreciation recorded. The net impact of these transactions along with equipment additions, offset by depreciation, was a $13.8 million increase in net capital assets. Other assets, which include cash, investments and accounts receivable, saw a $4.3 decrease overall.

The College's investment in large capital projects will continue beyond the Spring Valley project. The new Facilities Master Plan (FMP) provides recommendations for how to deliver the right facilities in the right locations at the right time to achieve CMC's strategic goals. While the FMP confirms there is room to accommodate standard enrollment growth in existing facilities, the plan asserts that simulation labs are needed to grow enrollments in nursing, a critical program with unmet demand throughout our local communities, and that classroom technology expansions are needed for better campus interconnectivity. The cash and investments balances in the Other Assets category is still strong after building up over prior years and will help support the long-term capital projects the Board approves as a result of this new plan.

GASB 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 implemented during FY2014-15, establishes accounting and financial reporting standards for governments that provide their employees' pension benefits. The College participates in Colorado Public Employee Retirement Association (PERA), a cost-sharing pension plan. GASB 68 requires each employer involved in a cost-sharing pension plan, such as PERA, to report their proportionate share of the total unfunded net pension liability and expense of the plan. Having employers record their share of the unfunded liability provides transparency to financial statement users as to the entire net pension liability and pension expense of the cost-sharing plan. GASB 68 also requires an annual adjustment to the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, based on the change in the College's portion of the total Colorado's PERA liability and the changes in actuarial assumptions used to value the overall PERA plan liability. These changes for FY2019-20 resulted in a decrease to the College's portion of the liability in the amount of $18.4 million or a total liability of $60,977,633 at June 30, 2020.

The pension expense is reflected in the Operating Expenses section of the Statement of Revenues, Expenses and Changes in Net Position, and is allocated proportionately to the functional areas by percentage of salary. The actual cost of operations, without this expense, is displayed in the far right column below:

Operating Expenses	**Financial Statement Presentation**	**Remove Pension Contra Expense**	**Actual Operating Expenses**
Instruction	11,014,331	14,838,934	25,853,265
Community Service	353,988	361,564	715,552
Academic Support	2,394,376	2,631,859	5,026,235
Student Services	4,081,255	4,729,335	8,810,590
Institutional Support	9,930,482	6,775,838	16,706,320
Operation and Maintenance of Plant	6,536,833	1,771,892	8,308,725
Scholarships	4,077,555	-	4,077,555
Auxiliary Enterprises	8,436,023	1,042,070	9,478,093
Depreciation	4,373,998	-	4,373,998
Total Operating Expenses	51,198,841	32,151,492	83,350,333

*Note: the removed amount shown here is the difference between pension expense (or contra expense) and contributions made to PERA related to the defined benefit pension plan during the year.

GASB 75, A*ccounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), is also reflected in the financial statements. Eligible employees of the College are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer other postemployment benefit (OPEB) plan administered by PERA. The PERA Board has the authority 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. More details concerning GASB 68 and 75 are provided in the notes to these financial statements.

Long-term debt owed by the College in the form of Certificates of Participation issued for $26,775,000, has a balance of $25,165,000 remaining at June 30, 2020.

Overall, current liabilities increased $1.8 million year over year. Noncurrent liabilities, including the pension and retirement liabilities, decreased $19.9 million year over year as described above. All liabilities combined decreased $18.1 million this year driven primarily by the required pension liability entry.

Restricted net position includes the required legal emergency reserve in compliance with the TABOR amendment, grant funds and loan funds.

The following table breaks the net position down further:

Table 1
Net Position

	2020	2019
Capital Assets, Net	$ 174,344,114	$ 160,582,034
Other Assets	78,698,351	82,946,511
Total Assets	253,042,465	243,528,545
Deferred Outflows of Resources	4,519,123	12,837,407
Long-Term Liabilities	90,432,383	110,378,544
Other Liabilities	17,127,031	15,322,967
Total Liabilities	107,559,414	125,701,511
Deferred Inflows of Resources	42,292,423	63,703,969
Net Investment in Capital Assets	147,784,369	133,466,309
Restricted Net Position	3,019,115	2,894,170
Unrestricted Net Position	(43,093,733)	(69,382,007)
Total Net Position	$ 107,709,751	$ 66,978,472

The College has a deficit unrestricted net position as of June 30, 2020 due to the net pension liability totaling $61.0 million and the net OPEB liability totaling $3.3 million. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. Unrestricted net position strictly from "University Operations" would be a surplus of approximately $61.1 million as detailed in Note 10. A Board of Trustee initiative requires the College to carry a reserve for the purpose of backfilling revenues if they decline, equal to 15% of the total operating revenue budget. Additional reserves are established to support specific initiatives and contribute to the net position of the College.

Following is a recap of the change in net position:

Table 2
Change in Net Position

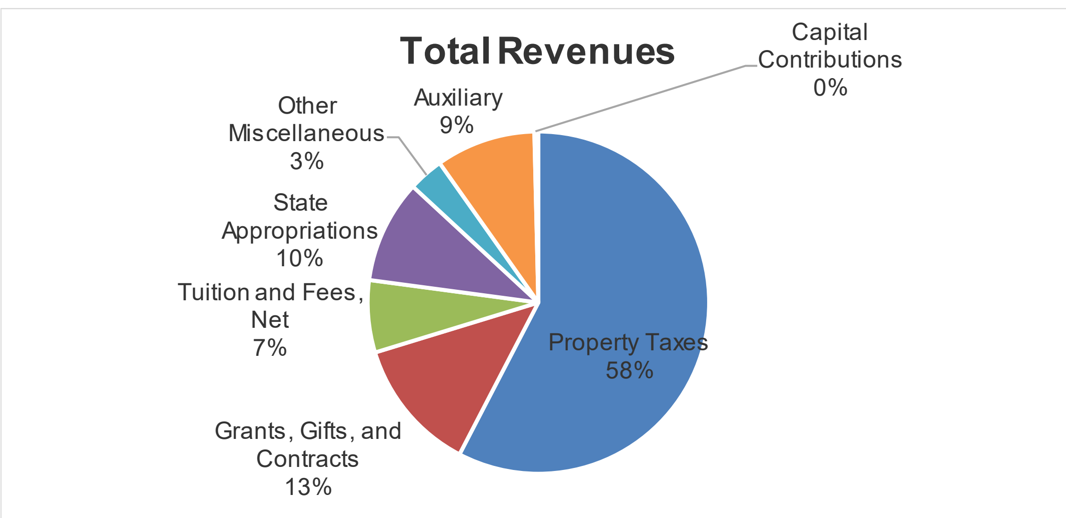
	2020	2019
Operating Revenues		
Tuition and Fees, Net	$ 6,313,543	$ 8,053,359
Federal, State, Private Grants and Contracts	6,049,615	5,699,615
Auxiliary Enterprises	8,725,220	9,732,426
Other	1,743,863	1,739,701
Total Operating Revenue	22,832,241	25,225,101
Nonoperating Revenue		
State Appropriations	9,010,043	8,119,247
Federal Nonoperating	4,720,208	3,659,474
Property Taxes	53,313,049	47,577,259
Investment Income	1,337,065	2,007,395
Gifts	929,418	1,199,369
Unrealized Gain (Loss) on Investments	455,109	423,941
Total Nonoperating Revenue	69,764,892	62,986,685
Capital Contributions	351,745	18,873
Total Revenues	$ 92,948,878	$ 88,230,659
Operating Expenses		
Instruction	$ 11,014,331	$ 15,335,420
Community Service	353,988	674,311
Academic Support	2,394,376	3,200,106
Student Services	4,081,255	5,417,803
Institutional Support	9,930,482	12,301,128
Operation and Maintenance of Plant	6,536,833	7,133,158
Scholarships	4,077,555	4,065,478
Auxiliary Enterprises	8,436,023	8,243,416
Depreciation	4,373,998	4,080,046
Total Operating Expenses	51,198,841	60,450,866
Nonoperating Expenses		
Interest Expense on Capital Debt	1,000,207	526,775
Amortization of Prepaid Bond Insurance	18,551	18,726
Total Nonoperating Expenses	1,018,758	545,501
Total Expenses	$ 52,217,599	$ 60,996,367
Restatement due to Change in Accounting Principle		
Change in Net Position	$ 40,731,279	$ 27,234,292

Revenues

The College experienced an increase in total revenues over last year in the amount of $4.7 million. This is attributed mostly to an increase in property taxes values. Property tax revenues lag 18 months due to the timing of valuations and tax bills being paid, and the residential assessment rate changed from 7.2% to 7.15% in 2019. As a result, the Board of Trustees used their authority from the successful 2018 ballot question 7D to adjust the College's mill levy from 3.997 to 4.013 solely for the purpose of maintaining revenues that would be lost due to statewide property tax assessment rate reductions. The state support increased by 10% and represents the average percentage received by all institutions of higher education, and reflects how the economy had been stabilizing at the state level at the beginning of the fiscal year. As detailed in the Enrollment Highlights, the decrease in net tuition was in direct correlation with the amount of free tuition provided to our local students during the first half of the summer semester as part of our CMC Responds efforts.

Nonoperating income related to investments shows a decline in investment income due to both the usage of reserves for completion of the Spring Valley capital project, as well as a sharp shift in interest rates during the final quarter of the year due to the COVID pandemic.

The following graph depicts total revenue of the College:



Revenues from all sources total $92,948,878, with $22,832,241, or 24.6%, generated from operating revenues and $70,116,637, or 75.4%, from nonoperating revenues and capital contributions.

Property taxes, which account for 58% of the total revenues, are classified as nonoperating revenue in accordance with generally accepted accounting principles.

Expenses

Overall expenses have decreased by $8.8 million from the prior year, due primarily to the GASB 68 adjustment. This contra expense reflects the College's portion of the PERA pension liability, and is a reversal of $32 million of expense this year, a second straight year of the entry reducing expenses following last year's contra expense of $22 million. In addition, regular operating expenditures in the general fund were $6.7 million less than budget as the College experienced large salary savings due not only to expected vacancies and retirements, but also to cost savings from the fourth quarter due to the pandemic. For example, there was substantially reduced travel and a two-month hiring freeze in April and May.

CMC applied operational savings toward activities that helped sustain or rebuild the businesses in our communities through its CMC Responds efforts, which included free summer semester tuition for locals, returning in-state students, as well as displaced workers.

Cash Flows

The Statement of Cash Flows provides information concerning the cash receipts and disbursements during the fiscal year.

The main sources of cash received from operations are tuition and fees, grants and contracts, and auxiliary operations. The majority of cash payments are for salaries to employees and payments to suppliers.

Property tax and state revenues are not considered cash from operations; however, in combination, they provide the majority of the cash received for the College, representing 59% of total receipts.

Net cash used by operating activities increased $13,070,495 from 2018-19 to 2019-20. This is the net result of decreases in cash received and increases in cash payments and the largest contributing factor was the $10.5 million increase in payments to Suppliers. In contrast, net cash provided by noncapital financing activities increased $10.1 million due to increases in state appropriations, property taxes, and federal nonoperating revenue receipts. Overall cash and cash equivalents, from both operations and non-operations, decreased by $5.6 million over the prior year. More detail can be found in the Statement of Cash Flows.

CAPITAL ASSETS AND DEBT

Capital Assets

At June 30, 2020, the College had $174,344,144 invested in capital assets, net of depreciation, consisting of buildings, land, land improvements, equipment, infrastructure, library materials and construction in progress. Following is a breakdown of those assets:

Table 5
Capital Assets at Year End
Net of Depreciation

	2020	2019
Land	$ 13,524,612	$ 13,524,612
Library Materials	568,227	587,687
Construction in Progress	14,112,335	21,539,248
Land Improvements	1,297,738	1,306,565
Buildings	137,572,855	116,738,091
Equipment and Software	2,876,546	2,317,126
Infrastructure	3,987,937	4,163,850
Other Fixed Assets	403,864	404,855
Total Capital Assets	$ 174,344,114	$ 160,582,034

Depreciation expense of $4,373,998 was recorded during FY2019-20. The Spring Valley Student Center remodel as well as eight projects at multiple campuses comprise the construction in progress total. These projects were started in FY2019-20 or prior but will not be complete until FY2020-21. They include residence hall wing remodels at all three residential campuses, and a new gear library and learning commons at Leadville. The Board of Trustees and College leadership completed the long-term capital plan that guides major project decisions for the next 10 years, and remains committed to a large revamp of the Aspen Campus over the next few years, as well as investments in health simulation labs and technology to better connect to classrooms across the district. The net change, after additions, deletions, and depreciation is an increase in capital assets of $13.8 million.

Debt

The College has one debt issue outstanding, which is certificates of participation (COPs) issued in 2017 for the purpose of refunding the 2007 COPs and funding improvements on the Spring Valley campus, purchase of housing units in Breckenridge, and other capital facilities of the College designated by the Board. The COPs were issued for $26,775,000, with a premium of $999,118, and the outstanding principal balance at June 30, 2020 is $25,165,000. The bonds are scheduled to be paid off in FY2047.

COLORADO MOUNTAIN COLLEGE FOUNDATION

The Colorado Mountain College Foundation (the Foundation) is a discretely presented component unit of the College. The Foundation's primary purpose is to fundraise to help support College initiatives and student scholarships. The Foundation's financial statements have been audited by Kundinger, Corder & Engle, P.C. an audit firm, different than the College's audit firm. The Foundation's financial statements are included in the basic financial statements in accordance with generally accepted accounting principles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In March 2020, the COVID-19 pandemic upended CMC's operations in a matter of days. Quick actions among the college's faculty, staff, and leadership, helped move thousands of courses to virtual environments enabling the completion of most spring sections. Much of the private sector in our region was instantly devastated by forced closures and the "stay at home" order, and so CMC jumped in and applied operational savings toward activities that helped sustain or rebuild the businesses in our communities through its CMC Responds efforts. While the full impact of the pandemic is still unknown, it will certainly be substantial over the long-run and have the potential to permanently reshape local economies and the College.

CMC's budget forecast for FY2020-21 and FY2021-22 is stable, largely due to its heavy base of property tax dollars. Early projections expect residential rates to increase in 2021 which will offset expected declines in non-residential valuations and natural resources. The General Assembly passed Senate Concurrent Resolution 20-001, which placed the repeal of the Gallagher Amendment on the November 2020 ballot, and the measure passed. As a result, the Board of Trustees no longer has to consider how to best use their authority from 7D to maintain revenues that would be lost due to residential assessment rate (RAR) declines. Instead, the repeal of the Amendment causes the RAR to freeze at its current rate indefinitely.

The College already began work over the past few years to prepare leaner budgets based on an expected slowdown in the economy due to structural workforce limitations. Combining these disciplined efforts with the additional time provided by the re-assessment cycle timing, management will immediately begin the more difficult planning for FY2021-22 and dig deep into which structural changes are needed for CMC to continue to thrive.

This will include making FY2020-21 investments that move the college to a sustainable path, such as lowering operating overhead, eliminating redundancies in buildings and student affairs operations, determining which campus services can move to a virtual environment, and resetting academic assumptions around class sizes and technology uses. The College will continue its commitment to technology upgrades, classroom equipment upgrades, deferred maintenance on buildings, sustainability initiatives, and a few major capital projects in FY2020-21, with a total of $4.9 million budgeted for these investments. Additionally, while federal CARES funds were useful in 2019-20 to supplant auxiliary losses due to the abrupt end to in-person offerings in the Spring Semester, the State CARES funds will be used almost entirely in FY2020-21, per the approved budget.

In summary, CMC is a strong and stable institution and is confident that by leveraging our greatest strengths, which include strong fiscal governance from the BOT, fiscal discipline from staff and faculty, and a flexible "we're all in this together" approach to problem-solving, we will come out of the pandemic as an even stronger, more nimble institution.

ACCREDITATION

AQIP (Academic Quality Improvement Process) was the College's method of accreditation through 2018. Due to changes within the Higher Learning Commission (HLC), the College transitioned to the Standard Pathway. The reaffirmation of accreditation occurs in 2023-24 when the College will submit an assurance argument (self-study). The most recent System Portfolio Report was submitted on June 4, 2018 and the College received feedback from HLC regarding the College's strengths and opportunities for improvement. Specifically, strengths in the mission, vision and values; ethics and integrity; and quality of faculty and staff. Areas of improvement include how we use data, program review, and assessment of student learning outcomes. A focused peer review visit took place in April 2019. The report to the HLC from the peer reviewers was positive and the Institutional Actions Council approved no further action (from the focus visit) was required.

CONTACTING THE COLLEGE

The purpose of this financial report is to provide our students, taxpayers, investors, creditors and the general public with an overview of the College's finances. The financial statements show that the College is accountable for the funds it receives and is committed to being good stewards of these public funds. If you have any questions about this report or need additional information, please contact the office of the Vice President of Fiscal Affairs at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 45,400,511
Restricted Cash and Cash Equivalents	995,916
Property Tax Receivable, Net of Allowance of $424,830	12,751,632
Student Accounts Receivable, Net of Allowance of $151,000	251,936
Other Accounts Receivable	1,938,379
Inventories	78,532
Prepaid Expenses	1,566,179
Total Current Assets	62,983,085
NONCURRENT ASSETS	
Restricted Cash and Cash Equivalents	34,137
Long-Term Investments	15,508,703
Other Noncurrent Assets	172,426
Nondepreciable Capital Assets	
Land	13,524,612
Other Fixed Assets	403,864
Construction in Progresss	14,112,335
Depreciable Capital Assets (Net)	
Land Improvements	1,297,738
Buildings and Improvements	137,572,855
Infrastructure	3,987,937
Equipment and Software	2,876,546
Library Materials	568,227
Total Noncurrent Assets	190,059,380
Total Assets	**253,042,465**
DEFERRED OUTFLOWS OF RESOURCES (NOTE 8 AND 9)	**4,519,123**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	4,513,398
Deposits Payable	196,607
Accrued Salaries	856,515
Accrued Interest Payable	428,040
Other Accrued Liabilities	2,336,267
Unearned Revenue	6,268,910
Funds Held for Others	149,189
Certificates of Participation and Capital Leases Payable	496,885
Compensated Absences	1,881,220
Total Current Liabilities	17,127,031
NONCURRENT LIABILITIES	
Certificates of Participation and Capital Leases Payable	25,613,720
Compensated Absences	209,024
Land Obligation Payable	322,943
OPEB Liabilities (Note 9)	3,309,063
Net Pension Liability (Note 8)	60,977,633
Total Noncurrent Liabilities	90,432,383
Total Liabilities	**107,559,414**
DEFERRED INFLOWS OF RESOURCES (NOTE 8 AND 9)	**42,292,423**
NET POSITION	
Net Investment in Capital Assets	147,784,369
Restricted for:	
TABOR Reserve	2,710,000
Loans	1,895
Scholarships and Other - Expendable	307,220
Unrestricted	(43,093,733)
Total Net Position	**$ 107,709,751**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS	
Cash and Cash Equivalents	$ 1,707,371
Accounts Receivable	116,950
Contributions Receivable, Net	2,193,093
Investments	18,006,326
Cash Surrender Value of Life Insurance	33,400
Total Assets	**$ 22,057,140**
LIABILITIES AND NET ASSETS	
Accounts Payable	$ 568,498
Accrued Liabilities	35,950
Total Liabilities	604,448
Net Assets:	
Without donor restrictions	722,245
Wth donor restrictions	20,730,447
Total Net Assets	21,452,692
Total Liabilities and Net Assets	**$ 22,057,140**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

REVENUES	
Operating Revenues	
Tuition and Fees, Net of Scholarship Allowance of $4,173,801	$ 6,313,543
Federal, State, Private Grants, and Contracts	6,049,615
Auxiliary Enterprises	8,725,220
Other Operating Revenues	1,743,863
Total Operating Revenues	22,832,241
EXPENSES	
Operating Expenses	
Instruction	11,014,331
Community Service	353,988
Academic Support	2,394,376
Student Services	4,081,255
Institutional Support	9,930,482
Operation and Maintenance of Plant	6,536,833
Student Aid	4,077,555
Auxiliary Enterprises	8,436,023
Depreciation	4,373,998
Total Operating Expenses	51,198,841
Operating Revenue (Loss)	(28,366,600)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	9,010,043
Federal Nonoperating Revenue	4,720,208
Property Taxes	53,313,049
Investment Income	1,337,065
Gifts	929,418
Unrealized Gain on Investments	455,109
Gain on Disposition of Capital Assets	-
Amortization of Prepaid Bond Insurance	(18,551)
Interest Expense on Capital Debt	(1,000,207)
Net Nonoperating Revenues (Expenses)	68,746,134
Income Before Other Revenues	40,379,534
Capital Contributions	351,745
Change in Net Position	40,731,279
Net Position - Beginning of Year	66,978,472
NET POSITION - END OF YEAR	$ 107,709,751

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND SUPPORT			
Contributions	$ 38,561	$ 3,272,881	$ 3,311,442
In-Kind Contributions			
Colorado Mountain College	993,764	-	993,764
Other	205,397	-	205,397
Investment Return, Net of Investment	7	553,495	553,502
Other Income	73,364	-	73,364
Net Assets Released from Restrictions	2,868,769	(2,868,769)	-
Total Revenue, Gains and Support	4,179,862	957,607	5,137,469
EXPENSES			
Program Services:			
Scholarships	1,159,722	-	1,159,722
Distributions to or for the benefit of Colorado Mountain College	1,898,950	-	1,898,950
Scholarship Administration and other Program Expenses	124,731	-	124,731
Total Program Services	3,183,403	-	3,183,403
Supporting Services			
Management and General	501,068	-	501,068
Development and Fund Raising	430,906	-	430,906
Total Supporting Services	931,974	-	931,974
Total Expenses	4,115,377	-	4,115,377
Change in Net Assets	64,485	957,607	1,022,092
Net Assets - Beginning of Year	657,760	19,772,840	20,430,600
NET ASSETS - END OF YEAR	$ 722,245	$ 20,730,447	$ 21,452,692

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received	
Tuition and Fees	$ 5,280,850
Contracts and Grants (Operating Revenue)	5,975,026
Sales and Services of Auxiliary Enterprises	8,550,764
Other Operating Receipts	1,627,607
Cash Payments	
Payments to Suppliers	(19,806,318)
Payments to Employees	(50,578,446)
Payments for Auxiliary Enterprises	(8,555,360)
Scholarships Disbursed	(4,077,555)
Net Cash Provided (Used) by Operating Activites	**(61,583,432)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	9,010,043
Deposits Held in Custody for Others	45,919
Property Taxes	49,993,661
Federal Nonoperating Revenue	10,319,320
Gifts	929,418
Direct Loan Receipts	3,772,416
Direct Loan Disbursements	(3,772,416)
Net Cash Provided (Used) by Noncapital Financing Activities	**70,298,361**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gifts and Grants for Capital Purposes	351,745
Acquisition or Construction of Capital Assets	(17,992,896)
Proceeds from Sale of Capital Assets	991
Principal Paid on Capital Debt	(483,503)
Interest Payments on Capital Debt and Leases	(1,041,707)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(19,165,370)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	3,522,488
Investment Income	1,337,065
Net Cash Provided (Used) by Investing Activities	**4,859,553**
DECREASE IN CASH AND CASH EQUIVALENTS	(5,590,888)
Cash and Cash Equivalents - Beginning of Year	52,021,452
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 46,430,564**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 45,400,511
Restricted Cash and Cash Equivalents - Current	995,916
Restricted Cash and Cash Equivalents - Noncurrent	34,137
Total Cash and Cash Equivalents	**$ 46,430,564**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	$ (28,366,600)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	4,373,998
Amortization of Land Obligation Payable	(42,209)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources	
Receivables, Net	(390,162)
Inventories	(9,069)
Prepaid Expenses	(689,138)
Pension Liability and Related Items	(32,308,548)
OPEB Liability and Related Items	(234,871)
Accounts Payable and Accrued Liabilities	(2,918,070)
Deposits Payable	31,685
Deferred Revenue	(1,030,448)
Net Cash Used by Operating Activities	**$ (61,583,432)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Accounts Payable Incurred for Purchase of Capital Assets	449,140
Amortization of Prepaid Bond Insurance	18,551
Unrealized Gain on Investments	455,109
Amortization of Bond Premium	33,306
Tuition Provided Under Land Obligation Agreement	42,209

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Colorado Mountain College (the College or CMC) is a self-governing local college district with taxing authority. The College was formed in 1965 to serve post-high school education needs, including vocation and adult education.

The financial statements of the College include all of the integral parts of the College's operations. The College applied various criteria to determine if it is financially accountable for any organization that would require that organization to be included in the College's reporting entity. These criteria include fiscal dependency, financial benefit/burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

As required by generally accepted accounting principles (GAAP), these financial statements present the College (primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Discretely Presented Component Unit

The College's financial statements include one supporting organization as a discretely presented component unit.

Colorado Mountain College Foundation, Inc. (the Foundation) is a separate not-for-profit 501(c)(3) corporation formed to promote the welfare, development and being of the College. The Foundation is a separate legal entity with its own Board of Trustees. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Separately issued financial statements are available by contacting the Foundation at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

Basis of Accounting and Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The Foundation reports under FASB Standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Because the Foundation uses a GAAP reporting model that is different from the College's reporting model, the College has chosen to report the Foundation financial statements on separate pages as permitted by GASB Statement No. 39.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows and inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The College considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020, cash and cash equivalents consisted primarily of cash on hand, demand deposits and money market funds with brokers.

Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists of interest and dividend income. The unrealized gain (loss) on investments represents the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Inventories are stated at cost, determined using the first-in, first-out (FIFO) method, except for bookstore inventories, which are determined utilizing the retail method.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on February 28 and June 15, or in full on April 30. An allowance for uncollectible taxes of $424,830 has been recorded based on an analysis of historical trends. The original January 1, 2020 levy for the College was 4.013 mills.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset with a half-month convention for assets additions. The following estimated useful lives are being used by the College:

Land improvements	15 years
Buildings and improvements	20 - 50 years
Infrastructure	20 - 50 years
Equipment and software	3 - 10 years
Library materials	20 years

The College follows the policy of capitalizing only those plant assets with an initial cost or fair value equal to or greater than $5,000. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

The College leases copier equipment under capital leases to conduct its operations at the various campuses. Assets recorded under capital lease agreements are recorded at the present value of future minimum lease payments and are amortized over either the term of the lease or the estimated useful life of the asset, whichever period is shorter. Such amortization is included in depreciation expense in the accompanying financial statements.

Compensated Absences

College policies permit most employees to accumulate annual and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as annual leave benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Medicare taxes computed using rates in effect at that date. The current portion represents estimated amounts that will be paid out within one year. Sick leave accumulates but does not vest and thus is not accrued for at year-end.

Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the College that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the College that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues for summer tuition and fees are calculated based on the number of days falling within each respective fiscal year. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned as the eligibility requirements associated with the grants have not been met.

Budget

The Board of Trustees adopts an annual budget to authorize and control spending from the various accounting funds of the College. The 2019-20 budget was amended in June 2020. The College's expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consisted with generally accepted accounting principles in the United States of America.

Original Budget*	Supplemental Appropriation*	Revised Budget*
$ 110,218,545	$ 2,575,080	$ 112,793,625

* Excludes agency funds, which are held by the College on behalf of others but not available to the College.

Cost-sharing Defined Benefit Pension and Other Postemployment Benefits Plans

The College participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA) and the Health Care Trust Fund (HCTF), a cost-sharing multiple employer other postemployment benefit (OPEB) plan administered by PERA. The net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources, pension expense, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF and HCTF 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 by the plans when earned by the employees in accordance with the benefit terms. The plans' investments are reported at fair value.

Net Position

Net position of the College is classified in three components. Net investment in capital assets, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is comprised of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the College or imposed by law through constitutional provisions or enabling legislature, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or nonoperating revenues according to the following criteria:

Operating - Revenues or expenses generally resulting from providing goods and services for instruction, community service or related support services to an individual or entity separate from the College.

Nonoperating - Revenues or expenses that do not meet the definition of operating. Nonoperating revenues include property taxes, state appropriations, gifts, investment income, and insurance reimbursements.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position.

Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2020 was $4,173,801.

Application of Restricted and Unrestricted Resources

The College's policy is to first apply an expense against restricted resources then toward unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

Related Party

In 2012, the College and Garfield County Public Library District (the Library) entered into an agreement to jointly participate in the construction of a building at the corner of 8th Street and Cooper Avenue in downtown Glenwood Springs, Colorado.

A related condominium association was established in November 2013, with a Board of Directors comprised of an equal number of representatives from the College and the Library. Title of the building has been conveyed to the College and the Library based on ownership detailed in the Project Development Agreement. The College owns all parking spots and approximately 8,300 square feet on the second floor, while the Library owns approximately 12,800 square feet on the ground floor, 3,200 square feet on the second floor and the plaza unit. Other project components are considered as common elements. The College has ongoing financial responsibility related to maintenance over common areas and College-owned portions of the building.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Implemented Accounting Standards

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period (GASB No. 89)*, requiring interest cost incurred prior to the end of a construction period be recognized as an expense in the period in which incurred. The College early adopted GASB No. 89 effective July 1, 2019. Refer to Note 4 Capital Assets for additional information.

CARES Act Funding

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020, provides budgetary relief to higher education institutions through numerous provisions. Of the $30.75 billion allotted to the Education Stabilization Fund through the CARES Act, Congress set aside approximately $14.25 billion for the Higher Education Emergency Relief Fund (HEERF). Due to the different formulas and discretionary allocations Congress created within the CARES Act, the HEERF is comprised of multiple programs and distribution allocations.

As of June 30, 2020, the total CARES Act funding awarded to the College was $1,694,667. The College was awarded and received $847,334 for the student portion allocation. As of June 30, 2020, $397,800 was disbursed directly to students as emergency financial aid grants. The College recognized nonoperating financial aid grant revenue and student aid operating expense for the amount disbursed to students. Amounts received but not yet spent on allowable purposes are recorded as unearned revenue.

The College was awarded a matching $847,333 for the institutional portion allocation and all funds awarded were received as of June 30, 2020. The College recognized other nonoperating revenue for the total amount up to the student portion; allowable expenditures incurred by the College exceeded the award amount and the corresponding revenue will be recognized in the upcoming fiscal year. Expenditures identified as allowable primarily relate to foregone housing and dining auxiliary revenues attributed to the pandemic and caused campus closures.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2020 is comprised of the following:

Deposits	$ 11,934,199
ColoTrust	22,029,845
Money Market Funds	11,428,915
Cash on Hand	7,552
Total Unrestricted Cash and Cash Equivalents	45,400,511
Restricted Cash and Cash Equivalents - Government Money Market Funds	995,916
Restricted Cash and Cash Equivalents - Deposit	34,137
Total	$ 46,430,564

The restricted cash and cash equivalents consist of funds held for payment to bondholders with the outstanding 2017 COPs and a deposit account restricted for tenant security deposits at Denison Commons in Breckenridge.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The College's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Colorado Public Deposit Protection Act (PDPA) requires eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state.

At June 30, 2020, the carrying amount of the College's deposits totaled $11,934,199, of which $1,500,000 was insured by federal deposit insurance and the remainder was collateralized in accordance with PDPA. The College also had cash on hand of $7,552 at June 30, 2020.

Investments

The statutes of the State of Colorado authorize the College to invest in certificates of deposit, money market certificates, bonds or other interest-bearing obligations of the United States, state, county and school district bonds, and state, county and municipal warrants, obligations of national mortgage associations, certain repurchase agreements, local government investment pools and government money market funds.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2020, the College has invested $22,029,845 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to $1. As of June 30, 2020, the College's investment in ColoTrust investment pool was rated AAAm by Standard's and Poor's. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

In addition, the College has invested in two other types of money market funds, as follows:

Federated Treasury Obligations Money Market Funds – This is a Rule 2a-7 type government money market fund and maintains shares in value of $1. This fund is rated by Standard and Poor's at AAAm and by Moody's at Aaa-mf. Total deposit in this fund as of June 30, 2020 was $995,916. The weighted average maturity for the fund was less than 30 days.

Dreyfus General Government Securities Money Market Fund – This is a U.S. Government money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2020 was $9,043,821. The weighted average maturity for the fund was less than 30 days.

In addition, the College had the following investments as of June 30, 2020:

	Current Market Value	Cost Basis	Current Yield	Maturity	Fair Value Level	Credit Rating Moody's	Credit Rating S&P
Government Issued or Guaranteed Bonds							
Federal Home Loan Bank	4,679,242	4,334,536	4.37%	12/10/2021	2	AAA	AA+
Federal Home Loan Bank	10,829,461	8,690,491	3.66%	6/12/2026	2	AAA	AA+
	15,508,703	13,025,027					
Total Investments	$ 15,508,703	$ 13,025,027					
Statement of Net Position Classification							
Long-Term Investments	$ 15,508,703						
Short-Term Investments	-						
	$ 15,508,703						

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below “AA- or AA3” by any credit rating agency. See table above for ratings associated with the government issued or guaranteed bonds.

None of the College’s money market funds are deemed to be exposed to custodial credit risk as they are considered open-ended money market mutual funds (i.e. a fund that does not have restrictions on the number of shares it can issue).

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The College’s investment policy states that no more than 50% of the portfolio may be placed in an investment pool, such as ColoTrust. As of June 30, 2020, 45% of the College’s investments are in ColoTrust. In addition, the College’s investments in U.S. government agencies constituted 55% of its total investments.

Interest Rate Risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. State law allows the investment of public funds in any security issued by, guaranteed by, or the credit of which is pledged for payment by the United States, a federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, or the government national mortgage association.

Investments in these types of securities are limited to a term of five years from the date of purchase, unless the governing body authorizes investment for such period in excess of five years. The College does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement – The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certain investments, such as ColoTrust and money market funds, are exempt from being measured at fair value and thus are excluded from the fair value hierarchy. 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. See table above for levels associated with applicable investments.

NOTE 3 RECEIVABLES

Other accounts receivable balance is made up of the following as of June 30, 2020:

Type of Receivable	Amount
Federal Government Grant Receivable	$ 456,932
Private Foundations and Other Receivable	152,100
Local Government Accounts Receivable	5,435
State Government Grant Receivable	501,470
Other Miscellaneous Receivable	822,442
	$ 1,938,379

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 is:

	Balance July 1, 2019	Additions	Retirements	Transfers In (Out)	Balance June 30, 2020
Nondepreciable Capital Assets					
Artwork	$ 327,750	$ -	$ -	$ -	$ 327,750
Land	13,524,612	-	-	-	13,524,612
Other Fixed Assets	77,105	-	(991)	-	76,114
Construction in Progress	21,539,248	11,408,287	-	(18,835,200)	14,112,335
Total Nondepreciable Capital Assets	35,468,715	11,408,287	(991)	(18,835,200)	28,040,811
Depreciable Capital Assets					
Land Improvements	3,162,577	147,430	-	-	3,310,007
Buildings and Improvements	155,910,766	5,155,911	-	18,835,200	179,901,877
Equipment	9,024,571	1,388,178	(64,071)	-	10,348,678
Library Materials	3,154,398	37,263	(38,040)	-	3,153,621
Software	741,770	-	-	-	741,770
Infrastructure	5,358,773	-	-	-	5,358,773
Total Depreciable Capital Assets	177,352,855	6,728,782	(102,111)	18,835,200	202,814,726
Less Accumulated Depreciation					
Land Improvements	1,856,012	156,257	-	-	2,012,269
Buildings and Improvements	39,172,675	3,156,347	-	-	42,329,022
Equipment	6,707,445	828,759	(64,071)	-	7,472,133
Library Materials	2,566,711	56,723	(38,040)	-	2,585,394
Software	741,770	-	-	-	741,770
Infrastructure	1,194,923	175,912	-	-	1,370,835
Total Accumulated Depreciation	52,239,536	4,373,998	(102,111)	-	56,511,423
Net Depreciable Capital Assets	125,113,319	2,354,784	-	18,835,200	146,303,303
Net Carrying Amount	$ 160,582,034	$ 13,763,071	$ (991)	$ -	$ 174,344,114

Effective July 1, 2019, the College adopted GASB No. 89 requiring that interest costs no longer be capitalized. Prior to the adoption of GASB No. 89, the College capitalized interest expense on construction. Beginning in fiscal year 2020, no interest costs were capitalized and all was expensed as incurred.

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Certificates of Participation (COPs)	$ 25,630,000	$ -	$ 465,000	$ 25,165,000	$ 480,000
COPs Premiums	932,512	-	33,306	899,206	-
Capital Leases	12,402	52,500	18,503	46,399	16,885
Compensated Absences	1,745,948	1,709,628	1,365,332	2,090,244	1,881,220
Total	$ 28,320,862	$ 1,762,128	$ 1,882,141	$ 28,200,849	$ 2,378,105

On January 1, 2008, the College issued $19,580,000 in COPs, Series 2007, at a premium of $7,353, with interest rates varying from 3.75% to 4.375%. The COP Series 2007 were re-financed during fiscal year 2017 as part of the 2017 COPs issued for $26,775,000, at a premium of $999,118, and with interest rates ranging from 2.00% to 5.00%.

The premium on the COPs of $999,118 and the prepaid bond insurance costs of $291,825, are being amortized over the life of the COPs. The balance of the premium at June 30, 2020 is $899,206 and the unamortized balance of the prepaid bond insurance cost is $118,226 included in other noncurrent assets. The amount of the premium credited as a reduction of interest expense for the year was $33,306 and the amount of the prepaid bond insurance costs amortized for the year was $15,651.

The following is a schedule of the future COPs payments as of June 30, 2020:

Year Ending June 30	Principal	Interest	Total
2021	480,000	1,024,631	1,504,631
2022	495,000	1,005,056	1,500,056
2023	515,000	984,956	1,499,956
2024	535,000	969,206	1,504,206
2025	555,000	947,306	1,502,306
2026 - 2030	3,240,000	4,278,405	7,518,405
2031 - 2035	4,100,000	3,415,709	7,515,709
2036 - 2040	4,955,000	2,558,207	7,513,207
2041 - 2045	6,040,000	1,473,000	7,513,000
2046 - 2048	4,250,000	259,600	4,509,600
	$ 25,165,000	$ 16,916,077	$ 42,081,077

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

The College has an outstanding liability for capital leases of $46,399 relating to copiers at various campuses and a long-term lease at the central services. The following is a schedule of the future capital lease's payments as of June 30, 2020:

Year Ending June 30	Amount
2021	$ 16,885
2022	15,990
2023	14,175
2024	1,776
Gross Capital Lease Obligation	48,825
Less Interest	2,426
Net Capital lease Obligation	$ 46,399

The underlying gross capitalized asset cost of the capital leases is $76,699 and the accumulated amortization as of June 30, 2020 is $31,964.

NOTE 6 OPERATING LEASES

The College, as lessor, has several real estate operating leases for classroom, office and parking lot space, generally for periods of one year or less. Rental payments received on these leases for the year ended June 30, 2020, were approximately $462,051. Rental payments received on multi-year leases expiring from 2021 to 2025, for the year ended June 30, 2020, were approximately $211,180. In addition, the College entered into the following operating lease contract as the "Lessor".

Aspen Ballet Company

On March 20, 2000, the College entered into a lease contract with the Aspen Ballet Company and School (ABC) to lease a portion of the new Aspen Campus Building for 30 years. Rent for the entire 30-year term will be $637,000.

This was paid in the following manner: a gift by John and Carrie Morgridge of $250,000 was paid to the College in installments through the year 2004; $162,000 was paid on the date that the contract began; and $75,000 was paid on the first three anniversary dates of the commencement of the contract. The receipt of these funds is recorded in unearned revenue and then recognized as revenue over the 30-year term of the lease. The lease commenced in January 2001 at the completion of the building.

For the year ended June 30, 2020, the College earned $21,233 of rental income.

NOTE 7 ACCRUED SALARIES AND COMPENSATED ABSENCES

Salaries of certain contractually employed personnel are paid over a 12-month period but are earned during an academic year of approximately nine months. The salaries and benefits earned but unpaid as of June 30, 2020 are estimated to be $514,785. Full-time employees sub-contracted to perform projects during the summer earned but unpaid as of June 30, 2020 are estimated to be $86,035.

Some employees receive annual leave, which may accumulate to 240 hours. Unused leave is paid upon termination. The liability for unused annual leave at June 30, 2020 is $2,090,244.

NOTE 8 PENSION PLAN

The College contributes to PERA, a cost-sharing, multiple-employer public employee retirement system. The secondary retirement program for full-time faculty and some administrators is a Defined Contribution Plan (DCP) which was established October 1, 1994 and is administered by two fund sponsors, VALIC and TIAA-CREF. Effective on and after September 1, 2017 the majority of new employees are able to elect a new Defined Contribution Plan (DCP2), which is also administered by VALIC and TIAA-CREF. No new employees are eligible to select the legacy DCP plan.

Plan Description (PERA)

Eligible employees of the College are provided with pensions through State Division Trust Fund SDTF – a defined benefit 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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

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

NOTE 8 PENSION PLAN (CONTINUED)

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF.

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 retirement benefit formula 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

Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8.75% of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

NOTE 8 PENSION PLAN (CONTINUED)

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019
Employer Contribution Rate[1]	10.15%	10.40%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f)[1]	(1.02)%	(1.02)%
Amount Apportioned to the SDTF[1]	9.13%	9.38%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. 24-51-411[1]	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. 24-51-208(1)(f)[1]	5.00%	5.00%
Total Employer Contribution Rate to the SDTF[1]	19.13%	19.38%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the College were $4,193,469 for the year ended June 30, 2020.

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

At June 30, 2020, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The related State support and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate Share of the Net Pension Liability	$	60,977,633
State's Proportionate Share of the Net Pension Liability Associated with the College		310,761
Total	$	61,288,394

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The College proportion of the net pension liability was based on College contributions to the SDTF for the calendar year 2019 relative to the total contributions of participating employers to the SDTF.

At December 31, 2019, the College proportion was 0.628%, which was a decrease of 0.070% from its proportion measured as of December 31, 2018.

NOTE 8 PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the College recognized a negative pension expense of ($28,086,430) for support provided by the State of Colorado. At June 30, 2020, the College 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	$ 2,278,256	$ -
Changes of Assumptions or Other Inputs	-	17,489,698
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,569,618
Changes in Proportion	-	16,871,949
Contributions Subsequent to the Measurement Date	2,068,408	-
Total	$ 4,346,664	$ 40,931,265

$2,068,408 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 for the year ended June 30, 2021. 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 Ending June 30	Amount
2021	$ (24,230,888)
2022	(11,137,313)
2023	(1,642,404)
2024	(1,642,404)
	$ (38,653,009)

Actuarial Assumptions

The December 31, 2018 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40 Percent
Real Wage Growth	1.10 Percent
Wage Inflation	3.50 Percent
Salary Increases; Including Wage Inflation	3.50 – 9.17 Percent
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Inflation	7.25 Percent
Discount rate[1]	7.25 Percent
Future Post-Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007 (Automatic) through 2019	0.00 Percent
Thereafter, compounded annually	1.25 Percent
PERA Benefit Structure Hired After December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

NOTE 8 PENSION PLAN (CONTINUED)

[1] The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25% as described below.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 8 PENSION PLAN (CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
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%.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied 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 3.50%.

- Employee contributions were assumed to be made at the member contribution rate as of the measurement date, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 8 PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 78,445,846	$ 60,977,633	$ 46,195,222

NOTE 8 PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments /pera-financial-reports.

Recent Changes to the Net Pension Liability

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100% funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the other divisions eligible for the direct distribution. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

NOTE 8 PENSION PLAN (CONTINUED)

Plan Description (DCP)

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

Funding Policy (DCP)

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Covered payrolls for the DCP for the fiscal year ended June 30, 2020 were $8,547,385. For the current fiscal year, the employer's contribution to the DCP, recognized as pension expense, was $1,698,586, which is 20.15% of covered payrolls. Contributions by employees were $683,791, which is 8% of covered payrolls. Covered payrolls for the DCP2 for the fiscal year ended June 30, 2020 were $6,990,227. For the current fiscal year, the employer's contribution to the DCP2, recognized as pension expense, was $838,829, which is 12% of covered payrolls. Contributions by employees were $559,218, which is 8% of covered payrolls.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS

General Information about the OPEB Plan

PERA Health Care Trust OPEB Plan

Plan Description

Eligible employees of the College are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (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. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports**.**

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (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 Division, School Division, Local Government Division and Judicial Division Trust Funds), 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.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. 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% 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.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College were $214,031 for the year ended June 30, 2020.

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

At June 30, 2020, the College reported a liability of $2,723,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019. The College's proportion of the net OPEB liability was based on the College's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF. At December 31, 2019, the College's proportion was 0.242%, which was a decrease of 0.035% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the College recognized negative OPEB expense of $20,565. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 9,036	$ 457,564
Changes of Assumptions or Other Inputs	22,591	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	45,450
Changes in Proportion	-	822,761
Contributions Subsequent to the Measurement Date	105,534	-
Total	$ 137,161	$ 1,325,775

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

$105,534 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2021. 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 Ending June 30	Amount
2021	(285,923)
2022	(285,923)
2023	(285,923)
2024	(285,923)
2025	(140,804)
Thereafter	(9,652)
	$ (1,294,148)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the Aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.6% for 2019, Gradually Decreasing to 4.5% in 2029
Medicare Part A Premiums	3.5% for 2019, Gradually Increasing to 4.5% in 2029

- 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.
- The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

- In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-fee Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$ 601	$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

- The 2019 Medicare Part A premium is $437 per month.
- In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Self-Funded Medicare Supplement Plans	$ 562
Kaiser Permanente Medicare Advantage HMO	571

- 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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, 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.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026+	5.10%	4.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations 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 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
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%.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 2,658,317	$ 2,723,000	$ 2,797,747

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions 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, 2019, 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 3.50%.

- 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Benefit payments and contributions were assumed to be made at the end of the month.

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

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's 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%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 3,078,900	$ 2,723,000	$ 2,418,632

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

General Information about the OPEB Plan

Colorado Educators Benefit Trust OPEB Plan

Plan Description

The College participates in a defined benefit postemployment healthcare plan administered by the Colorado Educators Benefit Trust (CEBT). This plan offers healthcare assistance to eligible retired employees and their beneficiaries. The CEBT plan is considered a single-employer agent plan for financial reporting purposes and has no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75. CEBT does not issue a separate publicly available financial report for the plan.

The CEBT plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. However, the premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy."

Summary of Significant Accounting Policies

The College is required to report OPEB information in its financial statements, in accordance with GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of June 30, 2018:

Retirees and Beneficiaries	4
Inactive Plan Members	-
Active Plan Members (Nonretired Members)	424
Total Plan Members	428

Total OPEB Liability

At June 30, 2020, the College reported a liability of $658,055. The total OPEB liability as of June 30, 2020 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

For the year ended June 30, 2020, the College recorded total OPEB expense of $63,525 due to the change in the total OPEB liability, changes to deferred outflows and inflows of resources, and amortization of deferred amounts.

Deferred Items

Deferred inflows of resources and deferred outflows of resources are calculated based on various factors in the actuarial process. For the measurement period ended June 30, 2018 there were:

- Difference between expected and actual experience
- Changes in assumptions

Deferred items are amortized over the closed period equal to the average expected remaining service life of all covered active and inactive participants. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The weighted average expected remaining service lives, assuming zero years for all retirees, determined as of the beginning of the measurement period ended June 30, 2019 is 8.2352 years.

One year of amortization is recognized in the College’s total OPEB expense for the fiscal year ended June 30, 2020.

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to the CEBT OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 12,780	$ -
Changes of Assumptions or Other Inputs	22,518	35,383
Contributions Subsequent to the Measurement Date	-	-
Total	$ 35,298	$ 35,383

As of June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2021	(1,098)
2022	(1,098)
2023	(1,098)
2024	(1,098)
2025	(1,098)
Thereafter	5,405
	$ (85)

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Cost Method	Individual Entry Age
Inflation	2.40%
Salary Increase	3.50% plus age-based increases
Demographic Assumptions	Same as used for PERA HCTF plan December 31, 2017 valuation
Mortality	For healthy retirees, the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and projected with scale MP-2015. For males, multiplied by 73% for ages below 80 and 108% for ages 80 and above. For females, multiplied by 78% for ages below 80 and 109% for ages 80 and above.
Discount rate	3.13%
Health Care Cost Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	15% of retirees were assumed to continue their health care coverage

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.62% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.62% as of the prior measurement date.

Sensitivity Analysis

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 3.62%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.13%	Current Rate 3.13%	1% Increase 4.13%
Total OPEB Liability	$ 714,046	$ 586,063	$ 606,524

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of Net OPEB to changes in health care cost

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 582,575	$ 586,063	$ 746,986

NOTE 10 UNRESTRICTED NET POSITION

Unrestricted net position is comprised of the following as of June 30, 2020:

University Operations	$ 61,056,507
Net Pension Liability	(60,977,633)
Pension Related Deferred Outflows	4,346,664
Pension Related Deferred Inflows	(40,931,265)
Net OPEB Liability	(3,309,063)
OPEB Related Deferred Outflows	172,459
OPEB Related Deferred Inflows	(1,361,158)
Compensated Absences Liability	(2,090,244)
Total Unrestricted Net Position	$ (43,093,733)

NOTE 11 COMMITMENTS AND CONTINGENCIES

Tax, Spending and Debt Limitations

In 1992 the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards or property sales. Also required by TABOR are emergency reserves of at least 3% of fiscal year spending. During 2000, the voters in the district passed an initiative allowing the College to retain all revenues from whatever source without increasing the mill levy. The College believes it is in compliance with the requirements of TABOR.

Federally Assisted Grant Program

The College is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contracts

The College has negotiated an intergovernmental agreement related to the purchase of property in Edwards, Colorado. The College has paid $800,000 in cash and $800,000 in exchange for providing Eagle County and Eagle school district employees to receive credit towards classes taken at the College for up to $400,000 for each entity. Through June 30, 2020, $477,057 has been used. The remaining obligation of $322,943 is reflected as land obligation payable on the Statement of Net Position.

Construction Commitments

As of June 30, 2020, the College had various contracts for the acquisition and construction of projects, which totaled $1,953,131.

NOTE 12 RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses and natural disasters. The College maintains a broad commercial insurance program for claims that may arise from such matters, which includes property, liability, workers compensation/employers liability, errors & omissions, crime cyber and foreign liability insurance. Claims have not exceeded the policy limits in any of the three preceding years. There have been no significant decreases in insurance coverage or limits.

NOTE 13 COMPONENT UNIT – FOUNDATION

The following details the investments held by the Foundation at June 30, 2020:

Publicly Traded Mutual Funds Invested in	
Fixed Income	$ 6,028,529
U.S. Large Cap Equities	4,369,032
Other Equities	4,695,129
Foreign Large Cap Equities	171,678
Other Foreign Equities	387,843
Real Estate	316,265
U.S. Corporate Bonds	1,533,632
International Bonds	232,574
Cash and Cash Equivalents	271,644
Total Investments	$ 18,006,326

NOTE 13 COMPONENT UNIT – FOUNDATION (CONTINUED)

Investments are recorded in the following net asset balance at June 30, 2020:

Net Assets Without Donor Restrictions	$ 177,324
Net Assets With Donor Restrictions	17,829,002
	$ 18,006,326

The following table summarizes the valuation of the Foundation's investments by the fair value hierarchy levels as of June 30, 2020:

Description	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 271,644	$ 271,644	$ -	$ -
Equity Mutual Funds	9,623,682	9,623,682	-	-
Fixed Income Mutual Funds	6,028,529	6,028,529	-	-
Real Estate Mutual Funds	316,265	316,265	-	-
Fixed Income Securities	1,766,206	-	1,766,206	-
Total	$ 18,006,326	$ 16,240,120	$ 1,766,206	$ -

All assets have been valued using a market approach, except for Level 2 assets. The fair value of Level 2 assets has been estimated using models and other valuation methodologies. There were no changes in valuation techniques during the current year.

Net assets with donor-imposed restrictions are available for the Foundation to provide scholarships to students of the College, support the faculty and leaders of the College, fund College facilities' construction and maintenance, and support various academic and community programs.

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

Contributions Received or Receivable, Restricted for Specific Purposes or by Time:	$ 7,189,750
Endowments:	
Facility Maintenance	58,197
Scholarships	8,705,132
Unspent Earnings	4,777,368
Total Endowment Funds	13,540,697
Total Net Assets with Donor Restrictions	$ 20,730,447

Net assets totaling $2,868,769 were released from restriction in 2020 as donor imposed restrictions were met.

NOTE 13 COMPONENT UNIT – FOUNDATION (CONTINUED)

Unconditional contributions receivable consists of the following at June 30:

Receivable in Less than One Year	$	51,173
Receivable in One to Five Years		2,174,276
Receivable in More than Five Years		31,900
Total Unconditional Contributions Receivable		2,257,349
Less Discount to Net Present Value		(64,256)
Contributions Receivable, Net	$	2,193,093

Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.285%.

Contributions receivable are recorded in the following net asset classes at June 30:

Net Assets Without Donor Restrictions	$	108,392
Net Assets With Donor Restrictions		2,084,701
Total Contributions Recievable	$	2,193,093

Conditional contributions receivable, which have not been recognized in the accompanying financial statements because the conditions have not been met, consist of the following at June 30, 2020:

Conditional Opportunity Scholarships Initiative grants, Conditioned upon Matching Requirements	$	1,607,244
Dental hygienist pilot program, condiitoned upon Meeting Specific Milestones		65,000
Total Conditional Contributions Receivable	$	1,672,244

NOTE 14 SUBSEQUENT EVENTS

Risks and Uncertainties

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the College, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. While federal CARES funds were useful in 2019-20 to supplant auxiliary losses due to the abrupt end to in-person offerings in the Spring Semester, the $4.8 million in Coronavirus Relief Funding (CRF) received from the state will be used almost entirely in FY2020-21, per the approved budget. Management believes the College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

November Election Results

State voters recently passed Amendment B, which repeals sections of the Colorado Constitution that set a fixed statewide ratio for residential and nonresidential property tax revenue. Assessment rates for all property types will remain the same as they are now, projected future decreases in the residential assessment rate will not be required, and any future increases in assessment rates would require a vote of the people. This change will ensure additional stability within the College's property tax revenue base for the foreseeable future.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability (Asset)	0.628%	0.698%	0.886%	0.920%	0.964%
College's Proportionate Share of the Net Pension Liability (Asset)	$ 60,977,633	$ 79,382,434	$ 177,361,268	$ 168,999,576	$ 101,536,835
College's Covered Payroll	$ 22,974,055	$ 24,578,790	$ 26,406,021	$ 26,646,762	$ 26,962,425
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	265.4%	323.0%	671.7%	634.2%	376.6%
Plan Fiduciary Net Position as a Position as a Percentage of the Total Pension Liability	62.24%	55.11%	43.20%	43.80%	56.10%

Information above is presented as of the measurement date December 31.

Information is not currently available for prior years; additional years will be displayed as they become available.

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
Contractually Required Pension Contribution	$ 4,194,339	$ 4,468,863	$ 4,842,192	$ 4,778,605	$ 4,705,020	$ 4,458,106
Contributions in Relation to the Contractually Required Pension Contribution	4,194,339	4,468,863	4,842,192	4,778,605	4,705,020	4,458,106
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$22,257,781	$ 22,257,781	$ 25,707,008	$ 26,406,021	$ 26,646,762	$ 26,708,154
Pension Contributions as a Percentage of Covered Payroll	18.84%	20.08%	18.84%	18.10%	17.66%	16.69%

Information above is presented as of the College's fiscal year.

Information is not currently available for prior years; additional years will be displayed as they become available.

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	2019	2018	2017
College's Proportion of the Net OPEB Liability (Asset)	0.242%	0.277%	0.317%
College's Proportionate Share of the Net OPEB Liability (Asset)	$ 2,723,000	$ 3,768,356	$ 4,122,435
College's Covered Payroll	$ 24,578,790	$ 26,406,021	$ 26,406,021
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.1%	14.3%	15.6%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.49%	17.03%	17.53%

Information above is presented as of the measurement date December 31.

Information is not currently available for prior years; additional years will be displayed as they become available.

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017
Contractually Required OPEB Contribution	$ 214,801	$ 229,570	$ 253,770	$ 265,939
Contributions in Relation to the Contractually Required OPEB Contribution	214,801	229,570	253,770	265,939
Contribution Deficienty (Excess)	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 22,257,781	$ 23,649,339	$ 25,707,008	$ 26,406,021
OPEB Contributions as a Percentage of Covered Payroll	0.97%	0.97%	0.99%	1.01%

Information above is presented as of the College's fiscal year.

Information is not currently available for prior years; additional years will be displayed as they become available.

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2019	2018	2017
Total OPEB Liability			
Service Cost	$ 42,960	$ 43,950	$ 44,390
Interest on the total OPEB liability	21,663	19,736	15,499
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	-	16,880	-
Changes in assumptions	25,612	(22,323)	(29,075)
Benefit payments	(18,243)	(9,174)	(4,816)
Net change in total OPEB liability	71,992	49,069	25,998
Total OPEB liability - beginning	586,063	536,994	510,996
Total OPEB liability - ending	$ 658,055	$ 586,063	$ 536,994
Covered payroll	$ 28,629,858	$ 27,661,699	$ 27,999,468
Total OPEB liability as a percentage of covered payroll	2.30%	2.12%	1.92%

Information above is presented as of the measurement date June 30.

Information is not currently available for prior years; additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

COLORADO MOUNTAIN COLLEGE
SUPPLEMENTARY INFORMATION
ACTUAL TO BUDGET COMPARISON SCHEDULE - COLLEGEWIDE
YEAR ENDD JUNE 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues			
Tuition and Fees	$ 12,312,007	$ 10,487,344	$ (1,824,663)
Federal, State, Private Grants and Contracts	9,872,934	6,049,615	(3,823,319)
Auxiliary Enterprises	10,281,847	8,725,220	(1,556,627)
Other Operating Revenue	1,065,143	1,743,863	678,720
Total Operating Revenues	33,531,931	27,006,042	(6,525,889)
EXPENSES			
Operating Expenses			
Instruction	28,386,295	11,014,331	17,371,964
Community Service	1,243,427	353,988	889,439
Academic Support	5,561,735	2,394,376	3,167,359
Student Services	10,185,793	4,081,255	6,104,538
Institutional Support	20,349,022	9,930,482	10,418,540
Operation and Maintenance of Plant	12,622,960	6,536,833	6,086,127
Student Aid	12,086,811	8,251,356	3,835,455
Auxiliary Enterprises	10,479,076	8,436,023	2,043,053
Depreciation	4,000,000	4,373,998	(373,998)
Reserve Expenditures	22,324,968	-	22,324,968
Capital Asset Offset	(16,000,000)	-	(16,000,000)
Total Operating Expenses	111,240,087	55,372,642	55,867,445
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	9,010,043	9,010,043	-
Federal Nonoperating Revenue	4,146,550	4,720,208	573,658
Property Taxes	52,209,194	53,313,049	1,103,855
Gifts	950,000	929,418	(20,582)
Investment Income	1,802,795	1,337,065	(465,730)
Unrealized Gain on Investments	-	455,109	455,109
Amortization of Prepaid Bond Insurance	(18,651)	(18,551)	100
Interest Expense on Capital Debt	(1,553,538)	(1,000,207)	553,331
Net Nonoperating Revenues (Expenses)	66,546,393	68,746,134	2,199,741
Capital Contributions	-	351,745	351,745
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,161,763)	40,731,279	51,893,042
Fund Balance - Beginning of Year	66,978,472	66,978,472	-
FUND BALANCE - END OF YEAR	$ 55,816,709	$ 107,709,751	$ 51,893,042