

Colorado Community College System

Financial Statements and Independent Auditor's Reports

Financial Audit

Years Ended June 30, 2024 and 2023

Compliance Audit

Year Ended June 30, 2024

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

We have completed the financial statement audit of the Colorado Community College System as of and for the years ended June 30, 2024 and 2023, and the audit of the State-Funded Student Financial Assistance Programs for the year ended June 30, 2024. 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, and Section 23-3.3-102(8), C.R.S, which requires the state auditor or his or her designee to audit, in accordance with state statute and federal guidelines, the state-funded student financial assistance program at any participating institution every other year to review residency determinations, needs analyses, awards, payment procedures, and such other practices as may be necessary to ensure that the program is being properly administered. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

Forvis Mazars, LLP

Denver, Colorado
December 4, 2024

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Colorado Community College System

June 30, 2024

Table of Contents

	Page(s)
Report Summary	1–2
Recommendation Locator.....	3
Financial and Compliance Audit	
Description of the Colorado Community College System	5–6
Findings and Recommendations.....	7–9
Disposition of Prior Audit Findings and Recommendations	11
Independent Auditor’s Report	13–15
Management’s Discussion and Analysis (Not Subjected to Auditing Procedures).....	17–35
Business-Type Activities – Statements of Net Position	38–39
Aggregate Discretely Presented Component Units – Statements of Financial Position.....	40
Fiduciary Fund – Statements of Fiduciary Net Position.....	41
Business-Type Activities – Statements of Revenues, Expenses and Changes in Net Position	42–43
Aggregate Discretely Presented Component Units – Statements of Activities	44–45
Fiduciary Fund – Statements of Changes in Fiduciary Net Position – Private Purpose Trust Fund	46
Business-Type Activities – Statements of Cash Flows	48–49
Notes to Financial Statements	51–98
Required Supplementary Information (Not Subjected to Auditing Procedures)	
Schedule of Proportionate Share of Net Pension Liability (NPL)	101
Schedule of Contributions for Net Pension Liability (NPL)	102
Notes to Required Supplementary Information (NPL).....	103–104
Schedule of Proportionate Share of Other Postemployment Benefits (OPEB)	105
Schedule of Contributions for Other Postemployment Benefits (OPEB)	106
Notes to Required Supplementary Information (OPEB).....	107–108

Colorado Community College System

June 30, 2024

Table of Contents (continued)

	Page(s)
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	109–110
 State-Funded Student Financial Assistance Programs	
Introduction	113
Independent Auditor’s Report on the Statement of Allocations, Expenditures, Transfers and Reversions of the State-Funded Student Financial Assistance Programs.....	115-117
Statement of Allocations, Expenditures, Transfers and Reversions	119
Notes to Statement of Allocations, Expenditures, Transfers and Reversions	120
Schedule of Allocations, Expenditures, Transfers and Reversions for Colleges.....	121-133
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	135-136
 Required Communications to Legislative Audit Committee and State Board for Community Colleges and Occupational Education.....	
Schedule of Uncorrected Misstatements	143-146

Colorado Community College System

Report Summary

Year Ended June 30, 2024

Purpose and Scope of Audit

The Office of the State Auditor of the State of Colorado engaged Forvis Mazars, LLP (Forvis Mazars) to conduct a financial and compliance audit of the Colorado Community College System (CCCS or the System) for the years ended June 30, 2024 and 2023. Forvis Mazars 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. Forvis Mazars was not engaged to audit the System's aggregate discretely presented component units which includes the Colorado Community College System Office Foundation and 14 college foundations (the Foundations). Except for Friends of TSC, the Foundations were audited by other auditors, as disclosed in the Independent Auditor's Report. 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, 2024 and 2023.
- 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, 2024.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal funds for the year ended June 30, 2024.
- Evaluate progress in implementing prior year audit recommendations.
- 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, 2024.

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, 2024 and 2023. Forvis Mazars' report included a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, except for Friends of TSC, as described in their report on the System's financial statements.

One significant deficiency in internal control over financial reporting was identified.

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

Significant Audit Adjustments

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

Colorado Community College System

Report Summary

Year Ended June 30, 2024

Summary of Audit Findings and Recommendations

Banner, Operational Data Store, and Cognos – Access Management

Problems were identified related to CCCS' access management controls related to Active Directory, Banner and Operational Data Store (ODS). In addition, CCCS has not fully implemented the access management prior audit recommendations. The System should improve information security IT general controls over Active Directory, Banner and ODS by implementing the recommendations noted in the confidential IT finding.

Recommendations and Responses

A summary of Forvis Mazars' 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, no opinion is expressed on them.

Summary of Progress in Implementing Prior Audit Recommendations

For the fiscal year 2024 audit, Forvis Mazars performed test work to determine the disposition of the prior year recommendations relating to fiscal year 2023. Forvis Mazars found that the recommendations for the fiscal year ended June 30, 2023 were either not implemented or implemented. See the Disposition of Prior Audit Findings and Recommendations section of this report for further information.

Colorado Community College System

Recommendation Locator

Year Ended June 30, 2024

Recommendation Number	Page Number	Recommendation Summary	Agency Addressed	Response	Implementation Date
2024-001	7	<p>The Colorado Community College System (CCCS) should improve information security IT general controls over Active Directory, Banner, and the Operational Data Store (ODS), as applicable, by:</p> <p>a. Implementing recommendation Part A as noted in the confidential finding.</p> <p>b. Implementing recommendation Part B as noted in the confidential finding.</p> <p>c. Implementing recommendation Part C as noted in the confidential finding.</p> <p>d. Implementing recommendation Part D as noted in the confidential finding.</p> <p>e. Implementing recommendation Part E as noted in the confidential finding.</p>	CCCS	Agree	<p>a. December 31, 2024</p> <p>b. March 31, 2025</p> <p>c. December 31, 2024</p> <p>d. March 31, 2025</p> <p>e. October 31, 2024</p>

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Colorado Community College System

Financial and Compliance Audit

Description of the Colorado Community College System

Year Ended June 30, 2024

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 colleges.
- 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 10 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 representative and a community 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 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and Higher Education Emergency Relief Funds (HEERF) 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 College (OC)	La Junta
Pikes Peak State College (PPSC)	Colorado Springs
Pueblo Community College (PCC)	Pueblo
Red Rocks Community College (RRCC)	Lakewood
Trinidad State College (TSC)	Trinidad

Colorado Community College System

Financial and Compliance Audit

Description of the Colorado Community College System

Year Ended June 30, 2024

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 2024 and 2023 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:			
2023-2024	46,530	2,077	48,607
2022-2023	43,197	1,839	45,036
2021-2022	41,895	1,819	43,714

FTE Faculty and Staff

	Faculty	Staff	Total
Fiscal year:			
2023-2024	3,506	2,214	5,720
2022-2023	3,306	2,016	5,322
2021-2022	3,361	2,023	5,384

Colorado Community College System

Financial and Compliance Audit

Findings and Recommendations

Year Ended June 30, 2024

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the System as of and for the year ended June 30, 2024, 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 considered the System's internal control over financial reporting (internal control) as a basis for designing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 material misstatements of the System's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

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

Banner, Operational Data Store, and Cognos – Access Management

Government Auditing Standards allow for information that is considered sensitive in nature, such as detailed information related to information technology system security, to be issued through a separate "classified or limited use" report because of the potential damage that could be caused by the misuse of this information. We consider the specific technical details of this finding, along with the response, to be sensitive in nature and not appropriate for public disclosure. Therefore, the details of the following finding and responses have been provided to the System in a separate, confidential memorandum.

Colorado Community College System

Financial and Compliance Audit

Findings and Recommendations

Year Ended June 30, 2024

The Colorado Community College System (CCCS or System) utilizes various information systems to meet its overall purpose and to meet management's expectations. For example:

- Banner is its enterprise resource planning system that is utilized for recording and tracking a variety of financial, human resources, and student records.
- Operational Data Store (ODS) data warehouse is utilized for storing Banner data.
- Cognos is a reporting tool that accepts Banner data from ODS and is utilized by CCCS and all campuses to produce reports including financial, human resources, and student record information from the Banner system to support various business processes. The System's finance department uses an extract of data from Cognos to create information used for the System's financial reporting.

The System's IT Division (CCCS IT) is responsible for access management to the Banner application, and the System's Institutional Research Business Intelligence Department (IRBI) is responsible for configuring certain access management controls for the ODS data warehouse, as well as access management and report development for Cognos.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine whether CCCS IT's access management controls for Active Directory and Banner, and IRBI's access management controls for ODS, individually or in combination with other controls, were properly designed, implemented, and operating effectively during Fiscal Year 2024. Additionally, we sought to determine CCCS' progress in implementing our Fiscal Year 2023 access management audit recommendation.

As part of our audit work, we reviewed and tested certain access management controls for Active Directory, Banner, and ODS, and inquired with CCCS staff responsible for implementing our prior audit recommendation.

How were the results of the audit work measured?

We measured the results of our audit work against requirements contained in CCCS' IT System Procedures and with leading industry standards.

What problems did the audit work identify?

We identified access management problems related to Active Directory, Banner, and ODS. In addition, we found that CCCS had not implemented our access management prior audit recommendation.

Why did these problems occur?

These problems occurred because CCCS and IRBI management have not formally documented their expectations related to certain access management practices, IRBI staff lacked awareness of specific CCCS' IT System Procedure requirements, and CCCS management indicated that they are currently in the process of implementing a solution that would address the prior audit recommendation.

Colorado Community College System

Financial and Compliance Audit

Findings and Recommendations

Year Ended June 30, 2024

Why do these problems matter?

By not following management's expectations, as formalized with CCCS's IT System Procedure, or in instances when management does not formalize their expectations, CCCS staff are not performing or may inconsistently perform their IT internal control responsibilities, respectively, which increases the risk of unauthorized access. Ultimately, the lack of strong IT controls increases the risk to data reliability of the data stored, processed and reported by CCCS' systems and may impact CCCS' financial statements.

Recommendation No. 1:

The Colorado Community College System (CCCS) should improve information security IT general controls over Active Directory, Banner, and the Operational Data Store (ODS), as applicable, by:

- a. Implementing recommendation Part A as noted in the confidential finding.
- b. Implementing recommendation Part B as noted in the confidential finding.
- c. Implementing recommendation Part C as noted in the confidential finding.
- d. Implementing recommendation Part D as noted in the confidential finding.
- e. Implementing recommendation Part E as noted in the confidential finding.

CCCS Response:

Recommendation No. 1:

- a. CCCS concurs with this recommendation and will implement the recommendation by December 31, 2024.
- b. CCCS concurs with this recommendation and will implement the recommendation by March 31, 2025.
- c. CCCS concurs with this recommendation and will implement the recommendation by December 31, 2024.
- d. CCCS concurs with this recommendation and will implement the recommendation by March 31, 2025.
- e. CCCS concurs with this recommendation and implemented it on October 31, 2024.

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Colorado Community College System

Disposition of Prior Audit Findings and Recommendations

Year Ended June 30, 2024

Recommendation Number	Recommendation	Disposition
2023-001	Pueblo Community College should enforce the implementation of the Colorado Community College System's required internal controls over financial and reporting activities by following the existing policies and procedures relating to the performance of internal control activities. This includes ensuring that staff perform all required reconciliations and secondary reviews on a timely basis, maintaining underlying documentation supporting recorded transactions, and ensuring appropriate segregation of duties is maintained.	Implemented
2023-002	<p>The Colorado Community College System (CCCS) should improve information security IT general controls over Active Directory, Banner, and Operational Data Store (ODS) by:</p> <ul style="list-style-type: none"> a. Implementing recommendation Part A as noted in the confidential finding. b. Implementing recommendation Part B as noted in the confidential finding. c. Implementing recommendation Part C as noted in the confidential finding. 	<ul style="list-style-type: none"> a. Not Implemented – See current year recommendation 2024-001 b. Not Implemented – See current year recommendation 2024-001 c. Implemented
2023-003	<p>(a) The Community College of Aurora (CCA) should strengthen its internal controls over, and ensure it complies with, the Higher Education Emergency Relief Fund (HEERF) program requirements by performing adequate reviews over costs charged to the HEERF grant to ensure it applies the indirect cost rate only to salaries and benefits, as defined in its federal indirect cost rate agreement.</p> <p>(b) Pueblo Community College (PCC) should strengthen its internal controls over, and ensure it complies with, the Higher Education Emergency Relief Fund (HEERF) program requirements by performing adequate reviews over its lost revenue calculations to ensure it uses the appropriate base in all future calculations.</p>	<ul style="list-style-type: none"> a. Implemented b. Implemented
2023-004	<p>Community College of Denver (CCD), Front Range Community College (FRCC) and Pikes Peak State College (PPSC) should strengthen their internal controls over and ensure they comply with suspension and debarment requirements for the Higher Education Emergency Relief Fund (HEERF) grant by:</p> <ul style="list-style-type: none"> a. Developing, documenting, and implementing a policy to comply with suspension and debarment using one of the three allowable methods: 1) checking the federal System of Award Management (SAM) website exclusions, (2) collecting a certification from that entity, or (3) adding a clause or condition to the covered transaction with that entity. b. Providing training and cross-training to existing employees over the new policies and procedures to reduce impacts of turnover. 	<ul style="list-style-type: none"> a. Implemented b. Implemented

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of the System, as of June 30, 2024 and 2023 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.

With the exception of the Friends of TSC discretely presented component unit, which represents 0.1%, 0.1% and 0%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units, we did not audit the financial statements of the aggregate discretely presented component units of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of 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, the aggregate discretely presented component units, and the fiduciary activities 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, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual financial and compliance report. The other information comprises the report summary and the description of the Colorado Community College System, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, 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.

Forvis Mazars, LLP

Denver, Colorado
December 4, 2024

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Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

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, 2024 and 2023 (fiscal year 2024 and 2023, respectively), with comparative information presented for fiscal year 2022. 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 a private purpose trust fund – the Benefit Trust. In addition, CCCS has 15 supporting foundations, which are not included in CCCS' primary financial reporting entity, but are included as discretely presented component units. CCCS' financial statements are prepared (Note 1) in accordance with GASB Statement No. 14, *The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus*; GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*; GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 84, *Fiduciary Activities*.

CCCS is Colorado's largest institution of higher education and serves approximately 124,000 and 113,000 students by headcount and approximately 49,000 and 45,000 full-time equivalent students, respectively, during fiscal years ended June 30, 2024 and 2023. The System has approximately 5,720 and 5,300 employees by FTE, of which is approximately 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 136 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 2024, 2023, and 2022, and the System received 4.5%, 6.4%, and 3.9%, respectively, of total revenue in State support (Notes 3 and 19).

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 2024, the COF stipend was \$116 per credit hour, and in fiscal years 2023 and 2022, the COF stipend was \$104 and \$94, 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 2024, 2023 and 2022, CDHE's contract with CCCS purchased educational services with an increased emphasis on support services for Pell-eligible, recruitment and retention of first-generation undergraduate students, and underserved undergraduate students. Additionally, FFS funds are also for the creation of student career pathways, providing support for complying with the Cyber Coding Cryptology for State Records and Colorado Rural Health-care Workforce Initiative, and expanding concurrent enrollment opportunities (Notes 2 and 3). COF and FFS are not included as state support but are included in tuition and FFS.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

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 \$28.6 million in Amendment 50 funding in fiscal year 2024, of which \$28.6 million was used for classroom instruction-related expenses. CCCS received approximately \$30.3 million in Amendment 50 funding in fiscal year 2023, of which \$30.2 million was used for classroom instruction-related expenses and \$0.1 million was used for scholarship awards. CCCS received approximately \$11.5 million in Amendment 50 funding in fiscal year 2022, of which \$11.5 million was used for classroom instruction-related expenses.

Financial Highlights

At June 30, 2024, CCCS' assets and deferred outflows of resources of \$1,318,377,338 were more than its liabilities and deferred inflows of resources of \$1,179,976,128 by \$138,401,210. At June 30, 2023, CCCS' assets and deferred outflows of resources of \$1,224,408,137 were less than its liabilities and deferred inflows of resources of \$1,246,794,583 by \$22,386,446. At June 30, 2022, CCCS' assets and deferred outflows of resources of \$1,023,198,154 were less than its liabilities and deferred inflows of resources of \$1,147,804,389 by \$124,606,235. The resulting net position is summarized into the following categories:

	June 30		
	2024	2023	2022
Net investment in capital assets	\$ 457,036,002	\$ 404,991,697	\$ 384,494,144
Restricted, expendable	16,702,554	15,101,827	13,969,785
Unrestricted (deficit)	<u>(335,337,346)</u>	<u>(442,479,970)</u>	<u>(523,070,164)</u>
Total net position (deficit)	138,401,210	(22,386,446)	(124,606,235)
GASB 68 - Pension			
Cumulative Years Impact to net position	739,748,001	788,849,419	804,730,722
GASB 75 - OPEB			
Cumulative Years Impact to net position	<u>25,215,654</u>	<u>29,855,637</u>	<u>35,391,891</u>
Net position excluding impact from Pension and OPEB	<u>\$ 903,364,865</u>	<u>\$ 796,318,610</u>	<u>\$ 715,516,378</u>

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 several purposes including capital maintenance, and building and equipment expansion and repair, and new programs.

During fiscal year 2024, CCCS' total net position increased by \$160,787,656 due to an increase of \$107,046,255 in operations excluding pension and OPEB, an increase of \$49,101,418 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 \$4,639,983 due to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (Statement No. 75) discussed in the overview.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

During fiscal year 2023, CCCS' total net position increased by \$102,219,789 due to an increase of \$80,802,232 in operations excluding pensions and OPEB, an increase of \$15,881,303 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 \$5,536,254 due to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (Statement No. 75) discussed in the overview.

During fiscal year 2022, CCCS' total net position increased by \$128,842,759 due to an increase of \$28,144,057 in operations excluding pension and OPEB, an increase of \$98,917,569 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 \$1,781,134 due to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (Statement No. 75) and restatement of \$19,860 for the adoption of GASB Statement No. 87, *Leases*. Statement No. 87, Statement No. 68 and Statement No. 75 are discussed in the overview.

Overview of the Financial Statements

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

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

Statement No. 68 establishes 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.

Statement No. 75 establishes financial reporting requirements for most governments that provide their employees with other postemployment benefits (OPEB) other than pensions. The System provides certain of its employees with OPEB through 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 Annual Comprehensive Financial Report.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

For financial reporting purposes, the Benefit Trust is recognized as a fiduciary component unit reported as a private-purpose trust fund in accordance with GASB Statement 84, *Fiduciary Activities* (Statement No. 84).

Statement No. 87, *Leases*, requires the recognition of certain lease assets and lease payables previously reported as operating or capital leases, along with related inflows and outflows of resources based on the payments agreed upon in the contracts. Lessees must recognize a lease asset and lease payables and a lessor must recognize a lease receivable and a deferred inflow of resources.

Statement No. 96, *Subscription-based Information Technology Arrangements* (Statement No. 96). Statement No. 96 established criteria for the recognition of subscription-based information technology arrangements (SBITAs) for governments. SBITAs result in an intangible asset, right to use subscription assets along with the corresponding subscription liability.

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

The Statements of Net Position presents 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, 2024 and 2023), 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, Expenses and Changes in Net Position presents information showing how CCCS' net position changed during the fiscal period (the fiscal years ended June 30, 2024 and 2023). 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 this statement 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 Fiduciary Net Position are used to report the assets, liabilities, and fiduciary net position of the private purpose trust fund. The Statements of Changes in Fiduciary Net Position reports the inflows and outflows of resources that increased and decreased its net position. A fiduciary fund uses the economic resources measurement focus and the accrual basis of accounting. The major source of additions are receipt of excess premiums and net appreciation in fair value and the major deductions are administrative costs.

The Statements of Cash Flows present cash receipts and payments to and from CCCS for the reporting period 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.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

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 more than liabilities and deferred inflows of resources at June 30, 2024, resulting in a net position of \$138,401,210. The assets and deferred outflows of resources reported by CCCS were less than liabilities and deferred inflows of resources at June 30, 2023, resulting in a net position of \$(22,386,446) and assets and deferred outflows of resources were less than liabilities and deferred inflows of resources at June 30, 2022, resulting in a net position of \$(124,606,235). The majority of CCCS' net position is net investment in capital assets (*e.g.*, land, buildings, equipment, leases, and SBITAs). 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

	2024	June 30 2023	2022
Current assets	\$ 597,204,184	\$ 525,791,125	\$ 433,628,367
Noncurrent assets, including capital assets of \$562,793,649, \$513,968,068, and \$496,611,357, respectively, and including net lease and SBITA assets of \$29,739,963 and \$32,567,272 in FY24 and FY23, respectively, and net lease of \$33,498,927 in FY22	<u>609,687,933</u>	<u>546,547,882</u>	<u>531,187,806</u>
Total assets	<u>1,206,892,117</u>	<u>1,072,339,007</u>	<u>964,816,173</u>
Total deferred outflows of resources	<u>111,485,221</u>	<u>152,069,130</u>	<u>58,381,981</u>
Current liabilities	142,427,532	125,326,810	91,634,143
Noncurrent liabilities	<u>1,007,848,975</u>	<u>1,091,696,442</u>	<u>811,779,317</u>
Total liabilities	1,150,276,507	1,217,023,252	903,413,460
Total deferred inflows of resources	<u>29,699,621</u>	<u>29,771,331</u>	<u>244,390,929</u>
Net position			
Net investment capital assets	457,036,002	404,991,697	384,494,144
Restricted - expendable	16,702,554	15,101,827	13,969,785
Unrestricted (deficit)	<u>(335,337,346)</u>	<u>(442,479,970)</u>	<u>(523,070,164)</u>
Total net position (deficit)	<u>\$ 138,401,210</u>	<u>\$ (22,386,446)</u>	<u>\$ (124,606,235)</u>

Colorado Community College System
Management's Discussion and Analysis
(Not Subjected to Auditing Procedures)
June 30, 2024 and 2023

Current assets increased as of June 30, 2024, compared with June 30, 2023, by \$71.4 million, or 13.6%, primarily as a result of an increase in cash and cash equivalents of \$76.8 million, in part, due to an increase in student tuition and fees revenue, net of \$43.4 million, a decrease in accounts receivable of \$4.9 million, and an increase in unearned revenue of \$7.8 million.

Current assets increased as of June 30, 2023, compared with June 30, 2022, by approximately \$92.2 million, or 21.3%, primarily as a result of an increase in cash and cash equivalents of \$87.9 million, in part due to, remaining unearned revenue of State appropriated Federal Stimulus funds, recognized unearned revenues received and an increase in net accounts receivable of \$5.4 million. The increases in net accounts receivable of approximately \$5.4 million is due primarily to an increase of student accounts receivable, net, of \$2.9 million offset and \$1.8 million other receivables, net.

Current liabilities increased as of June 30, 2024, compared with June 30, 2023, by approximately \$17.1 million, or 13.6%, primarily as a result of a \$15.4 million increase in unearned revenue primarily related to HB23-1246 – Support In-Demand Career Workforce.

Current liabilities increased as of June 30, 2023, compared with June 30, 2022, by approximately \$33.7 million, or 36.8%, primarily as a result of a \$34.4 million increase in unearned revenue primarily related to SLFRF.

Noncurrent assets increased as of June 30, 2024, compared with June 30, 2023, by \$63.1 million, or 11.6%, as a result of the increase of net capital assets and construction in progress of \$48.8 million for renovations, remodels and building improvements at ACC, FRCC, PPSC, and TSC, plus an increase of \$17.2 million in restricted cash and cash equivalents from CCA's bond issuance.

Noncurrent assets increased as of June 30, 2023, compared with June 30, 2022, by \$15.4 million, or 2.9%, as a result of the increase of net capital assets of \$17.4 million for renovations, HVAC and building improvements at ACC, FRCC, PCC, PPSC, RRCC, and TSC.

Noncurrent liabilities decreased as of June 30, 2024, compared with June 30, 2023, by \$83.9 million, or 7.7%. This change was due, in part, to a decrease in the net pension liability in 2024 of \$91.0 million attributed to strong investment performance coupled with the Restorative payment of the Automatic Adjustment Provision (AAP), and offset by an increase in revenue bonds payable of \$12.1 million to fund CCA's STEM academic facility.

Noncurrent liabilities increased as of June 30, 2023, compared with June 30, 2022, by \$279.9 million, or 34.5%. This change was due, in part, due to an increase in the net pension liability in 2023 of \$288.9 million attributed to weak investment performance coupled with the Restorative payment of the Automatic Adjustment Provision (AAP). This was coupled with a decrease of \$1.9 million in the net OPEB liability. In addition, fiscal year 2023 had a decrease of \$6.3 million in bonds payable and a decrease of notes and finance purchase payables of \$1.2 million.

Deferred outflows of resources decreased as of June 30, 2024, compared to June 30, 2023, by \$40.6 million, or 26.7%, primarily due to the \$39.7 million decrease in the pension-related deferred outflows from changes in assumptions for pension-related items. Statements No. 68 and 75 require CCCS to record deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, which primarily reflect the changes in assumptions used to value the overall PERA pension liability and OPEB liability that will be recognized in future reporting periods.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

Deferred outflows of resources increased as of June 30, 2023, compared to June 30, 2022, by \$93.7 million, or 160.5%, primarily due to the \$92.6 million increase in the pension liability from changes in assumptions for pension-related items. Deferred inflows of resources remained consistent as of June 30, 2024, compared to June 30, 2023. Deferred inflows of resources decreased as of June 30, 2023 compared to June 30, 2022 by \$214.7 million, or 87.8% due to a decrease in the pension liability from changes in assumptions for pension-related items. Statements No. 68 and 75 require CCCS to record deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, which primarily reflect the changes in assumptions used to value the overall PERA pension liability and OPEB liability that will be recognized in future reporting 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) and lease and SBITA assets related to Statement No. 87 and of Statement No. 96. Restricted net position is primarily restricted for scholarships, community training programs, and debt service.

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 fiscal 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 2024, the State of Colorado remitted its direct distribution for the CCCS allocated portion of the \$1,326,458 million in the amount of \$225 statutorily required State of Colorado annual direct distribution to the Public Employees' Retirement Association (PERA) each July until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. In fiscal year 2023, the State of Colorado remitted its direct distribution for the CCCS allocated portion of the \$225 million in the amount of \$16,728,145 statutorily required State of Colorado annual direct distribution to the Public Employees' Retirement Association (PERA). In fiscal year 2022, the State of Colorado received its direct distribution for the CCCS allocated portion of the \$225 million statutorily required State of Colorado annual direct distribution to the Public Employees' Retirement Association (PERA). PERA is to receive an annual direct distribution from the State in the amount of \$225 million each July until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. 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 *Higher Education Economic Relief Funds* (HEERF) subsidies, and most gifts and investment income are also nonoperating revenue.

State appropriations, net of distributions to LDCs and AVSs, represent approximately 4.0%, 5.9%, and 5.3%; student tuition and fees represent approximately 37.0%, 35.0%, and 35.1%, and FFS contracts represent approximately 12.5%, 13.2%, and 12.9%, of CCCS' total revenue from all sources in fiscal years 2024, 2023, and 2022, respectively. 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 \$92.7 million loss from operations in fiscal year 2024 compared to a \$151.0 million loss from operations in fiscal year 2023, and \$140.3 million loss from operations in fiscal year 2022. In fiscal year 2024, this operating loss was offset by Federal HEERF Funds of \$11.0 million, net state appropriations of \$36.0 million, Federal Pell grants of \$83.7 million, State support for pensions of \$1.3

Colorado Community College System
Management's Discussion and Analysis
(Not Subjected to Auditing Procedures)
June 30, 2024 and 2023

million and Amendment 50 funding of \$28.6 million. In fiscal year 2023, this operating loss was offset by Federal HEERF Funds of \$48.2 million, net state appropriations of \$33.8 million, Federal Pell grants of \$73.3 million, State support for pensions of \$16.7 million and Amendment 50 funding of \$30.3 million. In fiscal year 2022, this operating loss was offset by Federal HEERF Funds of \$120.6 million, net state appropriations of \$35.4 million, Federal Pell grants of \$71.3 million, state support for pensions of \$6.5 million and Amendment 50 funding of \$11.5 million.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30		
	2024	2023	2022
Operating revenues			
Tuition and fees, net	\$ 342,021,769	\$ 298,614,666	\$ 279,759,461
Grants and contracts	180,249,531	159,108,782	117,820,942
Fee-for-service state contract	115,244,762	112,607,210	102,571,316
Sales and services of educational activities	790,926	638,337	886,963
Auxiliary enterprises, net	19,736,892	17,741,371	15,837,254
Other	9,390,802	8,842,109	8,094,483
Total operating revenues	<u>667,434,682</u>	<u>597,552,475</u>	<u>524,970,419</u>
Operating expenses			
Instruction	320,470,367	307,903,999	248,208,173
Research	7,671	45,767	39,571
Public service	7,747,336	7,752,548	7,045,279
Academic support	59,552,847	54,679,844	42,025,704
Student services	81,349,912	83,738,206	64,258,377
Institutional support	112,929,134	116,669,257	92,352,100
Operation and maintenance of plant	65,769,390	64,107,544	50,426,509
Scholarships and fellowships	43,586,335	45,811,387	93,900,097
Auxiliary enterprises	21,641,808	20,352,675	20,641,066
Depreciation and amortization	47,099,984	47,481,181	46,398,111
Total operating expenses	<u>760,154,784</u>	<u>748,542,408</u>	<u>665,294,987</u>
Operating loss	<u>(92,720,102)</u>	<u>(150,989,933)</u>	<u>(140,324,568)</u>

Colorado Community College System
Management's Discussion and Analysis
(Not Subjected to Auditing Procedures)
June 30, 2024 and 2023

	June 30		
	2024	2023	2022
Nonoperating revenues (expenses)			
State appropriations	82,593,631	75,445,267	71,572,002
State support for pensions	1,326,458	16,728,145	6,536,930
HEERF Funds	11,032,972	48,167,351	120,605,705
Federal Pell grants	83,680,169	73,319,873	71,289,787
Amendment 50 funding	28,590,309	30,266,334	11,474,566
Distributions to Local District Colleges and Area Vocational Schools	(46,616,378)	(41,681,887)	(36,140,742)
Other nonoperating revenues and expenses, net	<u>31,088,909</u>	<u>12,276,457</u>	<u>1,699,409</u>
Net nonoperating revenues	<u>191,696,070</u>	<u>214,521,540</u>	<u>247,037,657</u>
Income before other revenues, expenses, gains or losses	98,975,968	63,531,607	106,713,089
State capital contributions	30,382,661	26,036,211	16,781,779
Federal capital contributions	23,019,268	5,612,695	-
Capital fees, net	4,381,263	4,543,660	4,661,617
Capital grants and gifts	<u>4,028,496</u>	<u>2,495,616</u>	<u>686,274</u>
Increase in net position	160,787,656	102,219,789	128,842,759
Net position			
Beginning of year	<u>(22,386,446)</u>	<u>(124,606,235)</u>	<u>(253,448,994)</u>
End of year	<u><u>\$ 138,401,210</u></u>	<u><u>\$ (22,386,446)</u></u>	<u><u>\$ (124,606,235)</u></u>

Colorado Community College System

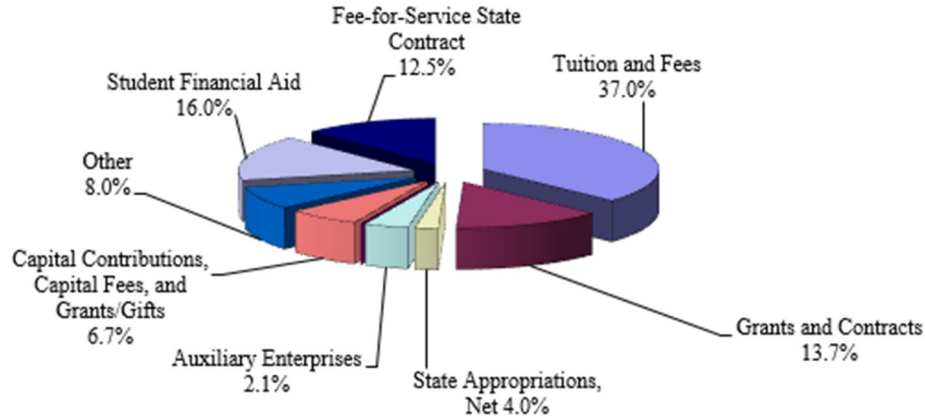
Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

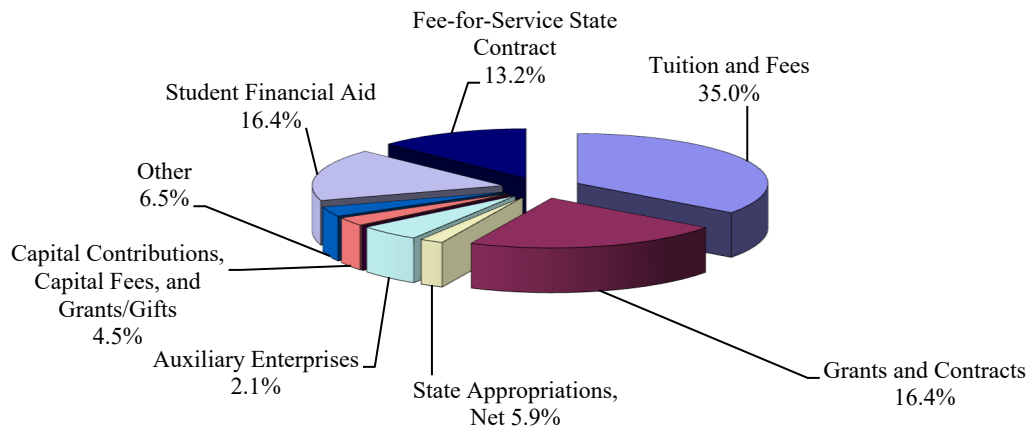
June 30, 2024 and 2023

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

**Sources of Revenue
Fiscal Year 2024**



**Sources of Revenue
Fiscal Year 2023**

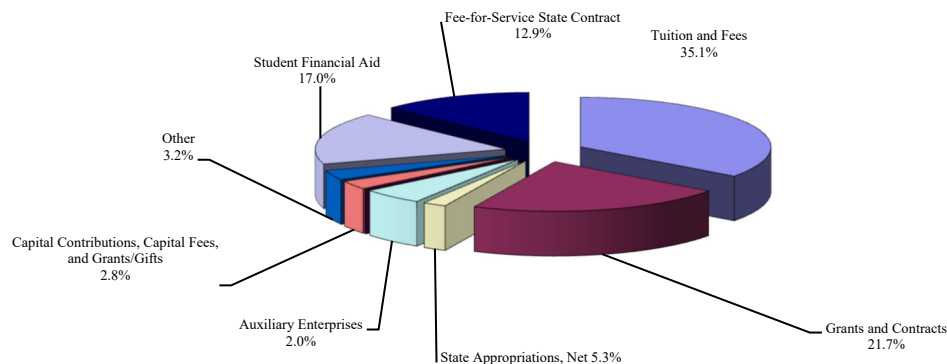


Colorado Community College System

Management's Discussion and Analysis (Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

**Sources of Revenue
Fiscal Year 2022**



As the above charts demonstrate, grants and contracts and student tuition and fees comprise the largest revenue source for CCCS in fiscal year 2024, as well as fiscal year 2023 and 2022. The operating loss of approximately \$92.7 million, \$151.0 million, and \$140.3 million, in fiscal years 2024, 2023, and 2022, respectively, noted above, is a result of less operating revenues below operating expenses. CCCS supplemented operating revenues with State appropriations, state support for pensions, Federal Pell grants, Federal HEERF subsidies, and Amendment 50 funding, which are classified as nonoperating revenues but are used to fund operations.

Revenue activity highlights for fiscal year 2024 include:

- Student Tuition and Fees, net, increased by \$43.4 million, or 14.5%, primarily due to an increase of \$26.0 million, or 20.2%, in the COF stipend. In addition, there was an increase of 8.0% in student FTE and this was offset by an increase of scholarship allowance of \$19.6 million.
- Grants and Contracts increased by \$21.1 million, or 13.3%, due primarily to an increase from HB23-1246 Career Advance funds of approximately \$13.6 million and an increase in State Student Financial Aid of approximately \$7.4 million.
- State Appropriations increased by \$7.2 million, or 9.5%, due primarily to an increase in State appropriations for Area Vocational Schools and Local District Colleges that flowed through CCCS of \$4.9 million.
- HEERF Funds decreased by \$37.1 million, or 77.1%. This emergency federal 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 and has decreased in this recovery phase of the pandemic.
- Amendment 50 funding decreased by \$1.7 million, or 5.5%, due to decreased distributions approved by the gaming commission in August 2023.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

- Investment income increased by \$17.1 million, or 1,452.7%, due to CCCS benefiting from a decrease in the State's unrealized losses on treasury by \$8.1 million, along with an increase in interest income from an overall increase in CCCS' average daily cash balance plus an increase in the interest factor.

Revenue activity highlights for fiscal year 2023 include:

- Student Tuition and Fees increased by \$18.9 million, or 6.7%, primarily due to an increase of \$16.9 million, or 15.1%, in the COF stipend. In addition, there was an increase of 3.0% in student FTE and this was offset by an increase of scholarship allowance of \$15.0 million.
- Fee for Service increased by \$10.0 million, or 9.8%, after the transfer of \$880 thousand from FFS to COF to adjust appropriately for the student FTE served, within the transfer authority tolerances outlined in C.R.S. 23-18-202 (1) (c).
- Grants and Contract increased by \$41.3 million, or 35.0%, due primarily to an increase in State and Local Fiscal Recovery Funds (SLFRF) of approximately \$46.3 million.
- State Appropriations increased by \$3.9 million, or 5.4%, due primarily to an increase in State appropriations for Area Vocational Schools and Local District Colleges that flowed through CCCS of \$5.6 million.
- HEERF Funds decreased by \$72.4 million, or 60.0%. 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 and has decreased in this recovery phase of the pandemic.
- Amendment 50 funding increased by \$18.8 million, or 163.8%, due to increased activity for limited gaming in Colorado.

Revenue activity highlights for fiscal year 2022 include:

- Student Tuition and Fees increased by \$47.0 million, or 20.2%, primarily due to an increase of \$62.7 million, or 127.5%, in the COF stipend. This was offset by an overall decrease of 3.2% in student FTE and increase of scholarship allowance of \$11.4 million.
- Fee for Service increased by \$71.6 million, or 230.8%, including the transfer of \$18.8 million from COF to FFS to adjust appropriately for the student FTE served, within the transfer authority tolerances outlined in C.R.S. 23-18-202 (1) (c).
- State Appropriations increased by \$25.2 million, or 54.4%, due primarily to an increase in state appropriations for Area Vocational Schools and Local District Colleges that flowed through CCCS of \$22.0 million.
- HEERF Funds increased by \$37.2 million, or 44.6%. 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.
- Other Nonoperating Revenues (inclusive of netted expenses) increased by \$6.9 million, or 294.8%, due to a gain for the sale of the ACC – Parker Campus of \$7.6 million.

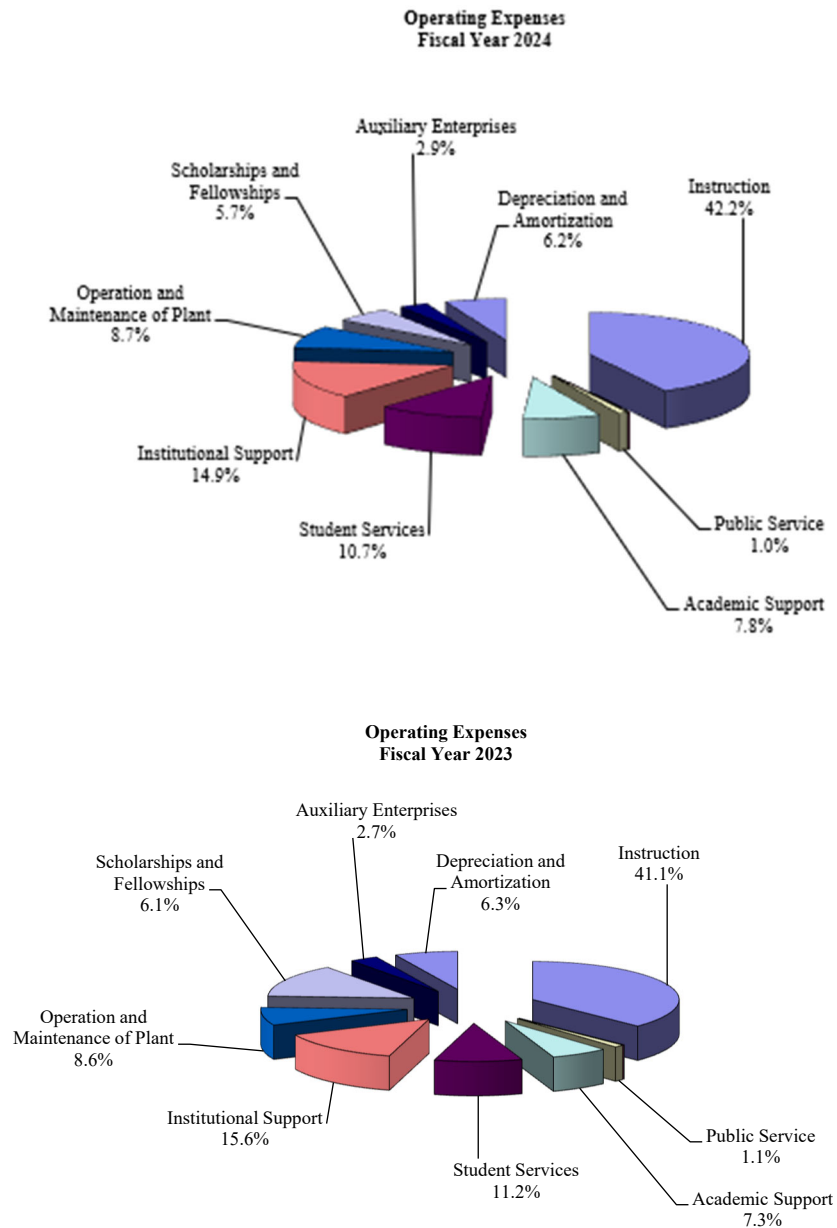
Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

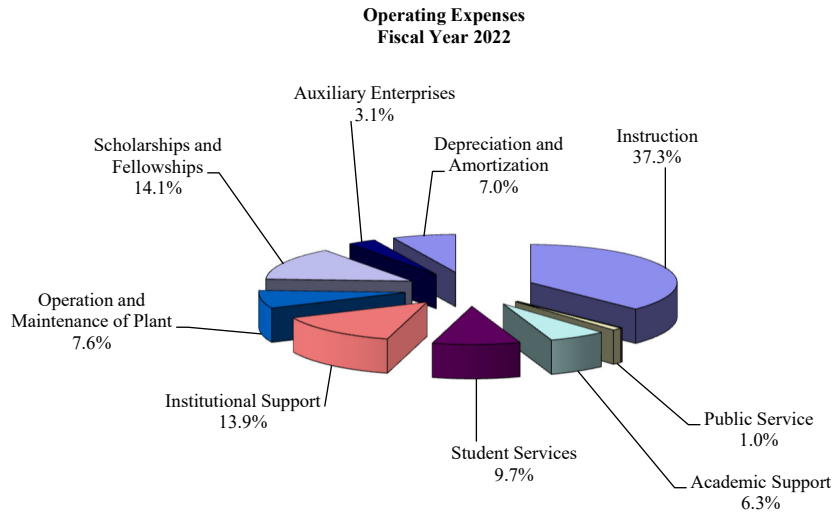
The charts below give a summary of the total CCCS operating expenses:



Colorado Community College System

Management's Discussion and Analysis (Not Subjected to Auditing Procedures)

June 30, 2024 and 2023



Expense activity highlights for fiscal year 2024 include:

Operating expenses across functional categories, including the impacts of Statements No. 68 and Statement No. 75, increased by \$11.6 million, or 1.6%. This expense increase is primarily a result of a reduction in calculated pension expenses of \$48.6 million from Statement No. 68 and an increase in Statement No. 75 OPEB of \$895 thousand. The impact for the decrease of expense due to pension and OPEB is Instruction \$22.9 million, Public Service \$568 thousand, Academic Support \$4.7 million, Student Services \$7.8 million, Institutional Support \$8.5 million, Operation and Maintenance of Plant \$2.6 million, and Auxiliary Enterprises \$716 thousand. The operating expenses, excluding Pension and OPEB, separately increased by \$56.5 million, or 7.0%.

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 costs increased by \$35.4 million, or 11.4%, primarily due to an overall rise in instructional salaries and benefits across the system. This increase was largely driven by higher staffing needs to accommodate an increase in student FTE and salary increases for faculty and staff.
- Student Services costs increased by \$5.4 million, or 6.4%, primarily due to higher operating expenses driven by the increased demand for on-campus services following a rise in enrollments. Additionally, the increase in FTE positions resulted in higher salary and benefits costs for additional professional and technical (Pro-Tech) support staff.
- Institutional Support expenses increased by \$4.7 million, or 4.0%, primarily due to higher Perkins Grant expenditures, the filling of vacant IT positions, and an overall increase in salaries and benefits.
- Operation and Maintenance of Plant expenses increased by \$1.4 million, or 2.2%, primarily due to systemwide increases, with the largest costs attributed to remodels, roof replacements, and facility upgrades at CNCC, FRCC, PPSC, and RRCC.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

- Scholarships and Fellowships expenses decreased by \$2.2 million, or 4.9%, primarily due to the introduction of HB23-1246 Career Advance Colorado (a new funding source in FY24) and an increase in State Student Grant funds, partially offset by an increase in scholarship allowances across all colleges.

Expense activity highlights for fiscal year 2023 include:

Operating expenses across functional categories, including the impacts of Statements No. 68 and Statement No. 75, increased \$83.2 million, or 12.5%. This includes the increases in the Statement No. 68 calculated pension expense of \$93.2 million and decrease in Statement No. 75 OPEB expense of \$3.8 million. The impact for each increase of expense due to pension and OPEB is Instruction (\$44.8 million), Public Service (\$880 thousand), Academic Support (\$8.0 million), Student Services (\$14.3 million), Institutional Support (\$14.3 million), Operation and Maintenance of Plant (\$5.4 million), and Auxiliary Enterprises (\$1.8 million). The operating expenses, excluding Pension and OPEB, separately had a decrease of \$6.2 million, or 0.8%.

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:

- Instruction increased by \$14.9 million, or 5.1%, primarily as a result of an overall instructional salary and benefits across the system as well as some increases in concurrent enrollment.
- Academic Support increased by \$4.6 million, or 9.1%, primarily as a result of increases in investment in building Colorado Online leveraging staff from CCCOnline, Consortia and Curriculum development, Workforce Resilience along with increased Pro-Tech salaries and benefits across the System.
- Student Services increased by \$5.2 million, or 6.5%, primarily as a result of increases in operating expenses due to an increased need for on campus student services following the pandemic, many of which were funded by increases in related grant funding such as Federal COSI and Finish What you Started (FWS), TRIO and STEM grants. Also, FTE increases and related salary and benefits for additional Pro-Tech support.
- Institutional Support increased by \$10.0 million, or 9.4%, primarily as a result of increases in Perkins Grant expenses of \$5.0 million coupled with the overall increase in staffing salary and benefits.
- Operation and Maintenance of Plant increased by \$8.3 million, or 14.8%, primarily as a result of increases across the system with the greatest increases for remodels, security, and upgrades for ACC, CNCC, FRCC, and TSC.
- Scholarships and Fellowships expense decreased by \$48.1 million, or 51.2%, primarily as a result of decreased student aid in the form of emergency aid from HEERF programs.
- Auxiliary Enterprise expense decreased by \$2.1 million, or 9.3%, primarily as a result of PPC relinquishing management of the bookstore to a third party and reduction in Child Development Care Expenses.
- Depreciation and amortization expense increased by \$1.1 million, or 32.5%, primarily as a result of increased amortization for SBITA assets for the implementation of Statement No. 96.

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

Expense activity highlights for fiscal year 2022 include:

Operating expenses across functional categories, including the impacts of Statements No. 68 and Statement No. 75, increased \$190.9 million, or 40.2%. This includes the increases in the Statement No. 68 calculated pension expense of \$148.7 million and Statement No. 75 OPEB expense of \$0.7 million. The expense impact for each increase of expense due to pension and OPEB is Instruction (\$74.7 million), Public Service (\$1.5 million), Academic Support (\$13.4 million), Student Services (\$23.9 million), Institutional Support (\$23.9 million), Operation and Maintenance of Plant (\$9.0 million), and Auxiliary Enterprises (\$3.0 million). The operating expenses separately had an increase of \$41.5 million, or 5.8%.

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:

- Public Service increased by \$1.6 million, or 260%, primarily as a result of an increase in public service type grant activity for preschool and childcare at RRCC.
- Student Services increased by \$3.9 million, or 5.1%, primarily as a result of increases in operating expenses due to an increased need for on campus student services following the pandemic, many of which were funded by increases in related grant funding.
- Operation and Maintenance of Plant increased by \$2.9 million, or 5.6%, primarily as a result of a increases across the system with the greatest increases for remodels, security, and upgrades for CCA, CCD, FRCC, and PCC.
- Scholarships and Fellowships expense increased by \$26.9 million, or 40.1%, primarily as a result of increased student aid in the form of emergency aid from HEERF programs.
- Auxiliary Enterprise expense decreased by \$2.4 million, or 9.6%, primarily as a result of a \$3.1 million decrease at PPSC bookstore sales for students accessing HEERF funds for textbook materials coupled with many of the colleges continuing to eliminate or reduce their bookstore resale volume.

Capital Asset, Lease and SBITA Assets and Debt Management

At June 30, 2024, CCCS had \$562,793,649 of capital assets, net of accumulated depreciation of \$716,672,537 and including current year depreciation of \$42,820,561. At June 30, 2024, CCCS had \$29,739,963 of lease and SBITA assets, net of accumulated amortization \$10,991,574. At June 30, 2023, CCCS had \$513,968,068 of capital assets, net of accumulated depreciation of \$676,896,887 and including current year depreciation of \$43,293,200. At June 30, 2023, CCCS had \$32,567,272 of lease assets, net of accumulated amortization \$6,824,738. At June 30, 2022, CCCS had \$496,611,357 of capital assets, net of accumulated depreciation of \$638,544,752, and including current-year depreciation of \$43,236,254. At June 30, 2022, CCCS had \$33,498,927 of lease assets, net of accumulated amortization \$3,161,858. A breakdown of assets by category, net of accumulated depreciation and amortization is provided below:

Colorado Community College System
Management's Discussion and Analysis
(Not Subjected to Auditing Procedures)
June 30, 2024 and 2023

	June 30		
	2024	2023	2022
Nondepreciable land and land improvements	\$ 35,045,695	\$ 35,045,695	\$ 35,020,695
Construction in progress	99,354,329	42,565,553	30,992,718
Collections	1,127,771	1,112,771	1,037,771
Land improvements, net	11,106,644	11,142,511	12,030,138
Buildings and improvements, net	379,430,899	386,174,290	379,144,465
Leasehold improvements with State Agencies, net	9,765,185	11,713,796	13,750,230
Equipment and software, net	26,282,651	25,466,648	23,833,857
Library materials, net	680,475	746,804	801,483
	<u>562,793,649</u>	<u>513,968,068</u>	<u>496,611,357</u>
Total capital assets, net	\$ 562,793,649	\$ 513,968,068	\$ 496,611,357

	June 30		
	2024	2023	2022
Construction in progress lease	\$ 307,188	\$ 144,758	\$ -
Buildings and improvements- leases	27,808,387	29,785,156	30,203,519
Equipment and software leases	1,383,510	2,286,434	3,295,408
SBITA	240,878	350,924	-
	<u>29,739,963</u>	<u>32,567,272</u>	<u>33,498,927</u>

Major capital additions of \$500,000 or more completed during fiscal year 2024 are as follows:

College	Project	Total Project Cost (In millions)	Source of Funding
Arapahoe Community College	Replace HVAC Main Building	\$ 3.6	State Funded
	Replace HVAC Main Building Phase 2	1.4	State Funded
Community College of Aurora	Rooftop Units/HVAC	1.6	Federal Grant & Internal Reserves
Colorado Northwestern Community College	Network Security Upgrades	1.6	State Funded
	Upgrade Electrical & Generators	0.9	State Funded
	Parking Lots & Sidewalks	1.0	State Funded
	Roof & Windows Blake/Allesly	0.7	State Funded
Front Range Community College	Challenger Point HVAC	1.2	State Funded
	College Hill Library Controls	2.2	State Funded
	College Hill Library RTU's	2.2	State Funded
	Replace Interior Mechanical Systems	2.2	Internal Reserves
	Replace Rooftop Units BP	1.9	Internal Reserves
	Replace Roofs Bowman, Trust, Wellness Bldgs	0.9	State Funded
Morgan Community College	Replace Campus Irrigation System	0.8	State Funded
Northeastern Junior College	Knowles Hall Remodel	0.7	State Funded
	Rural College Consortium IT Infrastructure	0.5	State Funded
Colorado Community College System	Upgrade HVAC Building 905	1.9	State Funded
	Upgrade HVAC Building 859	1.2	State Funded
	Replace Roof Building 758	1.1	State Funded

Colorado Community College System

Management's Discussion and Analysis

(Not Subjected to Auditing Procedures)

June 30, 2024 and 2023

The System has \$82.8 million, \$74.2 million, and \$25.6 million in commitments for various upcoming capital construction and controlled maintenance projects as of June 30, 2024, 2023, and 2022, respectively.

CCCS had \$141,684,919, \$133,573,068, and \$141,533,519, in debt outstanding at June 30, 2024, 2023, and 2022, respectively.

In April 2023, Moody's Investors Service has affirmed Colorado Community College System (CCCS), CO's Aa3 issuer and underlying ratings on approximately \$88 million of rated outstanding revenue bonds. Concurrently, we have affirmed the Aa2 enhanced ratings on approximately \$24 million of revenue bonds that qualified for the State Intercept Program. Total debt outstanding as of fiscal year end 2022 was approximately \$142 million. The outlook is stable.

The breakdown of the debt is as follows:

	June 30		
	2024	2023	2022
Bonds payable	\$ 102,565,742	\$ 89,854,683	\$ 96,230,861
Notes and finance purchase payable	8,519,084	10,476,130	11,630,264
Lease payables	30,326,419	32,888,585	33,672,394
SBITA payables	<u>273,674</u>	<u>353,670</u>	<u>-</u>
Total debt	<u>\$ 141,684,919</u>	<u>\$ 133,573,068</u>	<u>\$ 141,533,519</u>

Colorado Community College System Future

The budgetary situation for higher education continues to be in a more stable state than recent fiscal years that were marked by significant enrollment uncertainty due to the effects of the pandemic. For fiscal year 2025 funding, CCCS is authorized to receive approximately \$148.9 million in FFS revenue and \$143.6 million in student stipends. This support totaling \$293.5 million of anticipated fiscal year 2025 funding represents an 8.7% increase in state support from fiscal year 2024 levels. CCCS also anticipates receiving \$30.1 million of funding under the Amendment 50/Amendment 77 funding in fiscal year 2025, a 5.4% increase over prior year fiscal year revenues.

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

Enrollment: In fiscal year 2024, CCCS' resident enrollment increased by 7.7% from fiscal year 2023, and nonresident enrollment increased by 15.7%, resulting in a total net enrollment increase of 7.4%. In fiscal year 2025, CCCS anticipates a modest increase compared to the prior year fall term as enrollment is forecasted to continue increasing. However, recent wage growth and low unemployment levels in the State do still present a headwind to enrollment gains.

Tuition Rates: For fiscal year 2024, the Board increased resident and non-resident tuition rate by 5.0%, with the exception of on-line which was increased by 2.5%. For fiscal year 2025, the Board raised the resident and non-resident tuition rate (including on-line) by 3.0%. This tuition increase combined with modest forecast enrollment growth in fiscal year 2025 is anticipated to lead to a modest increase in tuition revenue in fiscal year 2025 compared to the prior fiscal year.

Colorado Community College System
Management's Discussion and Analysis
(Not Subjected to Auditing Procedures)
June 30, 2024 and 2023

Colleges are still being prudent in spending on operating expenses, as inflation impacts ease compared to the last several fiscal years. CCCS continues to make investments related to retention of existing students, adding in-demand programs, and attracting new students to be positioned well when the labor market headwinds become more favorable. In addition, our colleges are investing in their own staff and faculty to retain existing and attract new employees in a labor market that is still tight but improving.

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 510,029,363	\$ 433,203,056
Accounts receivable, net	85,095,929	89,954,922
Lease receivable, current	7,145	57,707
Inventories	1,457,123	976,092
Prepaid expenses	<u>614,624</u>	<u>1,599,348</u>
Total current assets	<u>597,204,184</u>	<u>525,791,125</u>
Noncurrent Assets		
Restricted cash and cash equivalents	17,154,321	5,397
Lease receivable, noncurrent	-	7,145
Capital assets, net	562,793,649	513,968,068
Lease and SBITA assets, net	<u>29,739,963</u>	<u>32,567,272</u>
Total noncurrent assets	<u>609,687,933</u>	<u>546,547,882</u>
Total assets	<u><u>\$ 1,206,892,117</u></u>	<u><u>\$ 1,072,339,007</u></u>
Deferred Outflows of Resources		
Deferred Outflows		
Loss on refunding	\$ 805,376	\$ 922,027
Pensions	108,177,288	147,876,181
OPEB	2,491,979	3,249,861
Other	<u>10,578</u>	<u>21,061</u>
Total deferred outflows of resources	<u><u>\$ 111,485,221</u></u>	<u><u>\$ 152,069,130</u></u>

Colorado Community College System

Business-Type Activities

Statements of Net Position (continued)

June 30, 2024 and 2023

	2024	2023
Liabilities		
Current Liabilities		
Accounts payable	\$ 30,589,462	\$ 21,681,437
Accrued liabilities	16,985,735	15,774,099
Unearned revenue	81,777,587	73,946,248
Security deposits	949,488	1,382,703
Bonds payable, current portion	4,420,000	3,825,000
Notes and finance purchase payable, current portion	1,133,844	1,278,701
Lease and SBITA payable, current portion	2,479,609	3,530,744
Other long-term liabilities, current portion	246,014	151,101
Compensated absences liability, current portion	3,845,793	3,756,777
Total current liabilities	142,427,532	125,326,810
Noncurrent Liabilities		
Bonds payable	98,145,742	86,029,683
Notes and finance purchase payable, noncurrent	7,385,240	9,197,429
Lease and SBITA payable, noncurrent	28,120,484	29,711,511
Other long-term liabilities	571,845	662,023
Compensated absences liability	27,688,707	25,973,771
Net pension liability	826,399,589	917,430,475
Net OPEB liability	19,537,368	22,691,550
Total noncurrent liabilities	1,007,848,975	1,091,696,442
Total liabilities	\$ 1,150,276,507	\$ 1,217,023,252
Deferred Inflows of Resources		
Deferred Inflows		
Pension	\$ 21,525,699	\$ 19,295,125
OPEB	8,169,265	10,413,948
Leases	4,657	62,258
Total deferred inflows of resources	\$ 29,699,621	\$ 29,771,331
Net Position		
Net Position		
Net investment in capital assets	\$ 457,036,002	\$ 404,991,697
Restricted for expendable purposes		
Scholarships/fellowships	1,517,665	1,095,307
Loans	4,961	4,961
Capital projects	358,346	325,447
Training programs	12,159,664	11,941,559
Debt service	1,995,680	1,734,553
Other	666,238	-
Total restricted for expendable purposes	16,702,554	15,101,827
Unrestricted (deficit)	(335,337,346)	(442,479,970)
Total net position	\$ 138,401,210	\$ (22,386,446)

Colorado Community College System
Aggregate Discretely Presented Component Units
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 16,023,414	\$ 13,844,263
Accounts and pledges receivables	5,003,627	8,911,536
Due from primary government	100,198	-
Investments	88,855,864	77,943,153
Beneficial interest in charitable remainder trust	4,128,139	186,553
Other assets	107,218	295,391
Capital assets, net	<u>4,977,867</u>	<u>4,974,347</u>
Total assets	<u><u>\$ 119,196,327</u></u>	<u><u>\$ 106,155,243</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 2,038,067	\$ 1,655,251
Due to primary government	666,362	590,280
Accrued liabilities	1,897,545	1,548,100
Deferred revenue	779,509	769,045
Other liabilities	<u>1,199,420</u>	<u>1,679,792</u>
Total liabilities	<u><u>6,580,903</u></u>	<u><u>6,242,468</u></u>
Net Assets		
Without donor restrictions		
Undesignated	16,922,343	8,332,071
Designated by the Board for operating reserve	55,190	260,058
Designated by the Board for endowment	395,237	131,500
Invested in property and equipment, net of related debt	627,780	4,974,347
With donor restrictions		
Perpetual in nature	47,092,824	43,802,332
Purpose restrictions	43,687,718	38,787,653
Time-restricted for future periods	<u>3,834,332</u>	<u>3,624,814</u>
Total net assets	<u><u>112,615,424</u></u>	<u><u>99,912,775</u></u>
Total liabilities and net assets	<u><u>\$ 119,196,327</u></u>	<u><u>\$ 106,155,243</u></u>

Colorado Community College System
Fiduciary Fund
Statements of Fiduciary Net Position – Private Purpose Trust Fund
June 30, 2024 and 2023

	2024	2023
Assets		
Accounts receivable	\$ 75,000	\$ 75,000
Investments		
Money market funds	2,045,246	4,114,666
Mutual funds	4,322,810	1,802,648
Fixed income securities	5,016,202	4,962,916
Common stocks	8,200,505	5,942,974
Total investments	<u>19,584,763</u>	<u>16,823,204</u>
Total assets	<u><u>\$ 19,659,763</u></u>	<u><u>\$ 16,898,204</u></u>
Net Position Restricted for Health and Welfare Benefits - Individuals	<u><u>\$ 19,659,763</u></u>	<u><u>\$ 16,898,204</u></u>

Colorado Community College System
Business-Type Activities
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Student tuition and fees, net of scholarship allowances of \$152,381,186 and \$132,806,208; all revenues pledged for bonds	\$ 342,021,769	\$ 298,614,666
Grants and contracts	180,249,531	159,108,782
Fee-for-service state contract	115,244,762	112,607,210
Sales and services of educational activities	790,926	638,337
Auxiliary enterprises, net of scholarship allowances of \$3,327,222 and \$2,815,431 in 2024 and 2023, respectively	19,736,892	17,741,371
Other operating revenues and gifts	9,390,802	8,842,109
	<hr/>	<hr/>
Total operating revenues	667,434,682	597,552,475
	<hr/>	<hr/>
Operating Expenses		
Instruction	320,470,367	307,903,999
Research	7,671	45,767
Public service	7,747,336	7,752,548
Academic support	59,552,847	54,679,844
Student services	81,349,912	83,738,206
Institutional support	112,929,134	116,669,257
Operation and maintenance of plant	65,769,390	64,107,544
Scholarships and fellowships	43,586,335	45,811,387
Auxiliary enterprises	21,641,808	20,352,675
Depreciation and amortization	47,099,984	47,481,181
	<hr/>	<hr/>
Total operating expenses	760,154,784	748,542,408
	<hr/>	<hr/>
Operating loss	(92,720,102)	(150,989,933)
	<hr/>	<hr/>

Colorado Community College System
Business-Type Activities
Statements of Revenues, Expenses and Changes in Net Position (continued)
Years Ended June 30, 2024 and 2023

	2024	2023
Nonoperating Revenues (Expenses)		
State appropriations	82,593,631	75,445,267
State support for pensions	1,326,458	16,728,145
HEERF Federal Funds	11,032,972	48,167,351
Federal Pell grants	83,680,169	73,319,873
Amendment 50 funding	28,590,309	30,266,334
Distributions to local district college and area vocational schools	(46,616,378)	(41,681,887)
Gifts	14,780,632	14,829,282
Investment income (loss)	15,941,487	(1,178,521)
Interest expense	(4,102,100)	(3,194,515)
Other nonoperating revenues	4,468,890	1,820,211
	<u>191,696,070</u>	<u>214,521,540</u>
Net nonoperating revenues (expenses)		
	<u>191,696,070</u>	<u>214,521,540</u>
Income before other revenues, expenses, gains or losses	<u>98,975,968</u>	<u>63,531,607</u>
Other Revenues, Expenses, Gains or Losses		
State capital contributions	30,382,661	26,036,211
Federal capital contributions	23,019,268	5,612,695
Capital fees, net of scholarship allowances of \$1,260,366 and \$1,353,719; all revenues pledged for bonds	4,381,263	4,543,660
Capital grants and gifts	4,028,496	2,495,616
	<u>160,787,656</u>	<u>102,219,789</u>
Increase in net position		
	<u>160,787,656</u>	<u>102,219,789</u>
Net Position (Deficit), Beginning of Year	<u>(22,386,446)</u>	<u>(124,606,235)</u>
Net Position (Deficit), End of Year	<u><u>\$ 138,401,210</u></u>	<u><u>\$ (22,386,446)</u></u>

Colorado Community College System
Aggregate Discretely Presented Component Units
Statements of Activities
Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 3,148,489	\$ 23,013,447	\$ 26,161,936
Investment income, net	4,634,546	5,907,613	10,542,159
Rental income	193,985	375,943	569,928
Special events	352,498	33,221	385,719
Other income	576,906	31,298	608,204
Net assets released from restrictions	19,828,345	(19,828,345)	-
Reclassification of net assets	1,133,102	(1,133,102)	-
	<u>29,867,871</u>	<u>8,400,075</u>	<u>38,267,946</u>
Expenses and Losses			
Program services	<u>21,609,865</u>	<u>-</u>	<u>21,609,865</u>
Total program services	21,609,865	-	21,609,865
Fundraising	1,453,852	-	1,453,852
Management and general	<u>2,501,580</u>	<u>-</u>	<u>2,501,580</u>
Total support services	<u>3,955,432</u>	<u>-</u>	<u>3,955,432</u>
Total expenses and losses	<u>25,565,297</u>	<u>-</u>	<u>25,565,297</u>
Change in Net Assets	4,302,574	8,400,075	12,702,649
Net Assets, Beginning of Year	<u>13,697,976</u>	<u>86,214,799</u>	<u>99,912,775</u>
Net Assets, End of Year	<u>\$ 18,000,550</u>	<u>\$ 94,614,874</u>	<u>\$ 112,615,424</u>

Colorado Community College System
Aggregate Discretely Presented Component Units
Statements of Activities
Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	\$ 3,132,801	\$ 24,589,407	\$ 27,722,208
Investment income (loss), net	1,296,271	(539,993)	756,278
Rental income	145,418	408,303	553,721
Special events	438,204	141,411	579,615
Other income	736,294	119,425	855,719
Net assets released from restrictions	18,830,460	(18,830,460)	-
Total revenues, gains and other support	24,579,448	5,888,093	30,467,541
Expenses and Losses			
Program services	20,727,384	-	20,727,384
Total program services	20,727,384	-	20,727,384
Fundraising	1,105,447	-	1,105,447
Management and general	2,173,984	-	2,173,984
Total support services	3,279,431	-	3,279,431
Total expenses and losses	24,006,815	-	24,006,815
Change in Net Assets	572,633	5,888,093	6,460,726
Net Assets, Beginning of Year	13,125,343	80,326,706	93,452,049
Net Assets, End of Year	\$ 13,697,976	\$ 86,214,799	\$ 99,912,775

Colorado Community College System

Fiduciary Fund

Statements of Changes in Fiduciary Net Position – Private Purpose Trust Fund Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Receipt of excess premiums	\$ 1,265,121	\$ 2,207,319
Total contributions	1,265,121	2,207,319
Investment gain		
Net appreciation in fair value	1,736,144	463,037
Interest and dividends	450,634	355,327
Total investment gain	2,186,778	818,364
Total additions	3,451,899	3,025,683
Deductions		
Administrative expense	690,340	400,711
Total deductions	690,340	400,711
Net increase in fiduciary net position	2,761,559	2,624,972
Net Position		
Beginning of year	16,898,204	14,273,232
End of year	\$ 19,659,763	\$ 16,898,204

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Colorado Community College System
Business-Type Activities
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received		
Tuition and fees	\$ 338,963,527	\$ 298,334,245
Student loans collected	79,028	313,970
Sales of products and services	20,515,984	18,379,735
Grants, contracts and gifts	308,570,188	302,044,309
Other operating receipts	10,409,384	9,248,774
Custodial inflows	98,306,524	88,429,016
Cash payments		
Scholarships disbursed	(43,586,335)	(45,811,387)
Student loans disbursed	(72,922)	(314,218)
Payments for employees	(463,328,509)	(431,869,374)
Payments to suppliers	(249,913,396)	(228,499,457)
Custodial outflows	(97,468,682)	(89,288,513)
Net cash used in operating activities	<u>(77,525,209)</u>	<u>(79,032,900)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations – noncapital	82,593,631	75,445,267
HEERF Direct Federal Funding	11,032,972	48,167,758
Federal Pell grants	85,297,904	72,976,820
Amendment 50 funding	28,590,309	30,266,334
Distributions to local district colleges and area vocational schools	(46,616,378)	(41,681,887)
Gifts and grants for other than capital purposes	14,780,382	14,809,884
Other noncapital financing activities	4,264,418	2,177,714
Net cash provided by noncapital financing activities	<u>179,943,238</u>	<u>202,161,890</u>
Cash Flows from Capital and Related Financing Activities		
Capital grants, contracts and gifts	27,014,918	6,211,467
Capital fees	4,381,263	4,543,660
State contribution for capital assets	29,333,986	25,404,920
Proceeds from sale of capital assets	401,485	335,347
Proceeds from capital debt	17,629,479	-
Acquisition and construction of capital assets	(89,164,374)	(56,408,032)
Principal and interest received on lease receivable	57,707	57,580
Principal paid on capital bonds and notes	(5,601,905)	(6,883,805)
Interest paid on bonds and notes	(4,073,932)	(3,701,397)
Principal paid on lease and SBITA payable	(3,765,633)	(3,541,722)
Interest on lease and SBITA payables	(487,954)	(459,307)
Bond issuance costs	(109,500)	-
Net cash used in capital and related financing activities	<u>(24,384,460)</u>	<u>(34,441,289.0)</u>

Colorado Community College System

Business-Type Activities

Statements of Cash Flows (continued)

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Investing Activities		
Investment income (loss)	15,941,663	(1,172,945)
Proceeds from sale of investments	644,379	354,400
Purchase of investments	(17,793,304)	(5,566)
Net cash used in investing activities	(1,207,262)	(824,111)
Net increase in cash and cash equivalents	76,826,307	87,863,590
Cash and Cash Equivalents, Beginning of Year	433,203,056	345,339,466
Cash and Cash Equivalents, End of Year	<u>\$ 510,029,363</u>	<u>\$ 433,203,056</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (92,720,102)	\$ (150,989,933)
Adjustments to reconcile operating loss to net cash used in operating activities		
Noncash pension expense and pension offset	1,326,458	16,728,145
Depreciation and amortization	47,099,984	47,481,181
Increase in other nonoperating assets/noncash expenses	896,828	649,176
Decrease (increase) in assets and deferred outflows of resources		
Receivables, net	4,500,935	(4,141,995)
Inventory and prepaids	503,693	1,127,376
Other noncurrent assets	-	658,439
Deferred outflows of resources related to pensions	39,698,894	(92,610,864)
Deferred outflows of resources related to OPEB	757,881	(1,292,419)
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	4,190,949	(4,361,816)
Accrued liabilities	1,211,637	(846,917)
Unearned revenues	7,831,339	34,359,482
Security deposits	(433,215)	75,761
Compensated absences liability	1,803,951	1,601,824
Other liabilities	4,735	43,935
Pension liability	(91,030,885)	288,922,762
OPEB liability	(3,154,182)	(1,875,182)
Deferred inflows of resources related to pensions	2,230,574	(212,193,201)
Deferred inflows of resources related to OPEB	(2,244,683)	(2,368,654)
Net cash used in operating activities	<u>\$ (77,525,209)</u>	<u>\$ (79,032,900)</u>
Noncash Investing, Capital and Noncapital Financing Activities		
State funding for acquisitions of capital assets	\$ 152,096	\$ 1,512
State funding for acquisitions of noncapital assets	896,578	629,779
Liabilities for capital assets	11,060,738	7,970,574
Liabilities for lease and SBITA assets	2,399,105	3,881,401
Equipment donations and capital gifts	20,484	1,916,242
Income (loss) on disposal of capital assets	12,963	(262,552)
Amortization of bond/premium discount and refunding loss	446,229	750,044

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Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 10 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 representative and a community college 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, the aggregate discretely presented component units, and the fiduciary 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, 2024 and 2023, 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. The fiduciary statements of net position of the private purpose trust fund and the fiduciary statements of changes in the net position of the private purpose trust fund show the fiduciary activities that are related to the Benefit Trust.

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 Annual Comprehensive Financial Report (ACFR).

Accordingly, the accompanying CCCS business-type activity financial statements contain the operations of the System Office and the following 13 colleges but do not include activities of the fiduciary fund and component units. 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)

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

- Otero College (OC)
- Pikes Peak State College (PPSC)
- Pueblo Community College (PCC)
- Red Rocks Community College (RRCC)
- Trinidad State College (TSC)

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, 2024 and 2023.

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*, GASB 80, *Blending Requirements for Certain Component Units*, and GASB Statement No. 84, *Fiduciary Activities*, CCCS has one fiduciary private purpose trust fund, 15 discretely presented component units, and participates in one joint venture as described below.

Fiduciary Private Purpose Trust Fund

The SBCCOE Employee Benefit Trust Fund (the Benefit Trust), a fiduciary private purpose trust fund, is included in the accompanying financial statements as a fiduciary fund, in accordance with Statement No. 84. Further, in accordance with Statement No. 84, CCCS reports assets with a corresponding liability that otherwise should be reported in a custodial fund in the statement of net position, upon receipt, as they are normally expected to be held for three months or less.

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 Chancellor based upon recommendation of the Benefit Trust committee, and primarily include support for employee health fairs, provide payment to an administrator to negotiate group insurance contracts on behalf of employees and SBCCOE in the name of the colleges and/or Trust. Other benefits, as well, 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. The major source of additions are receipt of excess premiums and net appreciation (depreciation) in fair value and the major deductions are administrative costs.

Discretely Presented Component Units

A legally separate, tax-exempt foundation exists for the System office and one for each of 12 colleges and two for the remaining college. 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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 listing of foundations are as follows: 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 State College Foundation, Inc.; Pueblo Community College Foundation; Red Rocks Community College Foundation; Trinidad State College Foundation, Inc.; Friends of TSC; and Foundation for Colorado Community Colleges. All of the foundations with the exception of Friends of TSC were audited by other auditors. Morgan Community College Foundation and Trinidad State College Foundation, Inc.'s audits are 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 (720) 858-2290 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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: 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 federal grants.

Lease Receivable

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset in the contract for a period of time in an exchange or exchange-like transaction. Nonfinancial assets include, but are not limited to buildings, land, vehicles, and equipment.

Lease receivables result from CCCS leasing property to various third parties. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents primarily represent monies from unspent bonds or notes payable.

Investments

Investments are reported at fair value, which is determined based on quoted market prices as of June 30, 2024 and 2023. Investments in money market funds are reported at net asset value per share.

Inventories

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

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 with State Agencies) and internally developed software and \$5,000 for all other capital assets. 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 (prior to

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

fiscal year 2022), 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.

As of June 30, 2024 and 2023, the construction in progress includes capital construction projects in process, but not substantially complete.

Lease and Subscription-based Information Technology Arrangements (SBITA) Assets

Leases and SBITAs are initially recorded at the initial measurement of the associated lease or SBITA payable, plus lease or SBITA payments made at or before the commencement of the lease term, less any incentives received from the lessor or vendor at or before the commencement of the lease or SBITA agreement, plus initial direct costs that are ancillary to place the asset into service. Lease and SBITA assets are amortized using the straight-line method over the shorter of the agreement term or the useful life of the underlying asset. CCCS uses a capitalization threshold of \$100,000 per lease and \$300,000 per SBITA. Amortization expense is not allocated among functional categories.

Capital, Lease, and SBITA Asset Impairment

CCCS evaluates capital, lease and SBITA assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease and SBITA asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital, lease and SBITA asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized for the years ended June 30, 2024 and 2023.

Security Deposits

Security deposits include balances representing funds held as security deposits from individuals or organizations for short-term rental activity.

Accrued Liabilities

Accrued liabilities primarily represent accrued payroll, benefits payable, and other payroll related liabilities.

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 or grant awards 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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

in the selected primary summer term. To the extent revenues are earned after June 30, such amounts are recorded in unearned revenue, including significant funds from the State and Local Fiscal Recovery Funds (SLFRF) Federal funds.

Notes and Finance Purchase Liability

Notes and finance purchase liabilities primarily consist of energy performance agreements and various other finance purchase agreements. 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 assets by a government that is applicable to a future reporting period and deferred inflows of resources is an acquisition of net assets by a government that is applicable to a future reporting period. Both deferred outflows and inflows of resources are reported in the statement 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. Differences in plan experience, changes in assumptions, and changes in proportion will be amortized over the remaining service lives of current and former employees and retirees. The differences between expected and actual investment earnings will be amortized over a five year period.

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 of resources and amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter.

For leases, deferred inflow of resources are recognized at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods and are amortized as a component of revenue over the term of the lease.

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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 of capital, lease, and SBITA assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital, lease and SBITA assets, such amounts are not included as a component of net investment in capital.
- 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 2024 and 2023.

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 2024 and 2023, CDHE's FFS contract with CCCS purchased educational services, from CCCS that are not part of the COF stipend program. Additionally, CDHE's contract with CCCS purchased educational services with an increased emphasis on support services for pell-eligible, recruitment and retention of first-generation undergraduate students, and underserved undergraduate students. Furthermore, FFS funds are also for the creation of student career pathways, providing support for complying with the Cyber Coding Cryptology for State Records and Colorado Rural Health-care Workforce Initiative, expanding concurrent enrollment opportunities.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

- Nonoperating revenues and expenses are those that do not meet the definition of operating revenues or capital revenues. In fiscal years 2024 and 2023, 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. CCCS also received nonoperating revenues in the form of subsidies from the Federal HEERF Acts. 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 HEERF and SLFRF funding received, which may be expensed in future periods.

Higher Education Emergency Relief Funds (HEERF) and Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

- The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) created HEERF to provide financial relief to students and institutions impacted by the COVID-19 pandemic. The *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA) and the *American Rescue Plan Act of 2021* (ARP) provided additional rounds of HEERF (II and III) funds to schools. The HEERF funds contained two components, an institutional award and a student aid award. The student aid portion is distributed to students in the form of emergency financial aid grants to generally cover any component of the cost of attendance for the distribution of education or emergency costs that arose due to the COVID-19 pandemic. The institutional portion can be used to cover lost revenues and defray expenses related to COVID-19.
- The SLFRF Recovery Funds provided further flexibility to states to meet local needs, supporting families and businesses struggling with its public health and economic impacts, maintain vital public services, even amid declines in revenue resulting from the crisis, and build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

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 required to be 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Amendment 50 and Amendment 77 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. In November 2020, Amendment 77 was passed by the voters statewide, which allowed local voters within gaming jurisdictions to eliminate betting limits and introduce new games. Local jurisdictions subsequently approved these changes in local elections that followed and these changes had their first full fiscal year of being in effect in fiscal year 2021-22. Amendment 77 also allowed community colleges to use Amendment 50/Amendment 77 funds to "improve student retention and increase credential completion" in addition to using the funds for classroom instruction related activities and scholarships for students.

For the fiscal year 2023 legislative session, S.B. 22-216 was enacted to set an equitable split in revenue growth post-pandemic in fiscal year 2021-22 due to the loosening of pandemic restrictions and the implementation of Amendment 77. S.B. 22-216 reestablished the formula allocations temporarily changed through H.B. 20-1400 and built in a temporary revenue allocation mechanism in the event of any future significant drops in overall gaming revenue as was seen during the pandemic.

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.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the change in net position.

Note 3: 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, and FFS contract revenue.

For the years ended June 30, 2024 and 2023, appropriated expenditures were within the authorized spending authority. CCCS received a total nonoperating general fund appropriation of \$82,593,631 and \$75,445,267 for 2024 and 2023, respectively. Included in the State appropriations are general fund appropriations specified to be passed through to two LDCs and three AVSs for 2024 and 2023 of \$46,616,378 and \$41,738,597, respectively. This amount consists of \$26,161,309 and \$23,413,523 for LDCs and \$20,455,069 and \$18,325,074 for AVSs for 2024 and 2023, respectively. Also, included in capital general

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

fund appropriations were capital contributions of \$30,382,661 and \$26,036,211 for 2024 and 2023, respectively. During 2024 and 2023, CCCS received FFS contract revenue in the amount of \$115,244,762 and \$112,607,210 and COF stipends in the amount of \$154,775,052 and \$128,765,148, respectively, recognized in operations.

Note 4: Tuition, Fees and Auxiliary Revenue

Tuition, fees and auxiliary revenue and the related scholarship allowances for the years ended June 30, 2024 and 2023 were as follows:

	2024			
	Tuition and Fees	Auxiliary Revenue	Capital Fees	Total
Gross revenue	\$ 494,402,955	\$ 23,064,114	\$ 5,641,629	\$ 523,108,698
Scholarship allowances				
Federal	71,501,522	1,367,320	606,669	73,475,511
State	66,567,486	1,021,109	573,622	68,162,217
Private	6,602,068	130,510	48,095	6,780,673
Institutional	7,710,110	808,283	31,980	8,550,373
Total scholarship allowance	152,381,186	3,327,222	1,260,366	156,968,774
Net revenue	<u>\$ 342,021,769</u>	<u>\$ 19,736,892</u>	<u>\$ 4,381,263</u>	<u>\$ 366,139,924</u>
	2023			
	Tuition and Fees	Auxiliary Revenue	Capital Fees	Total
Gross revenue	\$ 431,420,874	\$ 20,556,802	\$ 5,897,379	\$ 457,875,055
Scholarship allowances				
Federal	69,965,132	1,271,063	728,211	71,964,406
State	49,358,820	730,806	530,445	50,620,071
Private	5,718,771	99,536	44,953	5,863,260
Institutional	7,763,485	714,026	50,110	8,527,621
Total scholarship allowance	132,806,208	2,815,431	1,353,719	136,975,358
Net revenue	<u>\$ 298,614,666</u>	<u>\$ 17,741,371</u>	<u>\$ 4,543,660</u>	<u>\$ 320,899,697</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 5: Cash and Cash Equivalents and Investments

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

	June 30,	
	2024	2023
Cash on hand and change funds	\$ 911,961	\$ 4,953,080
Deposits with financial institutions	1,558,252	1,381,223
Total	<u>\$ 2,470,213</u>	<u>\$ 6,334,303</u>

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,	
	2024	2023
Footnote amounts		
Deposits	\$ 2,470,213	\$ 6,334,303
Deposits held with State Treasurer	507,559,150	426,868,753
Restricted cash and cash equivalents	17,154,321	5,397
Total	<u>\$ 527,183,684</u>	<u>\$ 433,208,453</u>
Financial statement amounts		
Cash and cash equivalents	\$ 510,029,363	\$ 433,203,056
Restricted cash and cash equivalents	17,154,321	5,397
	<u>\$ 527,183,684</u>	<u>\$ 433,208,453</u>

CCCS deposits its cash with the Treasurer. The Treasurer pools these deposits and invests them in securities approved by C.R.S. Section 24-75-601.1. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2024 and 2023, CCCS had cash on deposit with the Treasurer of \$507,559,150 and \$426,868,753, which represented approximately 2.8% and 2.3% of the total of \$18,095.0 million and \$18,810.9 million, respectively, fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2024 and 2023, included Pool resources of \$38.5 million and \$35.0 million of cash on hand and \$18,056.6 million and \$18,775.8 million of investments, respectively.

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 Annual Comprehensive Financial Report for the years ended June 30, 2024 and 2023.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

CCCS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of CCCS' restricted cash and cash equivalents are money market funds which are valued at net asset value per share and excluded from the fair value hierarchy.

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. The money market funds are rated AAAM by S&P.

Fiduciary Funds Investments

The Trust's investment portfolio is managed in accordance with investment guidelines as stated in the Trust's investment policy, which was revised and became effective January 1, 2020. These guidelines indicate the monies will be conservatively allocated in a combination of cash, fixed income, and equity investments. As of June 30, 2024 and 2023, the Trust had the following investments and maturities:

2024			
Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
U.S. Treasuries	\$ 5,016,202	\$ 2,988,300	\$ 2,027,902
Equities	8,200,505	8,200,505	-
Mutual Funds	4,322,810	4,322,810	-
Money Market Funds	2,045,246	2,045,246	-
Total	<u>\$ 19,584,763</u>	<u>\$ 17,556,861</u>	<u>\$ 2,027,902</u>

2023			
Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
U.S. Treasuries	\$ 4,962,916	\$ 1,982,930	\$ 2,979,986
Equities	5,942,974	5,942,974	-
Mutual Funds	1,802,648	1,802,648	-
Money Market Funds	4,114,666	4,114,666	-
Total	<u>\$ 16,823,204</u>	<u>\$ 13,843,218</u>	<u>\$ 2,979,986</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Investment Risk Review

Investments are subject to many different types of risk including, but not limited to, the following:

- Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. None of the Trust's mutual or money market funds are rated.
- Concentration of credit risk is the risk of loss attributable to the magnitude of the Trust's investment in a single issuer. No investments exceed 5% of total investments as of June 30, 2024 or 2023.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy gives guidance for investment activity to limit risks.
- Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust has no custodial credit risk.
- Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or deposit. The Trust has no foreign currency risk.

Investment Valuation – Fair Value Recurring Measurements

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 prices utilize significant unobservable inputs, such as option-adjusted discounted cash flow valuation models.

- Equity investments of \$8,200,505 and \$5,942,974 and Fixed Income Securities of \$5,016,202 and \$4,962,916 for June 30, 2024 and 2023, respectively, are valued using quoted price in active markets for identical assets (Level 1 inputs)
- Mutual Funds of \$4,322,810 and \$1,802,648 for June 30, 2024 and 2023, respectively, are valued using quoted market price or other observable inputs (Level 1 and Level 2 inputs)
- The Trust has money market funds of \$2,045,246 and \$4,114,666 as of June 30, 2024 and 2023, respectively. Money market funds are valued at net asset value per share and are excluded from the fair value hierarchy.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 6: Accounts Receivable, Accounts Payable and Accrued Liabilities

Accounts receivable at June 30, 2024 and 2023 were as follows:

	2024		
	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student accounts receivable	\$ 64,476,194	\$ (21,372,032)	\$ 43,104,162
Due from other governments	36,488,509	-	36,488,509
Other receivables	5,599,595	(96,337)	5,503,258
Total receivables	<u>\$ 106,564,298</u>	<u>\$ (21,468,369)</u>	<u>\$ 85,095,929</u>

	2023		
	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student accounts receivable	\$ 60,534,570	\$ (23,506,085)	\$ 37,028,485
Due from other governments	45,549,433	-	45,549,433
Other receivables	7,499,914	(122,910)	7,377,004
Total receivables	<u>\$ 113,583,917</u>	<u>\$ (23,628,995)</u>	<u>\$ 89,954,922</u>

Accounts payable and accrued liabilities at June 30, 2024 and 2023 were as follows:

	2024	2023
Amounts owed to vendors	\$ 23,015,146	\$ 18,605,679
Salaries and benefits payable	16,985,735	15,774,099
Accrued interest payable	758,574	592,090
Other payables	6,815,742	2,483,668
Total accounts payable and accrued liabilities	<u>\$ 47,575,197</u>	<u>\$ 37,455,536</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 7: Capital, Lease and SBITA Assets

The following tables present changes in capital, lease and SBITA assets and accumulated depreciation and amortization for the years ended June 30, 2024 and 2023. Adjustments reflect one-time adjustments to properly classify buildings and improvements, leasehold improvements with State Agencies, and equipment. Adjustments to construction in progress reflect project costs not deemed capitalizable.

	Balance, June 30, 2023	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2024
Nondepreciable capital assets						
Land and land improvements	\$ 35,045,695	\$ -	\$ -	\$ -	\$ -	\$ 35,045,695
Construction in progress	42,565,552	82,587,058	-	(25,728,447)	(69,834)	99,354,329
Collections	1,112,771	15,000	-	-	-	1,127,771
Total nondepreciable capital assets	78,724,018	82,602,058	-	(25,728,447)	(69,834)	135,527,795
Depreciable capital assets						
Land improvements	31,570,335	48,993	-	1,029,842	-	32,649,170
Buildings and improvements	913,836,283	1,045,889	(735,809)	23,488,684	-	937,635,047
Leasehold improvements with State Agencies	34,191,132	-	-	-	-	34,191,132
Equipment and software	130,827,057	8,508,875	(2,831,354)	1,209,921	172,091	137,886,590
Library materials	1,716,130	155,121	(294,798)	-	-	1,576,453
Total depreciable capital assets	1,112,140,937	9,758,878	(3,861,961)	25,728,447	172,091	1,143,938,392
Less accumulated depreciation						
Land improvements	20,427,823	1,114,703	-	-	-	21,542,526
Buildings and improvements	527,661,992	30,647,134	(104,978)	-	-	558,204,148
Leasehold improvements	22,477,337	1,948,610	-	-	-	24,425,947
Equipment and software	105,360,410	8,888,663	(2,817,225)	-	172,091	111,603,939
Library materials	969,325	221,451	(294,798)	-	-	895,978
Total accumulated depreciation	676,896,887	42,820,561	(3,217,001)	-	172,091	716,672,538
Net depreciable capital assets	435,244,050	(33,061,683)	(644,960)	25,728,447	-	427,265,854
Total capital assets, net	\$ 513,968,068	\$ 49,540,375	\$ (644,960)	\$ -	\$ (69,834)	\$ 562,793,649

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

	Balance, June 30, 2022	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2023
Nondepreciable capital assets						
Land and land improvements	\$ 35,020,695	\$ 25,000	\$ -	\$ -	\$ -	\$ 35,045,695
Construction in progress	30,992,718	48,952,303	-	(37,340,734)	(38,735)	42,565,552
Collections	1,037,771	75,000	-	-	-	1,112,771
Total nondepreciable capital assets	67,051,184	49,052,303	-	(37,340,734)	(38,735)	78,724,018
Depreciable capital assets						
Land improvements	30,819,404	242,331	-	-	508,600	31,570,335
Buildings and improvements	875,400,153	1,010,901	-	37,021,251	403,978	913,836,283
Leasehold improvements	35,241,287	-	(121,387)	-	(928,768)	34,191,132
Equipment and software	124,826,552	10,443,052	(4,812,264)	319,483	50,234	130,827,057
Library materials	1,817,529	190,869	(292,268)	-	-	1,716,130
Total depreciable capital assets	1,068,104,925	11,887,153	(5,225,919)	37,340,734	34,044	1,112,140,937
Less accumulated depreciation						
Land improvements	18,789,266	1,129,957	-	-	508,600	20,427,823
Buildings and improvements	496,255,688	30,986,136	-	-	420,168	527,661,992
Leasehold improvements	21,491,057	2,016,187	(101,139)	-	(928,768)	22,477,337
Equipment and software	100,992,695	8,915,373	(4,604,600)	-	56,942	105,360,410
Library materials	1,016,046	245,547	(292,268)	-	-	969,325
Total accumulated depreciation	638,544,752	43,293,200	(4,998,007)	-	56,942	676,896,887
Net depreciable capital assets	429,560,173	(31,406,047)	(227,912)	37,340,734	(22,898)	435,244,050
Total capital assets, net	<u>\$ 496,611,357</u>	<u>\$ 17,646,256</u>	<u>\$ (227,912)</u>	<u>\$ -</u>	<u>\$ (61,633)</u>	<u>\$ 513,968,068</u>

Lease and SBITA activity for the years ended June 30, 2024 and 2023 was:

	Balance, June 30, 2023	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2024
Non amortizable lease and SBITA assets						
Construction in progress	\$ 144,758	\$ 162,430	\$ -	\$ -	\$ -	\$ 307,188
Total non amortizable Lease and SBITA assets	144,758	162,430	-	-	-	307,188
Amortizable lease and SBITA assets:						
Buildings and improvements	34,396,583	1,950,164	(1,350,458)	-	-	34,996,289
Equipment and software	4,412,014	577,391	-	-	-	4,989,405
SBITA	438,655	-	-	-	-	438,655
Total amortizable lease and SBITA assets	39,247,252	2,527,555	(1,350,458)	-	-	40,424,349
Less accumulated amortization						
Buildings and improvements	4,611,427	2,689,062	(1,449,615)	-	1,337,028	7,187,902
Equipment and software	2,125,580	1,480,315	-	-	-	3,605,895
SBITA	87,731	110,046	-	-	-	197,777
Total accumulated amortization	6,824,738	4,279,423	(1,449,615)	-	1,337,028	10,991,574
Net amortization lease and SBITA assets	32,422,514	(1,751,868)	99,157	-	(1,337,028)	29,432,775
Total lease and SBITA assets, net	<u>\$ 32,567,272</u>	<u>\$ (1,589,438)</u>	<u>\$ 99,157</u>	<u>\$ -</u>	<u>\$ (1,337,028)</u>	<u>\$ 29,739,963</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

	Balance, June 30, 2022	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2023
Non amortizable lease and SBITA assets						
Construction in progress	\$ -	\$ 144,758	\$ -	\$ -	\$ -	\$ 144,758
Total non amortizable Lease and SBITA assets	-	144,758	-	-	-	144,758
Amortizable lease and SBITA assets:						
Buildings and improvements	32,608,535	2,313,148	(525,100)	-	-	34,396,583
Equipment and software	4,052,250	359,764	-	-	-	4,412,014
SBITA	-	438,655	-	-	-	438,655
Total amortizable lease and SBITA assets	36,660,785	3,111,567	(525,100)	-	-	39,247,252
Less accumulated amortization						
Buildings and improvements	2,405,016	2,731,511	(525,100)	-	-	4,611,427
Equipment and software	756,842	1,368,738	-	-	-	2,125,580
SBITA	-	87,731	-	-	-	87,731
Total accumulated amortization	3,161,858	4,187,980	(525,100)	-	-	6,824,738
Net amortization lease and SBITA assets	33,498,927	(1,076,413)	-	-	-	32,422,514
Total lease and SBITA assets, net	\$ 33,498,927	\$ (931,655)	\$ -	\$ -	\$ -	\$ 32,567,272

Note 8: Long-term Liabilities

The following tables present changes in long-term liabilities at June 30, 2024 and 2023:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bonds payable	\$ 89,854,683	\$ 17,120,000	\$ (4,408,941)	\$ 102,565,742	\$ 4,420,000
Notes and finance purchase payable	10,476,130	-	(1,957,046)	8,519,084	1,133,844
Lease payable	32,888,585	2,399,105	(4,961,271)	30,326,419	2,394,182
Subscription-based IT Arrangements (SBITA)	353,670	-	(79,996)	273,674	85,427
Other long-term liabilities	813,124	398,828	(394,093)	817,859	246,014
Compensated absences liability	29,730,548	18,825,900	(17,021,948)	31,534,500	3,845,793

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds payable	\$ 96,230,861	\$ -	\$ (6,376,178)	\$ 89,854,683	\$ 3,825,000
Notes and finance purchase payables	11,630,264	-	(1,154,134)	10,476,130	1,278,701
Lease payable	33,672,394	2,672,862	(3,456,671)	32,888,585	3,450,748
Subscription-based IT Arrangements (SBITA)	-	438,655	(84,985)	353,670	79,996
Other long-term liabilities	769,188	236,067	(192,131)	813,124	151,101
Compensated absences liability	28,128,725	21,884,962	(20,283,139)	29,730,548	3,756,777

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 9: Bonds Payable

Systemwide Revenue Bonds

The State's Department of Higher Education, through the SBCCOE, issued revenue bonds in 2012, 2013, 2016, 2017, 2019, and 2023, known as Systemwide Revenue Bonds. Bond proceeds were used to benefit facilities at the individual colleges, as noted below:

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 State 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 State 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 State College	3,615,000
Series 2002 bonds for Arapahoe Community College	<u>2,065,000</u>
	<u><u>\$ 11,545,000</u></u>

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 State College	<u>3,535,000</u>
	<u><u>\$ 11,495,000</u></u>

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 Series 2013 Revenue Bonds were partially advance refunded by the 2017A Series on December 28, 2017. The remaining balance was paid in full on November 1, 2023.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 State College	<u>2,925,000</u>
	<u>\$ 18,340,000</u>

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.

In 2023, the System cash advance refunded the remaining portion of the System's Series 2016 bonds outstanding for Pikes Peak State College. The System defeased \$1,525,000 in bond with a gain on defeasance of \$93,093. The defeased bonds are not considered a liability of the System and are considered legally defeased.

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	<u>13,785,000</u>
	<u>\$ 34,850,000</u>

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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 which advance refunded on a crossover basis the remaining portion of the 2010B-2 Taxable Systemwide Revenue Bonds on November 1, 2020. The principal of the 2017B issue was distributed to the colleges as follows:

Colorado Northwestern Community College	\$ 3,870,000
Northeastern Junior College	<u>4,325,000</u>
	<u>\$ 8,195,000</u>

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	<u>10,725,000</u>
	<u>\$ 28,825,000</u>

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	<u>9,595,000</u>
	<u>\$ 25,150,000</u>

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

Series 2023 Bonds

The Series 2023 Systemwide Revenue Bonds for \$17,120,000 were issued on July 14, 2023. Interest is payable semiannually on May 1 and November 1. The final maturity of the bonds is November 1, 2037. The principal of the Series 2023 issue is being used to finance the construction and equipping of a STEM Classroom on the Community College of Aurora campus.

The Board has adopted a resolution stating that it will not participate in the State Intercept Program for the 2023 bonds.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

The System advanced refunded a portion of the System's Series 2013 bonds and a portion of the Series 2010D bonds and cash advanced refunded a portion of the Series 2016 bonds. The defeased bonds are not considered a liability of the System. The 2013 bonds were called November 1, 2023. As of June 30, 2024, \$24,465,000 of refunded Series 2010D and Series 2016 are considered legally defeased.

Security

The bonds are special obligations of CCCS payable from certain net pledged revenues as defined in the bond indentures. In accordance with SB 22-121 higher education governing boards are allowed to pledge 100.0% of their tuition revenues as security to bondholders, previously limited to 10.0%. The Board adopted a resolution on May 10, 2023 to increase the pledge from 10.0% to 100.0%. The Series 2023, 2019, 2017, 2016, 2013, and 2012 bonds are payable solely out of and secured by an irrevocable pledge of 100.0% 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, CCA, CCD, CNCC, FRCC, NJC, PCC, PPSC, and RRCC colleges and System Office. Principal and interest paid was \$7,650,983 and \$8,955,287 for fiscal year 2024 and 2023, 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 \$346,403,032 and \$303,158,326 for fiscal year 2024 and 2023, respectively. These amounts primarily consisted of \$342,021,769 and \$298,614,666 student tuition and fees, net of scholarship allowance for fiscal years 2024 and 2023, respectively. The remaining pledged revenue of \$4,381,263 and \$4,543,660 for fiscal year 2024 and 2023, respectively, represents the capital fees.

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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Long-term Bond Principal Maturities

Bond principal payments to be made during fiscal years 2025 through 2029 are enumerated in the following table:

Bond Issue	Principal Maturing in Next Five Years by Year				
	FY25	FY26	FY27	FY28	FY29
Series 2012A					
Arapahoe Community College	\$ 105,000	\$ 110,000	\$ 110,000	\$ 115,000	\$ 120,000
Colorado Community College System	305,000	315,000	325,000	335,000	340,000
Pikes Peak State College	245,000	255,000	260,000	270,000	-
Series 2016					
Red Rocks Community College	375,000	390,000	400,000	420,000	435,000
Series 2017A					
Arapahoe Community College	345,000	365,000	380,000	405,000	430,000
Front Range Community College	1,045,000	1,080,000	1,115,000	1,170,000	1,225,000
Series 2017B					
Colorado Northwestern Community College	140,000	145,000	150,000	160,000	170,000
Northeastern Junior College	150,000	150,000	160,000	165,000	175,000
Series 2019A					
Community College of Denver	895,000	915,000	960,000	1,005,000	1,060,000
Pueblo Community College	390,000	395,000	415,000	430,000	455,000
Series 2023					
Community College of Aurora	<u>425,000</u>	<u>475,000</u>	<u>525,000</u>	<u>575,000</u>	<u>675,000</u>
Total revenue bonds payable	4,420,000	4,595,000	4,800,000	5,050,000	5,085,000
Interest	<u>3,815,517</u>	<u>3,668,052</u>	<u>3,476,127</u>	<u>3,254,617</u>	<u>3,026,867</u>
Total annual debt service	<u>\$ 8,235,517</u>	<u>\$ 8,263,052</u>	<u>\$ 8,276,127</u>	<u>\$ 8,304,617</u>	<u>\$ 8,111,867</u>

Bond debt service payments from fiscal year 2030 to maturity are as follows:

Fiscal Years	Principal	Interest	Total
2030-2034	\$ 28,180,000	\$ 11,485,154	\$ 39,665,154
2035-2039	20,120,000	6,372,264	26,492,264
2040-2044	15,435,000	3,102,009	18,537,009
2045-2049	<u>7,355,000</u>	<u>671,962</u>	<u>8,026,962</u>
	<u>\$ 71,090,000</u>	<u>\$ 21,631,389</u>	<u>\$ 92,721,389</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Remaining debt service by bond issuance is as follows:

	Revenue Bonds Outstanding*, June 30, 2024	Interest Rate	Maximum Annual Principal	Callable	Call Premium
State Board for Community Colleges and Occupational Education Systemwide Revenue Bonds Series 2012A					
Arapahoe Community College	\$ 1,113,530	2.50% to 3.375%	140,000	Yes (after 11/2022)	None
Colorado Community College System	2,799,532	2.50% to 3.375%	375,000	Yes (after 11/2022)	None
Pikes Peak State College	1,067,252	2.50% to 3.375%	270,000	Yes (after 11/2022)	None
Series 2016					
Red Rocks Community College	12,994,217	1.50% to 4.00%	760,000	Yes (after 11/2026)	None
Series 2017A					
Arapahoe Community College	20,893,792	2.00% to 5.25%	1,390,000	Yes (after 11/2027)	None
Front Range Community College	14,601,149	2.00% to 5.00%	1,490,000	Yes (after 11/2027)	None
Series 2017B					
Colorado Northwestern Community College	3,642,226	3.00% to 5.00%	275,000	Yes (after 11/2027)	None
Northeastern Junior College	4,093,257	3.00% to 5.00%	290,000	Yes (after 11/2027)	None
Series 2019A					
Community College of Denver	14,702,378	2.00% to 5.00%	1,415,000	Yes (after 11/2030)	None
Pueblo Community College	9,538,409	2.00% to 5.00%	625,000	Yes (after 11/2030)	None
Series 2023					
Community College of Aurora	17,120,000	3.82%	7,245,000	Yes (after 11/2032)	None
	<u>\$ 102,565,742</u>				

* Bonds have related unamortized bond premium and discount of \$7,525,742

Note 10: Notes, Finance Purchase, Lease payable, and State of Colorado Certificates of Participation

CCA, CCCS, CNCC, FRCC, LCC, and PCC, have recorded notes and finance purchase payables in conjunction with building improvements and equipment related to energy performance contracts and other direct financing leases. The interest rate on the notes payable range from 1.9% to 4.0%.

The outstanding notes and finance purchase payables from direct borrowings primarily 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Future minimum payments under notes and finance purchase payables are as follows for the years ending June 30:

	Principal	Interest	Total
2025	\$ 1,133,844	\$ 188,901	\$ 1,322,745
2026	1,085,731	161,611	1,247,342
2027	1,134,687	132,528	1,267,215
2028	821,805	107,297	929,102
2029	803,000	87,339	890,339
2030-2034	2,284,096	233,909	2,518,005
2035-2039	1,255,921	33,619	1,289,540
	<u>\$ 8,519,084</u>	<u>\$ 945,204</u>	<u>\$ 9,464,288</u>

CCCS leases equipment and classroom space and has SBITA agreements for software, the terms of which expire in various years through 2048. Future minimum payments under lease and SBITA payable are as follows for the years ending June 30:

	Principal	Interest	Total
2025	\$ 2,479,609	\$ 455,731	\$ 2,935,340
2026	2,469,462	416,633	2,886,095
2027	2,327,615	377,330	2,704,945
2028	2,288,353	343,908	2,632,261
2029	2,317,868	310,620	2,628,488
2030-2034	10,027,494	1,072,306	11,099,800
2035-2039	8,045,108	356,277	8,401,385
2040-2044	480,454	37,749	518,203
2045-2048	164,130	5,869	169,999
	<u>\$ 30,600,093</u>	<u>\$ 3,376,423</u>	<u>\$ 33,976,516</u>

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.

On February 17, 2021, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020 with a par value of \$64,250,000 and a premium of \$16,799,543. The certificates have interest rates ranging from 4.00% to 5.00% and mature in September 2041. 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

The certificates are secured by the buildings or equipment acquired with the proceeds and any unexpended 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 total \$17.99 million. The Series 2020 COP proceeds were used to finance various higher education controlled maintenance projects at eight CCCS college campuses and the Lowry campus. The underlying capitalized assets are contributed to CCCS from the State and are reflected in the accompanying financial statements. The CCCS portion of the proceeds total \$8.26 million.

Note 11: Other Long-term Liabilities

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

2025	\$ 246,014
2026	115,741
2027	51,201
2028	83,865
2029	86,919
2030-2034	<u>234,119</u>
	<u>\$ 817,859</u>

Note 12: 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, 2024 and 2023 is \$31,534,500 and \$29,730,548, 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, 2024 and 2023, the Public Employees' Retirement Association of Colorado (PERA) estimated that 56.2% 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 13: 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Prior to legislation that 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 (FNP), and additions to/deductions from the FNP 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.

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

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

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

The service retirement benefit is limited to 100% of highest average salary and 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap 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 provisions: Eligible employees of CCCS and the State are required to contribute to the STDF 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 2023		Fiscal Year 2024	
	CY22	CY23	CY24	
	7/1/2022 to	1/1/2023 to	7/1/2023 to	1/1/2024 to
	12/31/2022	6/30/2023	12/31/2023	6/30/2024
Employee contribution rate	11.00%	11.00%	11.00%	11.00%

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY24	
	7/1/2022 to 12/31/2022	1/1/2023 to 6/30/2023	7/1/2023 to 12/31/2023	1/1/2024 to 6/30/2024
Employer contribution rate	11.40%	11.40%	11.40%	11.40%
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 Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	10.38%	10.38%	10.38%	10.38%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-415	0.10%	0.17%	0.17%	0.21%
Total employer contribution rate to the SDTF	<u>20.48%</u>	<u>20.55%</u>	<u>20.55%</u>	<u>20.59%</u>

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and CCCS is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from CCCS were \$69,189,445 and \$78,587,024, for the years ended June 30, 2024 and 2023, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution 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. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) provided compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SDTF was measured as of December 31, 2023 and 2022, respectively, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 and 2021, respectively. Standard update procedures were used to roll-

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

forward the TPL to December 31, 2023 and 2022, respectively. CCCS' proportion of the net pension liability was based on CCCS' contributions to the SDTF associated with the above measurement date relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2024 and 2023, CCCS reported a liability of \$826,399,589 and \$917,430,475, respectively, for its proportionate share of the net pension liability.

At December 31, 2023, CCCS' proportion was 8.17% which was a decrease of 0.27% from its proportion measured as of December 31, 2022. At December 31, 2022, CCCS' proportion was 8.44% which was a decrease of 0.08% from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, CCCS recognized pension expense of \$20,088,028 and \$62,705,721, respectively. At June 30, 2024 and 2023, CCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,508,359.0	\$ 4,388,139
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	60,021,325	-
Changes in proportion	-	16,997,161
Differences between contributions recognized and proportionate share of contributions	-	140,399
Contributions subsequent to the measurement date	34,647,604	N/A
Total	<u>\$ 108,177,288</u>	<u>\$ 21,525,699</u>
	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 12,300,334
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	116,636,177	-
Changes in proportion	-	6,758,500
Differences between contributions recognized and proportionate share of contributions	-	236,291
Contributions subsequent to the measurement date	31,240,004	N/A
Total	<u>\$ 147,876,181</u>	<u>\$ 19,295,125</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

At June 30, 2024 and 2023, respectively, CCCS reported \$34,647,604 and \$31,240,004 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2025	\$ (7,011,128)
2026	24,857,797
2027	50,458,042
2028	(16,300,726)
	<u>\$ 52,003,985</u>

Actuarial assumptions. The TPL in the respective actuarial valuations were determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Measurement Date	December 31, 2023	December 31, 2022
Actuarial cost method	Entry Age	Entry Age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation	3.30% - 10.90%	3.30% - 10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Post-retirement benefit increases		
PERA benefit structure hired prior to 1/1/07	1.00%	1.25%
PERA benefit structure hired after 12/31/06 ¹ (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

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

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

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

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

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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

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

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

The actuarial assumptions used in the December 31, 2022 and 2021, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

Note: 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 nominal rate of return assumption of 7.25%.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Sensitivity of 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

June 30, 2024			
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	<u>\$ 1,080,103,483</u>	<u>\$ 826,399,589</u>	<u>\$ 613,069,190</u>
June 30, 2023			
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	<u>\$ 1,172,828,086</u>	<u>\$ 917,430,475</u>	<u>\$ 702,592,669</u>

Pension plan fiduciary net position. Detailed information about the SDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 14: Other Retirement Plans

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description

Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

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 PERA DC Plan is also included in PERA's ACFR as referred to above.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Funding Policy

All participating employees in the PERA DC Plan and CCCS are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2024, are summarized in the tables below:

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY23	CY24
	7/1/2022 to 12/31/2022	1/1/2023 to 6/30/2023	7/1/2023 to 12/31/2023	1/1/2024 to 6/30/2024
Employee Contribution Rate	11.00%	11.00%	11.00%	11.00%
Employer Contribution Rate	10.15%	10.15%	10.15%	10.15%

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY23	CY24
	7/1/2022 to 12/31/2022	1/1/2023 to 6/30/2023	7/1/2023 to 12/31/2023	1/1/2024 to 6/30/2024
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%
Automatic Adjustment Provision (AAP), as specified in C.R.S. Section 24-51-413 ¹	1.00%	1.00%	1.00%	1.00%
Defined Contribution Statutory contribution as specified in C.R.S. section 24-51-1505 ¹	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. section 4-51-415	0.10%	0.17%	0.17%	0.21%
Total employer contribution rate to the SDTF	11.35%	11.42%	11.42%	11.46%

¹ Contribution rates 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 and expenses recognized by the DC Plan from CCCS were employees in the PERA DC Plan contributed \$2,291,450 and \$2,188,770 for the years ended June 30, 2024 and 2023, respectively. Participating employees in the PERA DC Plan contributed \$2,114,382 and \$2,019,617 for the years ended June 30, 2024 and 2023, respectively.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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. At December 31, 2024 and 2023, respectively, CCCS had 475 and 523 participants 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, 2024 and 2023, respectively, CCCS had 275 and 312 participants in the plan. In calendar year 2024, 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 \$23,000. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional \$7,500 contribution in 2024. 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 (\$46,000), 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 15: 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 post-retirement benefit offered to CCCS employees. This actuarially determined liability related to this plan is considered immaterial to CCCS' financial statements with only one eligible recipient as of June 30, 2024 and 2023. Consequently, no provision has been made in the accompanying financial statements for this liability.

The post-retirement benefits described above are funded out of annual current funds.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Note 16: 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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

Enrollment in the PERACare health benefits program 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

PERA Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and CCCS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CCCS were \$3,249,399 and \$2,963,636 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, CCCS reported a liability of \$19,537,368 and \$22,691,550, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023 and 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022 and 2021, respectively. Standard update procedures were used to roll-forward the TOL to December 31, 2023 and 2022, respectively. 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, 2023, CCCS proportion was 2.74%, which was a decrease of 0.04% from its proportion measured as of December 31, 2022. At December 31, 2022, CCCS proportion was 2.78%, which was a decrease of 0.07% from its proportion measured as of December 31, 2021.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

For the years ended June 30, 2024 and 2023, CCCS recognized a reduction of OPEB expense of \$1,390,969 and \$858,518, respectively. At June 30, 2024 and 2023, CCCS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,004,371
Changes of assumptions or other inputs	229,748	2,071,619
Net difference between projected and actual earnings on OPEB plan investments	604,248	-
Changes in proportion	-	2,047,197
Differences between contributions recognized and proportionate share of contributions	85	46,078
Contributions subsequent to the measurement date	1,657,898	N/A
Total	<u>\$ 2,491,979</u>	<u>\$ 8,169,265</u>

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,946	\$ 5,487,578
Changes of assumptions or other inputs	364,714	2,504,445
Net difference between projected and actual earnings on OPEB plan investments	1,385,957	-
Changes in proportion	-	2,398,569
Differences between contributions recognized and proportionate share of contributions	2,224	23,356
Contributions subsequent to the measurement date	1,494,020	N/A
Total	<u>\$ 3,249,861</u>	<u>\$ 10,413,948</u>

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

At June 30, 2024, CCCS reported \$1,657,898 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	\$ (3,154,904)
2026	(1,835,621)
2027	(834,092)
2028	(1,101,986)
2029	(350,767)
Thereafter	<u>(57,814)</u>
	<u>\$ (7,335,184)</u>

Actuarial assumptions. The TOL 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, 2023	December 31, 2022
Actuarial cost method	Entry age	Entry age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation	3.3% - 10.9% in aggregate	3.3% - 10.9% in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Health care cost trend rates		
PERA benefit structure:		
Service-based premium subsidy	0.00%	0.00%
PERACare Medicare plans	7.00% in 2023, gradually decreasing to 4.50% in 2033	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035	3.75% for 2022, gradually increasing to 4.50% in 2029

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

Age-Related Morbidity Assumptions

2024		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

2023		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

2024

MAPD PPO #1 with Medicare Part A Retiree/Spouse			MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869
MAPD PPO #1 without Medicare Retiree/Spouse			MAPD PPO #2 without Medicare Retiree/Spouse		MAPD HMO (Kaiser) without Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

2023

MAPD PPO #1 with Medicare Part A Retiree/Spouse			MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896
MAPD PPO #1 without Medicare Retiree/Spouse			MAPD PPO #2 without Medicare Retiree/Spouse		MAPD HMO (Kaiser) without Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2024 and 2023 Medicare Part A premium is \$506 and \$499 per month, respectively.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

Year Ending June 30,	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 and 2021, valuations for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

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

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

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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

- Per capita health care costs in effect as of the valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the respective plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

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

The actuarial assumptions used in the actuarial valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

Note: 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 nominal rate of return assumption of 7.25%.

Sensitivity of CCCS 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:

	2024		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
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	\$ 18,976,616	\$ 19,537,368	\$ 20,147,337

¹For the January 1, 2024, plan year.

	2023		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 22,049,278	\$ 22,691,550	\$ 23,390,407

¹For the January 1, 2023, plan year.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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

- Updated health care cost trend rates for Medicare Part A premiums as of the measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

Sensitivity of 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:

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

June 30, 2024			
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	\$ 23,076,084	\$ 19,537,368	\$ 16,509,994
June 30, 2023			
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	\$ 26,306,228	\$ 22,691,550	\$ 19,599,834

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

Note 17: 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 18: Commitments and Contingencies

The System has \$82.8 million and \$74.2 million in commitments for various capital construction and controlled maintenance projects as of June 30, 2024 and 2023, 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.

Colorado Community College System

Notes to Financial Statements

June 30, 2024 and 2023

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 19: 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 2024 and 2023, the System received 4.5% and 6.4%, respectively, 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 CTA.

Note 20: Related-party Transactions

Approximately \$16,022,000 and \$15,560,400 was transferred to the colleges from the foundations for the years ended June 30, 2024 and 2023, respectively, in pursuit of providing financial support for instructional programs, facilities, equipment, student scholarship programs, and cultural activities.

Note 21: Employee Benefit Trust Fund – Private Purpose 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 2024 and 2023, CCCS made contributions of excess receipts of insurance premiums to the Benefit Trust of approximately \$1,265,000 and \$2,207,000, respectively.

Colorado Community College System
Notes to Financial Statements
June 30, 2024 and 2023

Note 22: Subsequent Event

On October 10, 2024, the State issued State of Colorado Higher Education Health Sciences Facilities Certificate of Participation Series 2024A with a principal amount of \$253,170,000. The certificates have an interest rate of 5.00% and mature on November 1, 2053. Annual 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 is not included in CCCS' financial statements. TSC has access to approximately \$19.4 million of the total issuance to fund the Valley Campus Main Building Addition and Renovation, which will fully fund the project.

Required Supplementary Information

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Colorado Community College System
Schedule of Proportionate Share of Net Pension Liability (NPL)
(Not Subjected to Auditing Procedures)
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
2024	8.1715810345%	\$ 826,400	\$ 322,652	256.13%	64.37%
2023	8.4380231046%	\$ 917,430	\$ 301,346	304.44%	60.63%
2022	8.5220934115%	\$ 628,508	\$ 291,224	215.82%	73.05%
2021	8.5906916333%	\$ 814,809	\$ 290,223	280.75%	65.34%
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.
Unaudited - see accompanying Independent Auditor's Report

Colorado Community College System
Schedule of Contributions for Net Pension Liability (NPL)
(Not Subjected to Auditing Procedures)
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
2024	\$ 68,028	\$ 69,189	\$ (1,161)	\$ 335,692	20.61%
2023	\$ 62,913	\$ 78,587	\$ (15,674)	\$ 310,450	25.31%
2022	\$ 64,310	\$ 63,919	\$ 391	\$ 318,290	20.08%
2021	\$ 57,315	\$ 55,280	\$ 2,035	\$ 287,581	19.22%
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.
Unaudited - see accompanying Independent Auditor's Report

Colorado Community College System
Notes to Required Supplementary Information (NPL)
Years Ended June 30, 2024 and 2023

Changes in Benefit Terms and Actuarial Assumptions

There were no changes made to actuarial methods or assumptions for the December 31, 2023 measurement period for pension compared to the prior year.

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

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

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

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

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The real wage growth assumption was lowered from 1.10% to 0.70%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The salary increases, including wage inflation, assumption range changes from 3.50% - 9.17% to 3.30% - 10.90%.

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%.

Colorado Community College System
Notes to Required Supplementary Information (NPL)
Years Ended June 30, 2024 and 2023

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)
(Not Subjected to Auditing Procedures)
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
2024	2.7373764872%	\$ 19,537	\$ 302,493	6.21%	46.16%
2023	2.7791958139%	\$ 22,692	\$ 282,023	8.05%	38.57%
2022	2.8489608810%	\$ 24,567	\$ 291,224	8.44%	39.40%
2021	2.9405892960%	\$ 27,942	\$ 290,223	9.63%	32.78%
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)
(Not Subjected to Auditing Procedures)
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
2024	\$ 3,211	\$ 3,249	\$ (38)	\$ 314,860	1.02%
2023	\$ 2,964	\$ 2,964	\$ -	\$ 290,553	1.02%
2022	\$ 3,247	\$ 2,829	\$ 418	\$ 318,290	0.89%
2021	\$ 2,933	\$ 2,734	\$ 199	\$ 287,581	0.95%
2020	\$ 3,009	\$ 2,821	\$ 188	\$ 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

Colorado Community College System

Notes to Required Supplementary Information (OPEB)

Years Ended June 30, 2024 and 2023

Changes in Benefit Terms and Actuarial Assumptions

There were no changes made to actuarial methods or assumptions for the December 31, 2023 measurement period for OPEB compared to the prior year.

There were no changes made to actuarial methods or assumptions for the December 31, 2022 measurement period for OPEB compared to the prior year.

Changes in assumptions or other inputs effective for December 31, 2021 measurement period for OPEB compared to prior year as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

The post-retirement non-disabled mortality assumption for the State Division was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.
- Health care cost trend rates PERA benefit structure for PERACare Medicare plans decreased from 8.10% to 4.5% and for Medicare Part A premiums increased from 3.5% to 3.75.

Changes in assumptions or other inputs effective for December 31, 2020 measurement period for OPEB compared to prior year as follows:

- Health care cost trend rate PERA benefit structure for PERACare Medicare plans increased from 5.60% to 8.10%.

Colorado Community College System
Notes to Required Supplementary Information (OPEB)
Years Ended June 30, 2024 and 2023

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.

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities 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, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 4, 2024, which contained a paragraph emphasizing a matter regarding the financial statements. The financial statements of Friends of TSC, a discretely presented component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Friends of TSC. Our report includes 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. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the aggregate discretely presented component units or that are reported on separately by those auditors who audited the financial statements of the aggregate discretely presented component units.

Report on 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Findings and Recommendations as item 2024-001, that we consider to be a significant deficiency.

Report on 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*.

The System's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the findings identified in our audit and described in the accompanying Findings and Recommendations. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Forvis Mazars, LLP

Denver, Colorado
December 4, 2024

State-Funded Student Financial Assistance Programs

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Colorado Community College System

State-Funded Student Financial Assistance Programs

Year Ended June 30, 2024

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 College, Pikes Peak State College, Pueblo Community College, Red Rocks Community College, and Trinidad State College.

The financial and compliance audits of the various state-funded student financial assistance programs at the System for the year ended June 30, 2024, 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 Work-study
- Career and Technical Education (CTE) Student Grant
- Colorado Graduate 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 \$70.2 million during the fiscal year ended June 30, 2024.

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, 2024.

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 \$2,313,139 in the Federal Supplemental Educational Opportunity Grants Program; and \$2,167,624 in the Federal Work-Study Program. The System also received funding through the Pell Grant Program in the amount of \$83,680,169 and through direct lending in the amount of \$69,266,705. 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, 2024.

Summary of Progress of Implementing Prior Audit Recommendations

The audit report for the year ended June 30, 2022, included no recommendations.

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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 Audit of the Statement of Allocations, Expenditures, Transfers and Reversions

Opinion

We have audited the accompanying statement of allocations, expenditures, transfers and reversions of the state-funded student financial assistance programs (the Statement) of Colorado Community College System (the System), as of and for the year ended June 30, 2024, and the related notes to the Statement, in accordance with the requirements of *2023-24 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).

In our opinion, the accompanying 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, as of June 30, 2024, pursuant to the *2023-24 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education, and in accordance with the provisions of the System's policies.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in the notes 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 *2023-24 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.

Responsibilities of Management for the Statement of Allocations, Expenditures, Transfers and Reversions

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements of *2023-24 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), and for 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 Responsibilities for the Audit of the Statement of Allocations, Expenditures, Transfers and Reversions

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Statement. The information has 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 GAAS. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the Statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, 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.

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.

Forvis Mazars, LLP

**Denver, Colorado
December 4, 2024**

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Colorado Community College System
State-Funded Student Financial Assistance Programs
Statement of Allocations, Expenditures, Transfers and Reversions
Year Ended June 30, 2024

	Consolidated				
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 70,828,217	\$ 63,808,172	\$ 6,545,073	\$ 386,897	\$ 88,075
Supplementals	(261,847)	(206,420)	(43,767)	(11,660)	-
Transfers	-	(26,886)	33,099	(6,213)	-
	<u>70,566,370</u>	<u>63,574,866</u>	<u>6,534,405</u>	<u>369,024</u>	<u>88,075</u>
Total appropriations					
Less expenditures	<u>70,213,995</u>	<u>63,280,959</u>	<u>6,477,731</u>	<u>367,230</u>	<u>88,075</u>
Reversions to state general fund	<u>\$ 352,375</u>	<u>\$ 293,907</u>	<u>\$ 56,674</u>	<u>\$ 1,794</u>	<u>\$ -</u>

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

Colorado Community College System
State-Funded Student Financial Assistance Programs
Notes to Statement of Allocations, Expenditures, Transfers and Reversions
Years Ended June 30, 2024 and 2023

Note 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 College
- Pikes Peak State College
- Pueblo Community College
- Red Rocks Community College
- Trinidad State 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 *2023-2024 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 colleges for the year ended June 30, 2024.

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.

Note 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, 2024

Arapahoe Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 4,691,691	\$ 4,183,435	\$ 491,273	\$ 16,983	\$ -
Supplementals	100,000	-	100,000	-	-
Transfers	-	-	-	-	-
Total appropriations	4,791,691	4,183,435	591,273	16,983	-
Less expenditures	4,735,019	4,183,435	534,601	16,983	-
Reversions to state general fund	<u>\$ 56,672</u>	<u>\$ -</u>	<u>\$ 56,672</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Community College of Aurora					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 5,789,799	\$ 5,342,495	\$ 437,395	\$ 9,909	\$ -
Supplementals	-	-	-	-	-
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	5,789,799	5,342,495	437,395	9,909	-
Less expenditures	<hr/> 5,495,892	<hr/> 5,048,588	<hr/> 437,395	<hr/> 9,909	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reversions to state general fund	<hr/> \$ 293,907	<hr/> \$ 293,907	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

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, 2024

Community College of Denver					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 8,542,669	\$ 7,668,771	\$ 860,184	\$ 13,714	\$ -
Supplementals	89,820	-	86,018	3,802	-
Transfers	-	-	-	-	-
Total appropriations	8,632,489	7,668,771	946,202	17,516	-
Less expenditures	8,632,489	7,668,771	946,202	17,516	-
Reversions to state general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Colorado Northwestern Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 868,378	\$ 785,335	\$ 81,249	\$ 1,794	\$ -
Supplementals	(11,500)	-	(11,500)	-	-
Transfers	-	8,124	(8,124)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	856,878	793,459	61,625	1,794	-
Less expenditures	<hr/> 855,084	<hr/> 793,459	<hr/> 61,625	<hr/> -	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reversions to state general fund	<u>\$ 1,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,794</u>	<u>\$ -</u>

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, 2024

Front Range Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 13,705,569	\$ 12,286,173	\$ 1,256,362	\$ 163,034	\$ -
Supplementals	-	-	-	-	-
Transfers	-	(125,362)	125,362	-	-
	<u>13,705,569</u>	<u>12,160,811</u>	<u>1,381,724</u>	<u>163,034</u>	<u>-</u>
Total appropriations	13,705,569	12,160,811	1,381,724	163,034	-
Less expenditures	<u>13,705,567</u>	<u>12,160,811</u>	<u>1,381,722</u>	<u>163,034</u>	<u>-</u>
Reversions to state general fund	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Lamar Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 888,699	\$ 786,169	\$ 99,883	\$ 2,647	\$ -
Supplementals	(2,774)	-	(2,774)	-	-
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	885,925	786,169	97,109	2,647	-
Less expenditures	<hr/> 885,925	<hr/> 786,169	<hr/> 97,109	<hr/> 2,647	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reversions to state general fund	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

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, 2024

Morgan Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 1,022,818	\$ 887,991	\$ 131,109	\$ 3,718	\$ -
Supplementals	-	-	-	-	-
Transfers	-	(13,110)	13,110	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	1,022,818	874,881	144,219	3,718	-
Less expenditures	<hr/> 1,022,818	<hr/> 874,881	<hr/> 144,219	<hr/> 3,718	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reversions to state general fund	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

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, 2024

Northeastern Junior College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 1,214,265	\$ 1,023,777	\$ 181,172	\$ 9,316	\$ -
Supplementals	2,402	7,000	-	(4,598)	-
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	1,216,667	1,030,777	181,172	4,718	-
Less expenditures	<hr/> 1,216,667	<hr/> 1,030,777	<hr/> 181,172	<hr/> 4,718	<hr/> -
Reversions to state general fund	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

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, 2024

	Otero College				
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 1,699,356	\$ 1,485,305	\$ 209,885	\$ 4,166	\$ -
Supplementals	(243,912)	(213,420)	(30,492)	-	-
Transfers	-	-	-	-	-
Total appropriations	1,455,444	1,271,885	179,393	4,166	-
Less expenditures	1,455,444	1,271,885	179,393	4,166	-
Reversions to state general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Pueblo Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 6,990,120	\$ 6,203,222	\$ 753,365	\$ 33,533	\$ -
Supplementals	-	-	-	-	-
Transfers	-	(75,336)	75,336	-	-
	<u>6,990,120</u>	<u>6,127,886</u>	<u>828,701</u>	<u>33,533</u>	<u>-</u>
Total appropriations	6,990,120	6,127,886	828,701	33,533	-
Less expenditures	<u>6,990,120</u>	<u>6,127,886</u>	<u>828,701</u>	<u>33,533</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reversions to state general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Pikes Peak State College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 17,360,718	\$ 16,059,254	\$ 1,239,332	\$ 62,132	\$ -
Supplementals	(250,000)	-	(250,000)	-	-
Transfers	-	130,146	(123,933)	(6,213)	-
	<u>17,110,718</u>	<u>16,189,400</u>	<u>865,399</u>	<u>55,919</u>	<u>-</u>
Total appropriations	17,110,718	16,189,400	865,399	55,919	-
Less expenditures	<u>17,110,718</u>	<u>16,189,400</u>	<u>865,399</u>	<u>55,919</u>	<u>-</u>
Reversions to state general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Red Rocks Community College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 5,698,710	\$ 5,090,297	\$ 465,251	\$ 55,087	\$ 88,075
Supplementals	136,800	-	136,800	-	-
Transfers	-	46,525	(46,525)	-	-
	<u>5,835,510</u>	<u>5,136,822</u>	<u>555,526</u>	<u>55,087</u>	<u>88,075</u>
Total appropriations	5,835,510	5,136,822	555,526	55,087	88,075
Less expenditures	<u>5,835,510</u>	<u>5,136,822</u>	<u>555,526</u>	<u>55,087</u>	<u>88,075</u>
Reversions to state general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024

Trinidad State College					
	Total Colorado Financial Aid	Colorado Student Grants	Colorado Work- Study	CTE Student Grant	Colorado Graduate Grant
Appropriations:					
Original	\$ 2,355,425	\$ 2,005,948	\$ 338,613	\$ 10,864	\$ -
Supplementals	(82,683)	-	(71,819)	(10,864)	-
Transfers	-	2,127	(2,127)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total appropriations	2,272,742	2,008,075	264,667	-	-
Less expenditures	<hr/> 2,272,742	<hr/> 2,008,075	<hr/> 264,667	<hr/> -	<hr/> -
Reversions to state general fund	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

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

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**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 (*Government Auditing Standards*), the Statement of Allocations, 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 ended June 30, 2024, and the related notes to the Statement, and have issued our report thereon dated December 4, 2024, which contained an emphasis of matter paragraph regarding the basis of accounting used by the System.

Report on 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Denver, Colorado
December 4, 2024**

Forvis Mazars Report to the Legislative Audit Committee and State Board for Community Colleges and Occupational Education

Colorado Community College System
Results of the 2024 Financial Statement Audit,
Including Required Communications
June 30, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none">As of and for the year ended June 30, 2024Conducted in accordance with our contract with the Colorado Office of the State Auditor dated April 17, 2024 and the Colorado Community College System engagement letter with the Colorado Office of the State Auditor dated June 10, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the opinion unit being audited and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. 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.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>
Your Responsibilities	<p>Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.</p>



Matter	Discussion
Distribution Restriction	<p>This communication is intended solely for the information and use of the following 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:</p> <ul style="list-style-type: none"> • The Legislative Audit Committee • Office of the State Auditor • The State Board for Community Colleges and Occupational Education • Others within the Colorado Community College System (CCCS or the System)

Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of June 30, 2024, on the following as required by GAGAS:</p> <ul style="list-style-type: none"> • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	<p>Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.</p>

Group Audits

Referred-To Auditors

Our audit strategy included the use of the work of referred-to auditors, resulting in a division of responsibility over the group financial statements and our report thereon.

Except for the Friends of TSC, we did not audit the financial statements of the aggregate discretely presented component units of the Community College System.

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 have had communications with the other auditors during planning and throughout the audit regarding their qualifications to perform the audit, including independence, and consideration of materiality as a basis for referring to their audit report. Professional standards require that we provide you with information about our responsibilities in accordance with GAAS, as well as certain information related to the planned scope and timing of our audit.

Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual financial report. Management, or those charged with governance, is responsible for preparing the annual report.

We were not engaged to audit the information contained in the annual report, and as a result, our opinions do not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
 - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained
 - No material inconsistencies were identified

Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 2 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topic detailed in the following pages:

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP 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 & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. 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 include:

- Allowance for uncollectible accounts receivable
- Useful lives of capital assets and related to depreciation expense
- Defined benefit pension plan assumptions
- Other post-employment benefit plan assumptions
- Valuation of lease liabilities
- Valuation of investments (Employee Benefit Trust Fund)

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:

- Subsequent event
- Commitments and contingencies
- Related-party transactions

Our Judgment 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

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, 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.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements 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 are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Current-Period Uncorrected Misstatements

- Accounts payable – invoices received subsequent to the close of fiscal year-end which related to fiscal year 2024 but were not accrued due to timing
- Subsequent contributions of defined benefit pension plan – estimate differed from actual due to timing of when information was provided by PERA
- Unrealized gain (loss) on Treasury Pool – late adjustment posted by Treasury was not recorded in System financials
- Reclassification of grant revenues between operating and nonoperating revenues
- Adjust Perkins accruals
- Exclusion of Friends of TSC from discretely presented component units

Prior-Period Uncorrected Misstatements

- Accounts payable – reversal of prior year invoices received subsequent to the close of fiscal year-end which related to 2023 but were not accrued in fiscal year 2023 due to timing

Other Required Communications

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

Significant Issues Discussed with Management

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

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

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

- Management representation letter
- Management letter dated December 4, 2024, communicating other deficiencies in internal control that are not considered material weaknesses or significant deficiencies

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Colorado Community College System

Period Ending: June 30, 2024

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.

Discretely Presented Component Units (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets	119,196,327	121,102	119,317,429	0.10%
Total Liabilities	(6,580,903)		(6,580,903)	
Total Net Assets	(112,615,424)	(121,102)	(112,736,526)	0.11%
Revenue Gains and Other Support	(38,267,946)	(275)	(38,268,221)	
Expenses and Losses	25,565,297	(120,827)	25,444,470	-0.47%
Change in Net Assets	(12,702,649)	(121,102)	(12,823,751)	0.95%

Client: Colorado Community College System

Period Ending: June 30, 2024

Governmental Activities (Government-Wide Statements)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	REF	Factual (F), Judgmental (J) or Projected (P)	Assets		Liabilities		Revenue Gains and Other Support		Expenses and Losses		Net Assets		Change in Net Assets		Net Effect on Following Year
				DR (CR)		DR (CR)		DR (CR)		DR (CR)		DR (CR)		DR (CR)		
To show effect of Friend of TSC not being reported as part of the discretely presented component units as of 6/30/2024.		563,015	F		121,102		0	(275)		(120,827)		0			0	
	Cash				50,753											
	Investments				69,834											
	Other Assets				515											
	Expenses									(120,827)						
	Investment Income							(275)								
Total passed adjustments																
					121,102		0	(275)		(120,827)		0			0	
									</							

Colorado Community College System

Period Ending: June 30, 2024

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	597,204,184	(3,012,365)	594,191,819	-0.50%
Non-Current Assets & Deferred Outflows	721,173,154	(553,954)	720,619,200	-0.08%
Current Liabilities	(142,427,532)	3,084,529	(139,343,003)	-2.17%
Non-Current Liabilities & Deferred Inflows	(1,037,548,596)		(1,037,548,596)	
Current Ratio	4.193		4.264	1.69%
Total Assets & Deferred Outflows	1,318,377,338	(3,566,319)	1,314,811,019	-0.27%
Total Liabilities & Deferred Inflows	(1,179,976,128)	3,084,529	(1,176,891,599)	-0.26%
Total Net Position	(138,401,210)	481,790	(137,919,420)	-0.35%
Operating Revenues	(667,434,682)	(1,058,955)	(668,493,637)	0.16%
Operating Expenses	760,154,784	307,718	760,462,502	0.04%
Nonoperating (Revenues) Exp	(191,696,070)	499,779	(191,196,291)	-0.26%
Change in Net Position	(160,787,656)	(251,458)	(161,039,114)	0.16%

Assets & Deferred Outflows												Liabilities & Deferred Inflows												Net Effect on Following Year			
Description	Financial Statement Line Item	REF	Factual (F), Judgmental (J) or Projected (P)	Current		Noncurrent		Current		Noncurrent		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Net Position		Change in Net Position		Net Effect on Following Year					
				DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR		
To adjust for overstatement of estimate of subsequent contributions on pension plan. Contribution information was not provided timely by the plan.		L.050A	F		0	(696,166)			0				0	696,166		0	0		(696,166)	696,166							
	Deferred Outflows of Resources - Pension				(696,166)								696,166						(696,166)	696,166							
	Pension Expense																										
To post turnaround for prior year entries waived by the campuses for invoices received after year end which should have been accrued (Systemwide)		350	F		0	0			0	0			0	(733,248)		0	733,248		0								
	Expenses												(733,248)				733,248										
	Net Position																										
To show effect of entries waived by the campuses for invoices received after year end which should have been accrued and paid (Systemwide)		336	F		0	142,212			(487,012)				0	344,800		0	0		(344,800)	344,800							
	Accounts Payable								(487,012)																		
	Capital Assets				142,212																						
	Expense												344,800					(344,800)									
To post adjustment to Perkins unearned revenue and receivables		L.030 336.001	F		(3,571,541)	0		3,571,541		0			0	0		0	0		0								
	Accounts Receivable				(3,571,541)																						
	Unearned Revenue							3,571,541																			
To show effect of grant revenue misclassified on income statement (should be operating vs nonoperating)		X.000	F		0	0			0	0			(1,058,955)	0	1,058,955	0	0		0								
	Grants and Contracts												(1,058,955)		1,058,955												
	HEERF Federal Funds																										
To show effect of late adjustment on unrealized g/l adjustment on state pool.		336	F		559,176	0			0	0			0	0		(559,176)	0		559,176	(559,176)							
	Investments				559,176											(559,176)			559,176								
	Investment Income																										
Total passed adjustments					(3,012,365)	(563,954)		3,084,529		0			(1,058,955)	307,718	499,779		733,248		(481,790)	481,790							
Impact on Change in Net Position																			(251,459)								
Impact on Net Position																			481,790								