COLORADO MOUNTAIN COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Mountain College
Glenwood Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Colorado Mountain College (the College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Colorado Mountain College as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions and Related Ratios, the Schedule of Proportionate Share of the Net OPEB Liability, the Schedule of OPEB Contributions and Related Ratios, and the Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Actual to Budget Comparison Schedule – Collegewide and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Board of Directors
Colorado Mountain College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2019

Following is a discussion of Colorado Mountain College's (the College or CMC) financial performance for the fiscal year ended June 30, 2019. It should be read in conjunction with the College's financial statements, which begin on page 15.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

- The Board of Trustees successfully referred ballot question 7D to the CMC district voters, of whom 71.5% voted in favor of the issue. As a result, the trustees now have the authority to adjust the college's mill levy solely for the purpose of maintaining revenues that would be lost due to statewide property tax assessment rate reductions.

- Unanimous passage of HB19-1153 provides expanded baccalaureate authority to CMC, which to date has been limited to offering only five bachelor's degrees.

- Major construction commenced on the Spring Valley campus involving the development or remodel of three buildings, all of which will enhance opportunities for student success and for the community's use of and interactions with the campus.

- The College completed the purchase of 30 affordable housing units from the Town of Breckenridge. The units are primarily geared toward students at the Summit Campus.

- The phasing out of the voluntary early retirement program over the period 2014-2019 concluded; therefore, no liability remains at June 30, 2019.

- The College released a new version of the Information Technology Master Plan, which builds upon the successes of the previous plan while aligning with Reaching Greater Heights. The new master plan focuses on five specific areas: 1) management and operations, 2) communications, 3) training, 4) infrastructure, and 5) cybersecurity and business continuity.

- The College, through its Foundation, launched Fund Sueños, a first-of-its-kind philanthropic initiative to provide access to higher education financing for students that are not eligible to receive federal financial aid. The program enables students to pay for college through income-share agreements in exchange for a fixed percentage of income after graduation over a set period of time.

- After a two year campus specific pilot, the entire college implemented the Learning Materials Program, an innovative and cost-effective direct-delivery textbook solution for students.

- Cross-functional teams from across the college began work with Ruffalo Noel Levitz, an enrollment strategy consulting firm, to create new plans for stabilizing enrollments, strengthening certain programs and campuses, rethinking retention strategies, and improving the effectiveness of institutional and foundation financial aid.

- 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)). For the first time since implementation of GASB 68, the amounts booked are in the opposite direction of previous years, both on the asset and liability side of the balance sheet, due to changes in actuarial assumptions that span multiple years. There are three main reasons for this shift: 1) passage of Senate Bill 200 (SB 18-200) which enacted broad changes to ensure PERA's continued sustainability, 2) a large decrease in the allocation percentage Due to an optional Retirement Plan offered to new employees not already in PERA, and 3) the discount rate used to measure the total pension liability increased to 7.25%. For 2018-19 the required pension expense adjustment (including both pension expense and other required adjustments) recognized was a credit of $22 million, and the net pension liability decreased by $98 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, 2019. 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, 2019. 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, 2019. Its purpose is to assess the College's ability to generate net cash flows to meet its obligations as they come due.

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

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

Reporting the College as a Whole

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

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

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

Enrollment Highlights

For FY2018-19, the College merged the associate level and bachelor level rates, as seen in the chart below. This involved a substantial reduction in rate for in-district bachelor students, but better aligns with the college's mission and values, and direct costs.

Associate degree tuition rates from 2014-15 to 2018-19:

Tuition Category	2014-15 Rate/Credit Hr.	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.	2017-18 Rate/Credit Hr.	2018-19 Rate/Credit Hr.
In-District	$ 57.00	$ 57.00	$ 62.00	$ 65.00	$ 80.00
Service Area	$ 97.00	$ 103.00	$ 123.00	$ 143.00	$ 170.00
In-State	$ 101.50	$ 107.00	$ 127.00	$ 147.00	$ 180.00
Out of State	$ 317.00	$ 373.00	$ 429.00	$ 440.00	$ 453.00
Industry Rate	$ 112.00	$ 119.00	$ 127.00	$ 147.00	$ 180.00

Bachelor degree tuition rates from 2014-15 to 2018-19:

Tuition Category	2014-15 Rate/Credit Hr.	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.	2017-18 Rate/Credit Hr.	2018-19 Rate/Credit Hr.
In-District	$ 99.00	$ 99.00	$ 99.00	$ 99.00	$ 80.00
Service Area	$ 205.00	$ 205.00	$ 205.00	$ 205.00	$ 170.00
In-State	$ 212.00	$ 212.00	$ 212.00	$ 212.00	$ 180.00
Out of State	$ 429.00	$ 429.00	$ 429.00	$ 440.00	$ 453.00

Credit enrollments for FY2018-19 ended 3% lower than the prior year, with Bachelor's enrollments up 6%. Additionally, net tuition revenue was less than budgeted due to a continued shift in the mix of students (fewer out of state students) while the use of tuition discounts leveled out. The net tuition revenue ended approximately $0.7 million less than budget for the year. Residency mix within the student base is an important financial consideration for the College. The in-district associate-level students now account for over 77% of the student population and contribute 49.5% of the tuition revenue, while the out-of-state associate-level students account for less than 8% of the student population and contribute 28.9% of the tuition revenue. This proportional decrease of out-of-state students in FY2018-19 negatively impacted total tuition revenue, but aligns with national trends and the College's mission.

Noncredit courses are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate. These enrollments (noncredit and ESL) decreased overall in FY2018-19. When all types of student FTE are combined, there is a 4% total decrease over the prior year. As the College implements new registration technology catered to non-credit students, the College anticipates these noncredit enrollments will begin to increase in the coming years. Nevertheless, enrollments at CMC are considered stronger than most peer institutions.

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

FTE Category	2017-18 Actual	2018-19 Actual
Credit FTE	3,646.1	3,524.3
Noncredit FTE	364.3	326.1
ESL FTE	203.4	190.6
Total	**4,213.8**	**4,041.0**

Net Position

The College's net position is $66,978,472 at June 30, 2019, reflecting an increase of $27,234,292 from last year, due mainly to non-cash entries. Total current assets decreased by $16.2 million due mostly to the use of the restricted cash and cash equivalents. Specifically, 2017 Series Certificates of Participation were used for the purchase of Breckenridge housing and the Spring Valley construction project. Total noncurrent assets increased by $24.6 million with a major increase to Construction in Progress for this same Spring Valley construction project. All assets combined increased $8.4 million over last year.

A number of minor and major capital projects were started during FY2018-19 but are not complete, and thus are reflected in the Construction in Progress totals. The Construction in Progress projects from the prior year were completed and capitalized into the appropriate capital asset category and annual depreciation recorded. The net impact of these transactions along with equipment inventory adjustments was a $24.2 million increase in net capital assets. Other assets, which include cash, investments and accounts receivable, saw a $15.5 decrease overall. The College's investment in large capital projects will continue beyond the Spring Valley project, as the College is in the process of finalizing a long-term facilities master plan in accordance with the strategic plan. This plan will outline new construction plans in the near-term, mid-term and long-term and guide investment in capital projects for the next 10 years. The cash and investments balances in the Other Assets category has built up over prior years and will help support the long-term capital plan the Board approves.

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 FY2018-19 resulted in a decrease to the College's portion of the liability in the amount of $98 million or a total liability of $79,382,434 at June 30, 2019.

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	15,335,420	10,764,779	26,100,199
Community Service	674,311	287,996	962,307
Academic Support	3,200,106	1,505,374	4,705,480
Student Services	5,417,803	3,037,950	8,459,223
Institutional Support	12,301,128	4,508,636	16,810,174
Operation and Maintenance of Plant	7,133,158	1,131,061	8,264,219
Scholarships	4,065,478	-	7,659,148
Auxiliary Enterprises	8,243,416	838,533	9,081,949
Depreciation	4,080,046	-	4,080,046
Total Operating Expenses	60,450,866	22,074,329	86,122,745

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

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

Long-term debt owed by the College in the form of Certificates of Participation issued for $26,775,000, with a balance of $25,630,000 remaining at June 30, 2019.

Overall, current liabilities increased $4.0 million year over year. Noncurrent liabilities, including the pension and retirement liabilities, decreased $98.9 million year over year as described above. All liabilities combined decreased $94.9 million this year driven primarily by the required pension liability entry.

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

The following table breaks the net position down further:

Table 1
Net Position

	2019	2018
Capital Assets, Net	$ 160,582,034	$ 136,420,400
Other Assets	82,964,511	98,766,789
Total Assets	243,546,545	235,187,189
Deferred Outflows of Resources	12,837,407	36,022,287
Long-Term Liabilities	110,378,544	209,300,639
Other Liabilities	15,322,967	11,282,232
Total Liabilities	125,701,511	220,582,871
Deferred Inflows of Resources	63,703,969	10,882,425
Net Investment in Capital Assets	133,466,309	125,705,534
Restricted Net Position	2,894,170	2,770,405
Unrestricted Net Position	(69,382,007)	(88,731,759)
Total Net Position	$ 66,978,472	$ 39,744,180

The College has a deficit unrestricted net position as of June 30, 2019 due to the net pension liability totaling $79.4 million and the net OPEB liability totaling $4.4 million. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. Unrestricted net position strictly from "University Operations" would be a surplus of approximately $61.0 million as detailed in Note 10. A Board of Trustee initiative requires the College to carry a reserve for the purpose of backfilling revenues if they decline, equal to 15% of the total operating revenue budget. Additional reserves are established to support specific initiatives and contribute to the net position of the College.

Following is a recap of the change in net position:

Table 2
Change in Net Position

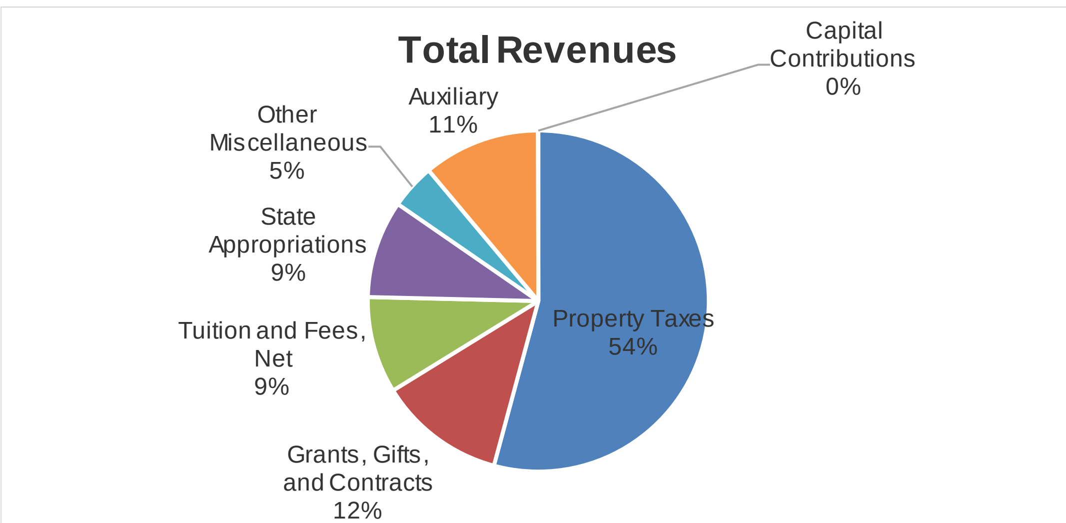
	2019	2018
Operating Revenues		
Tuition and Fees, Net	$ 8,053,359	$ 8,502,427
Federal, State, Private Grants and Contracts	5,699,615	5,404,272
Auxiliary Enterprises	9,732,426	8,319,833
Other	1,739,701	1,370,691
Total Operating Revenue	25,225,101	23,597,223
Nonoperating Revenue		
State Appropriations	8,119,247	7,319,484
Federal Nonoperating	3,659,474	3,796,905
Property Taxes	47,577,259	46,292,234
Investment Income	2,007,395	1,347,864
Gifts	1,199,369	837,038
Unrealized Gain (Loss) on Investments	423,941	(728,398)
Total Nonoperating Revenue	62,986,685	58,865,127
Capital Contributions	18,873	674,888
Total Revenues	$ 88,230,659	$ 83,137,238
Operating Expenses		
Instruction	$ 15,335,420	$ 44,382,925
Community Service	674,311	1,472,757
Academic Support	3,200,106	5,685,799
Student Services	5,417,803	10,353,033
Institutional Support	12,301,128	23,538,312
Operation and Maintenance of Plant	7,133,158	8,834,237
Scholarships	4,065,478	4,072,697
Auxiliary Enterprises	8,243,416	9,799,472
Depreciation	4,080,046	3,895,160
Total Operating Expenses	60,450,866	112,034,392
Nonoperating Expenses		
Interest Expense on Capital Debt	526,775	1,050,429
Amortization of Prepaid Bond Insurance	18,726	18,426
Total Nonoperating Expenses	545,501	1,068,855
Total Expenses	$ 60,996,367	$ 113,103,247
Restatement due to Change in Accounting Principle		$ (4,288,235)
Change in Net Position	$ 27,234,292	$ (34,254,244)

Revenues

The College experienced an increase in total revenues over last year in the amount of $5.1 million. This is attributed mostly to increases in oil & gas values, state appropriations, and investment income. The state support increased by 10% and represents the average percentage received by all institutions of higher education, and reflects the stabilizing economy at the state level. Tuition dipped slightly due to an increase in the Scholarship Allowance as well as rate increases being offset by a change in residency mix.

Nonoperating income related to investments shows a noticeable improvement in investment income and a corresponding increase in noncash market values of investment accounts. Generally accepted accounting principles require that investment accounts be marked to market values each year which can, depending on the markets, be significant in any given year.

The following graph depicts total revenue of the College:



Revenues from all sources total $88,230,659, with $25,225,101, or 28.6%, generated from operating revenues and $63,005,558, or 71.4%, from nonoperating revenues and capital contributions.

Property taxes, which account for 54% of the total revenues, are classified as nonoperating revenue in accordance with generally accepted accounting principles.

Expenses

Overall expenses have decreased by $51.6 million from the prior year, the result of a variety of noncash transactions during the year. However, regular operating expenditures in the general fund were $4.9 million less than budget as the College experienced large salary savings due to vacancies and retirements, and college staff focused on maintaining good stewardship over taxpayer dollars. Overshadowing these savings in expenses was the recording of the pension liability in conjunction with GASB 68. The additional annual expense recorded to reflect the College's portion of the PERA pension liability (required by GASB 68) is a reversal of $22 million of expense this year, compared with an increase of $32.7 million last year compared to the previous year.

The large salary savings referred to above reflects the challenges the College is facing in recruiting and retaining talented staff and faculty, while completing the phase out of the early retirement plan. The high cost of living and high cost of housing in the college service area is a challenge for employees.

Cash Flows

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

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

Property tax and state revenues are not considered cash from operations; however, in combination, they provide the majority of the cash received for the College, representing 54% of revenue.

Net cash used by operating activities decreased $3,422,985 from 2017-18 to 2018-19. This is the net result of increases in cash received and decreases in cash payments. The largest contributing factor was the $1.1 million increase in sales and services of auxiliary enterprises coupled with the $1.5 million decrease in payments for auxiliary enterprises. Cash flows used by the acquisition or construction of capital assets increased by $24.5 million due mainly to the major construction project at the Spring Valley campus and the purchase of housing in Breckenridge. Overall cash and cash equivalents, from both operations and non-operations, decreased by $19.5 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, 2019, the College had $160,582,034 invested in capital assets, net of depreciation, consisting of buildings, land, land improvements, equipment, infrastructure, library materials and construction in progress. Following is a breakdown of those assets:

Table 5
Capital Assets at Year End
Net of Depreciation

	2019	2018
Land	$ 13,524,612	$ 13,524,612
Library Materials	587,687	605,949
Construction in Progress	21,539,248	2,854,496
Land Improvements	1,306,565	1,411,625
Buildings	116,738,091	111,242,917
Equipment and Software	2,317,126	2,039,154
Infrastructure	4,163,850	4,339,762
Other Fixed Assets	404,855	401,885
Total Capital Assets	$ 160,582,034	$ 136,420,400

Depreciation expense of $4,080,046 was recorded during FY2018-19. Major construction at the Spring Valley Campus, plus eight projects at multiple campuses comprise the construction in progress total. These projects were started in FY2018-19 or prior but will not be complete until 2019-20. They include Spring Valley residence hall wing remodels, the creation of Bear Park at Steamboat, roof and RTU replacements at Spring Valley, and bathroom remodels in Edwards. The Board of Trustees and College leadership are developing a new long-term capital plan to cover the next 10 years, and has already committed to a large revamp of the Aspen Campus over the next few years. The net change, after additions, deletions, and depreciation is an increase in capital assets of $24.2 million.

Debt

The College has one debt issue outstanding, which is certificates of participation (COPs) issued in 2017 for the purpose of refunding the 2007 COPs and funding improvements on the Spring Valley campus, purchase of housing units in Breckenridge, and other capital facilities of the College designated by the Board. The COPs were issued for $26,775,000, with a premium of $999,118, and the outstanding principal balance at June 30, 2019 is $25,630,000. The bonds are scheduled to be paid off in FY2047.

COLORADO MOUNTAIN COLLEGE FOUNDATION

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In spite of challenges in the state's fiscal environment, and because of sound management decisions and careful stewardship of public resources, the College's financial standing continues to be stronger today than it was five years ago. According to Moody's, the College's financial soundness is now comparable to larger and more mature institutions across the state.

The primary revenue source for the College is property tax, supplying 54% of the College's budgeted revenue. The economic recovery over the past few years has positively impacted housing and business property valuations, which, in turn, has begun to be realized in the College's revenues.

Overall enrollments have been relatively flat for the past few years due to the economic recovery. This demonstrates the college's stability in spite of the strongest economy in the state's history (strong economies usually result in declining enrollments at access institutions). Importantly, following expected trends, the college's enrollments are strongest among local students; non-resident numbers continue to decline, which is not surprising or unexpected. Recent changes to the college's tuition rates will offset some of the volatility caused by fluctuating enrollment mixes. Note: high school graduations across the nation are in decline, creating intense competition for out-of-state students, especially for states with large declines in high school students. CMC's plan to focus on local students is a strong buffer against this impending decline in non-resident enrollments.

With the improving economy, the State of Colorado continues experiencing a recovery in revenue. Colorado ranks particularly high compared to other states, thanks in part to low unemployment and strong growth in personal income. While the College received a 10% increase in state revenues for FY2018-19, it was granted a 13% increase in state revenues for FY2019-20, reflecting the state's attempt to reinvest in Higher Education.

Given the current state laws, such as TABOR, the state is challenged in its ability to retain all of the revenue it receives. Furthermore, the Gallagher Amendment requires periodic rebalancing of residential and commercial property taxes by lowering statewide residential assessment rates; commercial assessment rates remain fixed according to the state's constitution. Thanks to the support of 71.5% of voters in 2018, the Board of Trustees now has the authority to adjust the college's mill levy solely for the purpose of maintaining revenues that would be lost due to statewide property tax assessment rate reductions. Such an ability paves a stable path toward ensuring the long-term health of college revenues.

For FY2019-20, the College will continue its commitment to technology upgrades, classroom equipment upgrades, deferred maintenance on buildings, sustainability initiatives, and a few major capital projects. A total of $6.5 million is budgeted for these investments next year. The College developed a revised five-year IT Master Plan in conjunction with the new Strategic Plan and is working with consultants, campus leadership, and the Board of Trustees in developing a long-term Facilities Master Plan. The Facilities Master Plan will guide the capital budget over the next five to ten years. Additionally, the FY2019-20 budget includes $1.5 million to be set aside over the next three years to expand critical high demand programs across the district, such as law enforcement training and nursing. This demonstrates the current focus on preparing the college for the upcoming economic turn, which will likely bring more enrollments to CMC. We aim to think strategically about capacity while we are in a good position, and optimize the use of the strategic funds set aside for this effort.

ACCREDITATION

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

CONTACTING THE COLLEGE

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

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 50,841,961
Restricted Cash and Cash Equivalents	987,896
Short-Term Investments	3,533,666
Property Tax Receivable, Net of Allowance of $239,331	9,432,244
Student Accounts Receivable, Net of Allowance of $91,000	306,578
Other Accounts Receivable	1,493,574
Inventories	69,463
Prepaid Expenses	877,041
Total Current Assets	67,542,423
NONCURRENT ASSETS	
Restricted Cash and Cash Equivalents	191,595
Long-Term Investments	15,042,416
Other Noncurrent Assets	188,077
Nondepreciable Capital Assets	
Land	13,524,612
Other Fixed Assets	404,855
Construction in Progresss	21,539,248
Depreciable Capital Assets (Net)	
Land Improvements	1,306,565
Buildings and Improvements	116,738,091
Infrastructure	4,163,850
Equipment and Software	2,317,126
Library Materials	587,687
Total Noncurrent Assets	176,004,122
Total Assets	**243,546,545**
DEFERRED OUTFLOWS OF RESOURCES (NOTE 8 AND 9)	**12,837,407**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	7,562,150
Deposits Payable	164,922
Accrued Salaries	832,382
Accrued Interest Payable	433,335
Other Accrued Liabilities	2,482,341
Unearned Revenue	1,700,246
Funds Held for Others	103,270
Certificates of Participation and Capital Leases Payable	472,968
Compensated Absences	1,571,353
Total Current Liabilities	15,322,967
NONCURRENT LIABILITIES	
Certificates of Participation and Capital Leases Payable	26,101,944
Compensated Absences	174,595
Land Obligation Payable	365,152
OPEB Liabilities (Note 9)	4,354,419
Net Pension Liability (Note 8)	79,382,434
Total Noncurrent Liabilities	110,378,544
Total Liabilities	**125,701,511**
DEFERRED INFLOWS OF RESOURCES (NOTE 8 AND 9)	**63,703,969**
NET POSITION	
Net Investment in Capital Assets	133,466,309
Restricted for:	
TABOR Reserve	2,580,000
Loans	1,885
Scholarships and Other - Expendable	312,285
Unrestricted	(69,382,007)
Total Net Position	**$ 66,978,472**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS	
Cash and Cash Equivalents	$ 1,199,561
Accounts Receivable	90,491
Contributions Receivable, Net	2,052,560
Investments	17,466,582
Cash Surrender Value of Life Insurance	33,311
Total Assets	**$ 20,842,505**
LIABILITIES AND NET ASSETS	
Accounts Payable	$ 340,840
Accrued Liabilities	71,065
Total Liabilities	411,905
Net Assets:	
Without donor restrictions	657,760
Wth donor restrictions	19,772,840
Total Net Assets	20,430,600
Total Liabilities and Net Assets	**$ 20,842,505**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

REVENUES	
Operating Revenues	
Tuition and Fees, Net of Scholarship Allowance of $3,593,670	$ 8,053,359
Federal, State, Private Grants, and Contracts	5,699,615
Auxiliary Enterprises	9,732,426
Other Operating Revenues	1,739,701
Total Operating Revenues	25,225,101
EXPENSES	
Operating Expenses	
Instruction	15,335,420
Community Service	674,311
Academic Support	3,200,106
Student Services	5,417,803
Institutional Support	12,301,128
Operation and Maintenance of Plant	7,133,158
Student Aid	4,065,478
Auxiliary Enterprises	8,243,416
Depreciation	4,080,046
Total Operating Expenses	60,450,866
Operating Revenue (Loss)	(35,225,765)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	8,119,247
Federal Nonoperating Revenue	3,659,474
Property Taxes	47,577,259
Investment Income	2,007,395
Gifts	1,199,369
Unrealized Gain on Investments	423,941
Amortization of Prepaid Bond Insurance	(18,726)
Interest Expense on Capital Debt	(526,775)
Net Nonoperating Revenues (Expenses)	62,441,184
Income Before Other Revenues	27,215,419
Capital Contributions	18,873
Change in Net Position	27,234,292
Net Position - Beginning of Year	39,744,180
NET POSITION - END OF YEAR	$ 66,978,472

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND SUPPORT			
Contributions	$ 67,891	$ 3,410,294	$ 3,478,185
In-Kind Contributions			
Colorado Mountain College	1,083,104	-	1,083,104
Other	39,858	-	39,858
Investment Return, Net of Investment	218	1,102,320	1,102,538
Other Income	57,628	-	57,628
Net Assets Released from Restrictions	2,060,019	(2,060,019)	-
Total Revenue, Gains and Support	3,308,718	2,452,595	5,761,313
EXPENSES			
Program Services:			
Scholarships	1,101,021	-	1,101,021
Distributions to or for the benefit of Colorado Mountain College	979,265	-	979,265
Scholarship Administration and other Program Expenses	174,849	-	174,849
Total Program Services	2,255,135	-	2,255,135
Supporting Services			
Management and General	591,243	-	591,243
Development and Fund Raising	396,652	-	396,652
Total Supporting Services	987,895	-	987,895
Total Expenses	3,243,030	-	3,243,030
Change in Net Assets	65,688	2,452,595	2,518,283
Net Assets - Beginning of Year	592,072	17,320,245	17,912,317
NET ASSETS - END OF YEAR	$ 657,760	$ 19,772,840	$ 20,430,600

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received	
Tuition and Fees	$ 7,976,972
Contracts and Grants (Operating Revenue)	5,970,070
Sales and Services of Auxiliary Enterprises	9,522,423
Other Operating Receipts	1,623,445
Cash Payments	
Payments to Suppliers	(9,248,173)
Payments to Employees	(52,093,263)
Payments for Auxiliary Enterprises	(8,198,933)
Scholarships Disbursed	(4,065,478)
Net Cash Provided (Used) by Operating Activites	**(48,512,937)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	8,119,247
Deposits Held in Custody for Others	10,098
Property Taxes	47,220,529
Federal Nonoperating Revenue	3,659,474
Gifts	1,199,369
Direct Loan Receipts	3,787,009
Direct Loan Disbursements	(3,787,009)
Net Cash Provided (Used) by Noncapital Financing Activities	**60,208,717**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gifts and Grants for Capital Purposes	18,873
Acquisition or Construction of Capital Assets	(28,242,773)
Proceeds from Sale of Capital Assets	2,999
Principal Paid on Capital Debt	(459,780)
Interest Payments on Capital Debt and Leases	(1,053,355)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(29,734,036)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	26,150
Purchase of Investments	(3,522,489)
Investment Income	2,007,395
Net Cash Provided (Used) by Investing Activities	**(1,488,944)**
DECREASE IN CASH AND CASH EQUIVALENTS	(19,527,200)
Cash and Cash Equivalents - Beginning of Year	71,548,652
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 52,021,452**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2019

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 50,841,961
Restricted Cash and Cash Equivalents - Current	987,896
Restricted Cash and Cash Equivalents - Noncurrent	191,595
Total Cash and Cash Equivalents	**$ 52,021,452**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	$ (35,225,765)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	4,080,046
Amortization of Land Obligation Payable	(46,448)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources	
Receivables, Net	(192,259)
Inventories	(1,403)
Prepaid Expenses	730,100
Pension Liability and Related Items	(22,289,357)
OPEB Liability and Related Items	11,937
Accounts Payable and Accrued Liabilities	4,358,741
Deposits Payable	(11,528)
Deferred Revenue	72,999
Net Cash Used by Operating Activities	**$ (48,512,937)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Accounts Payable Incurred for Purchase of Capital Assets	$ 540,813
Amortization of Prepaid Bond Insurance	18,726
Unrealized Gain on Investments	423,941
Amortization of Bond Premium	33,302
Tuition Provided Under Land Obligation Agreement	46,448

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Discretely Presented Component Unit

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

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

Basis of Accounting and Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

The College considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, 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. Investments in nonnegotiable certificates of deposit are carried at cost.

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 $239,331 has been recorded based on an analysis of historical trends. The original January 1, 2019 levy for the College was 3.997 mills.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Interest cost is capitalized on assets constructed by the College during the period of construction.

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

Compensated Absences

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

Deferred Inflows and Outflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Budget

The Board of Trustees adopts an annual budget to authorize and control spending from the various accounting funds of the College. The 2018-19 budget was amended in June 2019. The College’s expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consisted with generally accepted accounting principles in the United States of America.

Original Budget*	Supplemental Appropriation*	Revised Budget*
$ 137,461,192	$ 1,064,675	$ 138,525,867

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

Cost-sharing Defined Benefit Pension and Other Postemployment Benefits Plans

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

Net Position

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses

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

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

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

Scholarship Discounts and Allowances

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

Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2019 was $3,593,670.

Application of Restricted and Unrestricted Resources

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

Related Party

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

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

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2019 is comprised of the following:

Deposits	$	19,967,540
ColoTrust		21,795,780
Money Market Funds		9,070,778
Cash on Hand		7,863
Total Unrestricted Cash and Cash Equivalents		50,841,961
Restricted Cash and Cash Equivalents - Government Money Market Funds		987,896
Restricted Cash and Cash Equivalents - Deposit		191,595
Total	$	52,021,452

The restricted cash and cash equivalents consist of funds held for payment to bondholders with the outstanding 2017 COPs and a deposit account restricted for the employee down payment assistance program.

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, 2019, the carrying amount of the College's deposits, including nonnegotiable certificates of deposits that are included in investments given their maturity date was beyond 90 days, was $21,660,574. The College's bank balance of these deposits and nonnegotiable certificates of deposit in banks totaled $20,159,135, of which $1,278,878 was insured by federal deposit insurance and the remainder was collateralized in accordance with PDPA. The College also had cash on hand of $7,863 at June 30, 2019.

Investments

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

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2019, the College has invested $21,795,780 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to $1. As of June 30, 2019, the College's investment in ColoTrust investment pool was rated AAAm by Standard's and Poor's. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

Federated Treasury Obligations Money Market Funds – This is a Rule 2a-7 type government money market fund and maintains shares in value of $1. This fund is rated by Standard and Poor's at AAAm and by Moody's at Aaa-mf. Total deposit in this fund as of June 30, 2019 was $987,896. The weighted average maturity for the fund was less than 30 days.

Dreyfus General Government Securities Money Market Fund – This is a U.S. Government money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2019 was $9,070,778. The weighted average maturity for the fund was less than 30 days.

In addition, the College had the following investments and certificates of deposit with original maturities greater than 90 days:

	Current Market Value	Cost Basis	Current Yield	Maturity	Fair Value Level	Credit Rating Moody's	Credit Rating S&P
Certificates of Deposit (Non-Negotiable)							
1st Bank (GWS)	$ 1,501,439	$ 1,501,439	2.50%	6/17/2020	N/A	N/A	N/A
	1,501,439	1,501,439					
Government Issued or Guaranteed Bonds							
Federal Home Loan Bank	4,700,966	4,334,536	4.33%	12/10/2021	2	AAA	AA+
Federal Home Loan Bank	10,341,450	8,690,491	4.03%	6/12/2026	2	AAA	AA+
US Treasury Bill	2,032,227	2,033,000	2.38%	7/5/2019	2	Govt	A-1+
	17,074,643	15,058,027					
Total Investments	$ 18,576,082	$ 16,559,466					

Statement of Net Position Classification	
Long-Term Investments	$ 15,042,416
Short-Term Investments	3,533,666
	$ 18,576,082

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. See table above for ratings associated with the government issued or guaranteed bonds.

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

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The College's investment policy states that no more than 50% of the portfolio may be placed in an investment pool, such as ColoTrust. As of June 30, 2019, 44% of the College's investments are in ColoTrust. In addition, the College's investments in U.S. government agencies constituted 52.6% of its total investments.

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

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

Fair Value Measurement – The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certain investments, such as the nonnegotiable certificates of deposit, ColoTrust, and money market funds, are exempt from being measured at fair value and thus are excluded from the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See table above for levels associated with applicable investments.

NOTE 3 RECEIVABLES

Other accounts receivable balance is made up of the following as of June 30, 2019:

Type of Receivable	Amount
Federal Government Grant Receivable	$ 615,771
Private Foundations and Other Receivable	3,163
Local Government Accounts Receivable	16,894
State Government Grant Receivable	120,688
Other Miscellaneous Receivable	737,058
	$ 1,493,574

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is:

	Balance July 1, 2018	Additions	Retirements	Transfers In (Out)	Balance June 30, 2019
Nondepreciable Capital Assets					
Artwork	$ 327,750	$ -	$ -	$ -	$ 327,750
Land	13,524,612	-	-	-	13,524,612
Other Fixed Assets	74,135	2,970	-	-	77,105
Construction in Progress	2,854,496	19,988,328	-	(1,303,576)	21,539,248
Total Nondepreciable Capital Assets	16,780,993	19,991,298	-	(1,303,576)	35,468,715
Depreciable Capital Assets					
Land Improvements	3,111,012	51,565	-	-	3,162,577
Buildings and Improvements	147,393,838	7,213,352	-	1,303,576	155,910,766
Equipment	8,310,481	951,867	(237,777)	-	9,024,571
Library Materials	3,151,608	36,597	(33,807)	-	3,154,398
Software	741,770	-	-	-	741,770
Infrastructure	5,358,773	-	-	-	5,358,773
Total Depreciable Capital Assets	168,067,482	8,253,381	(271,584)	1,303,576	177,352,855
Less Accumulated Depreciation					
Land Improvements	1,699,387	156,625	-	-	1,856,012
Buildings and Improvements	36,150,921	3,021,754	-	-	39,172,675
Equipment	6,271,327	670,896	(234,778)	-	6,707,445
Library Materials	2,545,659	54,859	(33,807)	-	2,566,711
Software	741,770		-	-	741,770
Infrastructure	1,019,011	175,912	-	-	1,194,923
Total Accumulated Depreciation	48,428,075	4,080,046	(268,585)	-	52,239,536
Net Depreciable Capital Assets	119,639,407	4,173,335	(2,999)	1,303,576	125,113,319
Net Carrying Amount	$ 136,420,400	$ 24,164,633	$ (2,999)	$ -	$ 160,582,034

Interest cost capitalized for the year ended June 30, 2019 is $486,473.

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Certificates of Participation (COPs)	$ 26,080,000	$ -	$ 450,000	$ 25,630,000	$ 465,000
COPs Premiums	965,814	-	33,302	932,512	-
Capital Leases	14,967	7,213	9,780	12,400	7,968
Compensated Absences	1,710,000	1,664,176	1,628,228	1,745,948	1,571,353
Voluntary Early Retirement Program Payable	1,839,056	-	1,839,056	-	-
Total	$ 30,609,837	$ 1,671,389	$ 3,960,366	$ 28,320,860	$ 2,044,321

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

The premium on the COPs of $999,118 and the prepaid bond insurance costs of $291,825, are being amortized over the life of the COPs. The balance of the premium at June 30, 2019 is $932,510 and the unamortized balance of the prepaid bond insurance cost is $133,877 included in other noncurrent assets. The amount of the premium credited as a reduction of interest expense for the year was $33,302 and the amount of the prepaid bond insurance costs amortized for the year was $18,000.

The following is a schedule of the future COPs payments as of June 30, 2019:

Year Ending June 30	Principal	Interest	Total
2020	$ 465,000	$ 1,038,806	$ 1,503,806
2021	480,000	1,024,631	1,504,631
2022	495,000	1,005,056	1,500,056
2023	515,000	984,956	1,499,956
2024	535,000	969,206	1,504,206
2025 - 2029	3,080,000	4,436,405	7,516,405
2030 - 2034	3,930,000	3,586,312	7,516,312
2035 - 2039	4,770,000	2,743,910	7,513,910
2040 - 2044	5,805,000	1,709,900	7,514,900
2045 - 2048	5,555,000	455,700	6,010,700
	$ 25,630,000	$ 17,954,883	$ 43,584,883

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

The College has an outstanding liability for capital leases of $12,400 relating to copiers at various campuses and a long-term lease at the central services. The following is a schedule of the future capital lease's payments as of June 30, 2019:

Year Ending June 30	Amount
2020	$ 7,968
2021	2,875
2022	1,980
2023	163
Gross Capital Lease Obligation	12,986
Less Interest	586
Net Capital lease Obligation	$ 12,400

The underlying gross capitalized asset cost of the capital leases is $31,778 and the accumulated amortization as of June 30, 2019 is $11,133.

NOTE 6 OPERATING LEASES

The College, as lessor, has several real estate operating leases for classroom, office and parking lot space, generally for periods of one year or less. Rental payments received on these leases for the year ended June 30, 2019, were approximately $259,782. Rental payments received on multi-year leases expiring from 2020 to 2026, for the year ended June 30, 2019, were approximately $446,258. In addition, the College entered into the following operating lease contract as the "Lessor."

Aspen Ballet Company

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

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

For the year ended June 30, 2019, the College earned $21,233 of rental income.

NOTE 7 ACCRUED SALARIES AND COMPENSATED ABSENCES

Salaries of certain contractually employed personnel are paid over a 12-month period but are earned during an academic year of approximately nine months. The salaries and benefits earned but unpaid as of June 30, 2019 are estimated to be $788,065. Full-time employees sub-contracted to perform projects during the summer earned but unpaid as of June 30, 2019 are estimated to be $44,317.

Some employees receive annual leave, which may accumulate to 240 hours. Unused leave is paid upon termination. The liability for unused annual leave at June 30, 2019 is $1,745,948.

NOTE 8 PENSION PLAN

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

Plan Description (PERA)

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

Benefits Provided

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

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

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

NOTE 8 PENSION PLAN (CONTINUED)

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

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

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

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

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

Contributions

Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

NOTE 8 PENSION PLAN (CONTINUED)

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

[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 $4,649,738 for the year ended June 30, 2019.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2019, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. The related State support and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate Share of the Net Pension Liability	$	79,382,434
State's Proportionate Share of the Net Pension Liability Associated with the College		436,968
Total	$	79,819,402

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The College proportion of the net pension liability was based on College contributions to the SDTF for the calendar year 2018 relative to the total contributions of participating employers to the SDTF.

At December 31, 2018, the College proportion was 0.698%, which was a decrease of 0.188% from its proportion measured as of December 31, 2017.

NOTE 8 PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the College recognized a negative pension expense of ($17,650,992) and revenue of $203,089 for support provided by the State of Colorado. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 2,270,072	$ -
Changes of Assumptions or Other Inputs	4,179,889	40,991,863
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,009,713	-
Changes in Proportion	-	22,116,881
Contributions Subsequent to the Measurement Date	2,187,432	-
Total	$ 12,647,106	$ 63,108,744

$2,187,432 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. 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
2020	$ (29,365,796)
2021	(25,288,130)
2022	1,002,428
2023	1,002,428
	$ (52,649,070)

Actuarial Assumptions

The December 31, 2017 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40 Percent
Real Wage Growth	1.10 Percent
Wage Inflation	3.50 Percent
Salary Increases; Including Wage Inflation	3.50 – 9.17 Percent
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Inflation	7.25 Percent
Discount rate[1]	4.72 Percent

NOTE 8 PENSION PLAN (CONTINUED)

Future Post-Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to	
January 1, 2007 (Automatic) through 2019	0.00 Percent
Thereafter, compounded annually	1.5 Percent
PERA Benefit Structure Hired After	
December 31, 2006	Financed by the Annual
(ad hoc, substantively automatic)	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.

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

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

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

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

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

NOTE 8 PENSION PLAN (CONTINUED)

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

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	10 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00 %	

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

NOTE 8 PENSION PLAN (CONTINUED)

- 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, 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.
- Benefit payments and contributions were assumed to be made at the end 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%

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25% and the municipal bond index rate of 3.43% were used in the discount rate determination resulting in a discount rate of 4.72%.

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	$ 98,686	$ 79,382	$ 63,050

NOTE 8 PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

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

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

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

NOTE 8 PENSION PLAN (CONTINUED)

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately $79,146,310 of the estimated reduction is attributable to the use of a 7.25% discount rate.

Plan Description (DCP)

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

Funding Policy (DCP)

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Covered payrolls for the DCP for the fiscal year ended June 30, 2019 were $9,020,311. For the current fiscal year the employer's contribution to the DCP, recognized as pension expense, was $1,782,426, which is 20.15% of covered payrolls. Contributions by employees were $721,625, which is 8% of covered payrolls. Covered payrolls for the DCP2 for the fiscal year ended June 30, 2019 were $4,173,366. For the current fiscal year the employer's contribution to the DCP2, recognized as pension expense, was $500,884, which is 12% of covered payrolls. Contributions by employees were $333,869, which is 8% of covered payrolls.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS

General Information about the OPEB Plan

PERA Health Care Trust OPEB Plan

Plan Description

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

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College were $238,941 for the year ended June 30, 2019.

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

At June 30, 2019, the College reported a liability of $3,768,356 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The College's proportion of the net OPEB liability was based on the College's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF. At December 31, 2018, the College's proportion was 0.277%, which was a decrease of 0.040% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the College recognized OPEB expense of $195,366. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 13,677	$ 5,736
Changes of Assumptions or Other Inputs	26,434	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	21,670	-
Changes in Proportion	-	547,864
Contributions Subsequent to the Measurement Date	113,690	-
Total	$ 175,471	$ 553,600

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

$113,690 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. 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
2020	$ (101,365)
2021	(101,365)
2022	(101,365)
2023	(101,365)
2024	(83,123)
Thereafter	(3,236)
	$ (491,819)

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the Aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.25% for 2018, Gradually Rising to 5.00% in 2025

- 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, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$ 736	$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

- The 2018 Medicare Part A premium is $422 per month.

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

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

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

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

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

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

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

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

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

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

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

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

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00 %	

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A Trend Rate	4.00%	5.00%	6.00%
Proportionate Share of the Net OPEB Liability	$ 3,664,297	$ 3,768,356	$ 3,888,042

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 4,216,462	$ 3,768,356	$ 3,385,267

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

OPEB Plan Fiduciary Net Position

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

General Information about the OPEB Plan

Colorado Educators Benefit Trust OPEB Plan

Plan Description

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

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

Summary of Significant Accounting Policies

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

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

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of June 30, 2017:

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

Total OPEB Liability

At June 30, 2019, the College reported a liability of $586,063. The total OPEB liability as of June 30, 2019 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

For the year ended June 30, 2019, the College recorded total OPEB expense of $59,494 due to the change in the total OPEB liability, changes to deferred outflows and inflows of resources, and amortization of deferred amounts.

Deferred Items

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

- Difference between expected and actual experience
- Changes in assumptions

Deferred items are amortized over the closed period equal to the average expected remaining service life of all covered active and inactive participants. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The weighted average expected remaining service lives, assuming zero years for all retirees, determined as of the beginning of the measurement period ended June 30, 2018 is 8.2352 years.

One year of amortization is recognized in the College’s total OPEB expense for the fiscal year ended June 30, 2019.

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to the CEBT OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 14,830	$ -
Changes of Assumptions or Other Inputs	-	41,625
Total	$ 14,830	$ 41,625

As of June 30, 2019, 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
2020	$ (4,192)
2021	(4,192)
2022	(4,192)
2023	(4,192)
2024	(4,192)
Thereafter	(5,835)
	$ (26,795)

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Individual Entry Age
Inflation	2.40%
Salary Increase	3.50% plus age-based increases
Demographic Assumptions	Same as used for PERA HCTF plan December 31, 2017 valuation
Mortality	For healthy retirees, the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and projected with scale MP-2015. For males, multiplied by 73% for ages below 80 and 108% for ages 80 and above. For females, multiplied by 78% for ages below 80 and 109% for ages 80 and above.
Discount rate	3.62%
Health Care Cost Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	15% of retirees were assumed to continue their health care coverage

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.62% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.56% as of the prior measurement date.

Sensitivity Analysis

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 3.56%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.62%	Current Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	$ 636,542	$ 586,063	$ 539,363

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 523,380	$ 586,063	$ 658,821

NOTE 10 UNRESTRICTED NET POSITION

Unrestricted net position is comprised of the following as of June 30, 2019:

University Operations	$ 62,208,013
Net Pension Liability	(79,382,434)
Pension Related Deferred Outflows	12,647,106
Pension Related Deferred Inflows	(63,108,744)
Net OPEB Liability	(4,354,419)
OPEB Related Deferred Outflows	190,301
OPEB Related Deferred Inflows	(595,225)
Compensated Absences Liability	(1,745,948)
Total Unrestricted Net Position	$ (69,382,007)

NOTE 11 COMMITMENTS AND CONTINGENCIES

Tax, Spending and Debt Limitations

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

Federally Assisted Grant Program

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

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contracts

The College has negotiated an intergovernmental agreement related to the purchase of property in Edwards, Colorado. The College has paid $800,000 in cash and $800,000 in exchange for providing Eagle County and Eagle school district employees to receive credit towards classes taken at the College for up to $400,000 for each entity. Through June 30, 2019, $434,848 has been used. The remaining obligation of $365,152 is reflected as land obligation payable on the Statement of Net Position.

Construction Commitments

As of June 30, 2019, the College had various contracts for the acquisition and construction of projects, which totaled $15,893,002.

NOTE 12 RISK MANAGEMENT

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

NOTE 13 COMPONENT UNIT – FOUNDATION

The following details the investments held by the Foundation at June 30, 2019:

Publicly Traded Mutual Funds Invested in	
Fixed Income	$ 5,351,715
U.S. Large Cap Equities	4,395,594
Other Equities	4,901,965
Foreign Large Cap Equities	174,413
Other Foreign Equities	449,287
Real Estate	308,901
U.S. Corporate Bonds	1,385,044
International Bonds	245,727
Cash and Cash Equivalents	253,936
Total Investments	$ 17,466,582

NOTE 13 COMPONENT UNIT – FOUNDATION (CONTINUED)

Investments are recorded in the following net asset balance at June 30, 2019:

Net Assets Without Donor Restrictions	$ 177,324
Net Assets With Donor Restrictions	17,289,258
	$ 17,466,582

The following table summarizes the valuation of the Foundation's investments by the fair value hierarchy levels as of June 30, 2019:

Description	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 253,936	$ 253,936	$ -	$ -
Equity Mutual Funds	9,921,259	9,921,259	-	-
Fixed Income Mutual Funds	5,351,715	5,351,715	-	-
Real Estate Mutual Funds	308,901	308,901	-	-
Fixed Income Securities	1,630,771	-	1,630,771	-
Total	$ 17,466,582	$ 15,835,811	$ 1,630,771	$ -

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

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

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

Contributions Received or Receivable, Restricted for Specific Purposes or by Time:	$ 6,544,236
Endowments:	
Facility Maintenance	58,197
Scholarships	8,551,908
Unspent Earnings	4,618,499
Total Endowment Funds	13,228,604
Total Net Assets with Donor Restrictions	$ 19,772,840

Net assets totaling $2,060,019 were released from restriction in 2019 as donor imposed restrictions were met.

NOTE 13 COMPONENT UNIT – FOUNDATION (CONTINUED)

Unconditional contributions receivable consists of the following at June 30:

Receivable in Less than One Year	$	24,750
Receivable in One to Five Years		1,954,734
Receivable in More than Five Years		137,900
Total Unconditional Contributions Receivable		2,117,384
Less Discount to Net Present Value		(64,824)
Contributions Receivable, Net	$	2,052,560

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	$	102,197
Net Assets With Donor Restrictions		1,950,363
Total Contributions Recievable	$	2,052,560

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, 2019:

Conditional Opportunity Scholarships Initiative grants, Conditioned upon Matching Requirements	$	831,603
Student Mental Health Pilot Program, Conditioned upon Meeting Specific Milestones		75,000
Culinary Project, Conditioned upon Matching Requirements		32,500
Total Conditional Contributions Receivable	$	939,103

REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017	2016	2015	2014	2013
College's Proportion of the Net Pension Liability (Asset)	0.698%	0.886%	0.920%	0.964%	0.958%	0.972%
College's Proportionate Share of the Net Pension Liability (Asset)	$ 79,382,434	$ 177,361,268	$ 168,999,576	$ 101,536,835	$ 90,114,058	$ 86,616,427
College's Covered Payroll	$ 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	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	55.11%	43.20%	43.80%	56.10%	59.80%	61.08%

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

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

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

	2019	2018	2017	2016	2015	2014
Contractually Required Pension Contribution	$ 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	4,468,863	4,842,192	4,778,605	4,705,020	4,458,106	4,036,599
Contribution Deficienty (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 23,649,339	$ 25,707,008	$ 26,406,021	$ 26,646,762	$ 26,708,154	$ 25,495,463
Pension Contributions as a Percentage of Covered Payroll	18.90%	18.84%	18.10%	17.66%	16.69%	15.83%

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

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

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

	2018	2017	2016
College's Proportion of the Net OPEB Liability (Asset)	0.277%	0.317%	0.329%
College's Proportionate Share of the Net OPEB Liability (Asset)	$ 3,768,356	$ 4,122,435	$ 4,271,025
College's Covered Payroll	$ 24,578,790	$ 26,406,021	$ 26,646,762
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.3%	15.6%	16.0%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.03%	17.53%	16.72%

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

COLORADO MOUNTAIN COLLEGE
SUPPLEMENTARY INFORMATION
ACTUAL TO BUDGET COMPARISON SCHEDULE - COLLEGEWIDE
YEAR ENDD JUNE 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues			
Tuition and Fees	$ 12,852,998	$ 11,647,029	$ (1,205,969)
Federal, State, Private Grants and Contracts	14,753,795	5,699,615	(9,054,180)
Auxiliary Enterprises	10,708,660	9,732,426	(976,234)
Other Operating Revenue	1,082,800	1,739,701	656,901
Total Operating Revenues	39,398,253	28,818,771	(10,579,482)
EXPENSES			
Operating Expenses			
Instruction	28,600,728	15,335,420	13,265,308
Community Service	1,203,729	674,311	529,418
Academic Support	4,842,334	3,200,106	1,642,228
Student Services	9,233,078	5,417,803	3,815,275
Institutional Support	18,831,966	12,301,128	6,530,838
Operation and Maintenance of Plant	25,154,236	7,133,158	18,021,078
Student Aid	12,221,219	7,659,148	4,562,071
Auxiliary Enterprises	10,654,542	8,243,416	2,411,126
Depreciation	4,000,000	4,080,046	(80,046)
Reserve Expenditures	22,708,750	-	22,708,750
Total Operating Expenses	137,450,582	64,044,536	73,406,046
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	8,660,564	8,119,247	(541,317)
Federal Nonoperating Revenue	-	3,659,474	3,659,474
Property Taxes	46,586,994	47,577,259	990,265
Gifts	700,000	1,199,369	499,369
Investment Income	299,400	2,007,395	1,707,995
Unrealized Gain on Investments	-	423,941	423,941
Capital Asset Offset	20,000,000	-	(20,000,000)
Amortization of Prepaid Bond Insurance	(25,000)	(18,726)	6,274
Interest Expense on Capital Debt	(1,050,285)	(526,775)	523,510
Net Nonoperating Revenues (Expenses)	75,171,673	62,441,184	(12,730,489)
Capital Contributions	-	18,873	18,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,880,656)	27,234,292	50,114,948
Fund Balance - Beginning of Year	39,744,180	39,744,180	-

SINGLE AUDIT

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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 16, 2019. Our report includes a reference to other auditors who audited the financial statements of the Colorado Mountain College Foundation (the Foundation), 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 Foundation were not audited in accordance with *Government Auditing Standards*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2019

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited Colorado Mountain College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2019. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2019

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures Pass-Through To Other	Federal Expenditures
U.S. Department of Interior				
Passed Through Colorado State Office Bureau of Land Management				
Fish, Wildlife and Plan Conservation Resource Mangement	15.231	L12AC20458	$ -	$ 10,621
Environmental Quality and Protection Resource Management	15.236	L15AC00235	-	57,260
Total U.S. Department of Interior			-	**67,881**
U.S. Department of Agriculture				
Passed Through Colorado Department of Public Health and Environment				
US Forest Service CMC Partnership-Winter Internship Pilot White River National Forest Program	10.620	16-PA-11021500-051	-	79,159
Total U.S. Department of Agriculture			-	**79,159**
Environmental Protection Agency				
Passed Through Colorado Department of Public Health and Environment				
Nonpoint Source Implementation Grants	66.460	C9-99818614	-	89,144
Total Environment Protection Agency			-	**89,144**
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007		-	87,219
Federal Work-Study Program	84.033		-	71,469
Federal Pell Grant Program	84.063		-	3,500,786
Federal Direct Student Loans	84.268		-	3,784,971
Subtotal Student Financial Assistance Cluster			-	7,444,445
TRIO Cluster				
Trio Student Support Services	84.042		-	294,540
Trio Student Support Services	84.042A		-	380,000
Trio Upward Bound	84.047		-	521,826
Subtotal TRIO Cluster			-	1,196,366
Passed Through Colorado Department of Education				
Adult Education - Basic Grants to States	84.002A	5002	-	278,438
Passed through Colorado Community College System				
Career and Technical Education - Basic Grants to States	84.048	1645	-	107,718
Career and Technical Education - Basic Grants to States	84.048A	1622	-	233,548
Subtotal			-	619,704
Total U.S. Department of Education			-	**9,260,515**

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures Pass-Through To Other	Federal Expenditures
U.S. Department of Health and Human Services				
National Library of Medicine-EnHIP	93.113		-	7,291
TANF Cluster				
Passed through Colorado Department of Human Services and Garfield County DHS				
Temporary Assistance for Needy Families (TANF)	93.558	2015-00000248	-	225,509
Passed through Colorado Department of Regulatory Agencies, Division of Insurance (SHIP)				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstration and Evaluation	93.779	OESFA 13SHIP000007	-	4,820
Special Programs for the Aging, Title IV and Title II Discretionary	93.048	OE SFA 14SMP000003	-	875
Total U.S. Department of Health and Human Services			-	**238,495**
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002		-	59,619
Total for Corporation for National and Community Service			-	**59,619**
Total Expenditures of Federal Awards			$ -	**$ 9,794,813**

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLORADO MOUNTAIN COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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 amount of pass-through awards received by the College through the State of Colorado or other non-federal entities. The College's reporting entity is defined in Note 1 in the College's basic financial statements for the year ended June 30, 2019.

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, as applicable, the cost principles in OMB A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 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 percent 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 passed no funds through to subrecipients.

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? ________ yes ___x___ no
   - Significant deficiency(ies) identified? ________ yes ___x___ 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)? ________ yes ___x___ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000/187,500

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

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

COLORADO
MOUNTAIN COLLEGE

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Department of Education

Colorado Mountain College respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2017 – June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

2018–001

Criteria or specific requirement: Colleges and universities are required to report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) system within the required timeframes. Each month, the COD provides institutions with a School Account Statement (SAS) data file containing various records. Institutions are required to reconcile these files to the institution's financial records.

Condition: During our testing over the monthly reconciliation of DLSS data to institutional records, we noted that the College did not have evidence of performing the reconciliation for two months, and for three of the months selected, there was no evidence of review.

Recommendation: We recommend the College implement a process to ensure that all necessary reconciliations are performed timely in the event of staff shortage.

Status: Corrective action was taken. No similar findings reported this year.