

TECHNICAL COLLEGE OF THE ROCKIES
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

March 1, 2022

Board of Education
Technical College of the Rockies
Delta, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Technical College of the Rockies, a component unit of the Delta County Joint School District No. 50J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Technical College of the Rockies, as of June 30, 2021, and the respective changes in



Board of Education
Technical College of the Rockies
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financial position 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, budgetary comparison information, and pension schedules on pages 3–10 and 51–54 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.

Other 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 combining statement and schedule, the Auditor's Integrity Report of the Colorado Department of Education, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

**TECHNICAL COLLEGE OF THE ROCKIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021**

Reporting the College as a Whole

The Technical College of the Rockies is a public institution of higher education, governed by the Delta County Joint School District No. 50J Board of Education. The College provides post-secondary and secondary career and technical programs that lead to a certificate of occupational proficiency. The College is affiliated with the Colorado Community College System and accredited by the Council of Occupational Education. The Service area of the College includes Delta, Montrose, Gunnison, Hinsdale, Ouray, and San Miguel counties.

This discussion and analysis provides an overall view of the Technical College of the Rockies's financial activities for the fiscal year 2020-21. Revenues for the College come from the State of Colorado, school district funding for secondary students, contract revenue, student tuition and fees, grants and various enterprise ventures. The intent of this analysis is to look at the College's financial performance as a whole. Complete understanding of the fiscal performance of the College may require reading of the basic financial statements for the College.

Financial Highlights

Key financial highlights for the fiscal year ended on June 30, 2021 are as follows:

- In total, net position increased by \$1,143,425 to (\$1,728,141). The College's fund balance decreased by (\$96,425). State funding decreased (\$776,307), which accounts for this decrease.
- The College had \$3,792,347 in total revenues. State revenues accounted for \$701,065 or 18% of total revenues. Program specific revenues accounted for \$1,692,869 or 45% of total revenues. Student aid programs and other operating grants accounted for \$1,398,413 or 37% of total revenues.
- The College had \$2,648,922 in total expenses. Instructional expenses accounted for \$1,138,313 or 43% of total expenses. General Administration, School Administration, Business and Student Aid Programs accounted for \$1,510,609 or 57% of total expenses.
- Total revenues of \$3,792,347 exceeded total expenditures of \$2,648,922 by \$1,143,425. A net decrease to fund balance of (\$96,425), capital outlays exceeded depreciation of \$65,471, gains on sale of capital assets (\$45,763), liability for compensated absences and early retirement \$987, and the College's pension expense of \$1,219,155 make up the total of revenues exceeding expenditures.
- In FY 21 the State of Colorado did not contribute to the Colorado PERA fund. Because of this, The College shows a Net pension liability of (\$4,209,845), which is \$70,630 more than the prior year's liability. This contribution was intended to happen annually, commencing on July 1, 2018, but with budget cuts at the State level, this contribution was not budgeted for the 2020-2021 fiscal year. See Note F Defined Benefit Pension Plan in the financial statements for further explanation of the College's pension plan.
- The College's Net OPEB, "Other Post-Employment Benefits", obligation as of June 30, 2021 is (\$153,005). This liability decreased from the prior year by \$27,626. Eligible PERA benefit recipients

and retirees are eligible to enroll in PERACare, and receive a health care premium subsidy. See Note G Defined Benefit Other Post Employment Benefit (OPEB) Plan for further explanation.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Technical College of the Rockies as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole College, presenting both an aggregate view of the College's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the College's operations in more detail than the government-wide statements by providing information about the College's most significant funds. The remaining statements provide financial information about the activities for which the College acts solely as a trustee or agent for the benefit of those outside the reporting entity.

Reporting the College as a Whole

While this report contains all funds used by the College to provide programs and activities, the view of the College as a whole, looks at all the financial transactions and asks the question, "How did we do financially during the 2020-2021 fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the College's net position and changes in that position. This change in net position is important because it identifies whether the financial position of the College has improved or diminished for the College as a whole. The cause of this change may be a result of many factors, some financial, some not. Non-financial factors include enrollment levels, statutorily required reserves, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the College reports its governmental activities, which include instruction, support services and student aid programs.

Statement of Net Position

The following is a statement of the College's net position for the fiscal year 2020 compared to 2021.

<u>Assets</u>	<u>2020</u>	<u>2021</u>
Current	\$2,054,255	\$1,546,724
Capital Assets	2,080,503	2,100,212
Total Assets	4,134,758	3,646,936
 <u>Deferred Outflows</u>		
OPEB Deferred Outflows	15,378	13,771
Pension Deferred Outflows	889,931	1,040,475
Total Deferred Outflows	905,309	1,054,246
 <u>Total Assets & Deferred Outflows</u>		
	<u>\$5,040,067</u>	<u>\$4,701,182</u>
 <u>Liabilities</u>		
Current	\$563,301	\$152,195
Non-Current Liabilities	4,337,384	4,379,402
Total Liabilities	4,900,685	4,531,597
 <u>Deferred Inflows</u>		
OPEB Deferred Inflows	54,425	64,941
Pension Deferred Inflows	2,956,523	1,832,785
Total Deferred Inflows	3,010,948	1,897,726
 <u>Net Position</u>		
Net Investment in Capital Assets	2,080,503	2,100,212
Restricted	64,275	67,003
Unrestricted	(5,016,344)	(3,895,356)
Total Net Position	(2,871,566)	(1,728,141)
Total Liabilities, Deferred Inflows and Net Position	<u>\$5,040,067</u>	<u>\$4,701,182</u>

Total current assets decreased by \$507,531. Total cash decreased by \$730,991, receivables increased by \$264,141. Inventory is no longer kept on hand, items are purchased as needed for each semester. Prepaid expenses increased by \$18,063. Capital Assets increased by \$19,709 this year. Deferred outflows increased in the current year by \$148,937.

Current liabilities decreased by \$411,106 in the current year. This is mostly due to receiving Corona Relief Funds in the current year which were recognized as revenue, when the funds were spent, but were considered a liability in the prior year. Non-current liabilities increased by \$42,018 which are mostly made up by the College's net pension liability, and this liability increased from the prior year, \$70,630. This increase is due to the State of Colorado not contributing to PERA in 2021 from the State's general fund. The OPEB (Other Post Employment Benefit), increased from the prior year by \$27,626.

Statement of Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects total revenues for the College as a whole and expenditures listed as costs of operations.

	<u>2020</u>	<u>2021</u>
<u>Revenues</u>		
<u>Program Revenues</u>		
Charges for Services and Sales	\$1,196,534	\$1,692,869
Operating Grants and Contributions	845,774	1,283,059
Capital Grants and Contributions	209,830	115,354
Total Program Revenue	<u>\$2,252,138</u>	<u>\$3,091,282</u>
<u>General Revenues</u>		
State FTE Funding	1,669,202	701,065
Total General Revenue	<u>1,669,202</u>	<u>701,065</u>
Total Revenue	<u>\$3,921,340</u>	<u>\$3,792,347</u>
<u>Expenses</u>		
Instructional	\$1,204,154	\$1,138,313
General Administration	541,722	601,521
School Administration	207,371	144,083
Business Services	578,792	525,434
Student Aid	130,107	238,233
Unallocated Depreciation	1,338	1,338
Total Expenses	<u>\$2,663,484</u>	<u>\$2,648,922</u>
Increase (Decrease) in Net Position	<u>\$1,257,856</u>	<u>\$1,142,383</u>

Revenues increased by \$128,993 from the prior year, of this State funding decreased by \$968,137, charges for services increased by \$503,665, operating grants increased by \$437,285 and capital grants and contributions decreased by (\$94,476). The College received CARES Act funding in the current and prior fiscal year. Most of this funding was expended in the current year. Funding for technical colleges overall saw a decrease in 2021, and the % of those funds decreased for the College 58%.

Program expenses increased by \$14,562. Student Aid, which had an increase of \$108,126. Instructional activities at the College include: Nurse Aide, Law Enforcement, Auto Mechanics, EMT, Cosmetology, Barbering, Esthetician, Medical Assistant, Drafting and Massage. Industry Training includes training such as Welding, Electrician Apprentice, and Phlebotomy.

The College also operates a comprehensive testing and assessment center and basic skills/career counseling service center.

In FY 21 the ENGAGE initiative continues under the umbrella of the Technical College. ENGAGE stands for Energy, Growth, Agriculture & Entrepreneurship. This is an initiative to foster economic activity and to

diversify the local economy in Delta County. This initiative was awarded a three-year \$1.36 million EDA grant to operate and grow this initiative. ENGAGE is under the umbrella of Technical College of the Rockies, but is partnered with Delta County School District, Delta County Economic Development Corporation, Delta County, Region 10 & the Southwest Innovation Corridor.

The College provides student services and business services for 605 total students, of which 246 are considered “full time”, 98 were high school or “secondary” or “concurrent”, 26 were “part-time” certificate and 351 were “part-time” non-certificate (***this number is based on student enrollment in community education and industry training courses***). Enrollment for FY 20-21 was down 28.74 FTE compared to the prior year. Enrollment stayed somewhat consistent. This is the first year that secondary programs are now offered as concurrent programs, rather than as elective courses through their respective high schools. There are both morning and afternoon sessions available for secondary students to attend these programs.

The College depends on general State FTE funding, which decreased significantly in the current fiscal year. State funding decreased significantly from fiscal year 2019-2020 to fiscal year 2020-2021. State funding was reduced 58% which is a reduction of (\$968,138), due to the Corona Virus pandemic. The college did receive CARES Act funding to help offset a portion of this State reduction.

Fund Financial Statements

Governmental Funds

Fund financial reports provide detailed information about the College’s major funds. The College’s only major governmental fund is the General Fund. The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. For financial reporting purposes, the College’s General Fund is considered to be a governmental fund, which focuses on how monies flow into and out of the fund and the balances left at fiscal year-end for spending in future periods. This fund is combined for presentation purposes with the College’s Student Financial Aid Fund. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the College’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

Fiduciary Funds

The College is a trustee, or fiduciary, for the Private Purpose Scholarship Trust Fund and one agency fund, the student activity fund. The College cannot use these funds for operation costs. They are accounted for separately. The College is responsible for ensuring that these funds are used for their intended purposes.

Capital Assets and Debt

At the end of FY 21, the College had \$2,100,211 invested in capital assets, including buildings, furniture and fixtures, and vehicles.

	Capital Assets at Fiscal Year End Net of Depreciation	
	2020	2021
Land	\$126,872	\$126,872
Building and Improvements	1,660,871	1,697,528
Furniture, Equipment and Vehicles	292,760	275,811
Totals	<u>\$2,080,503</u>	<u>\$2,100,211</u>

The College added \$65,471 in capital assets net of depreciation in 2021.

As of June 30, 2021, the College has a balance of \$16,551 in long-term debt, which is all for compensated absences.

General Fund Budgeting Highlights

The College's procedures in establishing the budgetary data reflected in the financial statements are summarized on page 20 of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

During fiscal year 2021, there was an increase in budget for capital projects, which have not all been started or completed in 2021, and where programs stayed steady. The College uses a line-item based budget. The budgeting systems are designed to tightly control line-item expenditures, but provide flexibility for overall budgetary management.

General Fund revenues and other financing sources in the amount of \$3,792,347 was \$10,763 more than budgeted. The major variances in the budgeted revenue came in Other Local revenue and Federal Sources.

Expenditures and other financing uses had actual expenditures of \$3,888,772 which was \$42,812 under budget. Instructional expenditures and capital outlay were over budget \$453,382 and supporting services, business services and student aid programs were under budget totaling \$346,194. Contingency makes up the difference of \$150,000.

Initiatives

The Technical College of the Rockies is involved in several initiatives for the 2020-21 school year.

Concurrent Enrollment Alignment – The College was successful in aligning all programs possible to concurrent enrollment programs. This gives secondary students an opportunity to gain post-secondary credit while in high school. As of August 2020, TCR offered Automotive Technology, CADD, CNA, Cosmetology, Barbering, Nail Tech, and Esthetician, and EMT for concurrent enrollment. The

school is working to have Medical Clinical Assistant, Heating/Air Conditioning Service Technician, and Massage Therapy available for concurrent students by next year.

New Programming – TCR launched the first year of its Heating/Air Conditioning Service Technician Program in the Fall of 2020. TCR is in the process of repurposing a modular building owned by the district to house the Heating/Air Conditioning Service Technician Program and some Electrician classes. TCR also launched a Fire Science-Fire Fighter I program. TCR is also exploring the possibility of adding a Respiratory Therapy Program and a high-school only Early Childhood Education Program over the next two years. The College is always looking at what the current needs are in our community and surrounding areas to offer training and certificate programs in those sectors.

Scaling to Outlying Service Areas – Continuing initiatives of expansion, TCR continues to utilize offerings at our Gunnison and Montrose campuses, both which have been accredited by COE. The Gunnison site now offers Hairstyling and CNA, with the possibility of CADD being added in the next year. We currently utilize our Montrose Campus for EMT.

Downtown Delta Campus Expansion update – TCR purchased a building in downtown Delta in 2016. Due to funding sources being constricted because of COVID, this project was stopped and TCR sold this building in 2021.

ENGAGE Initiative - Since 2015, TCR has partnered with Delta County Economic Development, Region 10, The City of Delta, Delta County, Small Business Development and other partners, to start the ENGAGE Project. ENGAGE stands for Energy, Growth, Agriculture, and Entrepreneurship. The idea of ENGAGE is to help support the community entrepreneurs in growing and launching their initiatives, particularly in agriculture and energy related fields. The College was awarded a three-year EDA grant for operations of the ENGAGE project in fiscal year 17-18. The ENGAGE project is ongoing and is supporting many entrepreneurship programs throughout Delta County. The range of influence extends from the North Fork areas of Paonia and Hotchkiss, to Cedaredge and Delta. This grant was completed in Fiscal Year 2020-21.

Current Issues

State dollars, in combination with tuition revenue and programming for high school students from the local school districts, and post-secondary students, make up the bulk of the revenue for the College. State funding was slashed by 58% for the 2020-21 school year, due to massive state budget cuts tied to the COVID-19 pandemic.

Tuition revenue is reviewed by the management team each year. Tuition for some programs and some fees was increased for the 2020-21 school year. Even with these increases, our tuition and fees are the lowest of any college in Colorado. Ongoing facility demands for aging buildings and infrastructure are always a concern. Minimal increases to our tuition and fee amounts have allowed us to recuperate a fraction of the lost state funding.

The overall campus is aging and in need of upgrades to keep the buildings viable for classroom and support functions. Major projects that have been needed for year (and in some cases, decades) have been deferred, causing increased damage. All facilities have poorly functioning rooftop air

conditioning/heating units and mismatched locks and keys throughout the campus. We are working on a plan to address these issues. Several of the sidewalks need to be replaced due to heaving and cracking. The College's staff continues to explore new programs and classes in occupational fields. Additional classroom and lab space will be necessary to meet these needs.

Contacting the College

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Technical College of the Rockies
%Delta County Joint School District No. 50J
145 W. 4th St.
Delta, CO 81416
Tel: 970-874-4438
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Technical College of the Rockies

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Cash and cash equivalents	\$ 990,078
Intergovernmental receivable	470,628
Other receivables	16,552
Student accounts receivable, net of allowance of \$10,987	17,753
Prepaid expenses	51,713
Capital assets (net of accumulated depreciation)	2,100,212
Total assets	3,646,936
Deferred outflows of resources	
OPEB related deferred outflows	13,771
Pension related deferred outflows	1,040,475
Total deferred outflows of resources	1,054,246
Total assets and deferred outflows of resources	\$ 4,701,182
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities	
Accounts payable	\$ 45,438
Accrued liabilities	79,616
Unearned revenue	27,141
Noncurrent liabilities	
Compensated absences	16,552
Net OPEB obligation	153,005
Net pension liability	4,209,845
Total liabilities	4,531,597
Deferred inflows of resources	
OPEB related deferred inflows	64,941
Pension related deferred inflows	1,832,785
Total deferred inflows of resources	1,897,726
Net Position	
Net investment in capital assets	2,100,212
Restricted for emergencies	34,128
Restricted by donor	32,875
Unrestricted	(3,895,356)
Total net position	(1,728,141)
Total liabilities, deferred inflows of resources, and net position	\$ 4,701,182

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Function/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instructional services	\$ 1,138,313	\$ 1,595,102	\$ -	\$ 115,354	\$ 572,143
Support services:					
General administration	601,521	-	-	-	(601,521)
School administration	144,083	-	-	-	(144,083)
Business	525,434	97,767	-	-	(427,667)
Student aid programs	238,233	-	1,283,059	-	1,044,826
Unallocated depreciation	1,338	-	-	-	(1,338)
Total governmental activities	<u>\$ 2,648,922</u>	<u>\$ 1,692,869</u>	<u>\$ 1,283,059</u>	<u>\$ 115,354</u>	442,360
		General revenues:			
		State FTE funding			701,065
		Total general revenues			<u>701,065</u>
			Change in net position		1,143,425
		Net position at beginning of year			<u>(2,871,566)</u>
		Net position at end of year			<u>\$ (1,728,141)</u>

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 990,078
Intergovernmental receivable	470,628
Other receivables	16,552
Student accounts receivable, net of allowance of \$10,987	17,753
Prepaid expenses	51,713
Total assets	<u>\$ 1,546,724</u>
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	45,438
Accrued expenses	79,616
Unearned revenue	27,141
Total liabilities	<u>152,195</u>
Fund balance	
Nonspendable fund balance	51,713
Restricted for emergencies	34,128
Restricted by donor	32,875
Unassigned	1,275,813
Total fund balance	<u>1,394,529</u>
Total liabilities and fund equity	<u>\$ 1,546,724</u>
Fund equity (as reported above)	\$ 1,394,529
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not recorded in the funds	2,100,212
Compensated absences are not recorded in the funds	(16,552)
Net pension liability OPEB obligation and related deferred inflows and outflows of resources are not recorded in the funds.	(5,206,330)
Total net position	<u>\$ (1,728,141)</u>

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

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

Year ended June 30, 2021

	<u>General</u>
Revenues	
Local sources:	
Tuition, fees and services (net of scholarship allowances of \$401,650)	\$ 1,199,568
Other local	374,425
Intergovernmental:	
Local school districts	195,414
State sources	701,065
Federal sources	1,321,875
Total revenues	<u>3,792,347</u>
Expenditures	
Instruction	1,455,380
Supporting services	1,294,854
Business services	474,371
Student aid programs (net of scholarship allowances of \$401,650)	238,233
Capital outlay	425,934
Total expenditures	<u>3,888,772</u>
	<u>Excess of Revenues Over(Under) Expenditures</u> (96,425)
Fund balance at beginning of year	1,490,954
Fund balance at end of year	<u><u>\$ 1,394,529</u></u>

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Net Change in Fund Balances - Governmental Funds	\$ (96,425)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period (\$200,803-171,264).	65,471
Governmental funds report receipts for the sale of capital assets as revenues, but in the statement of activities they are recognized as gains.	(45,763)
In the governmental funds, expenditures for compensated absences and early retirement are measured by the amount of financial resources used, whereas in the statement of activities, they are measured as the benefits are earned. This is the amount the liability for compensated absences and early retirement changed during the year.	987
In the governmental funds, expenditures related to pension/OPEB obligations are measured by the amount of financial resources used, whereas in the statement of activities, they are measured on the accrual basis. This is the amount by which pension and OPEB expense in the statement of activities is more than that in the governmental funds.	<u>1,219,155</u>
Change in Net Position of Governmental Activities	<u>\$ 1,143,425</u>

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2021

	Private Purpose Trust	Agency Fund
ASSETS		
Cash and cash equivalents - expendable	\$ 2,418	\$ 29,265
Cash and cash equivalents - non-expendable	2,251	-
Total assets	<u>\$ 4,669</u>	<u>\$ 29,265</u>
LIABILITIES		
Due to student groups	\$ -	\$ 29,267
Total liabilities	<u>-</u>	<u>29,267</u>
NET POSITION		
Committed for scholarships	2,418	-
Nonspendable for perpetuities	2,251	-
Total net position	<u>\$ 4,669</u>	<u>\$ (2)</u>

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year ended June 30, 2021

	Private Purpose Trust/ Scholarship Trust	Agency Fund Student Activity Fund	Total
ADDITIONS			
Student activity revenues	\$ -	7,499	\$ 7,499
Investment income	-	2	2
	-	7,501	7,501
DEDUCTIONS			
Student activity expenses	-	85	85
	-	85	85
Change in net position	-	7,416	7,416
Net position at beginning of year	4,669	21,851	26,520
Net position at end of year	\$ 4,669	\$ 29,267	\$ 33,936

The accompanying notes are an integral part of this statement.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Technical College of the Rockies (the College) are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The College applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies established in GAAP and used by the College are described below.

1. Financial Reporting Entity

The College is an area vocational school organized under the laws of the State of Colorado. The College provides post-secondary vocational training for Delta and Montrose, Colorado and the surrounding area. The College is governed by the Board of Education of Delta County Joint School District No. 50J (the District).

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the College, and (b) organizations for which the College is financially accountable. The College is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the College.

Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes or issue debt without approval by the College. Organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the College's financial statements include only the funds of the College and do not include any component units, nor do they exclude any potential component units requiring inclusion in the College's reporting entity. The College's basic financial statements include the accounts of all College operations.

The College, while it is a legally separate entity, is a component unit of the District and has been included in the District's financial reporting entity. The College is included as a component unit of the District because the District's Board of Education is also the governing body of the College, for which it exercises oversight and direction and retains accountability.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation

The College's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the College as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the College at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the College's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the College, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the College.

Fund Financial Statements

During the fiscal year, the College segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the College at this more detailed level. The focus of governmental fund financial statements is on major funds. Fiduciary funds are reported by type.

3. Fund Accounting

The accounts of the College are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. College resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means by which spending activities are controlled.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The various funds are grouped, in the financial statements in this report, as follows:

Governmental Funds

Governmental funds are those through which most governmental functions of the College are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund is the College's only major governmental fund.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General fund balance is available to the College for any purpose provided it is expended or transferred according to general statutory laws.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds.

Fiduciary trust funds are used to account for assets held by the College under a trust agreement for individuals, private organizations, or other governments and are not available to support the College's own programs. The College's fiduciary trust fund is a private purpose trust which accounts for expendable and non-expendable student scholarship funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The College's agency funds consist of accounts for various student-managed activities.

4. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the College are included on the statement of net position.

Government-wide financial statements are prepared using the accrual basis of accounting.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Basis of Accounting

While the measurement focus identifies which transactions and events should be recorded on the financial statements, the basis of accounting determines when transactions and economic events are reflected in financial statements.

Governmental funds and agency funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The College considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Generally, fees and non-tax revenues are recognized when received. Grants, State reimbursement, and tuition are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

Private purpose trust funds use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budgets and Budgetary Accounting

The College follows these procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all governmental funds. The College legally adopted annual budgets for all of the College's funds for the year ended June 30, 2020.
- Prior to June 30, the budget shall be adopted and appropriations made by formal resolution for the ensuing fiscal year. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget. There were supplemental appropriations approved during the current fiscal year.
- Appropriations lapse at the end of each year, and the College's Board may adopt supplemental appropriations during the year.
- Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation is used by the College for internal budgetary control during the year, but is not used for financial reporting purposes.

6. Cash and Investments

The College's policy in determining which items are treated as cash equivalents, include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts, which reasonably estimate fair value.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

8. Allowance for Doubtful Accounts

The College established an allowance for doubtful accounts based upon factors including historical trends and the length of time that the student receivable balance has been outstanding.

9. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture and fixtures	20 years
Equipment	5-15 years
Vehicles	8 years
Other infrastructure	10-50 years

10. Compensated Absences

Compensated absence liabilities, when applicable, are reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments are due upon the occurrence of employee resignations and retirements.

Accumulated sick leave does not vest with the employee, that is, the employees have no right to be reimbursed for unused sick leave if they terminate. Accordingly, there is no expenditure or liability for accumulated sick leave included in the College's records.

Personnel that accrue vacation may only accrue an amount equal to their annual vacation accrual.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations, when applicable, are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities are paid in a timely manner and in full from current resources; therefore, they are reported as obligations in the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bond obligations are recognized as a liability on the fund financial statements when due.

12. Fund Balance Reserves

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or is legally or contractually required to be maintained intact. The nonspendable balance was made up of \$51,713 in prepaid expenses.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grants or bondholders), or is legally or contractually required to be maintained intact. Restricted balances are \$34,128 for TABOR and \$32,875 for a donor restricted contribution.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Delta County School District 50J Board of Education, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Delta County School District 50J Board of Education.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Delta County School District 50J Board of Education or other individual authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the College or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

14. Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The scholarship allowance is 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 where the College recognizes and records revenue.

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded 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 allowance on tuition and fees for the year ended June 30, 2021 was \$401,650.

15. Inventories

Inventories in the general fund consist of student supplies and are carried at cost using the first-in, first-out method.

16. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (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 certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

18. Defined Benefit Other Post Employment Benefit Plan (OPEB)

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

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Material Violations

The College had expenditures in excess of budgeted appropriations in the amount of \$239,308, which may be a violation of State budget law.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE C – DEPOSITS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At June 30, 2021, the College's cash and investments consisted of the following:

Cash on hand	\$ 946
Deposits	<u>1,023,066</u>
Total	<u>\$ 1,024,012</u>

As of June 30, 2021, the carrying amount of the College's deposits was \$1,239,133 and the bank balance was \$1,023,066. Of that balance \$292,406 was covered by FDIC insurance and \$946,727 was collateralized as noted above.

Investments

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

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balances June 30, 2020	Additions	Reductions	Balances June 30, 2021
Governmental Activities				
Land and intangibles	\$ 126,872	\$ –	\$ –	\$ 126,872
Depreciable Capital Assets:				
Buildings and improvements	5,427,083	193,700	(159,987)	5,460,796
Furniture, Equipment, Vehicles	<u>1,037,912</u>	<u>47,500</u>	<u>(199,444)</u>	<u>885,968</u>
Total capital assets at historical costs	<u>6,464,995</u>	<u>241,200</u>	<u>(359,431)</u>	<u>6,346,764</u>
Less accumulated depreciation:				
Buildings and improvements	(3,766,212)	(116,693)	119,637	(3,763,268)
Furniture, Equipment, Vehicles	<u>(745,152)</u>	<u>(59,036)</u>	<u>194,031</u>	<u>(610,157)</u>
Total accumulated depreciation	<u>(4,511,364)</u>	<u>(175,729)</u>	<u>313,668</u>	<u>(4,373,425)</u>
Governmental activities				
Capital assets, net	<u>\$ 2,080,503</u>	<u>\$ 65,471</u>	<u>\$ (45,763)</u>	<u>\$ 2,100,211</u>

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE D – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 174,024
Support: General administration	367
Unallocated depreciation	<u>1,338</u>
Current year depreciation expense	<u>\$ 175,729</u>

NOTE E – LONG-TERM OBLIGATIONS

Changes in the College’s long-term obligations were as follows:

	Balance at <u>6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>6/30/21</u>	Due Within <u>One Year</u>
Compensated absences	\$ 17,538	\$ —	\$ 987	\$ 16,551	\$ —
Total long-term obligations	<u>\$ 17,538</u>	<u>\$ —</u>	<u>\$ 987</u>	<u>\$ 16,551</u>	<u>\$ —</u>

NOTE F – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Contributions provisions as of June 30, 2021: Eligible employees of the College and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the College were \$285,009 for the year ended June 30, 2021.

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The College’s proportion of the net pension liability was based on College’s contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the College reported a liability of \$4,209,845 for its proportionate share of the net pension liability. The amount recognized by the College as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the College were as follows:

The College’s proportionate share of the net pension liability	\$ 4,209,845
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the College	–
Total	\$ 4,209,845

At December 31, 2020, College’s proportion was 0.02784 percent, which was an increase of 0.00014 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the College recognized negative pension expense of \$(935,334) and additional expense of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 231,310	\$ –
Changes of assumptions or other inputs	404,974	707,639
Net difference between projected and actual earnings on pension plan investments	–	926,683
Changes in proportion and differences between contributions recognized and proportionate share of contributions	263,492	198,463
Contributions subsequent to the measurement date	140,699	–
Total	\$1,040,475	\$ 1,832,785

\$140,699 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021:	
2022	(753,806)
2023	148,001
2024	(181,016)
2025	(146,188)
2026	–
Thereafter	–

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collard 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.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

The actuarial assumptions used in the December 31, 2019, 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 the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alteranatives ¹	6.00%	4.70%
Total	100.00%	

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$5,742,573	\$4,209,845	\$2,932,577

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College were \$15,196 for the year ended June 30, 2021.

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

At June 30, 2021, the College reported a liability of \$153,005 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The College’s proportion of the net OPEB liability was based on the College’s contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the College’s proportion was 0.01610 percent, which was an increase of 0.00003 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the College recognized OPEB expense of \$307. At June 30, 2021, 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	\$ 406	\$ 33,638
Changes of assumptions or other inputs	1,143	9,382
Net difference between projected and actual earnings on OPEB plan investments	–	6,252
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,720	15,669
Contributions subsequent to the measurement date	7,502	–
Total	\$13,771	\$64,941

\$7,502 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Year ended June 30, 2021	
2022	\$(15,065)
2023	(14,191)
2024	(12,443)
2025	(12,645)
2026	(4,177)
Thereafter	(151)

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

Post-retirement non-disabled 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.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

- **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.

Post-retirement non-disabled 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period 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.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State	3.30%-	3.40%-	3.20%-	2.80%-
State Troopers	3.20%-	N/A	3.20%-	N/A

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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

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

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

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

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

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

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

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$149,051	\$153,005	\$157,609

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$175,270	\$153,005	\$133,981

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

NOTE H – CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenditures under the terms of the grants, which could lead to reimbursement to the grantor agencies. College management is not aware of any such expenditure that would not be allowed.

NOTE I – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The College maintains commercial insurance for all risks of loss. There have been no significant reductions in coverage from prior year and settled claims have not exceeded coverage in any of the past three years.

NOTE J – TAX, SPENDING AND DEBT LIMITATION

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains tax, spending, revenue and debt limitations, which apply to the

Technical College of the Rockies

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – TAX, SPENDING AND DEBT LIMITATION – CONTINUED

State of Colorado and all Colorado local governments. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$43,161 as of June 30, 2021.

In November 1999 the College’s electorate passed a ballot issue allowing the College to collect, retain and expend revenues not withstanding any of TABOR’S revenue limitations.

The College’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

NOTE K – FIDUCIARY FUND APPROPRIATIONS

The schedule below is presented to demonstrate compliance with School District Budget Law.

	<u>Appropriation</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Private Purpose Trust	\$ –	\$ –	\$ –
Student Activity Fund	15,000	85	14,915

NOTE L – PRIVATE PURPOSE SCHOLARSHIP TRUST

Earnings on the non-expendable trust principal within the private purpose scholarship trust fund are transferred to the expendable trust balance within the private purpose scholarship trust to support scholarship expenses and expenditures in accordance with the authority established for the fund.

Technical College of the Rockies

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

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources				
Tuition, fees and services	\$ 1,180,318	\$ 1,180,318	1,199,568	\$ 19,250
Other local	628,572	628,572	374,425	(254,147)
Intergovernmental				
Local school districts	152,200	152,200	195,414	43,214
State sources	701,065	701,065	701,065	-
Federal sources	1,119,429	1,119,429	1,321,875	202,446
Total revenues	<u>3,781,584</u>	<u>3,781,584</u>	<u>3,792,347</u>	<u>10,763</u>
Expenditures				
Current				
Instruction	1,228,274	1,228,274	1,455,380	(227,106)
Supporting services	1,558,356	1,558,356	1,294,854	263,502
Business services	545,296	545,296	474,371	70,925
Student aid programs	250,000	250,000	238,233	11,767
Capital outlay	199,658	199,658	425,934	(226,276)
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>3,931,584</u>	<u>3,931,584</u>	<u>3,888,772</u>	<u>42,812</u>
Excess of Revenues Over (Under) Expenditures	(150,000)	(150,000)	(96,425)	53,575
Fund balance at beginning of year	<u>1,676,070</u>	<u>1,676,070</u>	<u>1,490,954</u>	<u>(185,116)</u>
Fund balance at end of year	<u><u>\$ 1,526,070</u></u>	<u><u>\$ 1,526,070</u></u>	<u><u>\$ 1,394,529</u></u>	<u><u>\$ (131,541)</u></u>

Technical College of the Rockies

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

Last 10 Measurement Periods (began in 2014)

Measurement date:	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entities' proportionate share of NPL associated with employer	Total of employer and nonemployer proportionate share of NPL	Covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
December 31, 2014	0.034849%	\$ 4,723,223	\$ -	\$ 4,723,223	\$ 1,427,466	331%	63%
December 31, 2015	0.034953%	5,345,812	-	\$ 5,345,812	1,496,971	357%	59%
December 31, 2016	0.032749%	9,750,654	-	\$ 9,750,654	1,470,002	663%	43%
December 31, 2017	0.030130%	9,743,004	-	\$ 9,743,004	1,389,083	701%	44%
December 31, 2018	0.025330%	4,485,206	539,518	\$ 5,024,724	1,503,946	298%	57%
December 31, 2019	0.027706%	4,139,215	465,912	\$ 4,605,127	1,441,981	287%	65%
December 31, 2020	0.027847%	4,209,845	-	\$ 4,209,845	1,489,025	283%	67%

The amounts presented for each fiscal year were determined as of December 31.

This schedule is presented to illustrate the requirements to show information for 10 years.

Information prior to 2014 was not subject to current GASB standards and therefore, is not available.

Technical College of the Rockies

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

Last 10 Fiscal Years

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2015	\$ 253,083	\$ 253,083	\$ -	\$ 1,497,496	16.90%
June 30, 2016	262,268	262,268	-	1,478,116	17.74%
June 30, 2017	264,005	264,005	-	1,436,049	18.38%
June 30, 2018	253,426	253,426	-	1,341,989	18.88%
June 30, 2019	274,111	274,111	-	1,432,884	19.13%
June 30, 2020	281,160	281,160	-	1,450,775	19.38%
June 30, 2021	292,345	292,345	-	1,489,851	19.62%

The amounts presented for each year were determined as of June 30.

Technical College of the Rockies

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

Last 10 Measurement Periods (began in 2017)

<u>Measurement date:</u>	<u>Employer proportion of NOPEBL</u>	<u>Employer proportionate share of NOPEBL</u>	<u>Covered payroll</u>	<u>Employer proportionate share of NOPEBL as a percentage of covered payroll</u>	<u>OPEB plan's fiduciary net position as a percentage of total OPEB liability</u>
December 31, 2017	0.017120%	\$ 222,489	\$ 1,389,083	16%	18%
December 31, 2018	0.016465%	224,009	1,503,946	15%	17%
December 31, 2019	0.016070%	180,631	1,441,981	13%	24%
December 31, 2020	0.016102%	153,005	1,489,025	10%	33%

The amounts presented for each fiscal year were determined as of December 31.

This schedule is presented to illustrate the requirements to show information for 10 years.

Information prior to 2016 was not subject to current GASB standards and therefore, is not available.

Technical College of the Rockies

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

Last 10 Fiscal Years

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2018	\$ 13,688	\$ 13,688	\$ -	\$ 1,341,989	1.02%
June 30, 2019	14,615	14,615	-	1,432,884	1.02%
June 30, 2020	14,798	14,798	-	1,450,775	1.02%
June 30, 2021	15,196	15,196	-	1,489,851	1.02%

The amounts presented for each year were determined as of June 30.

Technical College of the Rockies

COMBINING BALANCE SHEET - FIDUCIARY FUNDS

June 30, 2021

	Expendable Trust Funds	Non-expendable Trust Funds	Agency Fund	
	Perpetual Scholarship	Perpetual Scholarship	Student Activity Fund	Total
ASSETS				
Cash	\$ 2,418	\$ 2,251	\$ 29,265	\$ 33,934
Total assets	<u>\$ 2,418</u>	<u>\$ 2,251</u>	<u>\$ 29,265</u>	<u>\$ 33,934</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to student groups	\$ -	\$ -	\$ 29,265	\$ 29,265
Total liabilities	-	-	29,265	29,265
Fund balance				
Committed for scholarships	2,418	-	-	2,418
Nonspendable for perpetuities	-	2,251	-	2,251
Total fund balance	<u>2,418</u>	<u>2,251</u>	<u>-</u>	<u>4,669</u>
Total liabilities and fund balance	<u>\$ 2,418</u>	<u>\$ 2,251</u>	<u>\$ 29,265</u>	<u>\$ 33,934</u>

Technical College of the Rockies

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
EXPENDABLE AND NON-EXPENDABLE PRIVATE PURPOSE SCHOLARSHIP TRUST

Year ended June 30, 2021

	<u>Expendable Trust Funds</u>		<u>Non-expendable Trust Funds</u>	
	<u>Perpetual Scholarship</u>		<u>Perpetual Scholarship</u>	<u>Total</u>
Revenues				
Investment income	\$ -		\$ -	\$ -
Total revenues	-		-	-
Excess of revenues over (under) expenditures	-		-	-
Fund balance beginning of year	2,418		2,251	4,669
Fund balance end of year	<u>\$ 2,418</u>		<u>\$ 2,251</u>	<u>\$ 4,669</u>

SINGLE AUDIT SECTION

Technical College of the Rockies

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>Pass-thru Number</u>	<u>2021 Amount of Award Expended</u>
U.S. DEPARTMENT OF EDUCATION			
Direct			
Federal Pell Grant Program	84.063	5063	\$ 327,839
Federal Supplemental Educational Opportunity Grants	84.007	5007	5,500
Federal Work-Study Program	84.033	5033	7,899
Federal Direct Student Loans	84.268	1245	<u>300,487</u>
Total Student Financial Aid Cluster			641,725
Passed through Colorado Community College and Occupational Education System			
Career and Technical Education – Basic Grants to States	84.048	4048	107,160
Passed through Colorado Department of Higher Education			
Higher Education Emergency Relief Fund Student Aid Portion (COVID-19)	84.425E	9425	40,512
Higher Education Emergency Relief Fund Institutional Portion (COVID-19)	84.425F	9425	65,542
Higher Education Emergency Relief Fund for the Improvement of Postsecondary Education (FIPSE) (COVID-19)	84.425N	9425	<u>369,189</u>
Total Higher Education Emergency Relief Fund (HEERF)			<u>475,243</u>
Total U.S. Department of Education			1,224,128
U.S. DEPARTMENT OF TREASURY			
Passed through Colorado Department of Higher Education Coronavirus Relief Fund (COVID-19)	21.019	9012	<u>295,940</u>
U.S. DEPARTMENT OF COMMERCE			
Direct			
Economic Development Cluster			
Economic Adjustment Assistance	11.307	7307	<u>98,358</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct			
Chafee Education and Training Vouchers Program (ETV)	93.599		<u>4,048</u>
Total federal awards expended			<u>\$ 1,622,474</u>

Technical College of the Rockies

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards includes the amount of federal grants expended by Technical College of the Rockies, during the year ended June 30, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

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

NOTE C – INDIRECT COST RATE

The College did not elect to use the 10 percent de minimus indirect cost rate.



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

March 1, 2022

Board of Education
Technical College of the Rockies

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Technical College of the Rockies (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 1, 2022.

Internal Control over Financial Reporting

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

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

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



Board of Directors
Technical College of the Rockies
Page Two

Compliance and Other Matters

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

Purpose of this Report

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

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



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

March 1, 2022

Board of Education
Technical College of the Rockies

Report on Compliance for Each Major Federal Program

We have audited Technical College of the Rockies' (the College's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, Technical College of the Rockies complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



Board of Education
Technical College of the Rockies

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Technical College of the Rockies is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be material weaknesses.

Technical College of the Rockies' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Board of Education
Technical College of the Rockies

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

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

Technical College of the Rockies

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		<u>Unmodified Opinion</u>		
Internal control over financial reporting:				
Material weakness(es) identified?	_____	yes	<u>✓</u>	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	<u>✓</u>	none reported
Noncompliance material to financial statements noted?	_____	yes	<u>✓</u>	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?	<u>✓</u>	yes	_____	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	<u>✓</u>	none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u>✓</u>	yes	_____	no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425E/84.425F/84.425N	Higher Education Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<u>✓</u> yes _____ no

Technical College of the Rockies

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2021

SECTION II - FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There are no findings required to be reported under Generally Accepted Government Auditing Standards.

SECTION III - FINDINGS AND QUESTIONED COSTS UNDER THE UNIFORM GUIDANCE

2021-001

Finding: Compliance over reporting requirements

Material weakness in compliance with reporting requirements

Assistance Listing Numbers: 84.425E, 84.425F, 84.425N

Program Name: Higher Education Emergency Relief Fund Student Aid Portion and Higher Education Emergency Relief Fund Institutional Portion

Criteria: Technical College of the Rockies (TCR) received funding under the Higher Education Emergency Relief Fund (HEERF) Program which is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was signed into law on March 27, 2020. Under the requirements of the HEERF program there are three components to reporting: (1) public reporting on the Student Aid Portion; (2) public reporting on the Institutional Portions, and (3) the annual report.

Condition: TCR had completed the quarterly Institutional Portion reports but not posted to the website and no quarterly reports were completed or posted for the Student Aid Portion of the grant.

Questioned Costs: None noted.

Context: We looked at the population of quarterly reports required by the grants for the year ended June 30, 2021.

Effect: Constituents of the District and TCR and federal oversight agencies, including the Department of Education, depend on accurate reports posted to the institution's website to measure program results and compliance with federal requirements and to ensure the transparency of the District. Failing to report the HEERF spending information in accordance with grant requirements is a compliance finding.

Cause: TCR did not have adequate internal controls over grant reporting to ensure that it complied with the HEERF grant reporting requirements.

Recommendations: We recommend that TCR strengthen its internal controls over reporting and ensure it complies with the Higher Education Emergency Relief Fund reporting requirements and develop policies and procedures to stay abreast of changing grant requirements in the future.

Views of Responsible Officials: Agreed.

Technical College of the Rockies

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2021

There were no prior audit findings to be resolved.