COLORADO MOUNTAIN COLLEGE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

COLORADO MOUNTAIN COLLEGE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Mountain College
Glenwood Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Colorado Mountain College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Colorado Mountain College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Colorado Mountain College, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Colorado Mountain College Foundation (the Foundation), which represents 100% of the discretely presented component unit of Colorado Mountain College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Colorado Mountain College Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colorado Mountain College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Colorado Mountain College Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Colorado Mountain College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions and Related Ratios, the Schedule of Proportionate Share of the Net OPEB Liability, and the Schedule of OPEB Contributions and Related Ratios, be presented to supplement the basic financial statements.

Board of Directors
Colorado Mountain College

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colorado Mountain College's basic financial statements. The Actual to Budget Comparison Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 January 25, 2024, on our consideration of the Colorado Mountain College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Colorado Mountain College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Colorado Mountain College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 25, 2024

Following is a discussion of Colorado Mountain College's (the College or CMC) financial performance for the fiscal year ended June 30, 2023. It should be read in conjunction with the College's financial statements, which begin on page 15.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The College launched a new strategic plan titled "Mountain Futures: CMC 2023-30" after nearly 1,000 students, faculty, staff, business owners, taxpayers, CMC trustees, and elected officials throughout the region provided input toward developing the plan. It portrays a bold vision that positions CMC for the myriad of challenges facing higher education and guides in prioritizing efforts for the next seven years and beyond. The plan centers around four commitments: Equity, Care, Innovation, and Integrity that represent a compass to guide future directions – both internally and externally.
- Enrollment numbers rebounded by 6.7% bringing the student FTE nearer to those levels established prior to 2020, and the College launched or approved several new programs including Dental Hygiene and bachelor's programs in Health and Human Services, Ecosystems Science, and Integrated Media.
- To augment this re-growth, management evaluated, modified, and implemented new admissions processes for high-demand academic programs to ensure greater accessibility and representation among certain subpopulations of students, including lower income, first generation college, dual language, and male students. These and other efforts throughout the year promoted, integrated, and leveraged CMC's designation as a Hispanic Serving Institution.
- The College completed one additional nursing simulation laboratory (Spring Valley) with corresponding capital campaigns and made major investments in technology and housing for both students and employees. As summer 2023 concluded, the first four 36-unit apartment buildings opened, with a fifth one developed cooperatively with Eagle County government slated for fall 2023. The CMC apartments will improve accessibility and equitable outcomes for priority students and academic programs. CMC also purchased its first six affordable housing units for employees.
- CMC established plans and committed resources needed to modernize the college's Enterprise Resource Planning (ERP) and Student Information System (SIS). The work included selecting Workday as the new vendor, and the first year of a three-year implementation process will begin in fall of 2023.
- Alongside the trustees, college leadership established new incentives to retain and reward the people that make CMC possible, including additional housing opportunities, professional development programs, innovative compensation procedures, workplace culture initiatives, and other retention strategies. The College understands the importance of acknowledging the value of their work, compensating them competitively, and providing them with meaningful opportunities for personal and professional growth and fulfillment.
- The CMC Board of Trustees was honored by the Association of Governing Boards (AGB) as the only public college board to receive the 2023 John W. Nason Award for innovation and exemplary leadership. The AGB recognized that CMC's trustees rose to meet every occasion and partnered with college leadership to enable the college's many successes.

- Annually, the College adjusts the net pension liability to reflect the College's share of the overall plan liability (as provided by Colorado's Public Employee Retirement Association (PERA)) in accordance with GASB 68. For the fourth year in a row, the amounts booked against expense are in the opposite direction of normal balances, due to changes in actuarial assumptions that span multiple years. For FY2022-23 the required pension expense adjustment (including both pension expense and other adjustments) recognized was a credit of $6.2 million, and yet the net pension liability increased by $11.3 million while the OPEB liabilities decreased by $0.29 million. As a part of this, the deferred inflows of resources decreased $12.1 million, and the deferred outflows of resources increased by $5.1 million.

USING THIS ANNUAL REPORT

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

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

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

- Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2023. Its purpose is to present a financial snapshot of the College. It aids readers in determining the assets available to continue College operations; how much the College owes to employees, vendors and creditors; and a picture of net position and their availability for expenditure by the College.

- Statement of Revenues, Expenses and Changes in Net Position, which presents the total revenues, earned and expenses incurred by the College for operating, nonoperating and other related activities during the fiscal year ended June 30, 2023. Its purpose is to assess the College's operating and nonoperating activities.

- Statement of Cash Flows, which presents the cash receipts and disbursements of the College for the fiscal year ended June 30, 2023. Its purpose is to assess the College's ability to generate net cash flows to meet its obligations as they come due.

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

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

Reporting the College as a Whole

The analysis shows the financial activity of the College as a whole (all funds and locations combined) and begins on page 15. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Increases or decreases in net position are an indicator of the College's financial position. The Statement of Revenues, Expenses, and Changes in Net Position demonstrates the Change in Net Assets. Both reports display amounts regardless of the fund transactions are recorded in.

There are other factors that contribute to the College's financial position. They include, but are not limited to:

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

Enrollment Highlights

For a third consecutive year, the Board of Trustees raised tuition rates by $5 per credit within the state. The Board of Trustees also raised tuition rates by 3% for out-of-state students. These rate increases are in line with their plan to increase revenue diversification in FY2022-23.

Associate and Bachelor degree tuition rates from 2018-19 to 2022-23:

Tuition Category	2018-19 Rate/Credit Hr.	2019-20 Rate/Credit Hr.	2020-21 Rate/Credit Hr.	2021-22 Rate/Credit Hr.	2022-23 Rate/Credit Hr.
In-District	$ 80.00	$ 80.00	$ 85.00	$ 90.00	$ 95.00
Service Area	$ 170.00	$ 170.00	$ 175.00	$ 180.00	$ 185.00
In-State	$ 180.00	$ 180.00	$ 185.00	$ 190.00	$ 195.00
Out of State	$ 453.00	$ 453.00	$ 466.00	$ 466.00	$ 480.00
Industry Rate	$ 180.00	$ 180.00	$ 185.00	$ 190.00	$ 195.00

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

FTE Category	2021-22 Actual	2022-23 Actual	% Change
Credit FTE	3,028.7	3,144.1	3.8%
Noncredit FTE	190.5	210.0	10.2%
ESL FTE	162.5	255.7	57.4%
Total	3,381.8	3,609.8	6.7%

Credit enrollments improved by 3.8% over the prior academic year. Noncredit courses, which are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate, rebounded by 10.2% over the prior year. And the most notable increase was among ESL courses, which increased 57.4% over the prior year. All combined, the annual enrollment for all FTE types increased 6.7%.

Additionally, gross tuition revenue increased by approximately $0.9 million, but with an upward shift in the scholarship allowance, the total tuition and fees, net of scholarship allowance presentation in the financials actually increased by $0.5 million and can be better understood when considering the following detail:

	2022-23	2021-22
Gross Tuition	$ 14,044,131	$ 13,155,958
Ongoing Discounts	(2,251,353)	(2,125,101)
Total Tuition and Fees	11,792,778	11,030,857
Less Scholarship Allowance	(3,816,975)	(3,593,286)
Total Tuition and Fees, Net of Scholarship Allowance	$ 7,975,803	$ 7,437,571

<u>Net Position</u>

The College's net position (Table 1) is $179,169,468 at June 30, 2023, reflecting an increase of $13,092,105 from last year, due to a variety of increases to revenue and also to noncash pension contra-expense entries. Total current assets decreased by $1.3 million due mostly to a decrease in the federal government grant receivables. Total noncurrent assets increased by $15.0 million due to an increase in Construction in Progress that was partially offset by the decrease in restricted cash and cash equivalents due to debt proceeds being spent on the housing construction. All assets combined increased $13.6 million over last year.

A number of minor and major capital projects were started during FY2022-23 but are not complete, and thus are reflected in the Construction in Progress totals. The Construction in Progress projects from the prior year were completed and capitalized into the appropriate capital asset category and annual depreciation recorded, including the Spring Valley nursing simulation lab. The net impact of these transactions along with equipment additions and facility improvements, offset by depreciation, was a $10.0 million increase in net investment in capital assets. Other assets, which include cash, investments and accounts receivable, saw a $29.6 increase overall.

The Facilities Master Plan (FMP) provides recommendations for how to deliver the right facilities in the right locations at the right time to achieve CMC's strategic goals. While the FMP confirms there is room to accommodate standard enrollment growth in existing facilities, the plan asserts that simulation labs are needed to grow enrollments in nursing, a critical program with unmet demand throughout our local communities, and that classroom technology expansions are needed for better campus interconnectivity. The plan also recognizes the importance of investing in affordable housing for both students and employees. The cash and investments balances (part of Other Assets category in Table 1) stayed steady as the operational savings helped balance out the significant construction spend which combined will help support the long-term capital projects the Board approves as a result of this plan.

GASB 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 implemented during FY2014-15, establishes accounting and financial reporting standards for governments that provide their employees' pension benefits. The College participates in Colorado Public Employee Retirement Association (PERA), a cost-sharing pension plan. GASB 68 requires each employer involved in a cost-sharing pension plan, such as PERA, to report their proportionate share of the total unfunded net pension liability and expense of the plan. Having employers record their share of the unfunded liability provides transparency to financial statement users as to the entire net pension liability and pension expense of the cost-sharing plan. GASB 68 also requires an annual adjustment to the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, based on the change in the College's portion of the total Colorado's PERA liability and the changes in actuarial assumptions used to value the overall PERA plan liability. These changes for FY2022-23 resulted in an increase to the College's portion of the liability in the amount of $11.3 million or a total liability of $53,003,590 at June 30, 2023.

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

Operating Expenses	Financial Statement Presentation	Remove Pension Contra Expense	Actual Operating Expenses
Instruction	$ 28,216,771	$ 1,277,878	$ 29,494,649
Community Service	886,004	39,603	925,607
Academic Support	7,941,472	353,154	8,294,626
Student Services	9,155,452	408,858	9,564,310
Institutional Support	20,832,669	941,134	21,773,803
Operation and Maintenance of Plant	7,520,073	2,137,732	9,657,805
Scholarships	7,703,598	667,389	8,370,987
Auxiliary Enterprises	9,028,095	402,358	9,430,453
Depreciation	6,817,432	-	6,817,432
Total Operating Expenses	98,101,566	6,228,106	104,329,672

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

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), is also reflected in the financial statements. Eligible employees of the College are provided with OPEB through the Health Care Trust Fund (HCTF) – a cost-sharing multiple-employer other postemployment benefit (OPEB) plan administered by PERA. The PERA Board has the authority to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. More details concerning GASB 68 and 75 are provided in the notes to these financial statements.

Long-term debt owed by the College in the form of Certificates of Participation Series 2 issued for $26,775,000, has a balance of $23,675,000 remaining at June 30, 2023. In addition, the Series 2021 issued for $33,530,000 has a balance of $32,445,000 remaining at June 30, 2023.

Overall, current liabilities increased $7.6 million due to the timing of a large construction draw for the apartment buildings that is included in Accounts Payable and was paid with restricted cash and cash equivalents in the new fiscal year. Noncurrent liabilities, driven primarily by the pension and retirement liabilities, increased a net of $10.0 million year over year. All liabilities combined increased $17.7 million this year.

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

The following table breaks the net position down further:

Table 1
Net Position

	2023	2022
Capital Assets, Net	$ 221,160,602	$ 177,877,806
Other Assets	95,498,197	125,176,379
Total Assets	316,658,799	303,054,185
Deferred Outflows of Resources	9,363,708	4,306,079
Long-Term Liabilities	117,676,161	107,638,271
Other Liabilities	20,135,399	12,510,176
Total Liabilities	137,811,560	120,148,447
Deferred Inflows of Resources	9,041,479	21,134,454
Net Investment in Capital Assets	162,648,766	152,606,416
Restricted Net Position	3,201,897	3,130,715
Unrestricted Net Position	13,318,805	10,340,232
Total Net Position	$ 179,169,468	$ 166,077,363

The College sustained its positive unrestricted net position as of June 30, 2023 despite the first recent change in direction of the net pension liability due to PERA investment performance. This shift is on the heels of four consecutive years of major improvement reflecting the College's decisions on retirement offerings and state legislation that supports PERA. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. Unrestricted net position strictly from "College Operations" equals a surplus of approximately $65.5 million as detailed in Note 11. A Board of Trustee initiative requires the College to carry a reserve for the purpose of backfilling revenues if they decline, equal to 15% of the total operating revenue budget. Though in the past year they allowed for use of this revenue reserve to purchase residential real estate for employee housing up to $7.5 million. Additional reserves are established to support specific initiatives and contribute to the net position of the College.

Following is a recap of the change in net position:

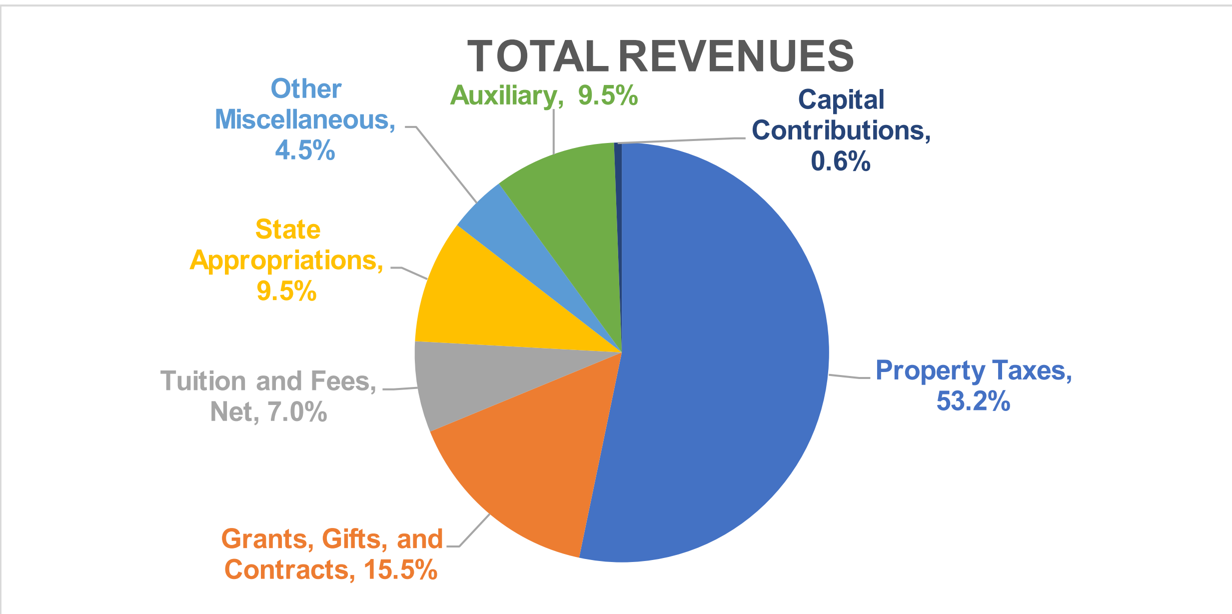
Table 2
Change in Net Position

	2023	2022
Operating Revenues:		
Tuition and Fees, Net	$ 7,975,803	$ 7,437,571
Federal, State, Private Grants, and Contracts	10,594,952	7,708,004
Auxiliary Enterprises	10,801,675	9,164,226
Other	2,217,273	1,004,826
Total Operating Revenues	31,589,703	25,314,627
Nonoperating Revenues:		
State Appropriations	10,763,650	9,673,391
Federal Nonoperating	5,538,361	9,408,338
Property Taxes	60,305,712	56,146,061
Investment Income	3,526,328	957,700
Gifts	1,465,278	1,242,780
Gain (Loss) on Disposal of Capital Assets	(166,938)	45,464
Unrealized Loss on Investments	(447,427)	(1,920,674)
Total Nonoperating Revenues	80,984,964	75,553,060
Capital Contributions	726,788	2,197,374
Total Revenues	$ 113,301,455	$ 103,065,061
Operating Expenses:		
Instruction	$ 28,216,771	$ 24,358,964
Community Service	886,004	687,396
Academic Support	7,941,472	6,250,398
Student Services	9,155,452	7,840,218
Institutional Support	20,832,669	17,399,215
Operation and Maintenance of Plant	7,520,073	5,317,746
Scholarships	7,703,598	6,227,677
Auxiliary Enterprises	9,028,095	7,003,973
Depreciation	6,817,432	5,663,364
Total Operating Expenses	98,101,566	80,748,951
Nonoperating Expenses:		
Interest Expense on Capital Debt	2,088,858	2,106,306
Bond Trustee and Other Related Fees	3,275	48,923
Amortization of Prepaid Bond Insurance	15,651	15,651
Total Nonoperating Expenses	2,107,784	2,170,880
Total Expenses	$ 100,209,350	$ 82,919,831
Change in Net Position	$ 13,092,105	$ 20,145,230

Revenues

The College experienced an increase in total revenues over last year in the amount of $10.2 million. This includes a large increase in state funding, and represents the average percentage received by all Colorado institutions of higher education. Property Tax valuations for residential and commercial categories also increased by an average of 2.5% across the district, which is substantial for a nonassessment yeaAaar, and were further augmented by a large spike in oil and gas, for a total net 7.4% increase. Nonoperating income related to investments increased sharply due to the interest rate environment remaining strong throughout the entire year. From a budgetary perspective, the FY2022-23 Revenue Budget in the general fund exceeded the original budget by $7.5 million and the adjusted budget after mill levy certification by $1.9 million.

The following graph depicts total revenue of the College:



Revenues from all sources total $113,301,455, with $31,589,703, or 27.9%, generated from operating revenues and $81,711,752 or 72.1%, from nonoperating revenues and capital contributions.

Property taxes, which account for 53.2% of the total revenues, are classified as nonoperating revenue in accordance with accounting principles generally accepted in the United States of America (GAAP).

<u>Expenses</u>

Total operating expenses increased by $17.4 million from the prior year, due primarily to inflationary cost increases, more robust auxiliary operations, and a significantly smaller GASB 68 contra-expense adjustment. This contra expense reflects the College's portion of the PERA pension liability and is a reversal of $6.2 million of expense this year, a fourth straight year of the entry reducing expenses following last year's contra expense of $11.2 million. Actual operating expenses with the pension contra expense removed are displayed on page 8. Operationally, management examines the regular operating expenditures in the general fund as compared to the balanced budget, and these were $4.0 million less than budget. Most of these savings were the $3.3 million in salary savings due to regular vacancies that are not surprising given the current labor market.

Cash Flows

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

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

Property tax and state revenues are not considered cash from operations; however, in combination, in most years they provide the majority of the cash received for the College. In FY2022-23, these receipts represent 50% of total receipts.

Net cash used by operating activities decreased $5.0 million from FY2021-22 to FY2022-23. Even though the cash payments exceeded the prior year by $5.8 million, cash received exceeded the prior year by $10.7 million. The main increase in cash payments was in payments to employees which was a reflection of both a 5% cost of living increase and a one-year investment in inflationary stipends paid directly to employees throughout the year. The main increase in cash receipts was from contracts and grants. Separately, net cash provided by noncapital financing activities only increased $0.5 million due to increases in state appropriations and property tax exceeding decreases in federal nonoperating revenue receipts. The most notable change in the statement was the $41.2 million increase in cash payments for the acquisition or construction of capital assets, due to the simulation lab and housing construction projects. Overall cash and cash equivalents, from operating, noncapital financing, capital financing, and investing activities decreased by $29.3 million over the prior year. More detail can be found in the Statement of Cash Flows.

CAPITAL ASSETS AND DEBT

Capital Assets

At June 30, 2023, the College had $221,160,602 invested in capital assets, net of depreciation, consisting of buildings, right-to-use buildings and subscription-based information technology arrangements (SBITAs), land, land improvements, equipment, infrastructure, library materials and construction in progress. Following is a breakdown of those assets:

Table 3
Capital Assets at Year End
Net of Depreciation

	2023	2022
Land	$ 13,515,107	$ 13,524,611
Library Materials	483,777	512,029
Construction in Progress	43,451,710	4,294,634
Land Improvements	855,573	1,016,910
Buildings	151,733,125	149,614,940
Right of Use Asset - Buildings	189,031	363,521
Right of Use Asset - SBITAs	1,351,446	-
Equipment and Software	5,088,169	4,011,397
Infrastructure	4,087,854	4,136,847
Other Fixed Assets	404,810	402,917
Total Capital Assets	$ 221,160,602	$ 177,877,806

Depreciation and Amortization expense of $6,817,432 was recorded during FY2022-23. The final high-fidelity nursing simulation lab in Breckenridge and the four attainable apartment housing projects, as well as nine other smaller projects, comprise the construction in progress total. These projects were started in FY2021-22 or prior but will not be complete until after FY2022-23. The net change, after additions, deletions, and depreciation is an increase in capital assets of $43.2 million.

Debt

The College has two debt issues outstanding, both of which are certificates of participation (COPs). The first series was issued in 2017 for the purpose of refunding the 2007 COPs and funding improvements on the Spring Valley campus, purchase of housing units in Breckenridge, and other capital facilities of the College designated by the Board. The COPs were issued for $26,775,000, with a premium of $999,118, and the outstanding principal balance at June 30, 2023 is $23,675,000. The bonds are scheduled to be paid off in FY2047.

The second series was issued in June 2021 for the purpose of constructing apartment-style affordable housing for students on four campuses. The COPs were issued for $33,530,000, with a premium of $6,824,899, and the outstanding principal balance at June 30, 2023 is $32,445,000. The bonds are scheduled to be paid off in FY2051.

COLORADO MOUNTAIN COLLEGE FOUNDATION

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2022-23 fiscal year required strategic response to the sustained inflation spike that lasted nearly two full years and began to ease to 5.7% by the time of budget creation. Now economists continue their focus on the labor market, where recently there has been some waning in earnings growth, but hiring remains robust and the unemployment rate fell to a five-decade low, thus employers are still competing for a limited number of skilled employees. On the other hand, rising interest rates are taking their toll on the housing market and stifling financial opportunities for business investment. June 2023 was the first time after 10 consecutive rate increases over the course of the preceding 15 months that the central bank did not raise rates. While high inflation remains present, data suggest that most price pressures are receding for the 2023-24 fiscal year.

Fortunately, the College's financial forecast is positive and stable, largely due to its heavy base of property tax dollars and a rapid recovery at the state level. The budget includes $5 increases to tuition rates for in-district, service area, and in-state students, and a 3% increase for out-of-state students, helping create greater fiscal resiliency and revenue diversity. Overall revenues are expected to increase by a minimum of $4.9 million due to changes in property tax revenue, tuition, and strong state appropriations.

As many property owners digest considerable increases in 2023 property valuations, this budget includes the CMC Board of Trustees' plan to reduce its mill levy to keep revenue growth from property taxes near inflation (5.7%) in the 2023 tax year. Entities like CMC now have the capacity to temporarily lower their mill levies to reduce the fiscal pressures felt by businesses and homeowners because of SB23-108. The board is committing to doing what they believe is the right thing to do for the college and for taxpayers in CMC's district and will act on a temporary mill levy reduction after they receive final property valuations from counties in December 2023.

The FY2023-24 budget is balanced, with expenses increasing less than inflation. The budget includes a 5% cost of living adjustment for all employees, to keep pace with inflation and ensure that CMC retains and recruits a workforce that can best serve its students and communities. The budget maintains the College's commitment to technology upgrades, classroom equipment upgrades, deferred maintenance on buildings, and sustainability initiatives with a total of $6.2 million budgeted for these investments. As the College embarks upon the first year of a new strategic plan and celebrates its recent accomplishments, it is well positioned to continue its upward trajectory.

Due in large part to the enduring commitment by its local taxpayers, financially speaking, CMC is one of the healthiest and best managed public colleges in the state, and, arguably, the nation. While this enviable fiscal health allows the college to invest in new academic and locally relevant training programs, state-of-the-art facilities, competitive wages and benefits, and housing, it is not an invitation to arbitrarily collect revenues above the college's budgetary needs. CMC believes that effectively stewarding local resources requires balance, care and integrity. The FY2023-24 budget is balanced in a way that allows the administration to maintain lean, highly effective budgets in the future, and is based on the college's ability to reach students more effectively, more productively, and more efficiently while maintaining the fidelity of our instructional and operational models.

ACCREDITATION

The College's method of accreditation is the Standard Pathway within the Higher Learning Commission (HLC), and reaffirmation will occur during 2023-24. The Comprehensive Evaluation Components include an Assurance Review that demonstrates CMC's compliance with HLC's Criteria for Accreditation and provides examples of evidence of high quality academic, programmatic, and enrollment progress. Additionally, the evaluation will include a Federal Compliance Review which is a special filing every 10 years, a Student Opinion Survey conducted with students by HLC prior to the visit, and finally an on-site HLC Peer Review Team visit in April 2024. Throughout the 2023-24 year, College leadership will review all Board policies to ensure the policies accurately reflect current practice, are clearly written, and are consistent with applicable state and federal laws.

CONTACTING THE COLLEGE

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

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 49,701,764
Restricted Cash and Cash Equivalents	2,322
Short-Term Investments	2,112,276
Property Tax Receivable, Net of Allowance of $173,815	12,678,975
Student Accounts Receivable, Net of Allowance of $199,000	420,327
Leases Receivable	130,050
Other Accounts Receivable	3,672,083
Inventories	75,909
Prepaid Expenses	887,813
Total Current Assets	69,681,519
NONCURRENT ASSETS	
Restricted Cash and Cash Equivalents	12,296,053
Long-Term Investments	12,714,552
Leases Receivable	680,599
Other Noncurrent Assets	125,474
Nondepreciable Capital Assets:	
Land	13,515,107
Other Fixed Assets	404,810
Construction in Progress	43,451,710
Depreciable Capital Assets (Net):	
Land Improvements	855,573
Buildings and Improvements	151,733,125
Right of Use Asset - Buildings	189,031
Right of Use Asset - SBITAs	1,351,446
Infrastructure	4,087,854
Equipment and Software	5,088,169
Library Materials	483,777
Total Noncurrent Assets	246,977,280
Total Assets	$ 316,658,799
DEFERRED OUTFLOWS OF RESOURCES (NOTE 8)	9,363,708

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

LIABILITIES

CURRENT LIABILITIES	
Accounts Payable	$ 10,430,793
Deposits Payable	250,494
Accrued Salaries	665,688
Accrued Interest Payable	515,938
Other Accrued Liabilities	1,260,585
Unearned Revenue	2,221,352
Funds Held for Others	124,243
Certificates of Participation, SBITAs, and Leases Payable	2,287,805
Compensated Absences	2,378,501
Total Current Liabilities	20,135,399
NONCURRENT LIABILITIES	
Certificates of Participation, SBITAs, and Leases Payable	62,564,051
Compensated Absences	264,278
Land Obligation Payable	153,546
OPEB Liabilities (Note 9)	1,690,696
Net Pension Liability (Note 8)	53,003,590
Total Noncurrent Liabilities	117,676,161
Total Liabilities	$ 137,811,560
DEFERRED INFLOWS OF RESOURCES (NOTE 8)	9,041,479

NET POSITION

Net Investment in Capital Assets	$ 162,648,766
Restricted for:	
TABOR Reserve	3,200,000
Loans	1,897
Unrestricted	13,318,805
Total Net Position	$ 179,169,468

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Cash and Cash Equivalents	$ 4,242,192
Accounts Receivable	311,791
Contributions Receivable, Net	1,992,307
Investments	22,473,501
Cash Surrender Value of Life Insurance	33,178
Total Assets	$ 29,052,969

LIABILITIES AND NET ASSETS

Accounts Payable	$ 894,545
Refundable advance	400,000
Accrued Liabilities	14,456
Total Liabilities	1,309,001
Net Assets:	
Without Donor Restrictions	5,787,000
With Donor Restrictions	21,956,968
Total Net Assets	27,743,968
Total Liabilities and Net Assets	$ 29,052,969

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

REVENUES	
Operating Revenues	
Tuition and Fees, Net of Scholarship Allowance of $3,816,975	$ 7,975,803
Federal, State, Private Grants, and Contracts	10,594,952
Auxiliary Enterprises	10,801,675
Other Operating Revenues	2,217,273
Total Operating Revenues	31,589,703
EXPENSES	
Operating Expenses:	
Instruction	28,216,771
Community Service	886,004
Academic Support	7,941,472
Student Services	9,155,452
Institutional Support	20,832,669
Operation and Maintenance of Plant	7,520,073
Student Aid	7,703,598
Auxiliary Enterprises	9,028,095
Depreciation and Amortization	6,817,432
Total Operating Expenses	98,101,566
OPERATING LOSS	(66,511,863)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	10,763,650
Federal Nonoperating Revenue	5,538,361
Property Taxes	60,305,712
Investment Income	3,526,328
Gifts	1,465,278
Loss on Disposal of Capital Assets	(166,938)
Unrealized Loss on Investments	(447,427)
Bond Trustee and Other Related Fees	(3,275)
Amortization of Prepaid Bond Insurance	(15,651)
Interest Expense on Capital Debt	(2,088,858)
Net Nonoperating Revenues	78,877,180
INCOME BEFORE OTHER REVENUES	12,365,317
Capital Contributions	726,788
CHANGE IN NET ASSETS	13,092,105
Net Position - Beginning of Year	166,077,363
NET POSITION - END OF YEAR	$ 179,169,468

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND SUPPORT			
Contributions	$ 381,325	$ 5,425,340	$ 5,806,665
In-Kind Contributions:			
Colorado Mountain College	1,064,100	-	1,064,100
Other	57,520	-	57,520
Investment Return, Net of Investment	347,327	940,770	1,288,097
Net Assets Released from Restrictions	2,700,320	(2,700,320)	-
Total Revenues, Gains, and Support	4,550,592	3,665,790	8,216,382
EXPENSES			
Program Services:			
Scholarships	1,167,993	-	1,167,993
Distributions to or for the Benefit of Colorado Mountain College	1,572,298	-	1,572,298
Scholarship Administration and Other Program Expenses	347,590	-	347,590
Total Program Services	3,087,881	-	3,087,881
Supporting Services:			
Management and General	601,083	-	601,083
Development and Fund Raising	463,711	-	463,711
Total Supporting Services	1,064,794	-	1,064,794
Total Expenses	4,152,675	-	4,152,675
CHANGE IN NET ASSETS	397,917	3,665,790	4,063,707
Net Assets - Beginning of Year	5,389,083	18,291,178	23,680,261
NET ASSETS - END OF YEAR	$ 5,787,000	$ 21,956,968	$ 27,743,968

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received:	
Tuition and Fees	$ 8,085,140
Contracts and Grants (Operating Revenue)	12,780,544
Sales and Services of Auxiliary Enterprises	10,899,960
Other Operating Receipts	1,790,159
Direct Loan Receipts	3,593,034
Cash Payments:	
Payments to Suppliers	(20,916,497)
Payments to Employees	(58,782,176)
Payments for Auxiliary Enterprises	(9,164,459)
Scholarships Disbursed	(7,703,598)
Direct Loan Disbursements	(3,593,034)
Net Cash Used by Operating Activities	(63,010,927)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	10,763,650
Deposits Held in Custody for Others	28,134
Property Taxes	58,160,430
Federal Nonoperating Revenue	5,538,361
Gifts	1,465,278
Net Cash Provided by Noncapital Financing Activities	75,955,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gifts and Grants for Capital Purposes	726,788
Acquisition or Construction of Capital Assets	(42,286,538)
Bond Trustee and Other Related Fees	(3,275)
Principal Paid on Capital Debt	(2,055,563)
Interest Payments on Capital Debt and Leases	(2,357,832)
Net Cash Used by Capital and Related Financing Activities	(45,976,420)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	231,976
Investment Income	3,526,328
Net Cash Provided by Investing Activities	3,758,304
DECREASE IN CASH AND CASH EQUIVALENTS	(29,273,190)
Cash and Cash Equivalents - Beginning of Year	91,273,329
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 62,000,139

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 49,701,764
Restricted Cash and Cash Equivalents - Current	2,322
Restricted Cash and Cash Equivalents - Noncurrent	12,296,053
Total	$ 62,000,139
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (66,511,863)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	6,817,432
Amortization of Land Obligation Payable	(50,642)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
Receivables, Net	2,036,689
Inventories	(3,629)
Prepaid Expenses	(177,840)
Pension Liability and Related Items	(5,473,378)
OPEB Liability and Related Items	(682,252)
Accounts Payable and Accrued Liabilities	1,173,992
Deposits Payable	31,232
Unearned Revenue	(170,668)
Net Cash Used by Operating Activities	$ (63,010,927)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Accounts Payable Incurred for Purchase of Capital Assets	$ 5,922,064
Subscription Based IT Arrangements Acquired with Long-Term Liability	2,153,313
Amortization of Prepaid Bond Insurance	15,651
Unrealized Loss on Investments	(447,427)
Amortization of Bond Premium	260,801
Tuition Provided Under Land Obligation Agreement	50,642

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Discretely Presented Component Unit

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

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

Basis of Accounting and Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

The College considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023, cash and cash equivalents consisted primarily of cash on hand, demand deposits and money market funds with brokers.

Investments and Investment Income

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

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

Accounts Receivable

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

Inventories

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

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on February 28 and June 15, or in full on April 30. An allowance for uncollectible taxes of $173,815 has been recorded based on an analysis of historical trends. The original January 1, 2023 levy for the College was 4.085 mills.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Land Improvements	15 Years
Buildings and Improvements	20 to 50 Years
Infrastructure	20 to 50 Years
Equipment and Software	3 to 10 Years
Library Materials	20 Years

The College follows the State of Colorado's guidelines on capitalization criteria, as stated in the State of Colorado Higher Education Accounting Standard #5, Capital Asset Reporting. The policy applies to all forms of capital assets including land, land improvements, building, building improvements, leasehold improvements, equipment, computer software, library materials, and artwork. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Due to requirements in GASB Statement No. 87, when operating as a lessee, the College is required to recognize a lease liability and an intangible right-to-use lease asset, and when operating as a lessor, the College is required to recognize a lease receivable and a deferred inflow of resources. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the college's incremental borrowing rate. Amortization is computed using the straight-line method over the estimated useful life of asset or term of the lease, whichever is less.

Due to requirements in GASB Statement No. 96, for subscription-based information technology arrangements (SBITAs), the College is required to recognize a subscription liability and an intangible right-to-use subscription asset. The expected payments are discounted using the interest rate charged on the SBITA, if available, or are otherwise discounted using the college's incremental borrowing rate. Amortization is computed using the straight-line method over the estimated useful life of asset or term of the SBITA contract, whichever is less.

Compensated Absences

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources

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

Unearned Revenue

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

Budget

The Board of Trustees adopts an annual budget to authorize and control spending from the various accounting funds of the College. The 2022-23 budget was amended in December 2022 and June 2023. The College's expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consistent with GAAP.

Original Budget	$ 118,167,440
Supplemental Appropriation	$ 5,076,322
Revised Budget	$ 123,243,762

Cost-Sharing Defined Benefit Pension and Other Postemployment Benefits Plans

The College participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA) and the Health Care Trust Fund (HCTF), a cost-sharing multiple employer other postemployment benefit (OPEB) plan administered by PERA. The net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources, pension expense, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF and HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the plans when earned by the employees in accordance with the benefit terms. The plans' investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Classification of Revenues and Expenses

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

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

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

Scholarship Discounts and Allowances

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

Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the year ended June 30, 2023 was $3,816,975.

Application of Restricted and Unrestricted Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party

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

A related condominium association was established in November 2013, with a Board of Directors comprised of an equal number of representatives from the College and the Library. Title of the building has been conveyed to the College and the Library based on ownership detailed in the Project Development Agreement. The College owns all parking spots and approximately 9,873 square feet on the second floor, while the Library owns approximately 14,030 square feet on the ground floor, 1,428 square feet on the second floor and the plaza unit. Other project components are considered as common elements and total 4,022 square feet. The College has ongoing financial responsibility related to maintenance over common areas and College-owned portions of the building.

Newly Implemented Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB 96 – *Subscription-Based Information Technology Arrangements* (SBITAs) with the objective of enhancing transparency through the recognition of SBITA-related assets and liabilities on the balance sheet. The requirements of GASB 96 were effective for reporting periods beginning after June 15, 2022. Accordingly, for governmental organizations with a June 30th fiscal year-end, the adoption date would be July 1, 2022 for the year ending June 30, 2023. GASB 96 requires a “full retrospective” adoption in which the standard is applied to all the periods presented in accordance with the guidance with the impact of adoption reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. CMC has adopted GASB 96 effective July 1, 2022 for the year ending June 30, 2023.

HEERF and Coronavirus Relief Funding

Through the following three different Acts, Congress has provided budgetary relief to higher education institutions through numerous provisions. Under each of these acts, funds were allocated to the Higher Education Emergency Relief Fund (HEERF).

- The Coronavirus Aid, Relief, and Economic Security Act (CARES or HEERF I)
- Coronavirus Response and Relief Supplement Appropriations Act (CRRSAA or HEERF II)
- The American Rescue Plan Act (ARPA or HEERF III)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HEERF and Coronavirus Relief Funding (Continued)

The following amounts were awarded to the College under HEERF (assistance listing number 84.425E and 84.425F) since March 2020, and disbursed during the fiscal year:

	Awarded Since March 2020	Spent as of 6/30/2022	Disbursed During Fiscal Year 2023	Remaining to be Disbursed
CARES/HEERF I - Student	$ 847,334	$ 847,334	$ -	$ -
CRRSAA/HEERF II - Student	847,334	847,334	-	-
ARPA/HEERF III - Student	3,353,712	2,370,750	982,962	-
Student Subtotal	5,048,380	4,065,418	982,962	-
CARES/HEERF I - Institutional	847,333	847,333	-	-
CRRSAA/HEERF II - Institutional	2,887,886	2,887,886	-	-
ARPA/HEERF III - Institutional	3,284,082	3,266,872	17,210	-
Institutional Subtotal	7,019,301	7,002,091	17,210	-
Combined Total	$ 12,067,681	$ 11,067,509	$ 1,000,172	$ -

In accordance with GAAP, during the year ended June 30, 2023, the College recognized $1,945,516 in revenues from HEERF III student and institutional awards, all of which was spent as of June 30, 2023. This revenue is included in Federal Nonoperating Revenue on the statement of activities.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2023 is comprised of the following:

Deposits	$ 3,996,863
ColoTrust PLUS+	23,039,002
ColoTrust EDGE	17,156,429
Money Market Funds	5,502,617
Cash on Hand	6,853
Total Unrestricted Cash and Cash Equivalents	49,701,764
Restricted Cash and Cash Equivalents:	
Government Money Market Funds	2,322
ColoTrust EDGE - Unspent Bond Proceeds	12,262,084
Restricted Cash and Cash Equivalents - Deposit	33,969
Total	$ 62,000,139

The restricted cash and cash equivalents consist of 1) funds held for payment to bondholders with the outstanding 2017 and 2021 COPs, 2) a deposit account restricted for tenant security deposits at Denison Commons in Breckenridge, and 3) unspent bond proceeds.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

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

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

At June 30, 2023, the amount of the College's deposits totaled $4,030,832, of which $1,500,000 was insured by federal deposit insurance and the remainder was collateralized in accordance with PDPA. The College also had cash on hand of $6,853 at June 30, 2023.

Investments

It is the policy of the College to invest public funds in a manner that will provide preservation of capital, meet the daily liquidity needs of the College, diversify the College's investments, conform to all local and state statutes governing the investment of public funds, and generate reasonable rates of return. This policy shall apply to all forms of investments including U.S. Treasury Obligations, Federal Instrumentality Securities, Commercial Paper, Corporate Debt, Certificates of Deposit, Local Government Investment Pools, and Municipal Bonds.

At June 30, 2023, the College has invested a total of $52,457,515 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing ColoTrust.

ColoTrust PLUS+ operates similarly to a money market fund and each share is equal in value to $1. As of June 30, 2023, the College's $23,039,002 investment in ColoTrust PLUS+ was rated AAAm by Standard's and Poor's. The Trust records its investments at fair value and the College records its investment using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

ColoTrust EDGE is an external investment pool established for local government entities in Colorado to pool surplus funds. The external investment pool is measured at net asset value per share and is managed to an approximately $10 transactional share price. As of June 30, 2023, the College's $29,418,513 investment in ColoTrust EDGE was rated AAAf/S1 by Fitch Ratings. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

There are no unfunded commitments and the redemption frequency is daily with a five business day notice period.

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

Dreyfus General Government Securities Money Market Fund – This is a U.S. Government money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2023 was $5,259,491. The weighted average maturity for the fund was less than 30 days. This fund is rated by Standard and Poor's at AAAm and by Moody's at Aaa-mf.

US Bank Money Market Fund – This is a FLIXX money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2023 was $2,322. The maturity for the fund was less than 30 days.

First Bank Money Market Fund – This is an Apartment Housing money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2023 was $243,126. The maturity for the fund was less than 30 days.

In addition, the College had the following investments as of June 30, 2023:

	Current Market Value	Cost Basis	Current Yield	Maturity	Fair Value Level	Credit Rating Moody's	Credit Rating S&P
Treasury Bills							
U.S. Bank	$ 2,112,276	$ 2,124,101	4.40 %	6/13/2024	1	Govt	A-1+
Total	2,112,276	2,124,101					
Government Issued or Guaranteed Bonds							
Federal Home Loan Bank	829,337	866,831	2.72 %	6/14/2024	2	AAA	AA+
Federal Home Loan Bank	388,648	409,720	3.29 %	9/13/2024	2	AAA	AA+
Federal Home Loan Bank	2,892,930	3,079,522	3.27 %	12/13/2024	2	AAA	AA+
Federal Home Loan Bank	8,603,638	8,522,758	5.45 %	6/12/2026	2	AAA	AA+
Total	12,714,552	12,878,832					
Total Investments	$ 14,826,828	$ 15,002,933					

Statement of Net Position Classification	
Long-Term Investments	$ 12,714,552
Short-Term Investments	2,112,276
Total	$ 14,826,828

Fair Value Measurement – The College categorizes its fair value measurements within the fair value hierarchy established by GAAP. Certain investments, such as ColoTrust and money market funds, are exempt from being measured at fair value and thus are excluded from the fair value hierarchy.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See table above for levels associated with applicable investments.

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

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

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The College aims to diversify its investments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities while remaining flexible in order to respond to the outlook for the economy, the securities markets and the College’s anticipated cash flow needs.

A summary of the College’s concentration limits is as follows:

Security Type	Maximum Portfolio %	Maximum Issuer %	Maturity Restrictions
U.S. Treasuries	100 %	100 %	5 Years
Federal Agencies and Instrumentalities	100	100	5 Years
Commercial Paper	25	5	270 Days
Corporate Bonds	25	5	3 Years
Time Deposit/CD	75	5	5 Years
Local Government Investment Pools	100	100	N/A
Municipal Bonds	20	10	5 Years

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

NOTE 3 RECEIVABLES

Other accounts receivable balance is made up of the following as of June 30, 2023:

Type of Receivable	Amount
Federal Government Grant Receivable	$ 944,281
Private Foundations and Other Receivable	605,538
State Government Grant Receivable	419,531
Miscellaneous Receivable	1,702,733
Total	$ 3,672,083

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is:

	Balance July 1 ,2022	GASB 96 Implementation July 1, 2022	Additions	Retirements	Transfers In (Out)	Balance June 30 ,2023
Nondepreciable Capital Assets:						
Artwork	$ 327,750	$ -	$ -	$ -	$ -	$ 327,750
Land	13,524,611	-	-	(7,000)	-	13,517,611
Other Fixed Assets	75,167	-	1,893		-	77,060
Construction in Progress	4,294,634	-	42,042,319	-	(2,885,243)	43,451,710
Total Nondepreciable Capital Assets	18,222,162	-	42,044,212	(7,000)	(2,885,243)	57,374,131
Depreciable Capital Assets:						
Land Improvements	3,360,007	-	-	-	-	3,360,007
Buildings and Improvements	199,749,880	-	3,431,847	-	2,799,911	205,981,638
ROU - Buildings	523,470	-	-	-	-	523,470
ROU - SBITAs	-	2,153,313	-	-	-	2,153,313
Equipment	12,552,373	-	2,285,842	(78,628)	85,332	14,844,919
Library Materials	3,126,490	-	33,245	(44,474)	-	3,115,261
Software	727,270	-	-	-	-	727,270
Infrastructure	5,897,475	-	158,769	-	-	6,056,244
Total Depreciable Capital Assets	225,936,965	2,153,313	5,909,703	(123,102)	2,885,243	236,762,122
Less: Accumulated Depreciation and Amortization:						
Land Improvements	2,343,097	-	163,841	-	-	2,506,938
Buildings and Improvements	50,134,940	-	4,113,574	-	-	54,248,514
ROU - Buildings	159,949	-	174,489	-	-	334,438
ROU - SBITAs	-	-	801,867	-	-	801,867
Equipment	8,540,976	-	1,294,402	(78,628)	-	9,756,750
Library Materials	2,614,461	-	61,497	(44,474)	-	2,631,484
Software	727,270	-	-	-	-	727,270
Infrastructure	1,760,628	-	207,762	-	-	1,968,390
Total Accumulated Depreciation	66,281,321	-	6,817,432	(123,102)	-	72,975,651
Net Depreciable Capital Assets	159,655,644	2,153,313	(907,729)	-	2,885,243	163,786,471
Net Carrying Amount	$ 177,877,806	$ 2,153,313	$ 41,136,483	$ (7,000)	$ -	$ 221,160,602

During FY2022-23, CMC invested in six residential pieces of real estate to leverage assets in a way that could create an affordable employee housing program. These purchases totaled $3.4 million and are included in the “Buildings and Improvements” category above.

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2023:

	Balance July 1 ,2022	GASB 96 Implementation July 1, 2022	Additions	Retirements	Balance June 30 ,2023	Amounts Due Within One Year
Certificates of Participation (COPs)	$ 57,175,000	$ -	$ -	$ 1,055,000	$ 56,120,000	$ 1,100,000
COPs Premiums	7,430,000	-	-	260,801	7,169,199	260,801
Leases	409,907	-	-	198,135	211,772	192,464
SBITAs	-	2,153,313		802,428	1,350,885	734,540
Compensated Absences	2,357,806	-	2,277,402	1,992,429	2,642,779	2,378,501
Total	$ 67,372,713	$ 2,153,313	$ 2,277,402	$ 4,308,793	$ 67,494,635	$ 4,666,306

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

On June 8, 2021, the College issued $33,530,000 in COPs, Series 2021, at a premium of $6,824,899, with interest rates varying from 4.00% to 5.00%.

The premiums on the COPs of $999,118 and $6,824,899, and the prepaid bond insurance costs of $291,825, are being amortized over the life of the COPs. The balance of the premiums at June 30, 2023 is $7,169,199, and reported within debt balance, and the unamortized balance of the prepaid bond insurance cost is $71,274 included in other noncurrent assets. The amount of the prepaid bond insurance costs amortized for the year was $15,651.

The following is a schedule of the future COPs payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,100,000	$ 2,312,207	$ 3,412,207
2025	1,145,000	2,264,257	3,409,257
2026	1,205,000	2,205,507	3,410,507
2027	1,265,000	2,143,757	3,408,757
2028	1,330,000	2,078,882	3,408,882
2029 - 2033	7,740,000	9,208,972	16,948,972
2034 - 2038	9,520,000	7,389,557	16,909,557
2039 - 2043	6,025,000	5,979,900	12,004,900
2044 - 2048	19,745,000	3,902,700	23,647,700
2049 - 2053	7,045,000	577,900	7,622,900
Total	$ 56,120,000	$ 38,063,639	$ 94,183,639

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Lease Obligations

The College is committed long-term under one building space lease. Under this lease the College will pay $181,440 annually to Salida School District R32J until the lease expires on July 31, 2024. The following is a schedule of the remaining principal and interest lease payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	$ 192,464	$ 3,027	$ 195,491
2025	19,308	34	19,342
Total	$ 211,772	$ 3,061	$ 214,833

SBITA Obligations

The following is a schedule of the remaining principal and interest lease payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	$ 794,895	$ 45,926	$ 840,821
2025	555,990	24,438	580,428
Total	$ 1,350,885	$ 70,364	$ 1,421,249

NOTE 6 LESSOR RECEIVABLES

The College, as lessor, rents classrooms as real estate, as well as office and parking lot spaces, generally for periods of one year or less. These inflows are accounted for as received. In accordance with GASB 87, the college also has larger leases for cell towers, a solar field, and a piece of land as summarized in the following chart:

Beginning Asset Balance	Additions	Principal Payments	Ending Asset Balance	Amounts Due Within One Year	Interest Payments
$ 725,356	$ 191,794	$ (106,501)	$ 810,649	$ 130,050	$ (21,799)

NOTE 7 ACCRUED SALARIES AND COMPENSATED ABSENCES

Salaries of certain contractually employed personnel are paid over a 12-month period but are earned during an academic year of approximately nine months. The salaries and benefits earned but unpaid as of June 30, 2023 are estimated to be $665,688.

Most employees receive annual leave, which may accumulate to 240 hours. Unused leave is paid upon termination. The liability for unused annual leave at June 30, 2023 is $2,642,779.

NOTE 8 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At June 30, 2023, the College had deferred outflows and inflows of resources comprised the following:

Deferred Outflows of Resources		
Pension		
Earnings on Pension Plan Investments	$	6,738,536
Contributions Subsequent to the Measurement Date		2,379,999
OPEB		
Difference Between Expected and Actual Experience		219
Changes of Assumptions or Other Inputs		27,174
Contributions Subsequent to the Measurement Date		114,517
Earnings on Pension Plan Investments		103,263
Total	$	9,363,708
Deferred Inflows of Resources		
Pension		
Changes of Assumptions or Other Inputs	$	710,640
Changes in Proportion		6,439,853
OPEB		
Difference Between Expected and Actual Experience		408,867
Changes of Assumptions or Other Inputs		186,601
Net Difference Between Projected and Actual		
Changes in Proportion		511,692
Leases		783,826
Total	$	9,041,479

NOTE 9 PENSION PLAN

The College contributes to PERA, a cost-sharing, multiple-employer public employee retirement system. The secondary and third retirement programs available are the Defined Contribution Plan Legacy (DCP-L) and the Defined Contribution Plan II (DCP2). Both are administered by two fund sponsors, Corebridge Financial and TIAA-CREF.

Plan Description (PERA)

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

NOTE 9 PENSION PLAN (CONTINUED)

Plan Description (PERA) (Continued)

Benefits Provided

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

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

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

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

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

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

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

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

NOTE 9 PENSION PLAN (CONTINUED)

Plan Description (PERA) (Continued)

Contributions

Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 10% of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

	July 1, 2022 through December 31, 2022	January 1, 2023 through June 30, 2023
Employer Contribution Rate[1]	10.90 %	11.40 %
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f)[1]	(1.02)	(1.02)
Amount Apportioned to the SDTF[1]	9.88	10.38
Amortization Equalization Disbursement (AED)	5.00	5.00
as Specified in C.R.S. 24-51-411[1]	5.00	5.00
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. 24-51-208(1)(f)1	0.10	0.10
Total Employer Contribution Rate to the SDTF[1]	19.98 %	20.48 %

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the College were $4,644,069 for the year ended June 30, 2023.

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

At June 30, 2023, the College reported a liability for its proportionate share of the net pension liability. The total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate Share of the Net Pension Liability	$ 53,003,590

The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The College’s proportion of the net pension liability was based on College contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers to the SDTF.

NOTE 9 PENSION PLAN (CONTINUED)

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

At December 31, 2022, the measurement date of the net pension liability, the College proportion was 0.487%, which was an decrease of 0.079% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the College recognized a negative pension expense of ($906,637). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Inputs	$ -	$ 710,640
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,738,536	-
Changes in Proportion	-	6,439,853
Contributions Subsequent to the Measurement Date	2,379,999	-
Total	$ 9,118,535	$ 7,150,493

$2,379,999 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ (3,442,260)
2025	(338,968)
2026	1,684,633
2027	1,684,635
Total	$ (411,960)

NOTE 9 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The December 31, 2021 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30 %
Real Wage Growth	0.70 %
Wage Inflation	3.00 %
Salary Increases; Including Wage Inflation	3.30 – 10.90 %
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Inflation	7.25 %
Discount rate[1]	7.25 %
Future Postretirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS benefit structure, compounded annually	1.00 %
PERA Benefit Structure Hired After December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

The total pension liability as of December 31, 2022, includes the anticipated adjustments to contribution rates and the annual increase cap, resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The actuarial assumptions used in the December 31, 2021, valuations were 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.

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

Pre-retirement mortality assumptions for 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.

NOTE 9 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Postretirement nondisabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

Postretirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

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

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

NOTE 9 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

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

NOTE 9 PENSION PLAN (CONTINUED)

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

Discount Rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including the scheduled increase in SB 18-200 and the additional 0.50%, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

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

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

NOTE 9 PENSION PLAN (CONTINUED)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 67,758,921	$ 53,003,590	$ 40,591,559

Pension Plan Fiduciary Net Position

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

Additional Voluntary Options

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

Plan Description (DCP-Legacy and DCPII)

The Defined Contribution Plan – Legacy (DCP-L) was established October 1, 1994 and is administered by two fund sponsors, VALIC and TIAA-CREF. Effective on and after September 1, 2017 the majority of new employees are able to elect a new Defined Contribution Plan II (DCP2), which is also administered by Corebridge and TIAA-CREF. No new employees are eligible to select the DCP-L plan.

Covered payrolls for the DCP-L for the fiscal year ended June 30, 2023 were $7,902,578. For the current fiscal year, the employer's contribution to the DCP-L, recognized as pension expense, was $1,568,325, which is 20% of covered payrolls. Contributions by employees were $623,206 which is 8% of covered payrolls.

Covered payrolls for the DCP2 for the fiscal year ended June 30, 2023 were $12,373,110. For the current fiscal year, the employer's contribution to the DCP2, recognized as pension expense, was $1,484,772, which is 12% of covered payrolls. Contributions by employees were $989,849 which is 8% of covered payrolls.

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS

PERA Health Care Trust OPEB Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

PERA Health Care Trust OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College were $231,739 for the year ended June 30, 2023.

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

At June 30, 2023, the College reported a liability of $1,690,696 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The College's proportion of the net OPEB liability was based on the College's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF. At December 31, 2022, the College's proportion was 0.210%, which was a decrease of 0.005% from its proportion measured as of December 31, 2021.

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

For the year ended June 30, 2023, the College recognized negative OPEB expense of $270,737. At June 30, 2023, 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	$ 219	$ 408,867
Changes of Assumptions or Other Inputs	27,174	186,601
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	103,263	-
Changes in Proportion	-	511,692
Contributions Subsequent to the Measurement Date	114,517	-
Total	$ 245,173	$ 1,107,160

$114,517 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	$ (323,197)
2025	(236,754)
2026	(161,078)
2027	(108,167)
2028	(119,267)
Thereafter	(28,041)
Total	$ (976,504)

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.3-11.3%
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates:	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	6.5% in 2022 Gradually Decreasing to 4.5% in 2030
Medicare Part A Premiums	3.75% in 2022, Gradually Increasing to 4.5% in 2029

- Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.
- The actuarial assumptions used in the December 31, 2021, valuations were based on the results of the 2020 experience analysis for the periods January 1, 2016 through December 31, 2019 and were adopted by the PERA Board during the November 20, 2020, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.
- In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-fee Medicare Part A, the following monthly costs/premiums are assumed for 2022 for the PERA Benefit Structure:

	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,923	$ 1,634	$ 6,752	$ 5,739
70	2,229	1,761	7,826	6,185
75	2,401	1,896	8,433	6,657

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

- The 2022 Medicare Part A premium is $499 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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year Ending June 30,	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50 %	3.75 %
2023	6.25	4.00
2024	6.00	4.00
2025	5.75	4.00
2026	5.50	4.25
2027	5.25	4.25
2028	5.00	4.25
2029	4.75	4.50
2030+	4.50	4.50

Mortality assumptions used in the December 31, 2021, valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2021, valuation for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of these Division Trust Funds participate in the Trust Fund.

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.

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

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.

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

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

Postretirement nondisabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the Trust Fund.

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	5.25 %	6.25 %	7.25 %
Ultimate PERACare Medicare Trend Rate	3.50	4.50	5.50
Initial Medicare Part A Trend Rate	3.00	4.00	5.00
Ultimate Medicare Part A Trend Rate	3.50	4.50	5.50
Proportionate Share of the Net OPEB Liability	$ 1,642,841	$ 1,690,696	$ 1,742,766

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the Trust Fund representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

NOTE 10 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 1,960,017	$ 1,690,696	$ 1,460,339

OPEB Plan Fiduciary Net Position

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

At the end of FY2022-23, the Colorado Educators Benefit Trust (CEBT) Plan only had liability for one retiree with less than two years of coverage left as of the measurement date. As a result, the College decided this obligation was "de minimis" and wrote off the remaining portion of the OPEB Liability.

NOTE 11 UNRESTRICTED NET POSITION

Unrestricted net position is comprised of the following as of June 30, 2023:

College Operations	$ 69,549,816
Net Pension Liability	(53,003,590)
Pension Related Deferred Outflows	9,118,534
Pension Related Deferred Inflows	(7,150,493)
Net OPEB Liability	(1,690,696)
OPEB Related Deferred Outflows	245,174
OPEB Related Deferred Inflows	(1,107,161)
Compensated Absences Liability	(2,642,779)
Total Unrestricted Net Position	$ 13,318,805

NOTE 12 COMMITMENTS AND CONTINGENCIES

Tax, Spending and Debt Limitations

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

Federally Assisted Grant Program

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

Contracts

The College has negotiated an intergovernmental agreement related to the purchase of property in Edwards, Colorado. The College has paid $800,000 in cash and $800,000 in exchange for providing Eagle County and Eagle school district employees to receive credit towards classes taken at the College for up to $400,000 for each entity. Through June 30, 2023, $646,454 has been used. The remaining obligation of $153,546 is reflected as land obligation payable on the Statement of Net Position.

Construction Commitments

As of June 30, 2023, the College had various contracts for the acquisition and construction of projects, which totaled $22,453,723.

NOTE 13 RISK MANAGEMENT

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

NOTE 14 COMPONENT UNIT – FOUNDATION

The following details the investments held by the Foundation at June 30, 2023:

Publicly Traded Mutual Funds Invested in:	
Fixed Income	$ 9,583,092
U.S. Large Cap Equities	4,905,503
Other Equities	5,009,546
Foreign Large Cap Equities	276,403
Other Foreign Equities	682,440
U.S. Corporate Bonds	837,905
International Bonds	91,403
Cash and Cash Equivalents	1,087,209
Total Investments	$ 22,473,501

Investments are recorded in the following net asset balance at June 30, 2023:

Net Assets Without Donor Restrictions	$ 5,635,392
Net Assets With Donor Restrictions	16,838,109
Total	$ 22,473,501

The following table summarizes the valuation of the Foundation's investments by the fair value hierarchy levels as of June 30, 2023:

Description	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 1,087,209	$ 1,087,209	$ -	$ -
Equity Mutual Funds	10,873,892	10,873,892	-	-
Fixed Income Mutual Funds	9,583,092	9,583,092	-	-
Fixed Income Securities	929,308	-	929,308	-
Total	$ 22,473,501	$ 21,544,193	$ 929,308	$ -

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

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

NOTE 14 COMPONENT UNIT – FOUNDATION (CONTINUED)

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

Contributions Received or Receivable, Restricted for Specific Purposes or by Time	$ 5,118,859
Endowments:	
Facility Maintenance	58,197
Scholarships	10,851,855
Unspent Earnings	5,928,057
Total Endowment Funds	16,838,109
Total Net Assets with Donor Restrictions	$ 21,956,968

Net assets totaling $2,700,320 were released from restriction in 2023 as donor-imposed restrictions were met.

Unconditional contributions receivable consists of the following at June 30:

Receivable in Less than One Year	$ 1,278,749
Receivable in One to Five Years	730,445
Total Unconditional Contributions Receivable	2,009,194
Less: Discount to Net Present Value	(16,887)
Contributions Receivable, Net	$ 1,992,307

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

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

Net Assets Without Donor Restrictions	$ 85,019
Net Assets With Donor Restrictions	1,907,288
Total Contributions Receivable	$ 1,992,307

Conditional contributions receivable, which have not been recognized in the accompanying financial statements because the conditions have not been met, consist of the following at June 30, 2023:

Conditional Opportunity Scholarships Initiative Grants,	
Conditioned upon Matching Requirements	$ 923,172
Conditioned upon Operating a Dental Clinic for Five Years	600,000
Conditioned upon Actual Spending	219,099
Total Conditional Contributions Receivable	$ 1,742,271

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's Proportion of the Net Pension Liability (Asset)	0.487%	0.566%	0.636%	0.628%	0.698%	0.886%	0.920%	0.964%	0.958%	0.972%
College's Proportionate Share of the Net Pension Liability (Asset)	$ 53,003,590	$ 41,713,709	$ 60,280,480	$ 60,977,633	$ 79,382,434	$ 177,361,268	$ 168,999,576	$ 101,536,835	$ 90,114,058	$ 86,616,427
College's Covered Payroll	$ 22,435,272	$ 21,656,313	$ 21,525,828	$ 22,974,055	$ 24,578,790	$ 26,406,021	$ 26,646,762	$ 26,962,425	$ 25,933,643	$ 25,188,488
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	236.3%	192.6%	280.0%	265.4%	323.0%	671.7%	634.2%	376.6%	347.5%	343.9%
Plan Fiduciary Net Position as a Position as a Percentage of the Total Pension Liability	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	43.80%	56.10%	59.80%	61.08%

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

See accompanying Notes to Required Supplementary Information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Pension Contribution	$ 4,644,069	$ 4,050,323	$ 4,040,886	$ 4,194,339	$ 4,468,863	$ 4,842,192	$ 4,778,605	$ 4,705,020	$ 4,458,106	$ 4,036,599
Contributions in Relation to the Contractually Required Pension Contribution	4,644,069	4,050,323	4,040,886	4,194,339	4,468,863	4,842,192	4,778,605	4,705,020	4,458,106	4,036,599
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 23,439,826	$ 21,933,773	$ 21,220,148	$ 22,257,781	$ 22,257,781	$ 25,707,008	$ 26,406,021	$ 26,646,762	$ 26,708,154	$ 25,495,463
Pension Contributions as a Percentage of Covered Payroll	19.81%	18.47%	19.04%	18.84%	20.08%	18.84%	18.10%	17.66%	16.69%	15.83%

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

See accompanying Notes to Required Supplementary Information.

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

	2022	2021	2020	2019	2018	2017
College's Proportion of the Net OPEB Liability (Asset)	0.207%	0.211%	0.218%	0.242%	0.277%	0.317%
College's Proportionate Share of the Net OPEB Liability (Asset)	$ 1,690,696	$ 1,825,078	$ 2,074,816	$ 2,723,000	$ 3,768,356	$ 4,122,435
College's Covered Payroll	$ 22,435,272	$ 21,656,313	$ 21,525,828	$ 22,974,055	$ 24,578,790	$ 26,406,021
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.5%	8.4%	9.6%	11.9%	15.3%	15.6%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

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

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

See accompanying Notes to Required Supplementary Information.

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

	2023	2022	2021	2020	2019	2018	2017
Contractually Required OPEB Contribution	$ 223,840	$ 216,118	$ 208,279	$ 214,801	$ 229,570	$ 253,770	$ 265,939
Contributions in Relation to the Contractually Required OPEB Contribution	223,840	216,118	208,279	214,801	229,570	253,770	265,939
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 23,439,826	$ 21,933,773	$ 21,220,148	$ 22,257,781	$ 23,649,339	$ 25,707,008	$ 26,406,021
OPEB Contributions as a Percentage of Covered Payroll	0.95%	0.99%	0.98%	0.97%	0.97%	0.99%	1.01%

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

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

See accompanying Notes to Required Supplementary Information.

Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2023

Changes in Benefit Terms and Actuarial Assumptions

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1.00%, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the 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 assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The postretirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The postretirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

<u>Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2023 (Continued)</u>

<u>Changes in Benefit Terms and Actuarial Assumptions (Continued)</u>

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

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

Notes to Required Supplementary Information (Other Postemployment Benefits) – Fiscal Year 2023

Changes in Benefit Terms and Actuarial Assumptions

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend.
- Health care cost trend rates were revised to reflect an expectation of future increases in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the 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 assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The postretirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The postretirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Notes to Required Supplementary Information (Other Postemployment Benefits) – Fiscal Year 2023 (Continued)

Changes in Benefit Terms and Actuarial Assumptions (Continued)

- The postretirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The postretirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
  - The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
  - The disability mortality assumption for State Troopers was changed to 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 benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

COLORADO MOUNTAIN COLLEGE
SUPPLEMENTARY INFORMATION
ACTUAL TO BUDGET COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues:			
Tuition and Fees	$ 11,343,500	$ 11,792,778	$ 449,278
Federal, State, Private Grants, and Contracts	13,796,072	10,594,952	(3,201,120)
Auxiliary Enterprises	9,926,551	10,801,675	875,124
Other Operating Revenue	2,256,653	2,217,273	(39,380)
Total Operating Revenues	37,322,776	35,406,678	(1,916,098)
EXPENSES			
Operating Expenses:			
Instruction	31,047,594	28,216,771	2,830,823
Community Service	917,919	886,004	31,915
Academic Support	8,305,398	7,941,472	363,926
Student Services	11,522,497	9,155,452	2,367,045
Institutional Support	23,646,623	20,832,669	2,813,954
Operation and Maintenance of Plant	32,846,346	7,520,073	25,326,273
Student Aid	11,829,283	11,520,573	308,710
Auxiliary Enterprises	9,959,620	9,028,095	931,525
Depreciation	5,200,000	6,817,432	(1,617,432)
Capital Asset Offset	(14,400,000)	-	(14,400,000)
Total Operating Expenses	120,875,280	101,918,541	18,956,739
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	10,766,151	10,763,650	(2,501)
Federal Nonoperating Revenue	3,335,257	5,538,361	2,203,104
Property Taxes	57,243,032	60,305,712	3,062,680
Investment Income	1,006,098	3,526,328	2,520,230
Gifts	1,500,000	1,465,278	(34,722)
Gain on Disposal of Capital Assets	-	(166,938)	(166,938)
Unrealized Gain on Investments	-	(447,427)	(447,427)
Bond Trustee and Other Related Fees	(2,775)	(3,275)	(500)
Amortization of Prepaid Bond Insurance	(15,651)	(15,651)	-
Interest Expense on Capital Debt	(2,350,056)	(2,088,858)	261,198
Net Nonoperating Revenues	71,482,056	78,877,180	7,395,124
CAPITAL CONTRIBUTIONS	-	726,788	726,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,070,448)	13,092,105	25,162,553
Fund Balance - Beginning of Year	166,077,363	166,077,363	-
FUND BALANCE - END OF YEAR	$ 154,006,915	$ 179,169,468	$ 25,162,553

COLORADO MOUNTAIN COLLEGE

SINGLE AUDIT COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2023

COLORADO MOUNTAIN COLLEGE
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YEAR ENDED JUNE 30, 2023

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

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

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 business-type activities and the discretely presented component unit of Colorado Mountain College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the Colorado Mountain College Foundation, a discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's 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 College'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 or significant deficiencies may exist that were not identified.

Report on 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 College’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 College’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 25, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Colorado Mountain College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 2023-001, 2023-002, and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 2023-002, and 2023-003, to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the business-type activities and discretely presented component unit of Colorado Mountain College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Colorado Mountain College's basic financial statements. We have issued our report thereon, dated January 25, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

Board of Trustees
Colorado Mountain College

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 27, 2024

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of the Treasury					
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Community College System	N/A	$ -	$ 1,037,609
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Mountain College Foundation	N/A	-	382,290
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Higher Education	N/A	-	343,340
Total Department of the Treasury				-	1,763,239
Department of State					
Academic Exchange Programs	19.009	World Learning	N/A	-	17,727
Total Department of State				-	17,727
Environmental Protection Agency					
Environmental Education Grants	66.951	N/A	N/A	-	71,564
Total Environmental Protection Agency				-	71,564
Department of Agriculture					
U.S. Forest Service CMC Partnership-Winter Internship Pilot	10.699	N/A	N/A	-	91,858
Rural Business Development Grant	10.351	N/A	N/A	-	7,423
Total Department of Agriculture				-	99,281
Department of Education					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grants	84.007	N/A	N/A	-	97,838
Federal Work-Study Program	84.033	N/A	N/A	-	38,897
Federal Pell Grant Program	84.063	N/A	N/A	-	3,456,109
Federal Direct Student Loans	84.268	N/A	N/A	-	2,812,613
Total Student Financial Assistance Cluster				-	6,405,457
Trio Cluster:					
Trio Student Support Services	84.042	N/A	N/A	-	329,952
Trio Student Support Services	84.042A	N/A	N/A	-	250,107
Trio Upward Bound	84.047	N/A	N/A	-	549,458
Total Trio Cluster				-	1,129,517
Education Stabilization Fund:					
(COVID-19) Colorado Governor's Emergency Education Relief Funds	84.425C	Colorado Office of the Governor	6425	418,295	1,015,216
(COVID-19) IREPO Rural Support Initiative	84.425P	N/A	N/A	333,933	1,048,934
(COVID-19) Higher Educational Emergency Relief Fund-HEERF III - MSI	84.425L	N/A	N/A	-	327,738
(COVID-19) Higher Educational Emergency Relief Fund-HEERF II-Institutional	84.425F	N/A	N/A	-	-
(COVID-19) Higher Educational Emergency Relief Fund-HEERF III-Student Aid	84.425E	N/A	N/A	-	982,962
(COVID-19) Higher Educational Emergency Relief Fund-HEERF III-Institutional	84.425F	N/A	N/A	-	17,210
Total Educational Stabilization Fund				752,228	3,392,060
Office of Post Secondary Education					
Title III-Higher Education Institutional Aid	84.031A	N/A	N/A	-	376,727
Total Post Secondary Education				-	376,727

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education (Continued)					
Career and Technical Education - Basic Grants to States (Perkins)	84.048A	Colorado Community College System	1622	$ -	$ 139,897
Career and Technical Education - Basic Grants to States (Perkins E-sports)	84.048A	Colorado Community College System	1622	-	1,779
Career and Technical Education - Basic Grants to States (Perkins Const)	84.048A	Colorado Community College System	1622	-	211,584
				-	353,260
Total Department of Education				752,228	11,657,021
Department of Health and Human Services					
Child Care Operations Stabilization	93.575	Colorado Mountain College Foundation	N/A	-	95,094
Child Care Operations Stabilization	93.575	Colorado Department of Human Services	N/A	-	63,000
Centers for Medicare and Medicaid Services (CMS) Research, Demonstration and Evaluation	93.779	Colorado Department of Regulatory Agencies, Division of Insurance (SHIP)	OESFA 13SHIP000007	-	14,760
Total Department of Health and Human Services				-	172,854
Corporation for National and Community Service					
AmeriCorps Seniots Retired and Senior Volunteer Program	94.002	N/A	N/A	-	330,082
AmeriCorps Seniors Senior Demonstration Program	94.017	N/A	N/A	-	43,625
Total Corporation for National and Community Service				-	373,707
LSTA ARPA State Grants	45.310	Colorado Dept of Education/State Library	N/A	-	3,428
Total Expenditures of Federal Awards				$ 752,228	$ 14,158,821

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Colorado Mountain College (the College). The Schedule includes federally funded projects received directly from federal agencies and the federal amounts of pass-through awards received by the College through the state of Colorado or other nonfederal entities. The College's reporting entity is defined in Note 1 in the College's basic financial statements for the year ended June 30, 2023.

The information in this 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* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 PASS-THROUGH GRANTOR'S NUMBER

For federal awards expended by the College as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor where the pass-through grantor has supplied such number to the College.

NOTE 4 SUBRECIPIENTS

Of the federal expenditures presented in this Schedule, the College included $752,228 of funds passed through to subrecipients.

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __X__ no
   - Significant deficiency(ies) identified? ______ yes __X__ none reported

3. Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? __X__ yes ______ no
   - Significant deficiency(ies) identified? __X__ yes ______ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __X__ yes ______ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.425C/ E/ F/ L/ P	Higher Education Emergency Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Fund

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

Auditee qualified as low-risk auditee? __X__ yes ______ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2023-001

Federal agency: U.S. Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistance Listing Number:
84.268 – Federal Direct Loans P268K232515
84.063 – Federal Pell Grant Program P063P222515
84.007 – Federal Supplemental Educational Opportunity Grants P007A220706
84.033 – Federal Work Study Program P033A220706

Award Period: July 1, 2022 to June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 34 CFR 668.22(a)(1), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs. The determination of the difference is often referred to as Return of Title IV (R2T4) calculations.

Condition: There was one out of eighteen students tested where an input error in the Return of Title IV(R2T4) funds included in the calculation resulting in an error. In addition, there was not an observable internal control over the R2T4 process to prevent errors.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-001 (Continued)

Questioned costs: 84.063 – Federal Pell Grant Programs – $132

Context: The institution does not have internal controls in place to ensure compliance with the Return of Title IV compliance requirement. In addition, during the testing of R2T4 funds, we identified one out of eighteen students tested where the College's manual calculation included an input error resulting in and underpayment of Title IV funds to the Department of Education.

Cause: There are no internal controls in place to prevent and detect errors in the R2T4 process in a timely manner.

Effect: Errors in the R2T4 process could go undetected or not be identified in a timely manner.

Repeat finding: No

Recommendation: The college should implement policies and procedures to ensure compliance with Return of Title IV compliance requirements.

Views of responsible officials: There is no disagreement with the audit finding.

2023-002

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistance Listing Number:
84.268 – Federal Direct Loans P268K232515
84.063 – Federal Pell Grant Program P063P222515
84.007 – Federal Supplemental Educational Opportunity Grants P007A220706
84.033 – Federal Work Study Program P033A220706

Award Period: July 1, 2022 to June 30, 2023

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-002 (Continued)

Criteria or specific requirement: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Code of Federal Regulations, 34 CFR 688.164, requires any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued. If a check or an EFT is returned, the College may make additional attempts to deliver the funds, provided that those attempts are made no later than 45 days after the funds were returned or rejected. In case where the College does not make another attempt, the funds must be returned before the end of the initial 45-day period. The College must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. Under no circumstances may unclaimed Title IV FSA funds escheat to the state, or revert to the College, or any other third party.

Condition: During our testing of the 240-day requirement, we identified the College was not in compliance with the federal financial aid regulations requirement that any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued.

Questioned costs: $49,049.

Context: During our testing, we identified 27 out of 57 outstanding student checks were Title IV federal funds checks that were not returned within the 240-day limit.

Cause: The College did not have adequate processes in place to monitor outstanding Title IV disbursement checks throughout the year.

Effect: The College is not in compliance with Department of Education requirements.

Repeat finding: No

Recommendation: CLA recommends that the College review the requirements and implement a monitoring control to monitor and return the checks throughout the year.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-003

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistance Listing Number:
84.268 – Federal Direct Loans P268K232515
84.063 – Federal Pell Grant Program P063P222515

Award Period: July 1, 2022 to June 30, 2023

Type of finding:- Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Institutions are required to report enrollment status information of students under the Pell grant and the Direct loan programs via the National Student Loan Data System (NSLDS) (*OMB No. 1845-0035*), (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment status information reported by institutions to NSLDS. Institutions must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institution’s Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment. There are two categories of enrollment information, “Campus Level” and “Program Level, both of which need to be reported accurately and have separate record types. At a minimum, institutions are required to certify enrollment every 60 days or every other month.

Condition: There were instances in which the College did not report status changes timely.

Questioned costs: None.

Context: In our statistically valid sample of 40 students selected for NSLDS enrollment reporting testing, we identified that status change for 34 selections was not reported timely nor was their enrollment certified every 60 days.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-003 (Continued)

Cause: Colorado Mountain College did not have proper procedures in place to ensure NSLDS enrollment reporting was proper and timely.

Effect: Failure to properly and timely report enrollment status changes on NSLDS impacts the Department of Education's ability to administer Title IV programs.

Repeat finding: No.

Recommendation: We recommend that the College work with their third-party servicer and implement procedures and internal controls to ensure that enrollment data, changes in status and effective dates within NSLDS are reported timely.

Views of responsible officials: There is no disagreement with the audit finding.

COLORADO MOUNTAIN COLLEGE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023

U.S. Department of Education

Colorado Mountain College respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 1, 2022 to June 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2023-001 **Student Financial Aid Cluster:**
Federal Supplemental Educational Opportunity Grant – Assistance Listing No. 84.007
Federal Work Study Program – Assistance Listing No. 84.033
Federal Pell Grant Program – Assistance Listing No. 84.063
Federal Direct Student Loans – Assistance Listing No. 84.268

Recommendation: We recommend the college reevaluate their procedures regarding the return of Title IV funds including the implementation of secondary review of calculations. This would prevent future errors, and provide a greater level of internal control. Additionally, we recommend they review policies regarding the timeliness and accuracy of student enrollment.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

CMC established a new secondary review procedure to help prevent future errors and provide a greater level of internal control regarding the return of Title IV funds (R2T4). Going forward, after an R2T4 is completed, the Quality Assurance (QA) review will be processed. As part of this review, the Financial Aid and Scholarship Coordinator will be notified that all R2T4's have been completed for the current week. They will then pull up the spreadsheet of students who had an R2T4 completed and select at random at least 10% of the students on that list to review.

In this review they will examine the following data for each of the selected students:

- Each class for that semester including the name of the class, the dates the class took place, the credit load of the class, the last date of attendance (LDA) for each class, if the class counts towards the program, if the class was marked as never attended, and if the class should be used in the R2T4.

- The Institutional charges to ensure the correct charges were used.
- The Days attended vs Total days to ensure that any break of 5 or more days was removed.

To document the review, the Financial Aid and Scholarship Coordinator will initial next to each class that they check as they review. The Financial Aid and Scholarship Coordinator will also review that the awards were updated in the Colleague AIDE screen correctly based on the calculation and ensure that any Post-Withdrawal Disbursement (PWD) or return is processed accurately. They will also verify that the Exit counseling request was sent to the student (this is indicated in the CRI screen). Once the review is completed, the Financial Aid and Scholarship Coordinator will initial and date the spreadsheet for the student that they performed the review on. They will then change the color on the spreadsheet tab to indicate that it was reviewed.

Name(s) of the contact person(s) responsible for corrective action: Reilly Watanabe, JoAnna Hulett and Janelle Cook

Planned completion date for corrective action plan: July 2023

2023-002 **Student Financial Aid Cluster:**
Federal Supplemental Educational Opportunity Grant – Assistance Listing No. 84.007
Federal Work Study Program – Assistance Listing No. 84.033
Federal Pell Grant Program – Assistance Listing No. 84.063
Federal Direct Student Loans – Assistance Listing No. 84.268

Recommendation: CLA recommends that the College review the requirement and implement a monitoring control to monitor the checks throughout the year. In addition, for the checks outstanding greater than 240 days, the College should return the funding to the U.S. Department of Education.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

To enhance the 240 Day Outstanding refund check processing efficiency and compliance, a streamlined procedure was developed and implemented to monitor all uncashed refund checks, including those from federal aid sources. This process will involve utilizing an Informer report every two weeks to compile a comprehensive list of uncashed refund checks for current and prior terms. Upon identification, a system-generated communication will be promptly dispatched to students, notifying them of the outstanding refund check and providing clear instructions to contact the Business Office. Calculations will be performed to ascertain if the refund originates from a federal aid source. For students with federal aid-related outstanding refunds, outreach efforts will be undertaken. Additionally, a progressive maintained cumulative report will serve as a real-time monitoring mechanism to track the status of refunds and ensure timely compliance. Continuous open communication will be maintained with the Financial Aid and Compliance team, facilitating the provision of student refunds requiring action and fostering collaboration across departments to address any outstanding issues effectively.

The above-detailed process has already proven effective and noticeably successful in addressing the challenges associated with uncashed refund checks, particularly those originating from federal aid sources. Moving forward, this process will be continuously optimized and refined as system enhancements allow. Regular evaluations will be conducted to identify areas for improvement and implement necessary adjustments, ensuring that the refund processing workflow remains efficient, compliant, and responsive to the evolving needs of both students and regulatory requirements. This commitment to ongoing optimization underscores our dedication to providing timely and accurate refunds while upholding the highest standards of financial stewardship and accountability.

Name(s) of the contact person(s) responsible for corrective action: Renee McBride

Planned completion date for corrective action plan: January 2024

2023-003 **Student Financial Aid Cluster:**
Federal Supplemental Educational Opportunity Grant – Assistance Listing No. 84.007
Federal Work Study Program – Assistance Listing No. 84.033
Federal Pell Grant Program – Assistance Listing No. 84.063
Federal Direct Student Loans – Assistance Listing No. 84.268

Recommendation: We recommend that the College work with their third-party servicer and implement procedures to ensure that enrollment data, changes in status and effective dates within NSLDS are reported accurately and timely. And we recommend that the College implement formal review procedures to document the review process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The Registrar and Financial Aid departments have established a set schedule for enrollment reporting to the National Student Clearinghouse (NSC) and National Student Loan Database System (NSLDS) to ensure accurate and timely reporting happens each month and graduate reporting at the end of semester, within the 60-day window. To ensure CMC meets requirements to report all changes to enrollment and continuing enrollment within the 60-days, the monthly enrollment will follow best practice to submit every 30 days to allow time for correction of any errors prior to submission to NSLDS.

The Student Affairs Systems Specialist will pull the enrollment report from CMC’s Student Information System (SIS) on the 19th for submission to NSC on the 20th of each month. If the 20th falls on the weekend it will be the Friday before. The Student Affairs Systems Specialist will correct any enrollment errors with NSC within 3 business days from the time of submission. The enrollment submission from NSC to NSLDS is scheduled for the 3rd of each month, and the Assistant Director of Financial Aid will pull a list from CMC’s SIS to match with NSLDS on the 15th of each month. If the 15th falls on the weekend it will be the Friday before. If there are any enrollment errors or missing students in NSLDS the

Assistant Director of Financial Aid will notify the Student Affairs Systems Specialist to update student enrollment data within NSLDS.

If there are no errors or missing enrollments in NSLDS, the Assistant Director of Financial Aid will send an email to the Student Affairs Systems Specialist to confirm the report is accurate and submitted. The graduate report will be submitted to NSC by the Student Affairs Systems Specialist on the second Friday after the end of the semester to allow for grade and graduation processing. The Assistant Director of Financial Aid will verify the graduate report within NSLDS two weeks after submission to NSC and email confirmation or request corrections with the Student Affairs Systems Specialist.

Name(s) of the contact person(s) responsible for corrective action: Natalie Torres and Janelle Cook

Planned completion date for corrective action plan: May 2024