Colorado Community College System

Financial Statements and Independent Auditor’s Reports

Financial Audit

Years Ended June 30, 2020 and 2019

Compliance Audit

Year Ended June 30, 2020

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BKD
CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

We have completed the financial statement audits of the Colorado Community College System as of and for the years ended June 30, 2020 and 2019. Our audits were conducted 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.

We were engaged to conduct our audits pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

BKD, LLP

Denver, Colorado
February 26, 2021

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Colorado Community College System

June 30, 2020

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Colorado Community College System

Report Summary

Year Ended June 30, 2020

Purpose and Scope of Audit

The Office of the State Auditor of the State of Colorado engaged BKD, LLP (BKD) to conduct a financial and compliance audit of the Colorado Community College System (CCCS or the System) for the years ended June 30, 2020 and 2019. BKD performed the audits 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. BKD was not engaged to audit the System's aggregate discretely presented component units which includes the Colorado Community College System Office Foundation and 13 college foundations (the Foundations). The Foundations were audited by other auditors as disclosed in the Independent Auditor's Report and the audits of the Foundations were not performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards.*

The purposes and scope of the audit were to:

- Express opinions on the financial statements of the System as of and for the years ended June 30, 2020 and 2019.
- Issue a report on the System's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audit of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2020.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal funds for the year ended June 30, 2020.
- Express an opinion on the Statement of Allocations, Expenditures, Transfers and Reversions of the State-Funded Student Financial Assistance Programs of CCCS for the year ended June 30, 2020.
- Issue a report on internal control over compliance with requirements applicable to each state-funded student financial assistance program for the year ended June 30, 2020.
- Evaluate progress in implementing prior year audit recommendations.

The System's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, are included in the Statewide Single Audit Report issued under separate cover.

Audit Opinions and Reports

The independent auditor's reports included herein expressed unmodified opinions on the System's financial statements as of and for the years ended June 30, 2020 and 2019. Our report included a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the System's financial statements.

No material weaknesses in internal control over financial reporting were identified.

No instances of noncompliance considered material to the financial statements were disclosed by the audit.

Colorado Community College System

Report Summary

Year Ended June 30, 2020

Significant Audit Adjustments

There were no proposed audit adjustments recorded as a result of the audit.

Summary of Audit Findings

Internal Controls Over Higher Education Emergency Relief Funds Compliance Allowable Costs and Activities: Colorado Community College System – Pueblo Community College

There was one finding identified in our testing of Higher Education Emergency Relief Funds expenditures under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The finding was as follows: Pueblo Community College (PCC) did not properly record an expenditure, totaling $58,118, in its accounting system.

Recommendations and Responses

A summary of our recommendations and responses from the System can be found in the Recommendation Locator Section of this report. The System's response to the finding has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Summary of Progress in Implementing Prior Audit Recommendations

There were no findings for the year ended June 30, 2019 and therefore no audit recommendations to evaluate in the current year.

Colorado Community College System

Recommendation Locator

Year Ended June 30, 2020

Recommendation Number	Page Number	Recommendation Summary	Agency Addressed	Response	Implementation Date
2020-01	9	The Colorado Community College System should ensure that PCC complies with federal requirements and grant agreements for the Higher Education Emergency Relief Fund by: A. Enforcing nternal controls which require that all expenditures charged to federal grants be for allowable expenditures, and that the expenditures be reviewed by two individuals and properly recorded in the accounting system. B. Ensuring that all federal program expenditures include required supporting documentation.	PCC	Agree	February 2021

Organization

The State Board for Community Colleges and Occupational Education (SBCCOE or the Board) was established by the Community College and Occupational Education Act of 1967, Title 23, Article 60 of the Colorado Revised Statutes. The Board functions as a separate entity and, as such, may hold money, land, or other property for any educational institution under its jurisdiction. The statute assigns responsibility and authority to the Board for three major functions, as follows:

- The Board is the governing board of the state system of community and technical colleges; including the Colorado Community College System.
- The Board administers the occupational education programs of the state at both secondary and postsecondary levels.
- The Board administers the State's program of appropriations to Local District Colleges (LDCs) and Area Vocational Schools (AVSs).

The Board consists of nine members appointed by the governor to four-year staggered terms of service. The statute requires that board members be selected so as to represent certain economic, political, and geographical constituencies. In addition, there are two nonvoting members consisting of a student and a faculty member.

Colorado Community College System's (CCCS or the System) operations and activities are funded primarily through tuition and fees; federal, state, and local grants (including CARES funding); the College Opportunity Fund stipends; a fee-for-service contract with the Department of Higher Education; and Amendment 50 funding (extended limited game proceeds). In addition, the SBCCOE receives and distributes state appropriations for LDCs, AVSs, and school districts offering vocational programs.

The 13 colleges in the community college system are as follows:

College	Main Campus Location
Arapahoe Community College (ACC)	Littleton
Colorado Northwestern Community College (CNCC)	Rangely
Community College of Aurora (CCA)	Aurora
Community College of Denver (CCD)	Denver
Front Range Community College (FRCC)	Westminster
Lamar Community College (LCC)	Lamar
Morgan Community College (MCC)	Fort Morgan
Northeastern Junior College (NJC)	Sterling
Otero Junior College (OJC)	La Junta
Pikes Peak Community College (PPCC)	Colorado Springs
Pueblo Community College (PCC)	Pueblo
Red Rocks Community College (RRCC)	Lakewood
Trinidad State Junior College (TSJC)	Trinidad

(Continued)

Enrollment, and faculty and staff information are presented below. Enrollment information was obtained from the Colorado Commission on Higher Education (CCHE), Final Student Full-Time Equivalent (FTE) Enrollment Report. Staff information was obtained from Format 10 and 40 within the Budget Data Book for fiscal years 2020, 2019 and 2018 that is prepared by higher education institutions for CCHE.

CCCS reports FTE student and faculty and staff for three continuous fiscal years as follows:

FTE Student Enrollment

	Resident	**Nonresident**	**Total**
Fiscal year:			
2019-2020	47,054	2,346	49,400
2018-2019	46,377	2,630	49,007
2017-2018	46,747	2,957	49,704

FTE Faculty and Staff

	Faculty	**Staff**	**Total**
Fiscal year:			
2019-2020	3,781	2,120	5,901
2018-2019	3,803	2,072	5,875
2017-2018	3,647	2,051	5,698

INTERNAL CONTROL OVER COMPLIANCE

In planning and performing our audit, we considered the System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a significant deficiency.

Internal Controls Over Higher Education Emergency Relief Funds Compliance Allowable Costs and Activities: Colorado Community College System – Pueblo Community College

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by Congress and signed by President Donald Trump on March 27, 2020. This bill allotted approximately $14 billion to the federal Office of Postsecondary Education as the Higher Education Emergency Relief Fund (HEERF). The majority of HEERF funding is broken into two main components, the Student Aid portion and the Institutional portion. The Student Aid portion provides funding to institutions to provide emergency financial aid grants to students whose lives have been disrupted due to the COVID-19 pandemic. The Institutional portion provides institutions the ability to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.

The System received $35.1 million in HEERF funding during Fiscal Year 2020 through specific grant awards to schools within the System dated from April 25, 2020 to June 19, 2020. Due to the delays in receiving the federal grant award notifications, the Pueblo Community College (PCC) at the System initially charged grant-related expenses to general facilities funds. The final HEERF grant award noted colleges at the System were allowed to incur pre-award costs from March 13, 2020, the declaration of the national emergency due to the coronavirus, to the date of the HEERF grant award funds as long as those expenditures would have been allowable if incurred after the date of the HEERF grant award. Once the federal award notice was received, the System's colleges began reclassifying allowable expenses to the HEERF grant award. PCC specifically reclassified amounts from the facilities funds to the HEERF grant funds.

During the fiscal year ended June 30, 2020, the System expensed approximately $10.9 million of federal funds for this program. Of the $10.9 million expensed, $6.6 million related to the Student Aid portion and $4.3 million related to the Institutional portion.

What Was the Purpose of Our Audit Work and What Work Was Performed?

The purpose of the audit work was to determine whether the System had effective internal controls in place over, and complied with, federal allowable activities and allowable cost requirements for the HEERF grant during Fiscal Year 2020.

As part of our audit work we reviewed the System's internal controls over allowable activities and allowable costs. In addition, we tested a random sample of 40 expenditure transactions charged to the HEERF program across nine schools totaling $1,363,708 to determine whether the costs were necessary and reasonable under the HEERF program and whether they complied with federal regulations and the System's HEERF grant agreement.

How Were the Results of the Audit Work Measured?

We measured the results of our audit work against the following requirements:

- The System previously established internal controls over its expenditure of federal funds, which were applied to the HEERF program. For example, the System's internal control procedure requires that all grant expenditures must have adequate supporting documentation, such as an invoice and/or packing slip, included with the transaction and it must be reviewed for appropriateness and allowability under the applicable grant program by two individuals.

- Section 18004 of the CARES Act details what is allowable to be expended under the grant. For the Institutional portion, an allowable grant expenditure must be to "cover any costs associated with significant changes to the delivery of instruction due to the coronavirus."

- Federal Regulation [2 CFR 200.502, *Basis for Determining Federal Awards Expended*] states that "the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as the receipt of property."

- Federal Regulation [2 CFR 200.303, *Internal Controls*] states that the System, as a federal grant recipient, must "establish and maintain effective internal controls over the Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulation, and the terms and conditions of the Federal award."

What Problems Did the Audit Work Identify?

We identified one instance out of the 40 expenditure transactions tested (2.5 percent) that did not meet the requirements of the HEERF grant. Specifically, PCC combined a listing of 35 invoices and/or purchase orders totaling $77,598 into a single journal entry reclassification but did not properly record 16 of the 34 invoices and 1 purchase order, totaling $57,118, in the accounting system, as noted below:

- Ten invoices for face masks totaling $35,174 were reclassified from the facilities accounts twice, duplicating the correction in PCC's accounting records; as a result, federal expenditures were overstated by $35,174, and facilities charges were understated by the same amount.

- Six invoices, primarily for hand sanitizer, totaling $11,888 were included in the reclassification journal entry as Fiscal Year 2020 federally-reimbursable expenditures but were not received before June 30, 2020 as required by federal regulations; as a result, federal expenditures were overstated by $11,888. The original hand sanitizer order was cancelled, reordered, and paid for in Fiscal Year 2021 when different sanitizers became available.

- One purchase order for disinfectant tablets totaling $10,056 was included in the reclassification journal entry as a Fiscal Year 2020 federally-reimburseable expenditure, but the items were not available and the purchase order was cancelled. Thus, the amounts reclassified were for items that were not received before June 30, 2020 as required by federal regulations; as a result, federal expenditures were overstated by $10,056 and facilities charges were understated by the same amount.

The errors we identified resulted in a total of $57,118 in known questioned costs for the HEERF grant for Fiscal Year 2020.

We did not identify exceptions at any of the other System entities selected for testing.

Why Did the Problems Occur?

The System did not ensure that PCC followed existing internal controls related to accounting for reclassification journal entries related to federal funds. Due to the initial uncertainty of HEERF funding and its requirements, PCC initially charged many expenditures to its general facilities fund and, upon formal grant award notification, subsequently reclassified the expenditures in bulk entries to the HEERF grant that were not adequately reviewed at an individual level for accuracy and appropriateness. Further, during April 2020, PCC experienced turnover within its Fiscal Office. As a result of the staff turnover and initial uncertainty of grant funding, PCC did not follow existing internal controls over federal expenditures to ensure that all federal program expenditures included required supporting documentation and were properly approved.

Why Does This Problem Matter?

The System's failure to ensure PCC's compliance with federal requirements for the HEERF program could result in disallowed costs and federal sanctions, including the termination of the federal program at the System. In addition, corrections made by journal entry for large batches of transactions together could make it more difficult to support the proper redistribution of charges to federal programs.

Federal Agency	US Department of Education
Federal Award Number	P425F202125
Federal Award Years	2020
Pass Through Entity	None
CFDA No.	84.425F, Higher Education Emergency Relief Fund – Institutional Portion
Compliance Requirement	Allowable Activities (A) and Allowable Costs/Cost Principles (B)
Classification of Finding	Significant Deficiency and Other Instance of Noncompliance
Total Known Questioned Costs	$57,118
This Finding Does Not Apply to a Prior Year Recommendation	

Recommendation 2020-01

The Colorado Community College System should ensure that PCC complies with federal requirements and grant agreements for the Higher Education Emergency Relief Fund by:

A. Enforcing internal controls which require that all expenditures charged to federal grants be for allowable expenditures, and that the expenditures be reviewed by two individuals and properly recorded in the accounting system.

B. Ensuring that all federal program expenditures include required supporting documentation.

Response: Colorado Community College System

A. Agree. Implementation date: February 2021.

PCC reviewed detailed transactions and postings related to HEERF from its inception through January 2021, making all corrections as needed from a cumulative perspective. Correcting entries were posted by the Controller and reviewed by the Business Officer as needed. Beginning February 2021, all journal entries will be approved by a supervisor at least one level higher than the preparer, ensuring allowability and appropriateness of the transaction.

B. Agree. Implementation date: February 2021.

PCC will ensure complete and accurate documentation is included as back up to support each journal entry. Each journal entry will indicate the reason for the adjustment and general ledger detail for the posted transactions being adjusted or corrected.

Colorado Community College System

Disposition of Prior Audit Findings and Recommendations

Year Ended June 30, 2020

N/A – No Prior Audit Findings and Recommendations

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BKD
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1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

Independent Auditor's Report

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Colorado Community College System (a higher education institution of the State of Colorado) (the System), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audits 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 aggregate discretely presented component units 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audits and the report of 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 aggregate discretely presented component units of the Colorado Community College System as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in note 1, the financial statements of the System, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position and where applicable, cash flows of the business-type activities and the aggregate discretely presented component units of the State of Colorado that are attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2020 and 2019 and the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 30, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 the System's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 30, 2020

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Colorado Community College System

Management's Discussion and Analysis

(Unaudited)

June 30, 2020 and 2019

The following discussion and analysis provides management's view of the financial position and results of operations for the Colorado Community College System (CCCS or the System) as of and for the years ended June 30, 2020 and 2019 (fiscal years 2020 and 2019, respectively), with comparative information presented for fiscal year 2018. This analysis should be read in conjunction with CCCS' financial statements and notes to the financial statements. This analysis is intended to make CCCS' financial statements easier to understand and communicate our financial situation in an open and accountable manner.

Background

CCCS includes 13 public community colleges throughout the State of Colorado (the State), the system office, and an employee benefit trust, presented as a blended component unit. In addition, CCCS has 14 supporting foundations, which are not included in CCCS' primary financial reporting entity, but are included as discretely presented component units in CCCS' financial statements (note 1) in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 80, *Blending Requirements for Certain Component Units*.

CCCS is Colorado's largest institution of higher education and served approximately 125,000 and 121,000 students (50,000 full-time equivalent students both years) during fiscal years ended June 30, 2020 and 2019, respectively. The System has approximately 5,900 employees by FTE, of which two-thirds are faculty and adjunct instructors. The colleges offer a wide variety of both academic and career programs leading either to degrees and certificates, or otherwise enhancing personal and professional growth. In addition to the 13 community colleges, CCCS also assists the State Board for Community Colleges and Occupational Education (SBCCOE or the Board) in exercising certain curriculum and funding authority over three Area Vocational Schools (AVSs), two Local District Colleges (LDCs), and secondary career and technical programs in over 150 school districts throughout the State.

Higher education institutions in the State have the ability to designate themselves as enterprises under the State's Constitution Article X, Section 20, commonly referred to as the Taxpayer's Bill of Rights (TABOR), if the institution meets the stated qualifications. CCCS qualified as an enterprise for fiscal years 2020 and 2019 because it is a government-owned business with legal authority to issue revenue bonds. In addition, the System is required to receive (and is expected to continue to receive) less than 10.0% (in relation to total revenues) in support from the State. In fiscal years 2020, 2019 and 2018, the System received 6.1%, 4.5% and 3.1%, respectively, of total revenue in State support (notes 4 and 21).

CCCS is partially funded through the College Opportunity Fund (COF) stipend program and a fee for service (FFS) contract with the Colorado Department of Higher Education (CDHE), approved by the Colorado Commission on Higher Education (CCHE). COF provides state tax dollars to students through a stipend paid on a per credit hour basis to the institution at which the student is enrolled. COF may support the costs of up to 145 eligible undergraduate credits for each eligible student. For fiscal year 2020 the COF stipend was $94 per credit hour, and in fiscal years 2019 and 2018, the COF stipend was $85 and $77, per credit hour, respectively, which students could use to pay for a portion of their tuition. The FFS contract is the purchase of educational services, by the State, from CCCS that are not part of the COF stipend program. In fiscal years 2020 and 2019, CDHE's contract with CCCS purchased educational services with an increased emphasis on support services for Pell-eligible, first-generation, and underserved undergraduate students as well as institutional performance related to student completion and retention statistics and additional metrics supporting policy goals. This includes educational services in rural areas, high cost/student programs, institutional research services, remediation and special skills courses, creation of student career pathways, and for inclusion service compliance (notes 3 and 4).

Student tuition and fees, net of scholarship allowance, comprise several important and offsetting components. Student tuition and fees charges alone include all amounts earned for the provision of instructional services to students, including stipends paid for eligible undergraduate students under COF. In fiscal year 2020, CCCS had an $8.7 million increase in net tuition and fee revenue. The Board had elected to not increase resident tuition or nonresident tuition rates for fiscal 2020, in accordance with the Governor's request and with approval of the Joint Budget Committee. There was a 0.8% increase in enrollment. This also includes an increase in COF funding of approximately $13.7 million compared to fiscal year 2019. This net tuition and fee increase also included an increase in the scholarship allowance, or the amount of federal and state funded financial assistance paid on behalf of students, which is netted against tuition and fee revenue. This scholarship allowance offset increased $9.7 million due to an increase in the number of students receiving Pell awards offset by a slight decrease in the average Pell award.

The following table represents the change in tuition and fees from fiscal year 2019 to 2020 (in millions):

Tuition and fees increase due to enrollment changes and rate increases (including capital fees)	$	4.3
Plus: increase in COF stipend funding		13.7
Gross tuition and fee increase		18.0
Increase as a result of an offsetting decrease in bad debt		0.3
Decrease as a result of an offsetting increase in scholarship allowance for tuition and fees and capital fees		(9.7)
Net increase in student tuition and fees, net of scholarship allowance plus capital fees		8.6
Plus decrease in capital fees currently classified as non-operating		0.1
Net increase in student tuition and fees, net of scholarship allowance	$	8.7

The following table represents the change in tuition and fees from fiscal year 2018 to 2019 (in millions):

Tuition and fees increase due to enrollment changes and rate increases (including capital fees)	$ 6.1
Plus: increase in COF stipend funding	9.7
Gross tuition and fee increase	15.8
Decrease as a result of an offsetting increase in bad debt	(1.0)
Decrease as a result of an offsetting increase in scholarship allowance for tuition and fees and capital fees	(0.8)
Net increase in student tuition and fees, net of scholarship allowance plus capital fees	14.0
Plus decrease in capital fees currently classified as non-operating	1.3
Net increase in student tuition and fees, net of scholarship allowance	$ 15.3

In November 2008, voters passed Amendment 50, which expanded limited stakes gaming in three Colorado mountain towns. A portion of the additional revenues from the increased gaming activity is distributed based on enrollment to Colorado community, junior and district colleges for financial assistance and classroom instruction. CCCS received approximately $11.6 million in Amendment 50 funding in fiscal year 2020, of which $11.1 million was used for classroom instruction related expenses and $0.5 million was awarded to students for scholarships. CCCS received approximately $10.9 million in Amendment 50 funding in fiscal year 2019, of which $10.3 million was used for classroom instruction related expenses and $0.6 million was awarded to students for scholarships.

Financial Highlights

At June 30, 2020, CCCS' assets and deferred outflows of $1,068,790,507 were less than its liabilities and deferred inflows of $1,575,906,952 by $507,116,445. At June 30, 2019, CCCS' assets and deferred outflows of $1,026,348,319 were less than its liabilities and deferred inflows of $1,808,917,003 by $782,568,684. At June 30, 2018, CCCS' assets and deferred outflows of $1,221,720,571 were less than its liabilities and deferred inflows of $2,121,497,533 by $899,776,962. The resulting net position is summarized into the following categories:

	June 30		
	2020	2019	2018
Net investment in capital assets	$ 386,036,165	$ 362,583,343	$ 365,461,402
Restricted, expendable	9,135,753	10,381,853	8,707,609
Unrestricted	(902,288,363)	(1,155,533,880)	(1,273,945,973)
Total net position (deficit)	(507,116,445)	(782,568,684)	(899,776,962)
GASB 68 - Pension Cumulative Years Impact	1,144,677,164	1,378,844,205	1,492,898,520
GASB 75 - OPEB Cumulative Years Impact	39,700,287	40,678,424	79,603,629
GASB 75 - OPEB Change in accounting principle	N/A	N/A	(39,550,004)
Net position excluding impact from Pension and OPEB	$ 677,261,006	$ 636,953,945	$ 633,175,183

The restricted, expendable net position may be spent, but only for the purposes for which the donor or grantor or other external party intended. Unrestricted net position is not externally restricted; however, it is often internally designated by the college's administration or board for a number of purposes including capital maintenance and building and equipment expansion and repair, and new programs.

During fiscal year 2020, the CCCS' total net position increased by $275,452,239 due to an increase of $40,307,062 in current activity, an increase of $234,167,041 due to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27, (Statement No. 68)*, and an increase of $978,136 due to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (Statement No. 75).* Both Statement No. 68 and Statement No. 75 are discussed in the overview.

During fiscal year 2019, the CCCS' total net position increased by $117,208,278 due to an increase of $3,778,762 in current activity, an increase of $114,054,315 due to GASB Statement No. 68, and an offsetting decrease of $624,799 due to GASB Statement No. 75.

During fiscal year 2018, the CCCS' total net position decreased by $405,302,453 due to a decrease of $16,217,059 in current activity with an additional decrease of $349,031,769 due to GASB Statement No. 68, and $40,053,625 (including the prior period adjustment of $(39,550,004)) due to GASB Statement No. 75.

Overview of the Financial Statements

The financial statements are designed to provide readers with a broad overview of the System's finances and comprise three basic statements.

The Independent Auditor's Report presents an unmodified opinion prepared by our auditors (an independent certified public accounting firm, BKD, LLP) on the fairness, in all material respects, of our financial statements.

In fiscal year 2015, CCCS implemented Statement No. 68, which was effective for financial statements for periods beginning after June 15, 2014. Statement No. 68 revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. The System provides certain of its employees with pension benefits through the State's multiple-employer cost-sharing Public Employees' Retirement Association of Colorado (PERA) defined benefit retirement program.

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as CCCS, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability.

In fiscal year 2018, CCCS implemented Statement No. 75, which was effective for financial statements for periods beginning after June 15, 2017. Statement No. 75 revises and establishes new financial reporting requirements for most governments that provide their employees with other post-employment benefits (OPEB) other than pensions. The System provides certain of its employees with OPEB though the State's multiple-employer cost-sharing Public Employees' Retirement Association of Colorado (PERA) Health Care Trust Fund (HCTF).

Statement No. 75 requires cost-sharing employers participating in the PERA HCTF program, such as CCCS, to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability.

The System has no legal obligation to fund the shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA and the General Assembly as it relates to pensions and OPEB. The requirements of Statements No. 68 and No. 75 to record a portion of PERA's unfunded pension and OPEB liabilities negatively impacts CCCS' unrestricted net position.

Information regarding PERA's Pension and HCTF current funding status' can be found in its Comprehensive Annual Financial Report.

CCCS' net position, based on the definitions provided in the statement, comprises the following components:

The Statements of Net Position present information on all of CCCS' assets and deferred outflows of resources and liabilities and deferred inflows of resources at a point in time (June 30, 2020 and 2019), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. A reader of the financial statements should be able to determine the assets available to continue CCCS' operations, how much CCCS owes to vendors and lending institutions, and a picture of net position and the relative availability for expenditure by CCCS.

The Statements of Revenues and Expenses and Changes in Net Position present information showing how CCCS' net position changed during the fiscal period (the fiscal years ended June 30, 2020 and 2019). All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues, deferred outflows of resources, expenses, and deferred inflows of resources are reported in these statements for some items that will only result in cash flows in future fiscal periods (*e.g.,* the payment for accrued compensated absences or the pension liability, or the receipt of amounts due from students and others for services rendered). The purpose is to assess CCCS' operating results. CCCS reports its activity as a special-purpose government engaged only in business-type activities using the economic resources measurement focus and the accrual basis of accounting.

The Statements of Cash Flows present cash receipts and payments to and from CCCS for the reporting period (the fiscal years ended June 30, 2020 and 2019) using the direct method. The direct method of cash flow reporting portrays cash flows from operations, noncapital financing, capital and related financing, and investing activities. The purpose is to assess CCCS' ability to generate net cash flows and meet its obligations as they come due.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Information is provided regarding both the accounting policies and procedures CCCS has adopted as well as additional detail for certain amounts contained in the financial statements. The notes follow the financial statements.

Financial Analysis

The Statements of Net Position present information on all of CCCS' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position.

The assets and deferred outflows of resources reported by CCCS were less than liabilities and deferred inflows of resources at June 30, 2020 resulting in a net position of $(507,116,445). Assets and deferred outflows of resources were less than liabilities and deferred inflows of resources at June 30, 2019 resulting in a net position of $(782,568,684) and assets and deferred outflows of resources were less than liabilities and deferred inflows of resources at June 30, 2018 resulting in a net position of $(899,776,962). Assets and deferred outflows of resources were less than liabilities and deferred inflows of resources primarily due to the cumulative impact of Statement No. 68 and Statement No. 75 in fiscal years 2020, 2019, and 2018. The majority of CCCS' net position is net investment in capital assets (*e.g.,* land, buildings and equipment). These assets are used to provide services to students, faculty and administration. Consequently, these assets are not available to fund future spending. The resulting net position is summarized into the following categories:

Condensed Statements of Net Position

	June 30		
	2020	2019	2018
Current assets	$ 479,805,848	$ 357,552,563	$ 352,446,084
Noncurrent assets, including capital assets of $505,084,423, $485,756,321 and $471,713,646, respectively	525,890,303	505,910,116	503,809,673
Total assets	1,005,696,151	863,462,679	856,255,757
Total deferred outflows of resources	63,094,356	162,885,640	365,464,814
Current liabilities	189,951,974	85,333,276	77,764,597
Noncurrent liabilities	1,035,190,852	1,197,309,435	1,969,628,738
Total liabilities	1,225,142,826	1,282,642,711	2,047,393,335
Total deferred inflows of resources	350,764,126	526,274,292	74,104,198
Net position			
Net investment in capital assets	386,036,165	362,583,343	365,461,402
Restricted - expendable	9,135,753	10,381,853	8,707,609
Unrestricted	(902,288,363)	(1,155,533,880)	(1,273,945,973)
Total net position	$ (507,116,445)	$ (782,568,684)	$ (899,776,962)

Current assets increased as of June 30, 2020 compared with June 30, 2019 by approximately $122.3 million, or 34.2%, primarily as a result of an increase in cash and cash equivalents and restricted cash and cash equivalents of $116.0 million primarily due to the advance of Governor's Economic Support funds and an increase in net accounts receivable of $8.2 million, offset by a $0.5 million decrease in inventories and a $1.4 million decrease in prepaid expenses. The increases in net accounts receivable of approximately $8.2 million are due primarily to an increase of Due From Other Governments, net, of $7.3 million plus an increase of $1.5 million in other receivables, net. Governor's Economic Support funds represent unearned Federal Coronavirus Relief Funds (CRF) received but not yet spent for the purpose intended.

Current assets increased as of June 30, 2019 compared with June 30, 2018 by approximately $5.1 million, or 1.4%, primarily as a result of an increase in net accounts receivable of $4.6 million and an increase in prepaid expenses and inventories of $1.2 million, offset by a $0.7 million decrease in cash and cash equivalents. Increases in net accounts receivable include an increase of approximately $3.7 million and $0.9 million in student receivable, net, and in other receivables, net.

Current liabilities increased as of June 30, 2020 compared with June 30, 2019 by approximately $104.6 million, or 122.6%, primarily as a result of a $2.0 million increase in accounts payable, a $100.5 million increase in Governor's Economic Support unearned revenue, and a $1.5 million increase in deposits held for others offset by a decrease of $0.7 million in bonds payable, current.

Current liabilities increased as of June 30, 2019 compared with June 30, 2018 by approximately $7.6 million, or 9.7%, primarily as a result of a $7.7 million increase in accounts payable and a $1.0 million increase in unearned revenue, offset by a decrease of $0.6 million in bonds payable, current and a decrease of $0.4 million in other long-term liabilities, current.

Noncurrent assets increased as of June 30, 2020 compared with June 30, 2019 by $20.0 million, or 3.9%, due to an increase in restricted investments of $1.8 million, and an increase in net capital assets of $19.3 million, primarily due to a $33.8 million increase in construction in progress, offset by a decrease of $14.5 million of depreciable land improvements, building and improvements, leasehold improvements, equipment, and library materials net of accumulated depreciation. This was offset further by a decrease in other noncurrent assets of $1.2 million.

Noncurrent assets increased as of June 30, 2019 compared with June 30, 2018 by $2.1 million, or 0.4%, due to an increase in net capital assets of $14.0 million, primarily due to a $17.6 million increase in buildings, and improvements, net of accumulated depreciation, an increase of $1.6 million in construction in progress and $1.5 million for nondepreciable land and land improvements offset by a $6.4 million decrease of depreciable land improvements, leasehold improvements, and equipment, net of accumulated depreciation. This was offset further by a decrease in restricted investments of $11.2 million from bond proceeds that were expended for capital projects, and a decrease in other long-term assets of $0.7 million.

Noncurrent liabilities decreased as of June 30, 2020 compared with June 30, 2019 by $162.1 million or 13.5%. This change was due, in part due to a decrease in the net pension liability of $152.2 million attributed to favorable investment performance during 2019 compared to the long-term expected rate of return of 7.25% and the reduced annual increase maximum from 1.50% to 1.25%. This was coupled with a decrease of $8.2 million in the net OPEB liability. In addition, fiscal year 2020 had a decrease of $2.7 million in bonds payable and $1.2 million in notes and leases payable, offset by an increase in compensated absences of $2.4 million.

Noncurrent liabilities decreased as of June 30, 2019 compared with June 30, 2018 by $772.3 million or 39.2%. This change was due to the decrease in the net pension liability of $769.6 million offset by the increase in the net OPEB liability of $1.5 million. The net pension liability decrease is primarily attributed to GASB requirements which require future benefit obligations to be measured at a lower discount rate when certain conditions exist. As such, in fiscal year 2018, GASB required the application of a 4.72% discount rate upon the blending of the assumed rate of return of 7.25% and a municipal bond rate of 3.43%. In fiscal year 2019, as a result of increases to future contributions from members and employers, a direct distribution to PERA from the State of Colorado, and changes to benefits, the blending of rates was not required, and the discount rate to value the collective total pension liability at the State was 7.25%. In addition, fiscal year 2019 had a decrease of $4.5 million in bonds payable and $1.0 million in leases payable, offset by an increase in compensated absences of $1.3 million.

Deferred outflows of resources decreased as of June 30, 2020 compared to June 30, 2019 by $99.8 million or 61.3% primarily due to the following pension and OPEB-related items: $53.4 million decrease from changes of assumptions and a $51.2 million decrease of net difference between projected and actual earnings on pension plan investments, offset by an increase in contributions after measurement date of

$0.8 million and the net difference between expected and actual experience of $3.2 million. This was offset by a $0.9 million increase in loss on refunding for the advance refunding of the Series 2010D bonds. Deferred inflows of resources decreased as of June 30, 2020 compared to June 30, 2019 by $175.5 million or 33.3%, primarily due to the following pension and OPEB-related items: decrease of $276.3 million from changes in assumptions offset by a $92.8 million increase of net differences between projected and actual earnings on pension plan investments and an increase of $1.8 million in changes in the employers proportionate share. Statement No. 68 and 75 requires CCCS to record deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, which primarily reflect the changes in actuarial assumptions used to value the overall PERA pension liability and OPEB liability that will be recognized in future periods.

Deferred outflows of resources decreased as of June 30, 2019 compared to June 30, 2018 by $202.6 million or 55.4% due to a $256.2 million decrease from changes of assumptions offset by a $51.2 million increase of net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources increased as of June 30, 2019 compared to June 30, 2018 by $452.2 million or 610.2%, primarily due to an increase of $523.3 million from changes in assumptions offset by a $67.2 million reduction of net differences between projected and actual earnings. Statement Nos. 68 and 75 requires CCCS to record deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, which primarily reflect the changes in actuarial assumptions used to value the overall PERA pension liability and OPEB liability that will be recognized in future periods.

Net position may have restrictions imposed by external parties, such as donors, who specify how the assets must be used, or by their nature are invested in capital assets (property, plant and equipment). Restricted net position is primarily restricted for scholarships, capital projects, community training programs, and debt service.

The negative unrestricted net position of $(902,288,363) and $(1,155,533,880) as of June 30, 2020 and 2019, respectively, is primarily due to the continuing impact of Statement No. 68 and No. 75 on deferred outflows, the pension and OPEB liabilities and deferred inflows. PERA reviews the long-term expected return on plan assets every four or five years. This was last reviewed in November of 2016.

The Statements of Revenues, Expenses and Changes in Net Position report the results of operating and nonoperating revenues and expenses during the year and the resulting increase or decrease in net position at the end of the year. A key component of this statement is the differentiation between operating and nonoperating activities. Operating revenues are received for providing goods and services to the various constituencies of CCCS. The COF stipend program revenue is included in student tuition and fees and FFS contract revenue is separately presented, both of which are classified as operating revenues. Operating expenses are paid to acquire or produce goods and services provided in return for operating revenue and to carry out the mission of CCCS. Nonoperating revenues are those where goods or services are not provided. Thus, state appropriations are nonoperating because they are provided by the State without the State directly receiving goods and services. In fiscal year 2020, CCCS recognized approximately $6.8 million as State Support for pensions for the CCCS allocated portion of the $225 million statutorily required State of Colorado annual direct distribution to the Public Employees' Retirement Association (PERA). Amendment 50 funding is provided as pass-through funds through the State without the State directly receiving goods and services and is also considered nonoperating. Federal Pell grants, Federal *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) subsidy, and most gifts and investment income are also nonoperating revenue.

State appropriations, net of distributions to LDCs and AVSs, represent approximately 5.4%, 5.8% and 5.0%; student tuition and fees represent approximately 41.1%, 43.4% and 44.0%, and FFS contracts represent approximately 8.6%, 8.7% and 7.9% of CCCS' total revenue from all sources in fiscal years 2020, 2019 and 2018, respectively, as detailed in the charts on the following pages. Like most public institutions of higher education, public support in the form of state appropriations offsets or supplements the operating gain or loss from the cost of operations. CCCS experienced a $50.7 million gain from operations in fiscal year 2020 compared to $61.0 million and $522.2 million losses from operations in fiscal years 2019 and 2018, respectively. In fiscal year 2020, this operating gain was enhanced by net state appropriations of $32.7 million, state support for pensions of $6.8 million, Federal Pell grants of $89.5 million, Federal CARES Act subsidy of $10.9 million, and Amendment 50 funding of $11.6 million. In fiscal year 2019, the operating loss was offset by net state appropriations of $32.1 million, state support for pensions of $7.0 million, Federal Pell grants of $89.4 million, and Amendment 50 funding of $10.9 million. In fiscal year 2018, the operating loss of $522.2 million was offset by net state appropriations of $31.6 million, Federal Pell grants of $93.5 million, and Amendment 50 funding of $8.8 million.

The operating income or loss over the two-year period presented is a result of operating revenues exceeding expenses for income and operating expenses exceeding operating revenues for losses. This is due to services provided through the flattening and decreases in enrollment over the two-year period. Additionally in fiscal year 2020 and 2019, significant changes as a result of Statement No. 68, led to decreased pension expense of $234.2 million and $114.0 million, respectively.

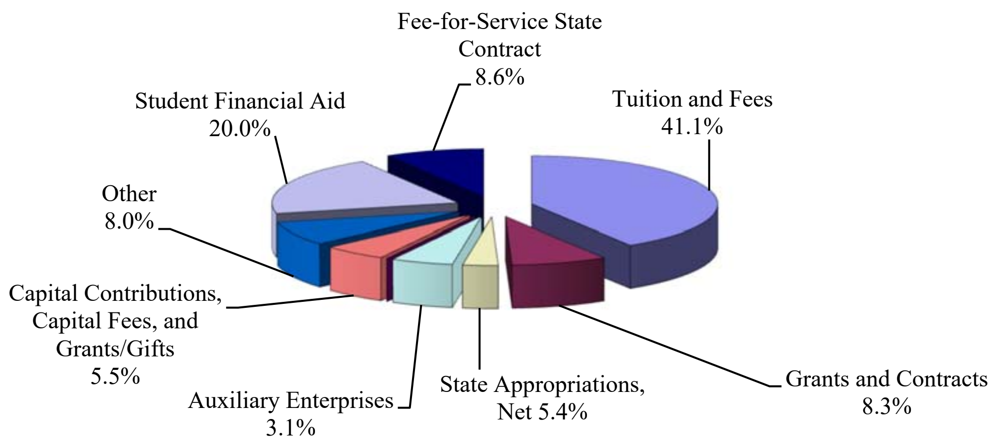
Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30		
	2020	2019	2018
Operating revenues			
Tuition and fees, net	$ 302,233,416	$ 293,554,609	$ 278,288,189
Grants and contracts	107,261,195	97,571,170	95,505,855
Fee-for-service state contract	63,308,881	58,678,717	50,056,105
Sales and services of educational activities	1,038,521	1,169,283	1,097,563
Auxiliary enterprises, net	22,519,339	29,536,575	35,076,997
Other	9,187,753	12,081,352	11,727,944
Total operating revenues	505,549,105	492,591,706	471,752,653
Operating expenses			
Instruction	182,689,156	232,634,536	446,563,420
Public service	3,026,755	3,725,590	8,435,235
Academic support	26,608,523	37,392,202	76,376,887
Student services	44,312,648	63,149,932	127,230,547
Institutional support	65,027,271	78,976,118	156,107,456
Operation and maintenance of plant	41,876,402	48,242,226	72,552,516
Scholarships and fellowships	20,976,091	13,714,117	16,411,949
Auxiliary enterprises	26,962,200	33,249,067	49,270,256
Depreciation and amortization	43,408,398	42,506,676	41,005,283
Total operating expenses	454,887,444	553,590,464	993,953,549
Operating income (loss)	50,661,661	(60,998,758)	(522,200,896)
Nonoperating revenues (expenses)			
State appropriations	66,274,478	62,121,264	57,756,814
State support for pensions	6,841,215	6,990,246	-
Federal CARES Act	10,921,579	-	-
Federal Pell grants	89,524,948	89,436,054	93,501,943
Amendment 50 funding	11,639,810	10,904,253	8,843,987
Distributions to Local District Colleges and Area Vocational Schools	(33,573,846)	(30,045,985)	(26,192,333)
Other nonoperating revenues and expenses, net	32,456,798	16,916,321	4,827,603
Net nonoperating revenues (expenses)	184,084,982	156,322,153	138,738,014
Income (loss) before other revenues, expenses, gains or losses	234,746,643	95,323,395	(383,462,882)

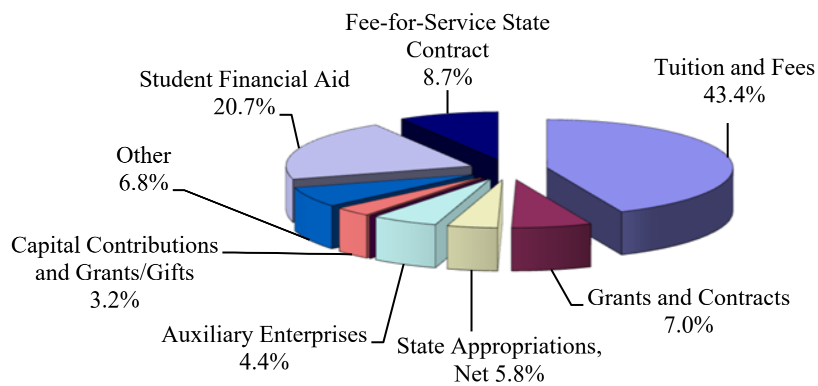
	June 30		
	2020	2019	2018
State capital contributions	31,967,403	13,085,108	8,420,630
Capital fees, net	5,903,651	5,955,703	7,240,161
Capital grants and gifts	2,834,542	2,844,072	2,049,642
Increase (decrease) in net position	275,452,239	117,208,278	(365,752,449)
Net position			
Beginning of year	(782,568,684)	(899,776,962)	(534,024,513)
End of year	$ (507,116,445)	$ (782,568,684)	$ (899,776,962)

The charts below give a summary of the total CCCS revenues and expenses with no delineation between operating and nonoperating revenue and expense streams:

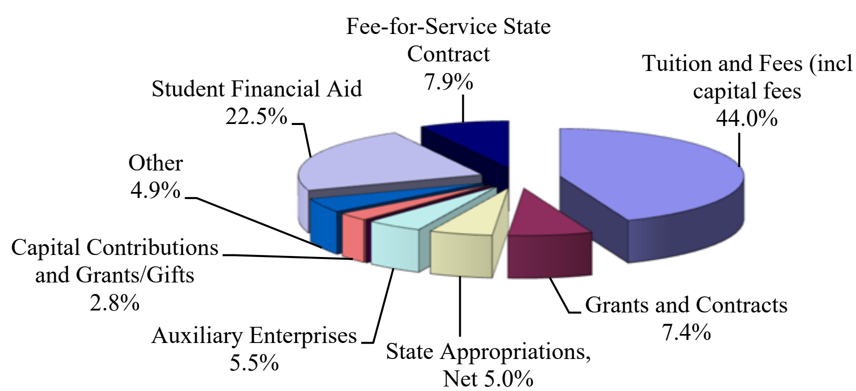
Sources of Revenue
Fiscal Year 2020



Sources of Revenue
Fiscal Year 2019



Sources of Revenue
Fiscal Year 2018



As the above charts demonstrate, student tuition and fees are the largest revenue source for CCCS in fiscal years 2020, 2019 and 2018. The operating income/(loss) of approximately $50.7 million, ($61.0) million and ($522.2) million in fiscal years 2020, 2019 and 2018, respectively, noted above, is a result of operating revenues surpassing or exceeding operating expenses for income, and the opposite for losses. CCCS supplemented operating revenues with state appropriations, state support for pensions, Federal Pell grants, Federal CARES Act subsidy (fiscal year 2020 only) and Amendment 50 funding, which are classified as nonoperating revenues but are used to fund operations.

Revenue activity highlights for fiscal year 2020 include:

- Student Tuition and Fees increased by $8.7 million, or 3.0%, primarily due to a 10.0% increase in the COF stipend. In addition there was a nominal increase in resident enrollment of 1.5%.

- Fee for Service increased by $4.6 million, or 7.9%, primarily due to an increase in state support of $3.2 million for role and mission, $4.1 million for meeting performance measures, and new funding of $0.1 million for expanding concurrent enrollment pursuant to C.R.S. Title 23, Article 35 Section 103. This was offset by a decrease in the one-time investment of approximately $0.9 million from Senate Bill 262 for funding the Higher Education Targeted Master Plan previously provided in 2019. In addition, there was a transfer of $0.6 million from FFS funding to COF to adjust appropriately for the student FTE served, within the allowed tolerances set in Long Bill 19-207.

- Auxiliary Enterprise revenue decreased by $7.0 million, or 23.8%, primarily due to a decrease in auxiliary services across the system due to the interruption caused by COVID-19 that resulted in refunds to students for services that could not be provided coupled with the continued planned reduction in on-site bookstore offerings transitioning to digital content.

- CARES Act Direct Federal Funding is a new item for fiscal year 2020 in the amount of $10.9 million due to a response by the Federal government to support Higher Education in response to COVID-19. This emergency funding was provided primarily for direct financial assistance to students and to address institutional needs and additional costs as a result of the impact of COVID-19 on campus, in dormitories, and in classrooms.

- Nonoperating Gifts increased by $6.5 million, or 104.9% due to an increase of $1.8 million and $0.5 million reclassification between agency inflows and operating revenues, respectively, in prior year. Also included in this increase is an overall increase in college foundation donations of $1.9 million across the system in response to student needs related to COVID-19, and an increase of $2.3 million in outside foundation donations for various projects.

- All other Nonoperating Revenues increased by $2.5 million or 78.8% due to insurance proceeds at OJC and PPCC of $3.9 million offset by a variety of decreases in this category across the system.

- State Capital Contributions increased by $18.9 million or 144.3% due to various projects including approximately $1.0 million on HVAC projects at ACC; $20.1 million for repairs and chiller replacement coupled with Health Care Center construction at FRCC; $1.0 million in electrical, ADA improvements and HVAC replacements at MCC; $1.0 million for tech and security improvements at OJC; $1.2 million for David Building and Weld Shop renovation projects, and Commons security at PCC; and $1.1 million for fire alarm and security upgrades at RRCC. These were offset by the reduction of spending as various projects completed in fiscal year 2020.

Revenue activity highlights for fiscal year 2019 include:

- Student Tuition and Fees increased by $15.3 million, or 5.5%, primarily due to a 3.0% base increase in resident and non-resident tuition rates along with a 10.0% increase in the COF stipend. Enrollment remained relatively flat from year to year, decreasing by 1.4%.

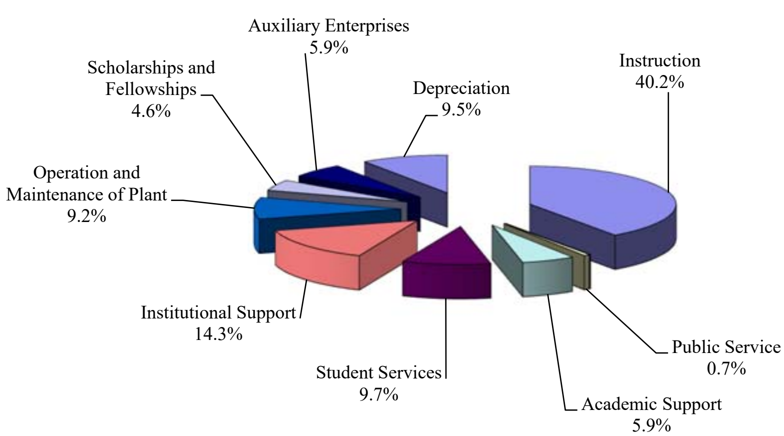
- Fee for Service increased by $8.6 million, or 17.2%, primarily due to an increase in state support of $2.7 million for role and mission, $3.9 million for meeting performance measures, new funding of $0.3 million for compliance with the Cyber Coding Cryptology for state records pursuant to C.R.S. Title 24 Article 33.5 Sections 1904 and 1905, and a one-time investment of approximately $0.9 million from Senate Bill 262 for funding the Higher Education Targeted Master Plan. In addition, there was a transfer of $1.3 million from COF funding to FFS to ensure compliance with guardrail provisions to ensure appropriations stay within a set percentage of prior year funding and adjust appropriately for the student FTE served.

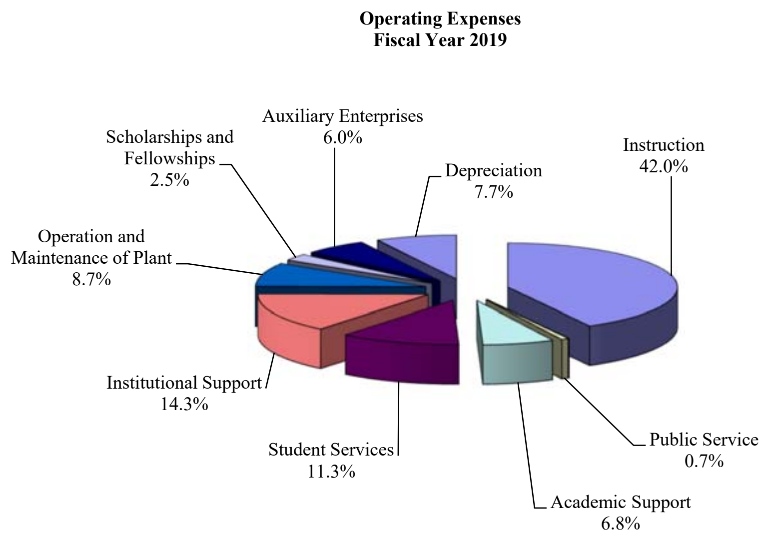
- Auxiliary Enterprise revenue decreased by $5.5 million, or 15.8%, primarily due to a decrease in bookstore revenues at FRCC of $4.2 million and a decrease in OJC's workers compensation and unemployment cost-sharing of $0.8 million.

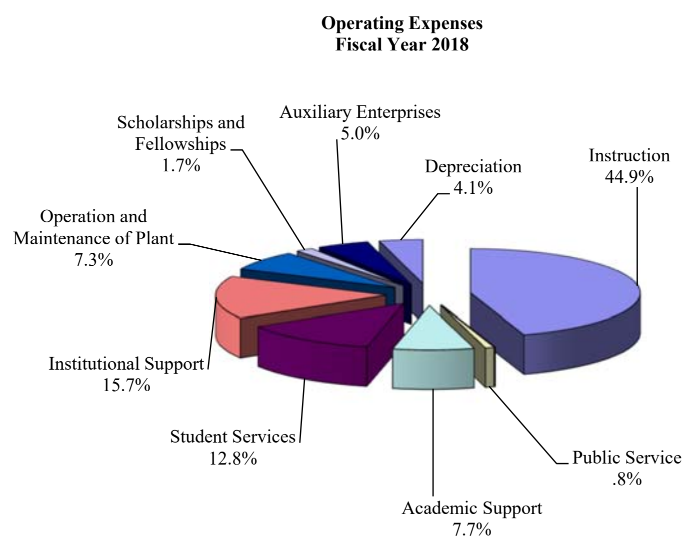
- State Support for Pensions is a new item for fiscal year 2019 in the amount of $7.0 million due to initial implementation of Senate Bill (SB) 18-200 as part of the effort to eliminate the unfunded actuarial accrued liability for pensions within the next 30 years.

- Federal PELL grants decreased by $4.1 million, or 4.3%, primarily as a result of a decrease of approximately 2,665 recipients, or 8.5%, offset by an increase of approximately 4.5% of the average award.

Operating Expenses
Fiscal Year 2020







Expense activity highlights for fiscal year 2020 include:

- Operating expenses across functional categories decreased $98.7 million, or 17.8%, due primarily to a decrease in the Statement No. 68 calculated pension expense and Statement No. 75 OPEB expense of $119.4 million. The expense impact for each reduction of expense due to pension and OPEB is Instruction ($60.9 million), Public Service ($1.2 million), Academic Support ($11.0 million), Student Services ($19.7 million), Institutional Support ($19.3 million), Operation and Maintenance of Plant ($7.3 million), and Auxiliary Enterprises ($2.5 million).

Additional changes to functional expenses are explained below, after excluding expenses related to the activity immediately preceding for pension and OPEB under Statements No. 68 and 75:

- Instructional expense increased $11.0 million, or 3.8%, primarily as a result of a 3% pay increase in salaries and benefits for personnel across the system.

- Institutional Support expense increased by $5.3 million, or 5.5%, primarily as a result of a $1.1 million increase in Perkins Act activity, $0.7 million increase in marketing activities in the last quarter to address the impacts of COVID-19 and overall increases in software licenses and other non-capital equipment needed to address the impacts of COVID-19. Additionally, there was an increase of $1.4 million in salary and benefits for personnel across the system.

- Scholarships and Fellowship expense increased by $7.3 million, or 53.0%, primarily due to scholarships awarded to students from CARES Act funds.

- Auxiliary Enterprise expense decreased by $3.8 million, or 10.4%, primarily as a result of a decrease in Cost of Goods Sold of $1.3 million as many of the colleges are eliminating or reducing their bookstore resale volume.

Expense activity highlights for fiscal year 2019 include:

- Operating expenses across functional categories decreased $440.4 million, or 44.3%, due primarily to a decrease in the Statement No. 68 calculated pension expense of $456.1 million. The expense impact for each reduction of expense due to pension is Instruction ($223.7 million), Public Service ($4.9 million), Academic Support ($42.8 million), Student Services ($68.8 million), Institutional Support ($74.3 million), Operation and Maintenance of Plant ($26.8 million), and Auxiliary Enterprises ($14.7 million).

Additional changes to functional expenses are explained below, after excluding expenses related to the activity immediately preceding for pension and OPEB under Statements No. 68 and 75:

- Instructional expense increased $9.7 million, or 3.5%, primarily as a result of a $5.7 million increase in salaries and benefits for personnel across the system and a corresponding $3.6 million increase in operating expenses.

- Academic Support expense increased by $3.8 million, or 8.9%, primarily as a result of a $2.4 million increase in salary and benefits for personnel across the system and a $1.2 million increase in operating expenses.

- Student Service expense increased by $4.7 million, or 6.3%, primarily as a result of a $3.3 million increase in salary and benefits for personnel and a $1.2 million increase in operating expenses.

- Institutional Support expense decreased by $2.8 million, or 2.8%, primarily as a result of a $4.7 million decrease in operating expenses due to a reduction in Information Technology expenses for the completion of the disaster recovery site in fiscal year 2018 and the reduction of Perkins grant expenses. This was offset by an increase of $1.4 million in salary and benefits for personnel.

- Operations and Maintenance of Plant expense increased by $2.5 million, or 4.8%, primarily as a result of a $0.8 million increase in salary and benefits for personnel, and an increase of $0.6 million in insurance for participation in the State risk pool.

- Scholarships and Fellowship expense decreased by $2.7 million, or 16.4%, primarily because of a $2.0 million decrease in financial aid and an increase in the scholarship allowance of $0.7 million.

- Auxiliary Enterprise expense decreased by $1.3 million, or 3.6%, primarily as a result of a decrease in Cost of Goods Sold of $1.3 million as many of the colleges are eliminating or reducing their bookstore resale volume.

Capital Asset and Debt Management

At June 30, 2020, CCCS had $505,084,423 of capital assets, net of accumulated depreciation of $561,701,069 and including current year depreciation of $43,408,398. At June 30, 2019, CCCS had $485,756,321 of capital assets, net of accumulated depreciation of $519,832,111 and including current year depreciation of $42,506,676. At June 30, 2018, CCCS had $471,713,646 of capital assets, net of accumulated depreciation of $484,917,972 and including current year depreciation of $41,005,283. A breakdown of assets by category, net of accumulated depreciation is provided below:

	June 30		
	2020	**2019**	**2018**
Nondepreciable land and land improvements	$ 34,957,335	$ 34,957,335	$ 33,415,435
Construction in progress	60,014,670	26,187,911	24,609,405
Collections	980,007	980,007	945,439
Land improvements, net	11,781,320	12,482,130	13,128,915
Buildings and improvements, net	354,874,179	366,641,693	349,026,383
Leasehold improvements, net	14,742,134	15,086,024	17,192,037
Equipment and software, net	26,791,754	28,416,397	32,095,634
Library materials, net	943,024	1,004,824	1,300,398
Total capital assets, net	$ 505,084,423	$ 485,756,321	$ 471,713,646

Major capital additions of $500,000 or more completed during fiscal year 2020 are as follows:

College	Project	Total Project Cost (In millions)		Source of Funding
Arapahoe Community College	Replace Roof South Building	$	1.0	State Funded
	Castle Rock Collaboration Campus		2.0	Bond/Self Funded
Colorado Northwestern Community College	Replace Roof Johnson Bldg.		0.8	State Funded
Front Range Community College	East Wing Renovation Westminster Campus		0.8	Self Funded
	Lease Improvement Boulder Campus		0.9	Self Funded
	Replace MZU Westminster		0.7	State Funded
Otero Junior College	Agriculture Science Remodel		1.4	Self/State Funded
Pikes Peak Community College	North Sierra Madre Project		2.8	Self Funded
	Aspen Space Remodel		0.8	Self Funded
	Cypress Building Remodel Phase I		5.0	Self Funded

The System has $12.0 million and $37.1 million in commitments for various upcoming capital construction and controlled maintenance projects as of June 30, 2020 and 2019, respectively.

CCCS had $120,651,160, $125,113,068 and $131,147,200 in debt outstanding at June 30, 2020, 2019 and 2018, respectively.

In August 2019, Moody's assigned Aa3 underlying to CCCS' proposed $25 million System-wide Revenue Refunding Bonds, Series 2019A to be issued by the Colorado State Board for Community Colleges and Occupational Education. Moody's also affirmed the Aa3 underlying ratings on approximately $122 million CCCS' outstanding debt and Aa2 enhanced ratings for approximately $37 million of that debt. The outlook for both underlying and enhanced ratings for CCCS is stable.

The breakdown of the debt is as follows:

	June 30		
	2020	2019	2018
Bonds payable	$ 113,062,691	$ 116,443,754	$ 121,529,842
Notes and capital leases payable	7,588,469	8,669,314	9,617,358
Total debt	$ 120,651,160	$ 125,113,068	$ 131,147,200

Colorado Community College System Future

The budgetary situation for higher education continues to change. For fiscal year 2021 funding, CCCS is authorized to receive approximately $26.8 million in FFS revenue and $53.4 million in student stipends. This support totaling $80.2 million of anticipated fiscal year 2021 funding represents a 57.9% decrease in state support from the $190.3 million that was provided in 2020. CCCS anticipates receiving $9.97 million of funding under the Amendment 50 funding in fiscal year 2021.

CCCS funding also relies on two other primary drivers: enrollment and tuition rates.

Enrollment: In fiscal year 2020, CCCS' resident enrollment increased by 1.5% from fiscal year 2019, and nonresident enrollment decreased by 10.8%, resulting in a total net enrollment increase of 0.8%.

Tuition Rates: The Board elected to maintain the same resident rate for fiscal year 2020, in accordance with the Governor's request and with approval by the State Joint Budget Committee. For fiscal year 2021, the Board increased resident and non-resident tuition rates by 3.0% over fiscal year 2020 and 2019 rates but did not increase on-line tuition.

The uncertainty around the trajectory of COVID-19 in communities that our colleges' reside, the timeline for vaccine development and delivery, and the length and severity of its economic impact on the state of Colorado make it difficult to accurately gauge its impact on CCCS. Given the negative impact the COVID-19 is having on low-income and first generation student enrollment across the nation and in Colorado, CCCS student FTE is likely to decrease in fiscal year 2021. As a result, CCCS has budgeted for a decrease in enrollment of 8.7% in FY 2020-21, which would reduce tuition revenue (net of tuition rate increases) by an estimated $19.9 million over FY 2019-20. Colleges are using a variety of cost containment measures to address forecasted enrollment, tuition revenue, and state funding reductions—including implementing hiring chills, furloughs, staffing reductions, forgoing merit-based salary increases, and travel reductions. However, due to the counter-cyclical nature of community college enrollment, once the public health crisis has abated, we could see an increase in our enrollment as workers look to our colleges for retraining, as has occurred in past recessionary periods—with a concomitant rebound of tuition revenues.

Requests for Information

This financial report is designed to provide a general overview of CCCS' finances and to show the System's accountability for the money it receives. Questions concerning any other information provided in this report or requests for additional financial information should be addressed to:

Colorado Community College System
Department of Finance and Administration
9101 East Lowry Boulevard
Denver, Colorado 80230-6011

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Colorado Community College System

Business-Type Activities

Statements of Net Position

June 30, 2020 and 2019

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	$ 306,889,126	$ 290,955,791
Restricted cash and cash equivalents	101,477,563	1,435,886
Accounts receivable, net	67,868,772	59,700,330
Inventories	2,091,882	2,565,571
Prepaid expenses	1,478,505	2,894,985
Total current assets	479,805,848	357,552,563
Noncurrent Assets		
Restricted cash and cash equivalents	7,833	12,734
Restricted investments	20,726,152	18,892,866
Other noncurrent assets	71,895	1,248,195
Capital assets, net	505,084,423	485,756,321
Total noncurrent assets	525,890,303	505,910,116
Total assets	$ 1,005,696,151	$ 863,462,679

Deferred Outflows of Resources

	2020	2019
Deferred Outflows		
Loss on Refunding	$ 1,534,540	$ 603,359
Pensions	59,716,810	160,231,335
OPEB	1,802,123	2,050,946
Other	40,883	-
Total deferred outflows of resources	$ 63,094,356	$ 162,885,640

Colorado Community College System

Business-Type Activities

Statements of Net Position (continued)

June 30, 2020 and 2019

Liabilities

	2020	2019
Current Liabilities		
Accounts payable	$ 25,709,429	$ 23,705,343
Accrued liabilities	17,056,989	16,685,507
Unearned revenue	26,476,924	25,531,412
Unearned Governor's Economic Support	100,478,897	-
Deposits held for others	12,475,134	10,996,806
Bonds payable, current portion	3,555,000	4,280,000
Notes and capital leases payable, current portion	1,158,010	999,064
Other long-term liabilities, current portion	251,470	216,986
Compensated absences liability, current portion	2,790,121	2,918,158
Total current liabilities	189,951,974	85,333,276
Noncurrent Liabilities		
Bonds payable	109,507,691	112,163,754
Notes and capital leases payable	6,430,459	7,670,250
Other long-term liabilities	951,964	1,165,809
Compensated absences liability	23,168,480	20,779,004
Net pension liability	861,163,819	1,013,392,855
Net OPEB liability	33,968,439	42,137,763
Total noncurrent liabilities	1,035,190,852	1,197,309,435
Total liabilities	$ 1,225,142,826	$ 1,282,642,711

Deferred Inflows of Resources

	2020	2019
Deferred Inflows		
Pensions	$ 343,230,155	$ 525,682,685
OPEB	7,533,971	591,607
Total deferred inflows of resources	$ 350,764,126	$ 526,274,292

Net Position

	2020	2019
Net Position		
Net investment in capital assets	$ 386,036,165	$ 362,583,343
Restricted for expendable purposes		
Scholarships/fellowships	443,053	1,701,014
Loans	87,638	97,148
Capital projects	-	975,000
Training programs	6,627,627	3,231,279
Debt service	1,606,382	3,450,156
Other	371,053	927,256
Total restricted for expendable purposes	9,135,753	10,381,853
Unrestricted	(902,288,363)	(1,155,533,880)
Total net position	$ (507,116,445)	$ (782,568,684)

Colorado Community College System
Discretely Presented Component Units
Statements of Financial Position
June 30, 2020 and 2019

Assets

	2020	2019
Cash and cash equivalents	$ 11,524,501	$ 6,654,646
Accounts and pledges receivable	8,673,680	8,857,514
Due from primary government	18,851	14,984
Investments	49,938,024	46,297,017
Beneficial interest in charitable remainder trust	192,441	789,084
Other assets	2,502,141	624,144
Capital assets, net	3,408,064	3,574,639
Total assets	$ 76,257,702	$ 66,812,028

Liabilities and Net Assets

	2020	2019
Liabilities		
Accounts payable	$ 1,578,911	$ 977,377
Due to primary government	180,040	235,155
Accrued liabilities	17,861	42,148
Deferred revenue	569,537	355,348
Other liabilities	1,462,765	1,274,142
Total liabilities	3,809,114	2,884,170
Net Assets		
Without donor restrictions		
Undesignated	10,530,047	10,574,597
Designated by the Board for operating reserve	262,913	276,715
Designated by the Board for endowment	190,528	190,528
Invested in property and equipment, net of related debt	2,125,838	3,081,453
With donor restrictions		
Perpetual in nature	26,448,427	24,771,370
Purpose restrictions	28,195,074	22,950,306
Time-restricted for future periods	4,706,425	2,161,132
Underwater endowments	(10,664)	(78,243)
Total net assets	72,448,588	63,927,858
Total liabilities and net assets	$ 76,257,702	$ 66,812,028

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Colorado Community College System

Business-Type Activities

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Student tuition and fees, net of scholarship allowances of $136,830,689 and $127,245,728; including revenues pledged for bonds of $30,223,342 and $29,355,461 in 2020 and 2019, respectively	$ 302,233,416	$ 293,554,609
Grants and contracts	107,261,195	97,571,170
Fee-for-service state contract	63,308,881	58,678,717
Sales and services of educational activities	1,038,521	1,169,283
Auxiliary enterprises, net of scholarship allowances of $3,239,427 and $2,923,864 in 2020 and 2019, respectively	22,519,339	29,536,575
Other operating revenues and gifts	9,187,753	12,081,352
Total operating revenues	505,549,105	492,591,706
Operating Expenses		
Instruction	182,689,156	232,634,536
Public service	3,026,755	3,725,590
Academic support	26,608,523	37,392,202
Student services	44,312,648	63,149,932
Institutional support	65,027,271	78,976,118
Operation and maintenance of plant	41,876,402	48,242,226
Scholarships and fellowships	20,976,091	13,714,117
Auxiliary enterprises	26,962,200	33,249,067
Depreciation and amortization	43,408,398	42,506,676
Total operating expenses	454,887,444	553,590,464
Operating income (loss)	50,661,661	(60,998,758)

Colorado Community College System

Business-Type Activities

Statements of Revenues, Expenses and Changes in Net Position (continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Nonoperating Revenues (Expenses)		
State appropriations	66,274,478	62,121,264
State support for pensions	6,841,215	6,990,246
CARES Act Direct Federal Funds	10,921,579	-
Federal Pell grants	89,524,948	89,436,054
Amendment 50 funding	11,639,810	10,904,253
Distributions to local district college and area vocational schools	(33,573,846)	(30,045,985)
Gifts	12,635,471	6,166,790
Investment income	18,568,705	12,518,505
Interest expense on capital debt	(4,350,159)	(4,902,974)
Other nonoperating revenues	5,602,781	3,134,000
Net nonoperating revenues	184,084,982	156,322,153
Income before other revenues, expenses, gains or losses	234,746,643	95,323,395
Other Revenues, Expenses, Gains or Losses		
State capital contributions	31,967,403	13,085,108
Capital fees, net of scholarship allowances of $1,478,610 and $1,400,261; including revenues pledged for bonds of $590,365 and $595,570 in 2020 and 2019, respectively	5,903,651	5,955,703
Capital grants and gifts	2,834,542	2,844,072
Increase in net position	275,452,239	117,208,278
Net Position, Beginning of Year	(782,568,684)	(899,776,962)
Net Position, End of Year	$ (507,116,445)	$ (782,568,684)

Colorado Community College System

Discretely Presented Component Units

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 2,087,560	$ 18,532,024	$ 20,619,584
Grants	447,718	1,864,153	2,311,871
Investment income, net	1,061,883	2,664,346	3,726,229
Rental income	196,495	314,751	511,246
Special events	209,905	38,637	248,542
Other income	829,030	151,866	980,896
Net assets released from restrictions	14,031,080	(14,031,080)	-
Total revenues, gains and other support	18,863,671	9,534,697	28,398,368
Expenses and Losses			
Program services	16,407,394	-	16,407,394
Total program services	16,407,394	-	16,407,394
Fundraising	1,111,995	-	1,111,995
Management and general	2,358,249	-	2,358,249
Total support services	3,470,244	-	3,470,244
Total expenses and losses	19,877,638	-	19,877,638
Change in Net Assets	(1,013,967)	9,534,697	8,520,730
Net Assets, Beginning of Year	14,123,293	49,804,565	63,927,858
Net Assets, End of Year	$ 13,109,326	$ 59,339,262	$ 72,448,588

Colorado Community College System

Discretely Presented Component Units

Statements of Activities (continued)

Years Ended June 30, 2020 and 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 2,059,146	$ 11,677,953	$ 13,737,099
Grants	243,252	5,565,180	5,808,432
Investment income, net	882,693	339,237	1,221,930
Rental income	177,856	272,529	450,385
Special events	361,357	129,821	491,178
Other income	838,948	65,880	904,828
Net assets released from restrictions	10,699,752	(10,699,752)	-
Reclassification of net assets	160,751	(160,751)	-
Total revenues, gains and other support	15,423,755	7,190,097	22,613,852
Expenses and Losses			
Program services	12,430,745	-	12,430,745
Total program services	12,430,745	-	12,430,745
Fundraising	1,198,171	-	1,198,171
Management and general	1,930,363	-	1,930,363
Total support services	3,128,534	-	3,128,534
Total expenses and losses	15,559,279	-	15,559,279
Change in Net Assets	(135,524)	7,190,097	7,054,573
Net Assets, Beginning of Year	14,258,817	42,614,468	56,873,285
Net Assets, End of Year	$ 14,123,293	$ 49,804,565	$ 63,927,858

Colorado Community College System

Business-Type Activities

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received		
Tuition and fees	$ 302,477,411	$ 289,657,096
Student loans collected	514,201	530,838
Sales of products and services	23,576,992	30,251,919
Grants, contracts and gifts	166,089,137	157,564,788
Other operating receipts	9,258,796	11,224,143
Cash payments		
Scholarships disbursed	(20,976,091)	(13,447,945)
Student loans disbursed	(508,678)	(521,490)
Payments for employees	(413,856,435)	(400,193,399)
Payments to suppliers	(196,623,994)	(200,710,165)
Net cash used in operating activities	(130,048,661)	(125,644,215)
Cash Flows from Noncapital Financing Activities		
State appropriations – noncapital	66,274,478	62,121,264
Governor's Economic Support	100,478,897	-
CARES Act Direct Federal Funding	10,921,579	-
Federal Pell grants	88,137,710	88,252,291
Amendment 50 funding	11,639,810	10,904,253
Distributions to local district colleges and area vocation schools	(33,573,846)	(30,045,985)
Gifts and grants for other than capital purposes	12,181,030	5,916,168
Agency (inflows)	108,591,817	128,794,109
Agency (outflows)	(109,403,515)	(127,203,138)
Other noncapital financing activities	6,043,189	3,228,709
Net cash provided by noncapital financing activities	261,291,149	141,967,671
Cash Flows from Capital and Related Financing Activities		
Capital grants, contracts and gifts	2,644,128	1,232,034
Proceeds from capital debt	29,079,496	-
Capital fees	5,903,651	5,955,703
State contribution for capital assets	31,206,848	11,665,218
Acquisition and construction of capital assets	(61,060,626)	(48,582,661)
Principal paid on capital debt	(34,639,940)	(5,788,044)
Interest on capital debt	(4,894,460)	(5,176,246)
Amount paid on bond issuance cost	(246,891)	-
Net cash used in capital and related financing activities	(32,007,794)	(40,693,996)

Colorado Community College System
Business-Type Activities
Statements of Cash Flows (continued)
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Investing Activities		
Investment income	18,483,898	12,323,396
Proceeds from sale of investments	(2,196,342)	(5,047,737)
Purchase of investments	447,861	16,441,851
Net cash provided by investing activities	16,735,417	23,717,510
Net increase (decrease) in cash and cash equivalents	115,970,111	(653,030)
Cash and Cash Equivalents, Beginning of Year	292,404,411	293,057,441
Cash and Cash Equivalents, End of Year	$ 408,374,522	$ 292,404,411
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities		
Operating income (loss)	$ 50,661,661	$ (60,998,758)
Adjustments to reconcile operating income (loss) to to net cash used in operating activities		
Depreciation and amortization	43,408,398	42,506,676
Increase in other nonoperating assets/noncash expenses	7,670,876	7,921,563
Decrease (increase) in assets and deferred outflows of resources		
Receivables, net	(5,467,997)	(4,459,587)
Inventory and prepaids	1,890,171	(1,233,571)
Other noncurrent assets	1,176,299	757,160
Deferred outflows of resources related to pensions	100,514,526	202,976,212
Deferred outflows of resources related to OPEB	248,823	(536,275)
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	2,793,097	1,538,455
Accrued liabilities	371,481	(25,604)
Unearned revenues	647,867	951,032
Deposits held for others	(118,514)	(156,604)
Compensated absences liability	2,261,438	1,376,834
Other liabilities	(198,261)	(392,296)
Pension liability	(152,229,037)	(769,581,227)
OPEB liability	(8,169,323)	1,541,680
Deferred inflows of resources related to pensions	(182,452,530)	452,550,702
Deferred inflows of resources related to OPEB	6,942,364	(380,607)
Net cash used in operating activities	$ (130,048,661)	$ (125,644,215)
Noncash Investing, Capital and Noncapital Financing Activities		
State funding for acquisitions of capital assets	$ 457,086	$ 503,766
State funding for acquisitions of noncapital assets	303,469	916,124
Liabilities for capital assets	9,123,736	8,467,336
Equipment donations and capital gifts	190,417	1,617,828
Loss on disposal of capital assets	(376)	(487,000)
Amortization of bond/premium discount and refunding loss	285,694	106,851

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Note 1: Governance and Reporting Entity

The Colorado Community College System (CCCS or the System) is governed by the State Board for Community Colleges and Occupational Education (SBCCOE). The nine board members are appointed for staggered four-year terms by the Governor with consent of the State Senate. In addition, there are two non-voting members consisting of a student and a faculty member. The SBCCOE governs the system office and the 13 state system colleges and administers vocational technical education funds distributed to the two Local District Colleges (LDCs), three Area Vocational Schools (AVSs), and school districts offering vocational programs.

CCCS is an institution of higher education of the State of Colorado (the State) established by the Community College and Occupational Education Act of 1967, Title 23, Article 60 of the Colorado Revised Statutes (C.R.S.). Thus, for financial reporting purposes, CCCS is included as part of the State of Colorado's primary government. CCCS' operations and activities are funded primarily through tuition and fees; federal, state and local grants; the College Opportunity Fund (COF) stipends; and a fee for service (FFS) contract. Pursuant to C.R.S. Section 23-1-104, state appropriations for the operation of CCCS are made to the SBCCOE, which is responsible for the allocation to the individual colleges. In addition, the SBCCOE receives and distributes state appropriations for LDCs, AVSs, and school districts offering vocational programs.

The financial statements of CCCS, which is an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of Colorado that is attributable to the transactions of CCCS. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Financial results for the State are presented in separate statewide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State is available in the statewide financial statements in the Comprehensive Annual Financial Report.

Accordingly, the accompanying CCCS financial statements contain the operations of the system office and the following 13 colleges. All significant intercampus balances and transactions have been eliminated.

- Arapahoe Community College (ACC)
- Colorado Northwestern Community College (CNCC)
- Community College of Aurora (CCA)
- Community College of Denver (CCD)
- Front Range Community College (FRCC)
- Lamar Community College (LCC)
- Morgan Community College (MCC)
- Northeastern Junior College (NJC)
- Otero Junior College (OJC)

- Pikes Peak Community College (PPCC)
- Pueblo Community College (PCC)
- Red Rocks Community College (RRCC)
- Trinidad State Junior College (TSJC)

As an institution of higher education in the State of Colorado, the income of CCCS is generally exempt from income taxes under Section 115(a) of the Internal Revenue Code. Income generated from activities unrelated to the exempt purpose of CCCS would be subject to tax under Section 511(a)(2)(B). There was no material tax liability related to income generated from activities unrelated to CCCS' exempt purpose as of June 30, 2020 and 2019.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* and GASB 80*, Blending Requirements for Certain Component Units,* CCCS has one blended component unit, 14 discretely presented component units, and participates in one joint venture as described below.

Blended Component Unit

The SBCCOE Employee Benefit Trust Fund (the Benefit Trust) is included in the accompanying financial statements as a blended component unit. The Benefit Trust was established on February 1, 1983, as a legally and financially independent entity whose governing committee is appointed by the SBCCOE. The Benefit Trust was established to provide benefits under the Health and Welfare Program. Benefits are determined by the Benefit Trust committee, and may include life, accidental death and dismemberment, short-term and/or long-term disability, basic or major medical, dental, or other sick, or accident benefits. Other benefits, as determined by the Benefit Trust committee, may be provided for employees and their dependent families through self-funded or insured programs, or a combination of the two, provided that such other benefits are permissible under Section 501(c)(9) of the Internal Revenue Code. Separate unaudited financial statements of the Benefit Trust are available upon request.

Discretely Presented Component Units

A legally separate, tax-exempt foundation exists for the System office and each of the 13 colleges. While not all of the foundations are materially significant, they have all been included as discretely presented component units of CCCS. The foundations were created to promote the welfare and future development of the colleges by providing financial support for instructional programs, facilities, equipment, student scholarship programs, and cultural activities. Their major sources of revenue include donations, interest, and dividends earned on bank accounts, investments, leases, grants and fund-raising events. The foundations act primarily as fundraising organizations to supplement the resources that are available to CCCS in support of its programs. Although CCCS does not control the timing or amount of receipts from the foundations, the majority of resources or income thereon that the foundations hold and invest is restricted to the activities of CCCS by the donors. Because these restricted resources held by the foundations can only be used by or for the benefit of the colleges, the foundations are considered component units of CCCS and are discretely presented in CCCS' financial statements. The discretely presented component unit financial statements are presented in accordance with Financial Accounting Standards Board (FASB) pronouncements, which is a different reporting model than CCCS.

The Arapahoe Community College Foundation, Inc.; Community College of Aurora Foundation; Community College of Denver Foundation; Colorado Northwestern Community College Foundation; Front Range Community College Foundation; Lamar Community College Foundation; Morgan Community College Foundation; Northeastern Junior College Foundation, Inc.; Otero Junior College Foundation; Pikes Peak Community College Foundation, Inc.; Pueblo Community College Foundation; Red Rocks Community College Foundation; Trinidad State Junior College Foundation, Inc.; and Colorado Community College System Foundation were audited by other auditors. Morgan Community College Foundation's audit is for the year ended December 31, all others are for the year ended June 30.

Complete financial statements for the foundations can be obtained from the Finance and Administration Department at the Colorado Community College System at 303.595.1575 or by writing to:

Colorado Community College System
Department of Finance and Administration
9101 East Lowry Boulevard
Denver, Colorado 80230-6011

Joint Venture

CCCS has an association with the following organization for which it neither is financially accountable nor has primary access to the resources. Accordingly, it has not been included in CCCS' financial statements.

The Auraria Higher Education Center (AHEC), established by legislation in 1974, is jointly governed and utilized by CCD, the University of Colorado Denver, and Metropolitan State University of Denver. The institutions share the costs of operating common educational, library, and other auxiliary facilities. Costs of the common facilities are shared in accordance with an operating agreement between AHEC and the respective institutions.

Complete financial statements for AHEC can be obtained from the Administrative and Business Services Department at 303.556.2232 or by writing to:

Auraria Higher Education Center
Controller's Office
Campus Box B
P.O. Box 173361
Denver, Colorado 80217-3361

Note 2: Implementation of New Accounting Standard

In fiscal year 2020, CCCS began preparation for implementation of GASB Statement No. 84, *Fiduciary Activities,* and GASB Statement No. 87, *Leases*. However, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. CCCS has elected not to early implement these standards. Accordingly, Statement No. 84 had been delayed until fiscal year 2021 and Statement No. 87 will be implemented effective fiscal year 2022.

In fiscal year 2019, CCCS implemented GASB Statement No. 83, *Certain Asset Retirement Obligations* (Statement No. 83), which was effective for financial statements for periods beginning after June 15, 2018. Statement No. 83 establishes criteria for the timing and pattern for recognizing legally enforceable liabilities related to the retirement of tangible capital assets. The System has inventoried those assets which had the potential for related disposal costs under the standard. The identified capital assets were nominal in volume and the disposal costs were not estimable, though considered immaterial overall. Thus no amounts have been recorded for adoption of this standard and will be monitored for future potential liability as appropriate.

Note 3: Basis of Presentation, Measurement Focus, Basis of Accounting, and Summary of Significant Accounting Policies

For financial reporting purposes, CCCS is considered a special-purpose government engaged only in business-type activities. Accordingly, CCCS' basic 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 obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, cash in checking accounts, demand deposits, certificates of deposit with original maturities of three months or less with financial institutions, pooled cash with the State Treasurer, and all highly liquid investments with an original maturity of three months or less. Earnings from pooled cash are distributed monthly based on average daily cash balances at each institution.

Accounts Receivable

Accounts receivable result primarily from tuition and fees, and other charges to students, and grants.

Restricted Cash and Cash Equivalents and Restricted Investments

Restricted cash and cash equivalents and restricted investments primarily represent monies from unspent bond proceeds, including funds for a crossover refunding, monies restricted for Benefit Trust benefits and federal funds received for COVID-19 related costs passed through the Colorado State Governors Office. Investments are reported at fair value, which is determined based on quoted market prices as of June 30, 2020 and 2019.

Inventories

Inventories and supplies are accounted for using the purchase method. Cost is determined using the first-in, first-out method.

Other Noncurrent Assets

Other noncurrent assets consist of prepaid assets that will be expensed more than one year from the fiscal year-end.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. CCCS uses a capitalization threshold of $50,000 for buildings and improvements (land, buildings and leasehold) and internally developed software and $5,000 for all other capital assets, including capital assets acquired through notes payable or capital leases. Library collections are capitalized, regardless of cost, as a collection. Estimated useful lives are determined in accordance with the State Fiscal Procedures Manual. CCCS' estimated useful lives are as follows: 27 years for buildings, the greater of 5 years or term of lease for improvements other than buildings, 3–10 years for equipment, 7 years for library collections, 15 years of internally developed software, and 3–5 years for all other software. Depreciation expense is not allocated among functional categories.

Assets acquired under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

As of June 30, 2020 and 2019, the construction in progress includes capital construction projects in process, but not substantially complete.

Deposits Held for Others

Deposits held for others include balances representing the net position owed to the individuals or organizations for which CCCS is acting as custodian.

Accrued Liabilities

Accrued liabilities primarily represent accrued payroll, benefits payable, and other payroll related liabilities at June 30, 2020 and 2019.

Compensated Absences Liability

Compensated absences and related personnel expenses, including payroll taxes, are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at CCCS. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. Vacation accruals are paid in full upon separation, whereas only a portion of sick leave is paid upon specific types of separation, such as retirement. The current portion of compensated absences liability is the portion that is estimated to be paid within one year. This estimate is based upon the average paid over the preceding three years. The liability for compensated absences is expected to be funded by state appropriations or other funding sources available in future years when the liability is paid.

Unearned Revenue

Unearned revenue consists of amounts received from the provision of educational goods and services that have not yet been earned. CCCS prorates the summer session revenues and direct instructional expenses based on the percentage of total calendar days before June 30 to total calendar days in the selected primary summer term. To the extent revenues are earned after June 30, such amounts are recorded in unearned revenue.

Unearned Governor's Economic Support

Unearned Governor's economic support consists of amounts received from the Federal Coronavirus Relief Funds (CRF) to be used for economic support as a result of the impact of the COVID-19 pandemic, and has not yet been used for the purpose intended.

Notes and Capital Leases Payable

Notes payable and capital leases consist of energy performance agreements and various capital lease agreements with original value of $5,000 or more. Such agreements provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes. It is reasonably assured that such funds will be renewed in the normal course of business and, therefore, are treated as noncancelable for financial reporting purposes.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources is a consumption of net position by a government that is applicable to a future reporting period and deferred inflows of resources is an acquisition of net position by a government that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statements of net position but are not recognized in the financial statements as revenues, expenses or reduction of liabilities until the period(s) to which they relate.

Changes in the net pension liability and OPEB liability not included in the related expense are required to be reported as deferred outflows and deferred inflows of resources related to pensions and OPEB. These deferred outflows and deferred inflows of resources related to pensions and OPEB are required to be recognized by an employer which primarily results from changes in the components of the net pension liability and net OPEB liability, including the changes in the total pension liability and OPEB liability and in each of the pension and OPEB plans' fiduciary net position, respectively. Changes include differences between expected and actual experience in the measurement of the liability, changes to assumptions or other inputs, net differences between projected and actual earning on the plan's investments, changes in proportional share of CCCS, and contributions made by CCCS subsequent to the measurement date of the collected net pension liability and net OPEB liability.

In addition, for refundings resulting in a defeasance of debt the difference between the reacquisition price and the net carrying amount of the old debt is reported as deferred outflows or deferred inflows and amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter.

Net Pension Liability

The net pension liability is the liability of CCCS, the employer, to employees for the PERA defined benefit pension plan, which is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

Net Other Postemployment Benefits (OPEB) Liability

The net OPEB liability is the liability of CCCS, the employer, to employees for the health care trust fund, a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERA. OPEB is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

Net Position

Net position is classified in the accompanying financial statements as follows:

- Net investment in capital assets represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- Restricted for expendable purposes represents net resources in which CCCS is legally or contractually obligated to spend resources in accordance with restrictions imposed by enabling legislation or external third parties.

- Unrestricted net position represents net resources derived from student tuition and fees, FFS contracts, COF stipends, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of CCCS to meet current expenses for any purpose. These resources also include those from auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. Unrestricted net position includes assets designated by the SBCCOE for certain purposes. Unrestricted net position has been reduced for the impact of Statement No. 68 and Statement No. 75 during fiscal years 2020 and 2019.

Classification of Revenues and Expenses

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

- Operating revenues and expenses are derived from activities associated with providing goods and services for instruction, public service, or related support services to an individual or entity separate from CCCS to carry out the mission of CCCS. Operating revenues include stipends paid for eligible undergraduate students under COF, created and funded by the Colorado Legislature. The stipend can be used to pay a portion of in state tuition for both new and continuing students and is paid on a per credit hour basis to the institution at which the student is enrolled. The credit hour amount is set annually by the

General Assembly. In addition, operating revenues include payment for the FFS contract from the State of Colorado for delivery of educational services by CCCS that are not part of the COF stipend program. In fiscal year 2020 and 2019, CDHE's contract with CCCS purchased educational services with an increased emphasis on support services for Pell-eligible, first-generation, and underserved undergraduate students as well as institutional performance related to student completion and retention statistics and additional metrics supporting state policy goals. This includes educational services in rural areas, high-cost student programs, institutional research services, remediation and special skills courses, creation of student career pathways, and for inclusion service compliance.

- Nonoperating revenues and expenses are those that do not meet the definition of operating revenues or capital revenues. In fiscal years 2020 and 2019, nonoperating revenues include Career and Technical Act (CTA) state appropriations, state support for pensions in accordance with Senate Bill 18-200, Federal Pell grants, Amendment 50 funding, state training program grants, occupational education funds, gifts, investment income, and insurance recoveries from prior years. In fiscal year 2020, CCCS also received nonoperating revenues in the form of subsidies from the Federal CARES Act. Nonoperating expenses include interest expense and distributions to AVSs and LDCs.
- Other revenues, expenses, gains, and losses include state capital construction contributions and controlled maintenance appropriations, capital fees, and gifts and grants restricted for capital purposes.

Application of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available to pay an expense, CCCS' general policy is to first utilize restricted resources. Only when restricted resources are unavailable or eligibility requirements have not been met are unrestricted resources used to pay expenses, with the exception of Amendment 50 and Federal CARES Act funding received, which may be expensed in future periods.

Scholarship Allowances

Scholarship allowances are the differences between the stated charge for the goods and services provided by CCCS and the amount that is paid by the students or by other third parties making payments on the students' behalf. Student tuition and fee revenues, certain other auxiliary enterprises revenue, and capital fees are reported net of scholarship allowances in the accompanying financial statements. Certain grants from external governmental and private programs are recorded as either operating or nonoperating revenues in the accompanying financial statements. To the extent that such grant revenues are used to satisfy tuition and fees and other student charges, CCCS records scholarship allowances. Any excess grant revenues are recorded as scholarships and fellowships operating expense. CCCS calculates scholarship allowances on a student-by-student basis.

Amendment 50 Funds

In November 2008, the passage of Amendment 50 recognized the importance of community colleges and LDCs to the State's economic development through the development of a highly skilled workforce. This legislation approved the expansion for limited gaming with new rules, hours, and games beginning July 2, 2009. Gaming tax revenue is collected by the State in the fiscal year that the gaming play takes place and a portion is allocated out to the recipients the following fiscal year, per the provisions of H.B. 09-1272 Title 44, Article 30. Effective fiscal year 2021, H.B. 20-1400 enacted temporary changes to the reallocation of revenue between the limited gaming fund and the extended limited gaming fund until funding goes back to prior-year levels. Community colleges are to use the funds for classroom instruction related activities and scholarships for students.

Use of Estimates

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

Note 4: Appropriations

The Colorado State Legislature establishes spending authority for CCCS in its annual Long Appropriations Bill. Appropriated funds include an amount from the State of Colorado's General Fund, the student share of tuition COF stipend, FFS contract revenue, and CARES Act Direct Federal Funds passed through the Colorado Governors' Office.

For the years ended June 30, 2020 and 2019, appropriated expenditures were within the authorized spending authority. CCCS received a total nonoperating general fund appropriation of $66,274,478 and $62,121,264 for 2020 and 2019, respectively. Included in the State appropriations are general fund appropriations specified to be passed through to two LDCs and three AVSs for 2020 and 2019 of $33,573,846 and $30,045,985, respectively. This amount consists of $19,663,825 and $17,734,550 for LDCs, and $13,910,021 and $12,311,435 for AVSs, for 2020 and 2019, respectively. Also, included in capital general fund appropriations were capital contributions of $31,967,403 and $13,085,108 for 2020 and 2019, respectively. During 2020 and 2019, CCCS received FFS contract revenue in the amount of $63,308,881 and $58,678,717 and COF stipends in the amount of $127,138,814 and $113,393,329, respectively, recognized in operations.

Note 5: Tuition, Fees and Auxiliary Revenue

Tuition, fees and auxiliary revenue and the related scholarship allowances for the years ended June 30, 2020 and 2019 were as follows:

	2020			
	Tuition and Fees	Auxiliary Revenue	Capital Fees	Total
Gross revenue	$ 439,064,105	$ 25,758,766	$ 7,382,261	$ 472,205,132
Scholarship allowances				
Federal	83,489,354	1,727,552	926,049	86,142,955
State	40,157,167	811,088	445,649	41,413,904
Private	6,007,911	117,814	63,626	6,189,351
Institutional	7,176,257	582,973	43,286	7,802,516
Total scholarship allowance	136,830,689	3,239,427	1,478,610	141,548,726
Net revenue	$ 302,233,416	$ 22,519,339	$ 5,903,651	$ 330,656,406

	2019			
	Tuition and Fees	Auxiliary Revenue	Capital Fees	Total
Gross revenue	$ 420,800,337	$ 32,460,439	$ 7,355,964	$ 460,616,740
Scholarship allowances				
Federal	80,697,034	1,660,671	647,160	83,004,865
State	36,274,538	705,921	297,712	37,278,171
Private	3,138,290	97,761	28,586	3,264,637
Institutional	7,135,866	459,511	426,803	8,022,180
Total scholarship allowance	127,245,728	2,923,864	1,400,261	131,569,853
Net revenue	$ 293,554,609	$ 29,536,575	$ 5,955,703	$ 329,046,887

Note 6: Cash and Cash Equivalents and Investments

CCCS' cash and cash equivalents, exclusive of those held with the Colorado State Treasurer (the Treasurer), are detailed in the table below:

	June 30, 2020	June 30, 2019
Cash on hand and change funds	$ 1,201,578	$ 185,126
Deposits with financial institutions	2,319,047	3,412,990
Restricted cash at other institutions	1,005,715	1,448,620
Total	$ 4,526,340	$ 5,046,736

Colorado statutes require protection of public moneys in banks beyond that provided by the Federal Deposit Insurance Corporation (FDIC). The Public Deposit Protection Act in C.R.S. Section 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102.0% of the deposits exceeding those amounts insured by federal insurance.

The following schedule reconciles deposits and investments to the financial statements:

	Carrying Amount June 30, 2020	Carrying Amount June 30, 2019
Footnote amounts		
Deposits	$ 4,526,340	$ 5,046,736
Deposits held with State Treasurer	403,848,182	287,357,675
Restricted investments	20,726,152	18,892,866
Total	$ 429,100,674	$ 311,297,277
Financial statement amounts		
Cash and cash equivalents	$ 306,889,126	$ 290,955,791
Current restricted cash and cash equivalents	101,477,563	1,435,886
Noncurrent restricted cash and cash equivalents	7,833	12,734
Total cash and cash equivalents	408,374,522	292,404,411
Restricted investments	20,726,152	18,892,866
	$ 429,100,674	$ 311,297,277

CCCS deposits its cash with the Treasurer as required by C.R.S. The Treasurer pools these deposits and invests them in securities approved by C.R.S. Section 24-75-601.1. The Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2020 and 2019, CCCS had cash on deposit with the Treasurer of $403,848,182 and $287,357,675, which represented approximately 4.2% and 3.2% of the total of $9,633.8 million and $9,055.2 million, respectively, in deposits in the Treasurer's Pool (Pool). The total $9,633.8 million fair value of deposits, including unrealized gains, in the State Treasurer's Pool, as of

June 30, 2020, included Pool resources of $16.0 million of cash on hand and $9,617.8 million of investments. The total $9,096.5 million fair value of deposits, including unrealized gains, in the State Treasurer's Pool, as of June 30, 2019, included Pool resources of $73.7 million of cash on hand and $9,022.8 million of investments. As of June 30, 2020 and 2019, CCCS had $20,726,152 and $18,892,866 in restricted investments, respectively, which are comprised of marketable securities in active markets that have observable inputs and prices.

On the basis of CCCS' participation in the Pool, CCCS reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains and losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the Pool may be obtained in the State's Comprehensive Annual Financial Report for the years ended June 30, 2020 and 2019.

Custodial Credit Risk

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the State's name.

The Benefit Trust does not have a documented risk policy for its investments for custodial credit risk. The investments held by the Benefit Trust are not held in the State Treasury Investment Pool.

Credit Quality Risks

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies that assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government.

As of June 30, 2020 and 2019, there were no investments in the Benefit Trust subject to credit quality risk. The Benefit Trust does not have a documented risk policy on its investments for credit quality risk.

Interest Rate Risk

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment.

As of June 30, 2020 and 2019, the Benefit Trust had no investments subject to interest rate risk. The Benefit Trust does not have a documented risk policy on its investments for interest rate risk.

Concentration of Credit Risk

The Benefit Trust does have investments (other than U.S. government or agency securities, mutual funds, or investment pools), which represent 5.0% or more of total investments subject to concentration of credit risk, thus concentrating credit risk. Although all investments intrinsically carry credit risk, when investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss.

As of June 30, 2020, there were no investments greater than 5.0% of total investments of $10,296,305. As of June 30, 2019, there were no investments greater than 5.0% of total investments of $8,248,906.

CCCS management does not believe that possible future losses resulting from the Benefit Trust investments would have a material adverse effect on CCCS' financial condition or operations. The Benefit Trust does not have a documented risk policy on its investments for concentration of credit risk.

Foreign Currency Risk

The Benefit Trust does not have a documented risk policy on its investments relative to foreign currency risk. The Benefit Trust was not subject to foreign currency risk in fiscal years 2020 and 2019.

Note 7: Accounts Receivable, Accounts Payable and Accrued Liabilities

Accounts receivable at June 30, 2020 and 2019 were as follows:

	2020		
	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student accounts receivable	$ 66,038,243	$ (32,080,508)	$ 33,957,735
Due from other governments	28,733,756	-	28,733,756
Other receivables	5,437,348	(260,067)	5,177,281
Total receivables	$ 100,209,347	$ (32,340,575)	$ 67,868,772

	2019		
	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student accounts receivable	$ 70,433,227	$ (35,929,486)	$ 34,503,741
Due from other governments	21,474,392	-	21,474,392
Other receivables	4,208,119	(485,922)	3,722,197
Total receivables	$ 96,115,738	$ (36,415,408)	$ 59,700,330

Accounts payable and accrued liabilities at June 30, 2020 and 2019 was as follows:

	2020	2019
Amounts owed to vendors	$ 18,069,216	$ 18,690,370
Salaries and benefits payable	17,056,989	16,685,507
Accrued interest payable	773,342	793,285
Other payables	6,866,871	4,221,688
Total accounts payable and accrued liabilities	$ 42,766,418	$ 40,390,850

Note 8: Capital Assets

The following tables present changes in capital assets and accumulated depreciation for the years ended June 30, 2020 and 2019. Adjustments reflect one-time adjustments to properly classify buildings and improvements, leasehold improvements and equipment. Adjustments to construction in progress reflect projects not deemed capitalizable.

	Balance, June 30, 2019	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2020
Nondepreciable capital assets						
Land and land improvements	$ 34,957,335	$ -	$ -	$ -	$ -	$ 34,957,335
Construction in progress	26,187,911	54,451,376	-	(20,578,952)	(45,665)	60,014,670
Collections	980,007	-	-	-	-	980,007
Total nondepreciable capital assets	62,125,253	54,451,376	-	(20,578,952)	(45,665)	95,952,012
Depreciable capital assets						
Land improvements	28,366,597	-	-	443,996	3,804	28,814,397
Buildings and improvements	772,034,028	375,086	-	18,651,430	147,728	791,208,272
Leasehold improvements	31,391,470	-	-	1,483,526	-	32,874,996
Equipment and software	109,496,220	7,766,946	(1,217,814)	-	(186,290)	115,859,062
Library materials	2,174,864	240,215	(338,326)	-	-	2,076,753
Total depreciable capital assets	943,463,179	8,382,247	(1,556,140)	20,578,952	(34,758)	970,833,480
Less accumulated depreciation						
Land improvements	15,884,467	1,148,610	-	-	-	17,033,077
Buildings and improvements	405,392,335	30,860,951	-	-	80,807	436,334,093
Leasehold improvements	16,305,446	1,827,416	-	-	-	18,132,862
Equipment and software	81,079,823	9,269,406	(1,217,438)	-	(64,483)	89,067,308
Library materials	1,170,040	302,015	(338,326)	-	-	1,133,729
Total accumulated depreciation	519,832,111	43,408,398	(1,555,764)	-	16,324	561,701,069
Net depreciable capital assets	423,631,068	(35,026,151)	(376)	20,578,952	(51,082)	409,132,411
Total capital assets, net	$ 485,756,321	$ 19,425,225	$ (376)	$ -	$ (96,747)	$ 505,084,423

	Balance, June 30, 2018	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2019
Nondepreciable capital assets						
Land and land improvements	$ 33,415,435	$ 1,541,900	$ -	$ -	$ -	$ 34,957,335
Construction in progress	24,609,405	43,825,371	-	(42,199,137)	(47,728)	26,187,911
Collections	945,439	34,568	-	-	-	980,007
Total nondepreciable capital assets	58,970,279	45,401,839	-	(42,199,137)	(47,728)	62,125,253
Depreciable capital assets						
Land improvements	27,903,989	-	-	462,608	-	28,366,597
Buildings and improvements	724,981,742	5,363,509	-	41,577,080	111,697	772,034,028
Leasehold improvements	31,335,500	-	-	55,970	-	31,391,470
Equipment and software	107,178,309	5,977,522	(3,555,706)	103,479	(207,384)	109,496,220
Library materials	6,261,799	215,808	(4,302,743)	-	-	2,174,864
Total depreciable capital assets	897,661,339	11,556,839	(7,858,449)	42,199,137	(95,687)	943,463,179
Less accumulated depreciation						
Land improvements	14,775,074	1,186,398	-	-	(77,005)	15,884,467
Buildings and improvements	375,955,359	29,425,881	-	-	11,095	405,392,335
Leasehold improvements	14,143,463	2,084,978	-	-	77,005	16,305,446
Equipment and software	75,082,675	9,298,037	(3,281,579)	-	(19,310)	81,079,823
Library materials	4,961,401	511,382	(4,302,743)	-	-	1,170,040
Total accumulated depreciation	484,917,972	42,506,676	(7,584,322)	-	(8,215)	519,832,111
Net depreciable capital assets	412,743,367	(30,949,837)	(274,127)	42,199,137	-	423,631,068
Total capital assets, net	$ 471,713,646	$ 14,452,002	$ (274,127)	$ -	$ (135,200)	$ 485,756,321

Note 9: Long-term Liabilities

The following tables present changes in long-term liabilities at June 30, 2020 and 2019:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Bonds payable	$ 116,443,754	$ 30,188,230	$ (33,569,293)	$ 113,062,691	$ 3,555,000
Notes and capital leases payable	8,669,314	40,883	(1,121,728)	7,588,469	1,158,010
Other long-term liabilities	1,382,795	289,926	(469,287)	1,203,434	251,470
Compensated absences liability	23,697,162	25,586,772	(23,325,333)	25,958,601	2,790,121

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Bonds payable	$ 121,529,842	$ -	$ (5,086,088)	$ 116,443,754	$ 4,280,000
Notes and capital leases payable	9,617,358	-	(948,044)	8,669,314	999,064
Other long-term liabilities	1,856,180	769,834	(1,243,219)	1,382,795	216,986
Compensated absences liability	22,320,329	27,546,389	(26,169,556)	23,697,162	2,918,158

Note 10: Bonds Payable

Systemwide Revenue Bonds

The State's Department of Higher Education, through the SBCCOE, issued revenue bonds in 2010, 2012, 2013, 2016, 2017 and 2019 known as Systemwide Revenue Bonds. Bond proceeds were used to benefit facilities at the individual colleges, as noted below:

Series 2010 Bonds

The Series 2010A Systemwide Revenue Refunding Bonds for $7,335,000 were issued on March 10, 2010. Interest is payable semiannually on May 1 and November 1. The principal of the Series 2010A issue was used to current refund the remaining outstanding balances of the following:

Series 1997 bonds for Community College of Aurora, Northeastern Junior College, and Trinidad State Junior College	$	2,770,000
Series 1998 bonds for Morgan Community College and Northeastern Junior College		905,000
Series 1999 bonds for Pueblo Community College and Red Rocks Community College		3,565,000
	$	7,240,000

The principal of the Series 2010A issue was distributed between the colleges as follows:

Community College of Aurora	$	761,893
Morgan Community College		334,400
Northeastern Junior College		2,092,944
Pueblo Community College		1,663,917
Red Rocks Community College		1,940,311
Trinidad State Junior College		541,535
	$	7,335,000

The Series 2010A bonds were paid in full on November 1, 2019.

The Series 2010B-2 Taxable Systemwide Revenue Bonds for $9,665,000 were issued on March 10, 2010. Interest is payable semiannually on May 1 and November 1. The Series 2010B-2 bonds were issued as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the Recovery Act). Pursuant to the Recovery Act, SBCCOE expects to receive a cash subsidy payment from the U.S. Treasury (referred to herein as the Federal Direct Payments) equal to 35.0% of the interest payable on the Series 2010B-2 bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the U.S. government, but is required to be paid by the Treasury under the Recovery Act. Any Federal Direct Payments received by the Board are to be deposited into the Debt Service Fund and applied to the payment of principal and interest on the Series 2010B-2 bonds. Final maturity of the bonds is November 1, 2041. The principal of the Series 2010B-2 issue was distributed between the colleges as follows:

Colorado Northwestern Community College	$ 4,585,000
Northeastern Junior College	5,080,000
	$ 9,665,000

The proceeds from the 2010B-2 bonds were used to finance construction, improvement, and equipping of 78,000 square feet of the Craig Campus Academic Building at CNCC, 14,000 square feet of the Craig Career and Technical Center at CNCC, and a new student residence hall for the housing of students at NJC. A portion of these bonds will be crossover refunded in 2020 with proceeds of the Series 2017B bonds.

The Series 2010B-2 bonds qualify for the State of Colorado Intercept Program (the State Intercept Program). Pursuant to the State Intercept Program, the Treasurer shall pay the principal and interest on the Series 2010 bonds if the Board does not make such payments when they are due.

The Series 2010D Taxable Systemwide Revenue Bonds for $31,455,000 were issued on October 13, 2010. Interest is payable semiannually on May 1 and November 1. The Series 2010D bonds were issued as "Build America Bonds." Final maturity of the bonds is November 1, 2039. The principal of the Series 2010D issue was distributed between the colleges as follows:

Community College of Denver	$ 19,970,000
Pueblo Community College	11,485,000
	$ 31,455,000

The proceeds from the 2010D bonds were used to finance construction, improvement, and equipping of the Student Learning and Success Building at CCD, the Student Center at PCC, and the Learning Resource Center at PCC.

The Board has adopted a resolution stating that it will not participate in the State Intercept Program for the 2010D bonds.

The Series 2010D Taxable bonds were partially advance refunded by the 2019A Series on October 10, 2019. The remaining balance was paid in full on November 1, 2019.

Series 2012 Bonds

The Series 2012A Systemwide Revenue Refunding Bonds for $11,495,000 were issued on January 25, 2012. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2032. The principal of the Series 2012A issue was used to current refund the Colorado Educational and Cultural Facilities Authority Lease Revenue Bonds (Community Colleges of Colorado System Headquarters Project), Series 2001 (the Series 2001 bonds), and the Colorado Educational and Cultural Facilities Authority, Community Colleges of Colorado, Lease Revenue Bonds (Pikes Peak Community College Project), Series 2001A (the Series 2001A bonds) and advance refund the Colorado Educational and Cultural Facilities Authority, Community Colleges of Colorado, Lease Revenue Bonds (Arapahoe Community College Project), Series 2002 (the Series 2002 bonds), and together with the Series 2001 bonds and Series 2001A bonds (the Refunded Bonds) held by the Colorado Community College System Foundation (the Foundation) which replaced capital leases between the Foundation and the System Office, Pikes Peak Community College, and Arapahoe Community College, respectively, as follows:

Series 2001 bonds for Colorado Community College System	$ 5,865,000
Series 2001A bonds for Pikes Peak Community College	3,615,000
Series 2002 bonds for Arapahoe Community College	2,065,000
	$ 11,545,000

The principal of the Series 2012A issue was distributed between the colleges as follows:

Arapahoe Community College	$ 2,135,000
Community College System	5,825,000
Pikes Peak Community College	3,535,000
	$ 11,495,000

The Board has adopted a resolution stating that it will not participate in the State Intercept Program for the 2012A bonds.

Series 2013 Bonds

The Series 2013 Systemwide Revenue Bonds for $21,025,000 were issued on July 10, 2013. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2034. The principal of the Series 2013 issue is being used to finance the construction, improvement, equipping, renovation, expansion, and upgrade of various campus facilities for the FRCC Larimer campus and the FRCC Westminster campus.

The Board has adopted a resolution stating that it will not participate in the State Intercept Program for the 2013 bonds.

Series 2016 Bonds

The Series 2016 Systemwide Revenue Bonds for $18,340,000 were issued on February 24, 2016. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2046. A portion of the principal of the Series 2016 issue was used to current refund the remaining outstanding balances of the Series 2003 Systemwide Revenue Refunding Bonds of $3,060,000.

The principal of the Series 2016 issue was distributed between the colleges as follows:

Red Rocks Community College	$ 15,415,000
Pikes Peak Community College	2,925,000
	$ 18,340,000

The Board has adopted a resolution stating that it will participate in the State Intercept Program for the 2016 bonds.

The remaining proceeds of these funds were used to construct and equip a new student recreation center on the Lakewood campus of RRCC.

Series 2017 Bonds

The Series 2017A Systemwide Revenue Refunding and Improvement Bonds for $34,850,000 were issued on December 28, 2017. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2047. A portion of the 2017A principal was used to advance refund a portion of the Series 2013 bonds for Front Range Community College. The funds were placed into an irrevocable escrow fund for the future debt service payments on the previous series bonds. The principal of the 2017A issue was distributed between the colleges as follows:

Arapahoe Community College	$ 21,065,000
Front Range Community College	13,785,000
	$ 34,850,000

The principal of the Series 2017A was used to construct and equip new academic facilities at the ACC Castle Rock Collaboration Campus.

The Board has adopted a resolution statement that it will not participate in the State Intercept Program for the 2017A bonds.

The 2017B Systemwide Revenue Refunding Bonds were issued on December 28, 2017. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2041. The proceeds were placed into revocable escrows for the advance refunding on a crossover basis of a portion of the 2010B-2 Taxable Systemwide Revenue Bonds for future debt service payments on the previous series bonds. The principal of the 2017B issue was distributed to the colleges as follows:

Colorado Northwestern Community College	$ 3,870,000
Northeastern Junior College	4,325,000
	$ 8,195,000

The Board has adopted a resolution stating that it will participate in the State Intercept Program for the 2017B bonds. Pursuant to the State Intercept Program, the Treasurer shall pay the principal and interest on the Series 2017B bonds if the Board does not make such payments when they are due.

Series 2019 Bonds

The Series 2019A Systemwide Revenue Refunding Bonds for $25,150,000 were issued on October 10, 2019. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2039. The principal of the Series 2019A issue was used to advance refund a portion of the State of Colorado, Department of Education, by the State Board for Community Colleges and Occupational Education Taxable Systemwide Revenue Bonds (Community College of Denver Project and Pueblo Community College Projects) (Build America Bonds – Direct Payment to the Board), Series 2010D and pay costs of issuance, as follows:

Community College of Denver	$ 18,100,000
Pueblo Community College	10,725,000
	$ 28,825,000

The principal of the 2019A issue was distributed between the Community College of Denver and Pueblo Community College, respectively, as follows:

Community College of Denver	$	15,555,000
Pueblo Community College		9,595,000
	$	25,150,000

The net present value of savings was approximately $2.1 million. A deferred outflow of $1.1 million was recognized in fiscal year 2020 related to a portion of the Series 2010D debt.

The Board has adopted a resolution stating that it will not participate in the State Intercept Program for the 2019A bonds.

The System advanced refunded a portion of the System's Series 2013 bonds and a portion of the Series 2010D bonds. The defeased bonds are not considered a liability of the System. As of June 30, 2020, $42,290,000 of refunded Series 2013 bonds and Series 2010D bonds are considered legally defeased. As of June 30, 2019, $13,465,000 of refunded Series 2013 bonds are considered legally defeased.

Security

The bonds are special obligations of CCCS payable from certain net pledged revenues as defined in the bond indentures. The Series 2019, 2017, 2016, 2013, 2012 and 2010 bonds are payable solely out of and secured by an irrevocable pledge of 10.0% of tuition and fee revenues, net of scholarship allowances. The debt was used to refund debt, finance the construction, improvement, equipping, renovation, expansion, and upgrade of various campus facilities for the ACC, CCD, CNCC, FRCC, NJC, PCC, PPCC and RRCC colleges. Principal and interest paid were $38,096,696 and $9,620,010 for fiscal years 2020 and 2019, respectively. The pledge expires upon the extinguishment of the debt with the final debt payment on November 1, 2047.

Total net pledged revenue for bonds was $31,188,525 and $30,604,902 for fiscal years 2020 and 2019, respectively. These amounts primarily consisted of $30,223,342 and $29,355,461 student tuition and fees, net of scholarship allowance for fiscal years 2020 and 2019, respectively. The remaining pledged revenue represents the capital fees and federal direct payments received on the "Build America Bonds" which the Board has pledged to pay the Series 2010B-2 bonds.

Minimum Bond Reserve Requirement

Pursuant to the bond indentures, the System must fund a minimum bond reserve equal at any time to the average annual principal and interest requirements. The reserve fund, or a Qualified Surety Bond, shall equal the minimum bond reserve. All systemwide bond issues currently have surety bonds to guarantee the reserve requirement. Management believes the purchase of a surety bond is in compliance with the bond resolution and guarantees the minimum bond reserve requirement for all issues.

Mandatory Sinking Fund Redemption

Each bond issue is subject to mandatory sinking fund redemptions by lot, on the dates and in principal amounts as specified in each bond resolution, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The principal amounts vary by issue.

Bond Accounting

The bond accounts are maintained by each of the participating colleges for their portion of the bonds. The individual college accounts are included in the systemwide financial statements.

Long-term Bond Principal Maturities

Bond principal payments to be made during fiscal years 2021 through 2025 are enumerated in the following tables:

Bond Issue	Principal Maturing in Next Five Years by Year				
	FY21	FY22	FY23	FY24	FY25
Series 2010B-2					
Colorado Northwestern Community College	$ 130,000	$ 130,000	$ 135,000	$ 140,000	$ 145,000
Northeastern Junior College	135,000	140,000	140,000	145,000	150,000
Series 2012A					
Arapahoe Community College	95,000	95,000	100,000	105,000	105,000
Colorado Community College System	270,000	280,000	285,000	295,000	305,000
Pikes Peak Community College	220,000	225,000	235,000	235,000	245,000
Series 2013					
Front Range Community College	845,000	875,000	915,000	955,000	-
Series 2016					
Pikes Peak Community College	340,000	345,000	355,000	365,000	375,000
Red Rocks Community College	205,000	205,000	210,000	215,000	225,000
Series 2017A					
Arapahoe Community College	280,000	290,000	315,000	335,000	345,000
Front Range Community College	35,000	35,000	40,000	40,000	1,045,000
Series 2017B					
Colorado Northwestern Community College	-	130,000	135,000	135,000	140,000
Northeastern Junior College	-	135,000	135,000	140,000	150,000
Series 2019A					
Community College of Denver	705,000	775,000	815,000	860,000	895,000
Pueblo Community College	295,000	335,000	345,000	360,000	390,000
Total revenue bonds payable	3,555,000	3,995,000	4,160,000	4,325,000	4,515,000
Interest	4,264,883	4,129,823	3,966,120	3,789,029	3,632,376
Total annual debt service	$ 7,819,883	$ 8,124,823	$ 8,126,120	$ 8,114,029	$ 8,147,376

Bond debt service payments after fiscal year 2025 to maturity are as follows:

Fiscal Years	Principal	Interest	Total
2026-2030	$ 22,095,000	$ 14,548,151	$ 36,643,151
2031-2035	28,915,000	10,062,508	38,977,508
2036-2040	15,155,000	5,049,995	20,204,995
2041-2045	10,465,000	2,357,886	12,822,886
2046-2050	5,460,000	370,209	5,830,209
	$ 82,090,000	$ 32,388,749	$ 114,478,749

Remaining debt service by bond issuance is as follows:

	Revenue Bonds Outstanding*, June 30, 2020	Interest Rate	Maximum Annual Principal	Callable	Call Premium	Final Payment
State Board for Community Colleges and Occupational Education Systemwide Revenue Bonds						
Series 2010B-2						
Colorado Northwestern Community College	$ 3,999,488	2.00% to 6.10%	$ 280,000	Yes (after 11/2021)	None	11/1/2040
Northeastern Junior College	4,468,063	2.00% to 6.10%	305,000	Yes (after 11/2021)	None	11/1/2041
Series 2012A						
Arapahoe Community College	1,521,210	2.50% to 3.375%	140,000	Yes (after 11/2022)	None	11/1/2032
Colorado Community College System	3,969,023	2.50% to 3.375%	375,000	Yes (after 11/2022)	None	6/30/2032
Pikes Peak Community College	2,026,955	2.50% to 3.375%	270,000	Yes (after 11/2022)	None	6/30/2028
Series 2013						
Front Range Community College	3,825,956	3.00% to 5.00%	1,500,000	Yes (after 11/01/2023)	None	11/1/2034
Series 2016						
Pikes Peak Community College	2,303,737	3.375% to 4.125%	285,000	Yes (after 11/2026)	None	11/1/2030
Red Rocks Community College	14,450,893	1.50% to 4.00%	760,000	Yes (after 11/2026)	None	11/1/2046
Series 2017A						
Arapahoe Community College	22,462,061	2.00% to 5.00%	1,490,000	Yes (after 11/2027)	None	11/1/2034
Front Range Community College	15,460,426	2.00% to 5.25%	1,390,000	Yes (after 11/2027)	None	11/1/2047
Series 2017B						
Colorado Northwestern Community College	4,084,403	3.00% to 5.00%	275,000	Yes (after 11/2027)	None	11/1/2040
Northeastern Junior College	4,544,002	3.00% to 5.00%	290,000	Yes (after 11/2027)	None	11/1/2041
Series 2019A						
Community College of Denver	18,753,463	2.00% to 5.00%	1,415,000	Yes (after 11/2030)	None	11/1/2034
Pueblo Community College	11,193,011	2.00% to 5.00%	625,000	Yes (after 11/2030)	None	11/1/2039
	$ 113,062,691					

* Bonds have related unamortized bond premium and discount of $10,422,691

Note 11: Notes, Leases, and State of Colorado Certificates of Participation

CCA, CNCC, FRCC, LCC, NJC, TSJC and CCCS have recorded notes payable in conjunction with building improvements and equipment related to energy performance contracts. The interest rate on the notes payable range from 2.29% to 5.15%.

The outstanding notes payable from direct borrowings related to energy performance contracts contain provisions regarding the event of a default or unavailability of funds by CCCS. In the event of a default, the lender may accelerate and recover from CCCS any and all amounts currently due and becoming due at the end of the then current fiscal period of CCCS and take possession of equipment. This financial consequence is limited to the amount of payments still due within the current fiscal period and the value of the equipment at the time of default.

NJC has recorded capital leases for several copier machines. The interest rate on the capital leases is 5.75%. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life. In 2020 and 2019, capitalized assets relating to these leases were approximately $262,053 and $253,183, with amortization expense of $52,139 and $51,250, respectively. Accumulated amortization was $230,500 and $178,361 for 2020 and 2019, respectively.

Future minimum payments under notes payable are as follows for the years ending June 30:

	Principal	Interest	Total
2021	$ 1,099,767	$ 224,853	$ 1,324,620
2022	1,085,071	191,032	1,276,103
2023	877,780	159,293	1,037,073
2024	905,159	130,485	1,035,644
2025	803,866	102,072	905,938
2026-2030	2,568,375	217,488	2,785,863
2031-2035	184,016	5,981	189,997
	$ 7,524,034	$ 1,031,204	$ 8,555,238

Future minimum payments under capital leases are as follows for the years ending June 30:

	Principal	Interest	Total
2021	$ 58,243	$ 2,186	$ 60,429
2022	1,735	311	2,046
2022	1,837	209	2,046
2023	1,946	100	2,046
2024	674	8	682
	$ 64,435	$ 2,814	$ 67,249

On October 23, 2008, the State issued State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008, with an approximate par value of $230,845,000 and a premium of $1,883,800 and a discount of $1,702,900. The certificates have interest rates ranging from 3.0% to 5.5% and mature in November 2027. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in CCCS' financial statements.

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A with a par value of $500,000,000 and a premium of $47,368,567 and a discount of $526,047. The certificates have interest rates ranging from 1.84% to 5.00% and mature in December 2037. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in CCCS' financial statements.

The certificates are secured by the buildings or equipment acquired with the lease proceeds and any unexpended lease proceeds. The 2008 proceeds were used to finance various capital projects for the benefit of certain State supported institutions of higher education in Colorado including CNCC, FRCC, and MCC. The projects included CNCC's construction of a new 53,000 square foot academic building that houses classrooms, laboratories, offices, a learning resource center, and academic support functions, as well as expanded surface parking on the new site; FRCC's construction of a new laboratory wing and renovate existing space in the primary science building on the Larimer campus; and MCC's provided additional space and building improvements for the college's nursing, health technology, and science programs, as well as additional parking and reconfiguration of the main entrance loop. The 2018 COP proceeds were used to finance various higher education controlled maintenance and capital construction projects, including 18 controlled maintenance projects at 10 CCCS college campuses and capital construction projects at Lamar Community College, Otero Junior College, and Pueblo Community College. The CCCS portion of the proceeds totals $17.99 million. The underlying capitalized assets are contributed to CCCS from the State and are reflected in the accompanying financial statements.

CCCS also has building and equipment operating leases. Total rent expense for all operating leases for the years ended June 30, 2020 and 2019 was $4,739,200 and $4,903,195, respectively. Future minimum rental payments, exclusive of real estate taxes and other expenses, under operating leases are as follows:

Year Ending June 30:	
2021	$ 3,159,248
2022	3,289,695
2023	2,956,432
2024	2,590,795
2025	2,521,675
2026-2030	6,816,679
2031-2035	655,138
2036-2040	572,255
2041-2045	578,958
2046-2050	268,758
	$ 23,409,633

The minimum rentals are subject to adjustment based on increases in the cost of maintenance, insurance, utilities, and operating costs. The leases may be renewed for additional periods of various lengths. All leases are subject to cancellation in the event the State General Assembly does not appropriate funds for the annual lease payments.

Note 12: Other Long-term Liabilities

Other long-term liabilities consist of expired warrants that are unclaimed at year-end. The combined payment schedule is as follows for each fiscal year:

2021	$ 251,470
2022	209,797
2023	173,782
2024	129,014
2025	245,454
2026-2030	193,917
	$ 1,203,434

Note 13: Compensated Absences for Annual and Sick Leave

Employees of CCCS may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The estimated total liability for compensated absences at June 30, 2020 and 2019 is $25,958,601 and $23,697,162, respectively.

The liability for compensated absences is expected to be funded by state appropriations or other funding sources available in future years when the liability is paid.

At June 30, 2020 and 2019, the Public Employees' Retirement Association of Colorado (PERA) estimated that 53.5% and 53.6%, respectively, of the State's employees would remain until retirement. This percentage is used to calculate the amount of compensated absence liability related to sick leave each year.

Note 14: Retirement Plan

Defined Benefit Pension Plan

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

Prior to legislation passed during the 2006 session, higher education employees had the option to participate in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Community college employees hired after January 1, 2010 are required to become members of PERA and must elect either PERA's defined benefit or defined contribution plan within 60 days, unless they had been a PERA member within the prior 12 months. In that case, they are required to remain in the PERA plan in which they participated previously.

Virtually all CCCS' employees participate in the SDTF. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SDTF have been determined on the same basis as they are reported by the SDTF, using the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SDTF by 0.25% on July 1, 2019.
- Increases employee contribution rates for the SDTF by a total of 2% (to be phased in over a period of three years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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 certain new members of the State Division hired on or after January 1, 2019, who are classified State College and University employees. 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.

Benefits Provided. PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

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.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once criteria are met. Pursuant to SB 18-200, there are no annual increases (AI) for 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase of 1.25%, unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25% or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions. Eligible employees and CCCS are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for all employees are summarized in the table below.

	Fiscal Year 2019		Fiscal Year 2020	
	CY18	CY19		CY20
	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020
Employee contribution rate	8.00%	8.00%	8.75%	10.00%

The employer contribution requirements for all employees are summarized in the table below:

	Fiscal Year 2019		Fiscal Year 2020	
	CY18	CY19		CY20
	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020
Employer contribution rate	10.15%	10.15%	10.40%	10.90%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount Apportioned to the SDTF	9.13%	9.13%	9.38%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	19.13%	19.13%	19.38%	19.88%

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

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. As a result of SB18-200, the State of Colorado contributed to PERA $6,841,215 and $6,990,246, on behalf of CCCS on July 1, 2019 and 2018, respectively. This contribution is considered an employer contribution for Statement No. 68 reporting purposes.

Subsequent to the SDTF's December 31, 2019, measurement date, HB 20-1379 Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and CCCS is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from CCCS were $54,900,779 and $52,608,120 for the years ended June 30, 2020 and 2019, respectively. Total contributions recognized by SDTF for CCCS were $61,741,994 and $59,598,366, for the years ended June 30, 2020 and 2019, respectively.

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

At June 30, 2020 and 2019, CCCS reported a liability of $861.2 million and $1,013.4 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and 2017, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2019 and 2018. The CCCS proportion of the net pension liability was based on CCCS contributions to the SDTF for the calendar year associated with the above measurement date, relative to the total contributions of participating employers and, as applicable, the State as a nonemployee contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At December 31, 2019, CCCS proportion was 8.87%, which was a decrease of 0.04% from its proportion measured as of December 31, 2018. At December 31, 2018, CCCS proportion was 8.91%, which was a decrease of 0.0008% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, the CCCS recognized a reduction of pension expense of $172.4 million and $54.5 million, respectively. At June 30, 2020 and 2019, the CCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 32,174,934	$ -
Changes of assumptions or other inputs	-	247,000,332
Net difference between projected and actual earnings on pension plan investments	-	92,780,206
Changes in proportion	-	3,207,361
Differences between contributions recognized and proportionate share of contributions	-	242,256
Contributions subsequent to the measurement date	27,541,876	N/A
Total	$ 59,716,810	$ 343,230,155

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 28,979,647	$ -
Changes of assumptions or other inputs	53,360,288	523,300,394
Net difference between projected and actual earnings on pension plan investments	51,187,829	-
Changes in proportion	-	2,145,885
Differences between contributions recognized and proportionate share of contributions	-	236,406
Contributions subsequent to the measurement date	26,703,571	N/A
Total	$ 160,231,335	$ 525,682,685

At June 30, 2020, the System reported $27,541,876 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at the collective level at June 30, 2020 will be recognized in pension expense as follows:

Year ending June 30,	
2021	$ (255,233,820)
2022	(20,605,799)
2023	(3,641,561)
2024	(31,574,041)
	$ (311,055,221)

Actuarial Assumptions. The total pension liability in the actuarial valuations for each measurement date presented were determined using the following actuarial cost method, actuarial assumptions and other inputs:

Measurement Date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.50 percent	3.50 percent
Salary increases, including wage inflation	3.50 - 9.17 percent	3.50 - 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	4.72 percent
Post-retirement benefit increases		
PERA benefit structure hired prior to 1/1/07	1.25 percent	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Both measurement periods utilized 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% factor applied to male rates and a 55.0% factor applied to female rates.

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

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

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

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

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

As of the most recent adoption of the long-term rate of return by the PERA Board, the target 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% for both measurement dates.

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

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increases in SB 18-200 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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.

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.5% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

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

Based on the above assumptions and methods, the projection test indicates the SDTF'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 determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the CCCS Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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:

	June 30, 2020		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$ 1,107,860,732	$ 861,163,819	$ 652,397,483

	June 30, 2019		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$ 1,259,821,742	$ 1,013,392,855	$ 804,891,548

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.

Note 15: Other Retirement Plans

Defined Contribution Retirement Plan (DC Plan)

Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

All participating employees and CCCS in the PERA DC Plan are required to contribute a percentage of their PERA-includable salary and CCCS is required to contribute a percentage of PERA-includable salary on behalf of these employees.

	Fiscal Year 2019		Fiscal Year 2020	
	CY18	CY19	CY19	CY20
	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020
Employee Contribution Rate	8.00%	8.00%	8.75%	8.75%
Employer Contribution Rate	10.15%	10.15%	10.40%	10.40%

Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	Fiscal Year 2019		Fiscal Year 2020	
	CY18	CY19	CY19	CY20
	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	10.00%	10.00%	10.00%	10.00%

Rates in the above table are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Employer contributions recognized by the DC Plan from CCCS were $1,747,756 and $1,649,478 for the years ended June 30, 2020 and 2019, respectively.

401(k) Defined Contribution Plan

Employees of CCCS 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.

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. CCCS does not match contributions made by employees participating in this plan. Employees are immediately vested in their own contributions and investment earnings. 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. At December 31, 2019 and 2018, CCCS had 655 and 703 participants, respectively, in the plan.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. Contributions and earnings are tax deferred. CCCS does not match contributions made by employees participating in this plan. At December 31, 2019 and 2018, CCCS had 289 and 286 participants, respectively, in the plan. In calendar year 2019, participants were allowed to make contributions of up to 100% of their annual gross salary (reduced by their 8% PERA contribution) to a maximum of $19,000. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,000 contribution in 2019. Special 457(b) catch-up contributions allow a participant for three years prior to the normal retirement age to contribute the lesser of (1) twice the annual limit ($38,000 in 2019), or (2) the basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions).

Note 16: Employee Benefit Trust Fund

The Benefit Trust provides health and welfare benefits to all employees participating in the Health and Welfare Program sponsored by the SBCCOE. For fiscal years 2020 and 2019, CCCS made contributions of excess receipts of insurance premiums to the Benefit Trust of approximately $778,000 and $1,884,000, respectively.

Note 17: Other Postemployment Benefits – CCCS

CCCS' principal employee pension plan is PERA (notes 14 and 15). Pursuant to SBCCOE Board Policy BP3 60 (Retirement), employees hired prior to 1989 who take early retirement under PERA regulations "shall be entitled to have the college/system continue to pay the employee's share of the group health and life insurance premium up to the amount paid for active employees until the employee reaches age 65." This is the only postretirement benefit offered to CCCS employees. This actuarially determined liability related to this plan is considered immaterial to CCCS' financial statements with only two eligible recipients as of June 30, 2020. Consequently, no provision has been made in the accompanying financial statements for this liability.

The postretirement benefits described above are funded out of annual current funds.

Note 18: Other Postemployment Benefits – PERA Health Care Trust Fund

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

General Information About the OPEB Plan

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

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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 on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and CCCS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CCCS were $2,821,326 and $2,720,398 for the years ended June 30, 2020 and 2019, respectively.

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

At June 30, 2020 and 2019, CCCS reported a liability of $34.0 million and $42.1 million, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 and 2017, respectively. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019 and 2018. CCCS' proportion of the net OPEB liability was based on CCCS' contributions to the HCTF for the calendar year associated with the above measurement dates, relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, CCCS' proportion was 3.02%, which was a decrease of 0.08% from its proportion measured as of December 31, 2018. At December 31, 2018, CCCS' proportion was 3.10%, which was a decrease of 0.02% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, CCCS recognized OPEB expense of $1,843,190 and $3,345,197, respectively. At June 30, 2020 and 2019, CCCS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 112,725	$ 5,707,947
Changes of assumptions or other inputs	281,812	-
Net difference between projected and actual earnings on OPEB plan investments	-	566,978
Changes in proportion	-	1,242,373
Differences between contributions recognized and proportionate share of contributions	8,640	16,673
Contributions subsequent to the measurement date	1,398,946	N/A
Total	$ 1,802,123	$ 7,533,971

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 152,936	$ 64,142
Changes of assumptions or other inputs	295,590	-
Net difference between projected and actual earnings on OPEB plan investments	242,320	-
Changes in proportion	-	515,312
Differences between contributions recognized and proportionate share of contributions	10,779	12,153
Contributions subsequent to the measurement date	1,349,321	N/A
Total	$ 2,050,946	$ 591,607

At June 30, 2020, the System reported $1,398,946 as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 will be recognized in OPEB expense as follows:

Year ending June 30,	
2021	$ (1,485,904)
2022	(1,485,844)
2023	(1,321,683)
2024	(1,484,858)
2025	(1,276,035)
Thereafter	(76,470)
	$ (7,130,794)

Actuarial Assumptions. The total OPEB liability in the actuarial valuations for each measurement period were determined using the following actuarial cost method, actuarial assumptions and other inputs:

Measurement Date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.50 percent	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate	3.50 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Health care cost trend rates		
PERA benefit structure:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	5.60 percent in 2019 gradually lowered to 4.50 percent in 2029	5.00 percent
Medicare Part A premiums	3.50 percent for 2019, gradually raised to 4.50 percent in 2029	3.25 percent for 2018, gradually raised to 5.00 percent 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, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 and 2018 for the PERA Benefit Structure, respectively:

Medicare Plan	December 31, 2019 Cost for Members Without Medicare Part A	December 31, 2019 Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$601	$240
Kaiser Permanente Medicare Advantage HMO	$605	$237

Medicare Plan	December 31, 2018 Cost for Members Without Medicare Part A	December 31, 2018 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 2019 and 2018 Medicare Part A premium is $437 and $422 per month, respectively.

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

Medicare Plan	December 31, 2019 Cost for Members Without Medicare Part A
Self-funded Medicare Supplement Plans	$562
Kaiser Permanente Medicare Advantage HMO	$571

Medicare Plan	December 31, 2018 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, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year Ending June 30,	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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 70.0% factor applied to male rates and a 55.0% 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 73.0% factor applied to rates for ages less than 80, a 108.0% 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 78.0% factor applied to rates for ages less than 80, a 109.0% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90.0% of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 and 2018 plan year.
- The morbidity assumptions were updated to reflect the assumed aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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 CCCS Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability (PERA)	$ 33,161,537	$ 33,968,439	$ 34,900,881

Discount Rate. The discount rate used to measure the total OPEB liability was 7.25% respectively for each measurement period. 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 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% in both the 2019 and 2018 measurement periods.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made in the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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, and therefore, the discount rate is 7.25%.

Sensitivity of CCCS Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	June 30, 2020		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	$ 38,408,159	$ 33,968,439	$ 30,171,553

	June 30, 2019		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	$ 47,148,486	$ 42,137,763	$ 37,854,059

OPEB Plan Fiduciary Net Position. Detailed information about the HCTF'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.

Note 19: Risk Financing and Insurance Related Activities

CCCS is subject to risks of loss from liability for accidents, property damage, and personal injury. These risks are managed by the State Office of Risk Management, an agency formed by statute and funded by the State Long Bill. Therefore, CCCS is not required to obtain insurance and, accordingly, neither did reduction occur in coverage nor did any settlements exceed coverage. CCCS does not retain risk of loss except for damage incurred to property belonging to the State limited to a $5,000 deductible per incident.

The State Office of Risk Management is deemed to be a public entity risk pool; therefore, under the Governmental Immunity Act, CCCS is protected from litigation by the Doctrine of Sovereign Immunity except under circumstances whereby immunity is waived.

Note 20: Commitments and Contingencies

The System has $12.0 million and $37.1 million in commitments for various capital construction and controlled maintenance projects as of June 30, 2020 and 2019, respectively.

The System is involved in various routine personnel and tort litigation. Many of the actions are being defended by counsel provided by the State's self-insurance provider, the State Office of Risk Management (the Office), and it is anticipated that the Office would pay any judgment that would be entered against the System. In management's opinion, none of these proceedings will have a material adverse effect on the System's financial condition or operations. No provision has been made in the accompanying financial statements for these items.

CCCS receives significant financial awards from federal and state agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of CCCS. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition or operations of CCCS.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which have the potential to negatively impact the future financial position, results of operations and cash flows of the System. The duration of these uncertainties and the ultimate financial effects cannot be reasonably determined at this time.

Note 21: Tax and Spending Limitations (TABOR Amendment)

Certain state revenues, such as taxes and fees, are constitutionally limited. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. These limitations are applied to the State as a whole, not to each individual college, department, or agency of the State. The Colorado State Legislature establishes spending authority, within these constitutional limits, for CCCS in its annual Appropriations Long Bill.

Legislation passed in fiscal year 2004 provided higher education institutions in the State the ability to designate themselves as enterprises under the State's Constitution Article X, Section 20, commonly referred to as the Taxpayer's Bill of Rights (TABOR), if the institution met the stated qualifications. In fiscal year 2006, the System qualified as an enterprise because it is a government-owned business with legal authority to issue revenue bonds. In addition, the System was required to receive (and is expected to continue to receive) less than 10.0% (in relation to total revenues) in support from the State. In fiscal year 2020 the System received 6.1% in State support, and in fiscal year 2019, the System received 4.5%, in State support. Effective in fiscal year 2008, House Bill 08-1079 specifically excluded moneys transferred from the State Department of Education for career and technical education as state grants for the purpose of this calculation, including funding under the CVA.

Note 22: Related-party Transactions

Approximately $12.4 million and $8.4 million was transferred to the colleges from the foundations for the years ended June 30, 2020 and 2019, respectively, in pursuit of providing financial support for instructional programs, facilities, equipment, student scholarship programs, and cultural activities.

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Required Supplementary Information

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Colorado Community College System

Schedule of Proportionate Share of Net Pension Liability (NPL)

(Unaudited)

Last Ten Fiscal Years *

(Dollars in Thousands)

June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	8.8744972485%	$ 861,164	$ 288,997	297.98%	62.24%
2019	8.9060724015%	$ 1,013,393	$ 280,192	361.68%	55.11%
2018	8.9068622559%	$ 1,782,974	$ 267,807	665.77%	43.20%
2017	8.9674721580%	$ 1,647,157	$ 261,925	628.87%	42.60%
2016	8.9937735926%	$ 947,137	$ 255,917	370.10%	56.10%
2015	9.1682986069%	$ 862,417	$ 253,165	340.65%	59.80%

Information above is presented as of the measurement date for the respective reporting periods.
* Information is not currently available for prior years, additional years will be displayed as they become available
Unaudited - see accompanying Independent Auditor's Report

Colorado Community College System
Schedule of Contributions for Net Pension Liability (NPL)
(Unaudited)
Last Ten Fiscal Years *
(Dollars in Thousands)

June 30,	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 58,729	$ 61,742	$ (3,013)	$ 295,045	20.93%
2019	$ 54,130	$ 59,598	$ (5,468)	$ 282,959	21.06%
2018	$ 52,087	$ 50,712	$ 1,375	$ 272,277	18.63%
2017	$ 49,451	$ 48,196	$ 1,255	$ 264,730	18.21%
2016	$ 46,355	$ 44,917	$ 1,438	$ 260,716	17.23%
2015	$ 42,872	$ 41,806	$ 1,066	$ 253,980	16.46%

Information above is presented as of the System's fiscal year for the respective reporting periods.

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

Unaudited - see accompanying Independent Auditor's Report

Changes in Benefit Terms and Actuarial Assumptions

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

- The discount rate was increased from 4.72% to 7.25%.
- The Post-retirement benefit increase was decreased from 2.00% to 1.25%

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

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

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

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

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

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

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

Colorado Community College System

Schedule of Proportionate Share of Other Postemployment Benefits (OPEB)

(Unaudited)

Last Ten Fiscal Years *

June 30,	Proportion of OPEB	Proportionate Share of OPEB	Covered Payroll	Proportionate Share of the OPEB as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB
2020	3.0221085353%	$ 33,968	$ 288,997	11.75%	24.49%
2019	3.0971306087%	$ 42,138	$ 264,095	15.96%	17.03%
2018	3.1237367081%	$ 40,596	$ 252,942	16.05%	17.53%

Information above is presented as of the measurement date for the respective reporting periods.
* Information is not currently available for prior years, additional years will be displayed as they become available
Unaudited - see accompanying Independent Auditor's Report

Colorado Community College System

Schedule of Contributions for Other Postemployment Benefits (OPEB)

(Unaudited)

Last Ten Fiscal Years *

June 30,	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 2,821	$ 2,821	$ -	$ 295,045	0.96%
2019	$ 2,720	$ 2,720	$ -	$ 266,706	1.02%
2018	$ 2,620	$ 2,620	$ -	$ 256,849	1.02%

Information above is presented as of the System's fiscal year for the respective reporting periods.
* Information is not currently available for prior years, additional years will be displayed as they become available
Unaudited - see accompanying Independent Auditor's Report

Changes in Benefit Terms and Actuarial Assumptions

Changes in assumptions or other inputs effective for December 31, 2019 measurement period for OPEB compared to prior year as follows:

- Health care cost trend rate PERA benefit structure for PERACare Medicare plans increased from 5.00% to 5.60% and for Medicare Part A premiums increased from 3.25% to 3.50%.

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

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

BKD CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

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*

Independent Auditor's Report

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component units of the Colorado Community College System (a higher education institution of the State of Colorado) (the System), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 30, 2020, which contained a paragraph emphasizing matters regarding the financial statements and contained a reference to the report of other auditors. The financial statements of the aggregate discretely presented component units 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 System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

BKD, LLP

Denver, Colorado
November 30, 2020

State-Funded Student Financial Assistance Programs

Colorado Community College System
State-Funded Student Financial Assistance Programs
Year Ended June 30, 2020

Introduction

The Colorado Community College System (the System) is governed by the State Board for Community Colleges and Occupational Education and is a state-supported institution of higher education with 13 colleges: Arapahoe Community College, Colorado Northwestern Community College, Community College of Aurora, Community College of Denver, Front Range Community College, Lamar Community College, Morgan Community College, Northeastern Junior College, Otero Junior College, Pikes Peak Community College, Pueblo Community College, Red Rocks Community College, and Trinidad State Junior College.

The financial and compliance audits of the various state-funded student financial assistance programs at the System for the year ended June 30, 2020, were directed toward the objectives and criteria set forth in the System's financial aid policy, adopted May 2011 and revised on May 14, 2014.

State-Funded Student Financial Assistance Programs

The Systems' various state-funded student financial assistance programs include the following:

- Colorado Student Grant
- Colorado Undergraduate Merit Scholarships
- Colorado Work-study
- CTE Student Grant

The director of financial Aid at each campus is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the System in federal and state financial aid programs. The campus controllers are responsible for the programs' financial management, general ledger accounting, payments, and collections.

The state-funded student financial assistance awards made by the System were approximately $53.0 million during the fiscal year ended June 30, 2020.

Authorizations and expenditures for state-funded student financial assistance programs are detailed by program in the accompanying statement of allocations, expenditures, transfers and reversions for the year ended June 30, 2020.

In addition to the state-funded student financial assistance awards made during the year, the System obtained authorizations to award federal student financial aid of $2,078,989 in the Federal Supplemental Educational Opportunity Grants Program; and $2,188,948 in the Federal Work-Study Program. The System also received funding through the Pell Grant Program in the amount of $89,524,948 and through direct lending in the amount of $92,246,853. Authorizations for the Pell Grant Program and the direct lending program are not applicable as these programs are available to any eligible student.

Summary of Current Year Comments

There were no findings or recommendations related to State-Funded Student Financial Assistance Programs for the year ended June 30, 2020.

Summary of Progress of Implementing Prior Audit Recommendations

The audit report for the year ended June 30, 2018, included no recommendations.

BKD CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

Independent Auditor's Report on the Statement of Allocations, Expenditures, Transfers and Reversions of the State-Funded Student Financial Assistance Programs

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

Report on the Statement of Allocations, Expenditures, Transfers and Reversions of the State-Funded Student Financial Assistance Programs

We have audited the accompanying statement of allocations, expenditures, transfers and reversions of the state-funded student financial assistance programs (the Statement) of the Colorado Community College System (the System) for the year ended June 30, 2020, and the related notes to the Statement, in accordance with the requirements of *2019-2020 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid,* issued by the Colorado Department of Higher Education (CDHE).

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements of *2019-2020 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement 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 Statement.

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

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the allocations, expenditures, transfers and reversions of the state-funded student financial assistance programs of the System for the year ended June 30, 2020, pursuant to the *2019-2020 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education.

Basis of Accounting

As described in Note 2 to the statement of allocations, expenditures, transfers and reversions of the state-funded student financial assistance programs (the Statement) of the System, the Statement was prepared in accordance with the format as set forth in the *2019-2020 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE). The Statement is prepared on a cash basis with the exception of the Colorado Work-Study Program and is a basis of accounting other than accounting principles generally accepted in the United States and does not present certain transactions that would be included in the Statement of the state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying Statement is not intended to, and does not, present the financial position, changes in financial position or cash flows of the System in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Statement in accordance with the format set forth by CDHE. The accompanying introduction and schedules of allocations, expenditures, transfers and reversions of each of the colleges (the Schedules) are presented for purposes of additional analysis and are not a required part of the Statement.

The Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the Statements. The Schedules have been subjected to the auditing procedures applied in the audit of the Statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Statement or to the Statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated in all material respects in relation to the Statement as a whole.

The introduction has not been subjected to the auditing procedures applied in the audit of the Statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the State Board for Community Colleges and Occupational Education and management of the System, and the Colorado Department of Higher Education and is not intended to be and should not be used by anyone other than these specified parties. However upon release by the Legislative Audit Committee, this report is a public document.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 the System's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
February 26, 2021

Colorado Community College System

State-Funded Student Financial Assistance Programs

Statement of Allocations, Expenditures, Transfers and Reversions

Year Ended June 30, 2020

	Consolidated					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 52,846,087	$ 44,457,274	$ 1,334,245	$ 49,609	$ 6,634,882	$ 370,077
Supplementals	163,833	110,934	(1)	-	92,444	(39,494)
Transfers	-	(173,324)	-	-	179,128	(5,804)
Total appropriations	53,009,970	44,394,884	1,334,244	49,609	6,906,454	324,779
Less expenditures	52,996,579	44,394,884	1,334,244	49,609	6,906,454	311,388
Reversions to state general fund	$ 13,391	$ -	$ -	$ -	$ -	$ 13,391

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

1) Basis of Presentation

The Colorado Community College System (CCCS) is governed by the State Board for Community College and Occupational Education. CCCS comprises the system office and the following 13 colleges:

- Arapahoe Community College
- Colorado Northwestern Community College
- Community College of Aurora
- Community College of Denver
- Front Range Community College
- Lamar Community College
- Morgan Community College
- Northeastern Junior College
- Otero Junior College
- Pikes Peak Community College
- Pueblo Community College
- Red Rocks Community College
- Trinidad State Junior College

The accompanying statement of allocations, expenditures, transfers and reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as prescribed by the *2019-2020 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Education (DHE), and in conformity with the provisions of the State-Funded Student Financial Assistance Programs established by the State Board for Community Colleges and Occupational Education of the Colorado Community College System. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance (SFSFA) activities of CCCS' 13 campuses for the year ended June 30, 2020.

Because the Statement presents only a selected portion of the activities of CCCS, it is not intended to and does not present the financial position, changes in financial position or cash flows of CCCS, in conformity with U.S. generally accepted accounting principles.

2) Basis of Accounting

All state-funded student financial assistance is expensed on a cash basis, except for the Colorado Work-Study Program. Colorado Work-Study wages are recorded on the accrual basis recognizing expenses when the services are performed.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Arapahoe Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 3,599,988	$ 3,004,148	$ 102,904	$ -	$ 457,439	$ 35,497
Supplementals	(17,600)	(1,500)	-	-	-	(16,100)
Transfers	-	(45,000)	-	-	45,000	-
Total appropriations	3,582,388	2,957,648	102,904	-	502,439	19,397
Less expenditures	3,582,388	2,957,648	102,904	-	502,439	19,397
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System
State-Funded Student Financial Assistance Programs
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges
Year Ended June 30, 2020

	Community College of Aurora					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 4,384,019	$ 3,851,839	$ 113,041	$ -	$ 403,345	$ 15,794
Supplementals	(13,391)	-	-	-	-	(13,391)
Transfers	-	-	-	-	-	-
Total appropriations	4,370,628	3,851,839	113,041	-	403,345	2,403
Less expenditures	4,370,628	3,851,839	113,041	-	403,345	2,403
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Community College of Denver					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 6,447,626	$ 5,340,274	$ 153,339	$ -	$ 939,170	$ 14,843
Supplementals	107,627	10,000	-	-	93,917	3,710
Transfers	-	-	-	-	-	-
Total appropriations	6,555,253	5,350,274	153,339	-	1,033,087	18,553
Less expenditures	6,555,253	5,350,274	153,339	-	1,033,087	18,553
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Colorado Northwestern Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 586,172	$ 476,475	$ 18,514	$ -	$ 88,647	$ 2,536
Supplementals	(1,916)	-	-	-	-	(1,916)
Transfers	-	-	-	-	-	-
Total appropriations	584,256	476,475	18,514	-	88,647	620
Less expenditures	584,256	476,475	18,514	-	88,647	620
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Front Range Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 10,543,295	$ 8,960,400	$ 288,892	$ -	$ 1,205,947	$ 88,056
Supplementals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total appropriations	10,543,295	8,960,400	288,892	-	1,205,947	88,056
Less expenditures	10,543,295	8,960,400	288,892	-	1,205,947	88,056
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System
State-Funded Student Financial Assistance Programs
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges
Year Ended June 30, 2020

	Lamar Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 683,265	$ 534,912	$ 16,644	$ -	$ 129,860	$ 1,849
Supplementals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total appropriations	683,265	534,912	16,644	-	129,860	1,849
Less expenditures	657,919	512,960	16,644	-	128,315	-
Reversions to state general fund	$ 25,346	$ 21,952	$ -	$ -	$ 1,545	$ 1,849

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Morgan Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 825,829	$ 657,553	$ 17,350	$ -	$ 143,531	$ 7,395
Supplementals	35,000	35,000	-	-	-	-
Transfers	-	8,539	-	-	(7,800)	(739)
Total appropriations	860,829	701,092	17,350	-	135,731	6,656
Less expenditures	860,829	701,092	17,350	-	135,731	6,656
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Northeastern Junior College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 1,109,504	$ 866,153	$ 35,252	$ -	$ 200,387	$ 7,712
Supplementals	104,298	87,386	3,525	-	20,039	(6,652)
Transfers	-	-	-	-	-	-
Total appropriations	1,213,802	953,539	38,777	-	220,426	1,060
Less expenditures	1,213,802	953,539	38,777	-	220,426	1,060
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Otero Junior College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 1,297,020	$ 1,026,685	$ 30,869	$ -	$ 230,328	$ 9,138
Supplementals	-	-	-	-	-	-
Transfers	-	(23,032)	-	-	23,032	-
Total appropriations	1,297,020	1,003,653	30,869	-	253,360	9,138
Less expenditures	1,297,020	1,003,653	30,869	-	253,360	9,138
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System
State-Funded Student Financial Assistance Programs
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges
Year Ended June 30, 2020

	Pueblo Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 5,771,116	$ 4,756,617	$ 121,397	$ -	$ 824,538	$ 68,564
Supplementals	(14,200)	-	-	-	-	(14,200)
Transfers	-	-	-	-	-	-
Total appropriations	5,756,916	4,756,617	121,397	-	824,538	54,364
Less expenditures	5,756,916	4,756,617	121,397	-	824,538	54,364
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System
State-Funded Student Financial Assistance Programs
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges
Year Ended June 30, 2020

	Pikes Peak Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 11,493,707	$ 9,993,071	$ 288,367	$ -	$ 1,161,612	$ 50,657
Supplementals	(14,687)	-	-	-	-	(14,687)
Transfers	-	(66,096)	-	-	71,161	(5,065)
Total appropriations	11,479,020	9,926,975	288,367	-	1,232,773	30,905
Less expenditures	11,479,020	9,926,975	288,367	-	1,232,773	30,905
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System

State-Funded Student Financial Assistance Programs

Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges

Year Ended June 30, 2020

	Red Rocks Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 4,519,497	$ 3,816,273	$ 117,150	$ 49,609	$ 477,356	$ 59,109
Supplementals	20,000	-	-	-	-	20,000
Transfers	-	(47,735)	-	-	47,735	-
Total appropriations	4,539,497	3,768,538	117,150	49,609	525,091	79,109
Less expenditures	4,539,497	3,768,538	117,150	49,609	525,091	79,109
Reversions to state general fund	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

Colorado Community College System
State-Funded Student Financial Assistance Programs
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges
Year Ended June 30, 2020

	Trinidad State Junior College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Undergraduate Merit Scholarships	Colorado Graduate Merit Scholarships	Colorado Work-Study	CTE Student Grant
Appropriations						
Original	$ 1,585,049	$ 1,172,874	$ 30,526	$ -	$ 372,722	$ 8,927
Supplementals	(5,800)	2,000	-	-	-	(7,800)
Transfers	-	-	-	-	-	-
Total appropriations	1,579,249	1,174,874	30,526	-	372,722	1,127
Less expenditures	1,555,756	1,174,874	27,000	-	352,755	1,127
Reversions to state general fund	$ 23,493	$ -	$ 3,526	$ -	$ 19,967	$ -

See accompanying notes to statement of allocations, expenditures, transfers, and reversions.

BKD
CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

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*

Independent Auditor's Report

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

We have audited, 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, the statement of appropriations, expenditures, transfers, and reversions of the State-Funded Student Assistance Programs (the Statement) of the Colorado Community College System (the System), an institution of higher education of the state of Colorado, for the year then ended June 30, 2020, and the related notes to the Statement, and have issued our report thereon November 30, 2020.

Internal Control Over Financial Reporting

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

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's Statement is 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 Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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.

BKD, LLP

Denver, Colorado
February 26, 2021

BKD
CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

Required Communications to Legislative Audit Committee and State Board for Community Colleges and Occupational Education

The Members of the Legislative Audit Committee and
State Board for Community Colleges and Occupational Education

As part of our audit of the financial statements of the Colorado Community College System (a higher education system of the State of Colorado) (the System) as of and for the year ended June 30, 2020, we wish to communicate the following to you.

Auditor's Responsibility Under 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

An audit performed 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 is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The System's significant accounting policies are described in Note 3 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for doubtful accounts
- Allocation of deferred tuition revenue
- Useful lives of capital assets and related depreciation expense
- Compensated absences
- Net pension liability
- Net OPEB liability
- Scholarship allowance

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Related-party transactions (note 22)

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

- No matters are reportable

Proposed Audit Adjustments Not Recorded

- Included on pages 130–131 is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole

Auditor’s Judgments About the Quality of the System’s Accounting Principles

During the course of the audit, we made the following observations regarding the System’s application of accounting principles:

- No matters are reportable

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor’s opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- The Foundations included in the aggregate discretely presented component units are audited by other auditors. We placed reliance on the audit of the financial statements of the Foundations as of June 30, 2020, and for the year then ended. The audits of the Foundations are not audited in accordance with *Government Auditing Standards.*

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter

This letter is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the State Board for Community Colleges and Occupational Education, and the Colorado Community College System's management and is not intended to be and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

BKD, LLP

November 30, 2020

Colorado Community College System - OSA

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	479,805,848	(797,295)	479,008,553	-0.17%
Non-Current Assets & Deferred Outflows	588,984,659	(642,659)	588,342,000	-0.11%
Current Liabilities	(189,951,974)	(542,163)	(190,494,137)	0.29%
Non-Current Liabilities & Deferred Inflows	(1,385,954,978)		(1,385,954,978)	
Current Ratio	2.526		2.515	-0.44%
Total Assets & Deferred Outflows	1,068,790,507	(1,439,954)	1,067,350,553	-0.13%
Total Liabilities & Deferred Inflows	(1,575,906,952)	(542,163)	(1,576,449,115)	0.03%
Total Net Position	507,116,445	1,982,117	509,098,562	0.39%
Operating Revenues	(505,549,105)	797,295	(504,751,810)	-0.16%
Operating Expenses	454,887,444	1,184,822	456,072,266	0.26%
Nonoperating (Revenues) Exp	(184,084,982)		(184,084,982)	
Change in Net Position	(275,452,239)	1,982,117	(273,470,122)	-0.72%

Client: Colorado Community College System - OSA

Period Ending: June 30, 2020

Major Enterprise Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows: *Current* DR (CR)	Assets & Deferred Outflows: *Noncurrent* DR (CR)	Liabilities & Deferred Inflows: *Current* DR (CR)	Liabilities & Deferred Inflows: *Noncurrent* DR (CR)	Operating Revenues DR (CR)	Operating Expenses DR (CR)	Nonoperating (Revenues) Exp DR (CR)	Net Position DR (CR)	Net Effect on Following Year: *Change in Net Position* DR (CR)	Net Effect on Following Year: *Net Position* DR (CR)
To show effect of entries waived by the campuses for invoices received after year end which should have been accrued and paid (Systemwide)		F	0	0	(542,163)	0	0	542,163	0	0	(542,163)	542,163
	Accounts Payable				(542,163)							542,163
	Expense							542,163			(542,163)	
To reverse the double capitalization that occurred on ACC .		F	0	(642,659)	0	0	0	642,659	0	0	(642,659)	642,659
	Capital Assets, net			(642,659)								642,659
	Operations and maintenance of Plant							642,659			(642,659)	
BKD notes there is a difference in interpretation between BKD and CCCS related to the revenue recognition of the CARES Institutional Aid portion. This PAJE is to adjust for institutional revenue recognized in excess of student portion related to CARES funds on a specific campus basis.		J	(797,295)	0	0	0	797,295	0	0	0	(797,295)	797,295
	CARES Act Direct Federal Funds						797,295				(797,295)	
	Unearned Revenue		(797,295)									797,295
Total passed adjustments			(797,295)	(642,659)	(542,163)	0	797,295	1,184,822	0	0	(1,982,117)	1,982,117

Impact on Change in Net Position **1,982,117**

Impact on Net Position **1,982,117**