

COLORADO SPRINGS EARLY COLLEGES

BASIC FINANCIAL STATEMENTS

June 30, 2020

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JOHN CUTLER & ASSOCIATES

Board of Directors
Colorado Springs Early Colleges
Colorado Springs, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Colorado Springs Early Colleges (the "School"), as of and year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund and the aggregate remaining fund information of the Colorado Springs Early Colleges, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedules of the school's proportionate share, and schedules of the school's contributions on pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Cutler & Associates, LLC

October 15, 2020

Colorado Springs Early Colleges

Management's Discussion and Analysis

Year Ended June 30, 2020

As management of Colorado Springs Early Colleges (CSEC), we offer readers of these financial statements this narrative and analysis of the financial activities of CSEC for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to CSEC's financial statements. The statements are comprised of three components: 1) governmental financial statements, 2) fund financial statements, and 3) notes to the financial statements. For the year ended June 30, 2020, CSEC had its ninth financial audit completed.

Governmental Financial Statements

The governmental financial statements are designed to provide readers with a broad overview of CSEC's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of CSEC's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CSEC, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental fund, its general fund.

CSEC adopts an annual budget for its general fund. A budgetary comparison has been provided for the general fund on page 44 as part of the basic financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Governmental Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of CSEC's financial position. For the year ended June 30, 2019, CSEC's liabilities were more than its assets by \$11,219,445. Approximately \$185,000 of total net assets is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Invested in capital assets is \$1,896,117, which includes unrestricted cash and investments of \$2,871,079, less accounts payable of \$116,572, less accrued salaries and benefits of \$100,450 less Unearned Revenue of \$217,392

Net position as of June 30, 2020

Assets:

Cash and Investment	\$ 2,871,079
Restricted Cash and Investment	1,644,298
Accounts Receivable	484,720
Due from related parties	90,353
Deferred Loss	394,102
Capital Assets, Not Depreciated	2,282,470
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>9,983,759</u>
Total Assets	<u>17,750,781</u>

Deferred Outflows of Resources

Related to Pensions	<u>4,026,512</u>
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Liabilities:

Accounts Payable	146,572
Accrued Salaries and Benefits	100,450
Unearned Revenue	217,392
Accrued Interest	454,660
Due in One Year	482,323
Due in More Than One Year	15,401,612
Net Pension Liability	9,484,534
Net OPEB Liabilities	466,408
Total Liabilities	<u>26,753,951</u>

Deferred Inflows of Resources

Related to Pensions	<u>6,242,787</u>
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Net Position:

Net Investment in Capital Assets	(5,417,853)
Restricted for TABOR	185,000
Unrestricted	<u>(5,986,592)</u>

Total Net Position \$ (11,219,445)

The total net position of CSEC/BC decreased to \$(11,219,445) for the year ended June 30, 2020 from the prior year adjusted figure of 9,914,020) for the year ended June 30, 2019. This decrease in net

assets of \$1,305,425 resulted, primarily, from the deferred charges related to pensions in accordance with GASB 68.

Change in net assets for the year ended June 30, 2020

Revenue:

Program revenues	
Capital Grants and contributions	\$ 158,526
Charges for Services	10,523,100
Operating Grants and contributions	442,226
General Revenue	
School Finance Act revenue	4,582,877
Mill Levy Override	232,208
Interest	44,658
Special Items	186,778
Other	<u>383,721</u>
Total Revenue	<u>16,590,693</u>

Expenses:

Current:	
Instruction	3,033,303
Supporting Services	13,946,896
Interest and Long Term Debt	<u>915,919</u>
Total expenses	<u>17,896,118</u>
Change in net assets	<u>\$(1,305,425)</u>

The operations of CSEC are funded primarily by the per pupil revenue received under the State School Finance Act. State revenue for fiscal year 2020 totaled approximately \$4,582,877, representing a decrease of \$4991,353 over the total for the year ended June 30, 2019. The decrease in per pupil revenue for the year ended June 30, 2019 was due to graduating the largest class size of CSEC.

Financial Analysis of CESC's Funds

CSEC has one governmental fund, the general fund. The general fund is considered a major fund and is used to account for CSEC's general operations. The general fund had a positive funds balance of \$2,161,828 at the beginning of the year. The fund balance of the general fund decreased by \$56,604 at June 30, 2020. In addition, a reserve of approximately \$185,000 at June 30, 2020 has been made to satisfy the requirements of the TABOR Amendment. CSEC has a positive unreserved fund balance of \$3,132,920, which is shown net of non-spendable funds, accounts payable and accrued salaries and benefits.

Capital Assets and Debt Administration

As of June 30, 2020, capital assets consist primarily of the buildings, school busses, leasehold improvements and food service equipment. Capital assets, totaling \$14,451,058 as of June 30, 2020, are shown net of accumulated depreciation. See Note 4 for more information.

Economic Factors and Next Year's Budget

The primary factor in future budget development for CSEC is student enrollment. CSEC's enrollment is expected to be 550 students for the 2020-2021 school year. CSEC also considers stability in per pupil funding levels to be an important factor in developing its budget for fiscal year 2020.

Requests for Information

This financial report is designed to provide a general overview of CSEC's finances for all those with an interest in CSEC. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Colorado Springs Early Colleges
Attention of Cameron Mascoll
4405 N. Chestnut, Suite E
Colorado Springs, CO 80907

BASIC FINANCIAL STATEMENTS

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	\$ 2,871,079	\$ 2,009,777
Restricted Cash and Investments	1,644,298	3,290,762
Accounts Receivable	484,720	542
Due from CSI	-	47,867
Due from Related Parties	90,353	1,568,528
Deferred Loss	394,102	433,746
Capital Assets, Not Depreciated	2,282,470	629,587
Capital Assets, Depreciated, Net of Accumulated Depreciation	9,983,759	10,135,102
TOTAL ASSETS	17,750,781	18,115,911
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	3,834,751	3,448,082
Related to OPEB	191,761	59,986
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,026,512	3,508,068
LIABILITIES		
Accounts Payable	146,572	533,141
Accrued Salaries and Benefits	100,450	189,238
Unearned Revenues	217,392	-
Due to Related Parties	-	1,159,831
Accrued Interest	454,660	200,647
Noncurrent Liabilities		
Due in One Year	482,323	-
Due in More Than One Year	15,401,612	15,030,000
Net Pension Liability	9,484,534	7,917,445
Net OPEB Liability	466,408	395,428
TOTAL LIABILITIES	26,753,951	25,425,730
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	6,156,628	6,111,667
Related to OPEB	86,159	602
TOTAL DEFERRED INFLOWS OF RESOURCES	6,242,787	6,112,269
NET POSITION		
Net Investment in Capital Assets	(5,417,853)	(4,894,898)
Restricted for Emergencies	185,000	311,000
Unrestricted	(5,986,592)	(5,330,122)
TOTAL NET POSITION	\$ (11,219,445)	\$ (9,914,020)

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2020	2019
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	\$ 3,033,303	\$ 10,523,100	\$ -	\$ -	\$ 7,489,797	\$ (538,661)
Supporting Services	13,946,896	-	442,226	158,526	(13,346,144)	(14,468,112)
Interest on Long Term Debt	915,919	-	-	-	(915,919)	(1,749,019)
Total Governmental Activities	<u>\$ 17,896,118</u>	<u>\$ 10,523,100</u>	<u>\$ 442,226</u>	<u>\$ 158,526</u>	(6,772,266)	(16,755,792)
GENERAL REVENUES						
					4,582,877	5,074,320
					232,208	215,897
					44,658	45,495
					379,655	452,841
					40,665	5,562
SPECIAL ITEMS						
					-	41,652,788
					186,778	(31,127,163)
					<u>5,466,841</u>	<u>16,319,740</u>
					(1,305,425)	(436,052)
					<u>(9,914,020)</u>	<u>(9,477,968)</u>
					<u>\$ (11,219,445)</u>	<u>\$ (9,914,020)</u>

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

BALANCE SHEET
GENERAL FUND
June 30, 2020

	GENERAL FUND	
	2020	2019
ASSETS		
Cash and Investments	\$ 2,871,079	\$ 1,902,199
Accounts Receivable	484,720	542
Due from CSI	-	47,867
Due from Other Funds	151,182	44,571
Due from Related Parties	90,353	1,568,528
TOTAL ASSETS	\$ 3,597,334	\$ 3,563,707
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 146,572	\$ 114,588
Accrued Salaries and Benefits	100,450	189,238
Unearned Revenues	217,392	-
Due to Related Parties	-	1,204,402
TOTAL LIABILITIES	464,414	1,508,228
FUND BALANCES		
Restricted for Emergencies	185,000	311,000
Restricted for PPP Expenditures	522,898	-
Unassigned	2,425,022	1,744,479
TOTAL FUND BALANCES	3,132,920	2,055,479
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	1,896,117	1,703,193
Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	(3,227,330)	(2,755,618)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net capital lease payable (\$331,037), loan loan payable (\$522,898), net pension liability (\$9,484,534), net OPEB liability (\$466,408), deferred outflows related to pensions and OPEB \$4,026,512, and deferred inflows related to pensions and OPEB (\$6,242,787)	(13,021,152)	(10,917,074)
Net position of governmental activities	\$ (11,219,445)	\$ (9,914,020)

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended June 30, 2020

	GENERAL FUND	
	2020	2019
REVENUES		
Local Sources		
Per Pupil Revenue	\$ 4,582,877	\$ 5,074,320
Mill Levy Override	232,208	215,897
Charges for Services	1,079,478	950,191
CEC Network Charges	5,245,985	1,739,867
Rental Income	3,093,297	1,149,487
Other	379,655	(57,262)
State Sources		
Grants	600,752	1,128,846
TOTAL REVENUES	15,214,252	10,201,346
EXPENDITURES		
Instruction	2,691,436	3,080,653
Supporting Services	11,832,881	7,283,646
Capital Outlay	676,221	-
TOTAL EXPENDITURES	15,200,538	10,364,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,714	(162,953)
OTHER FINANCING USES		
Proceeds from Debt Issuance	912,082	-
Transfers In	151,645	-
TOTAL OTHER FINANCING USES	1,063,727	-
NET CHANGE IN FUND BALANCE	1,077,441	(162,953)
FUND BALANCES, Beginning	2,055,479	2,218,432
FUND BALANCES, Ending	\$ 3,132,920	\$ 2,055,479

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,077,441
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay (\$584,888) exceeded depreciation expense \$578,742, and transfer of capital assets (\$186,778) for the year.	192,924
Loan proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(912,082)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the principal paid on the capital lease in the current year.	58,147
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.	(471,712)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	<u>(1,250,143)</u>
Change in net position of governmental activities	<u>\$ (1,305,425)</u>

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE

June 30, 2020

	Governmental Activities - Internal Service Fund	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Investments	\$ -	\$ 107,578
Restricted Cash and Investments	1,644,298	3,290,762
Deferred Loss	394,102	433,746
	<u>2,038,400</u>	<u>3,832,086</u>
Long-term Assets		
Capital Assets, Not Depreciated	2,282,470	629,587
Capital Assets, Depreciated, Net of Accumulated Depreciation	8,087,642	8,431,909
	<u>10,370,112</u>	<u>9,061,496</u>
	<u>12,408,512</u>	<u>12,893,582</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	-	418,553
Due to Other Funds	151,182	-
Accrued Interest	454,660	200,647
Current Portion of Long-term Debt	190,000	-
	<u>795,842</u>	<u>619,200</u>
Long-term Liabilities		
Notes Payable	14,840,000	15,030,000
	<u>14,840,000</u>	<u>15,030,000</u>
	<u>15,635,842</u>	<u>15,649,200</u>
NET POSITION		
Net Investment in Capital Assets	(4,469,888)	(5,968,504)
Unrestricted	1,242,558	3,212,886
	<u>\$ (3,227,330)</u>	<u>\$ (2,755,618)</u>

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund	
	2020	2019
OPERATING REVENUES		
Rent	\$ 1,104,340	\$ 2,510,282
TOTAL OPERATING REVENUES	<u>1,104,340</u>	<u>2,510,282</u>
OPERATING EXPENSES		
Purchased Services	169,233	529,045
Depreciation	344,269	344,268
Amortization	39,644	-
TOTAL OPERATING EXPENSES	<u>553,146</u>	<u>873,313</u>
OPERATING INCOME	<u>551,194</u>	<u>1,636,969</u>
NON-OPERATING REVENUE (EXPENSES)		
Transfers from Other Schools	-	41,652,788
Transfer of Capital Assets	-	(31,127,163)
Bond Issuance Cost	-	(11,736,562)
Interest Revenue	44,658	45,495
Interest Expense	(915,919)	(1,749,019)
TOTAL NON-OPERATING (REVENUES) EXPENSES	<u>(871,261)</u>	<u>(2,914,461)</u>
INCOME (LOSS) BEFORE TRANSFERS	(320,067)	(1,277,492)
TRANSFERS		
Transfers Out	(151,645)	-
CHANGE IN NET POSITION	(471,712)	(1,277,492)
NET POSITION, Beginning	<u>(2,755,618)</u>	<u>(1,478,126)</u>
NET POSITION, Ending	<u>\$ (3,227,330)</u>	<u>\$ (2,755,618)</u>

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Operations	\$ 1,104,340	\$ 2,510,282
Cash Paid to Suppliers	(436,604)	(130,753)
	<u>667,736</u>	<u>2,379,529</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(1,652,885)	(629,587)
Proceeds from the Issuance of Note Payable	-	15,030,000
Payment of Costs Related to Debt Issuance	-	(14,442,520)
Payments to Other Funds	(151,645)	-
Interest Payments	(661,906)	(2,548,260)
	<u>(2,466,436)</u>	<u>(2,590,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	44,658	45,495
	<u>(1,754,042)</u>	<u>(165,343)</u>
NET INCREASE (DECREASE) IN CASH		
Cash, Beginning	3,398,340	3,563,683
Cash, Ending	<u>\$ 1,644,298</u>	<u>\$ 3,398,340</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 551,194	\$ 1,636,969
Adjustments to Reconcile Operating Income to Net		
Cash Used by Operating Activities		
Depreciation	344,269	344,268
Amortization	39,644	-
Changes in Assets and Liabilities		
Due to Other Funds	151,182	(20,261)
Accounts Payable	(418,553)	418,553
	<u>667,736</u>	<u>2,379,529</u>
TOTAL NET POSITION	<u>667,736</u>	<u>2,379,529</u>

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Colorado Springs Early Colleges (the “School”) was formed in 2006 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School provides a means for students to obtain college credit while completing their High School diploma requirements. The School is a member of the Charter School Institute and receives State funding from that organization.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

The School includes the Colorado Early Colleges Building Corporation (the “Building Corporation”) within its reporting entity. The Building Corporation was formed during fiscal year 2013 to support and assist the School to perform its function and to carry out its purpose, specifically to oversee the leasing activities of the school’s real estate properties and to assist in the financing of the School’s facilities. The Building Corporation is reported in the School’s financial statements as an internal service fund. Separate financial statements are not available for this entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and the unrestricted resources as they are needed.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The School reports the following major governmental fund:

General Fund – This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

The School reports the following internal service fund:

Building Corporation – This fund is used to account for the activities of the Building Corporation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: leasehold improvements and machinery, 5 years, vehicles 10 years.

Net Position – The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not classify and balance as nonspendable as of June 30, 2020.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies and PPP Expenditures as restricted as the proceeds of the loan are restricted as to use by the CARES Act.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2020.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend the Unassigned fund balance.

Compensated Absences

The CEC Network’s policy allows School and Network employees to accumulate paid time off. Upon termination of employment, the unused portion of leave paid out is limited to a maximum of 8 days and is available to employees that have completed five or more years of service. As of June 30, 2020, no liability has been accrued for these absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “Internal Amounts”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2020 consisted of the following:

Cash Deposits	(\$ 204,105)
Restricted Investments	<u>4,719,483</u>
Total	<u>\$ 4,515,377</u>

Cash and Investments are reported in the financial statements as follows:

Governmental Funds	\$ 2,871,079
Business-type Funds	<u>1,644,298</u>
Total	<u>\$ 4,515,377</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2020 State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

The CEC Network and all CEC Schools have pooled their operating cash during the year ended June 30, 2020. As of June 30, 2020, the combined operating cash for the CEC Network and all CEC Schools had deposits with financial institutions with a carrying amount of \$4,621,803, which includes (\$204,105) held by the CSEC School and Network. The pooled bank balance with the financial institutions were \$4,706,596. Of these balances, \$250,000 was covered by federal depository insurance and \$4,456,596 was covered by collateral held by authorized escrow agents in the financial institution’s name (PDPA).

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Local Government Investment Pool

The School had invested \$4,719,483 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

COLORADO SPRINGS EARLY COLLEGES
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value

The School 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 observable inputs. The School has no investments requiring categorization.

The School has no policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Cash and Investments in the amount of \$1,644,398 are restricted in the Building Corporation for debt service and capital projects.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2020 is summarized below.

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ 629,587	\$ 1,652,883	\$ -	\$ 2,282,470
Capital Assets, Depreciated				
Buildings	10,328,050	-	-	10,328,050
Building Improvements	2,179,063	-	-	2,179,063
Vehicles	924,637	771,666	-	1,696,303
Furniture and Equipment	<u>247,642</u>	<u>-</u>	<u>-</u>	<u>247,642</u>
Total Capital Assets, Depreciated	<u>13,679,392</u>	<u>771,666</u>	<u>-</u>	<u>14,451,058</u>

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 4: CAPITAL ASSETS (Continued)

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Accumulated Depreciation				
Buildings	1,896,140	344,268	-	2,240,408
Building Improvements	994,544	374,674	-	1,369,218
Vehicles	463,379	168,669	-	632,048
Furniture and Equipment	<u>190,226</u>	<u>35,399</u>	-	<u>225,625</u>
Total Accumulated Depreciation	<u>3,544,289</u>	<u>923,010</u>	-	<u>4,467,299</u>
 Total Capital Assets, Depreciated, Net	 <u>10,135,103</u>	 <u>(151,344)</u>	 -	 <u>9,983,759</u>
 Net Capital Assets	 <u>\$ 10,764,690</u>	 <u>\$ 1,501,539</u>	 <u>\$ -</u>	 <u>\$ 12,266,229</u>

Depreciation has been charged to the Supporting Services program of the School.

NOTE 5: INTERFUND BALANCES

Due from Other Funds

During the year ended June 30, 2020, the School paid certain expenses on behalf of the Building Corporation in the amount of \$155,182. This amount is reported as a Due from Other Funds in the financial statements and is expected to be repaid in the current fiscal year.

Transfers

Transfers in the amount of \$151,645 were made from the Building Corporation to the School. These funds were transferred as excess funds not needed for the required debt service and reserves maintained by the Building Corporation.

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$100,450 in the General Fund.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended June 30, 2020.

	Balance <u>6/30/2019</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/2020</u>	Due In <u>One Year</u>
Loan Payable - PPP	\$ -	\$ 522,898	\$ -	\$ 522,898	\$ 219,179
Capital Leases	-	389,184	58,147	331,037	73,144
Series 2019 Charter School Bonds	<u>15,030,000</u>	<u>-</u>	<u>-</u>	<u>15,030,000</u>	<u>190,000</u>
Total	<u>\$ 15,030,000</u>	<u>\$ 912,082</u>	<u>\$ 58,147</u>	<u>\$15,883,935</u>	<u>\$ 482,323</u>

Loan Payable – PPP

On April 15, 2020, the School received a loan in the amount of \$522,898 through the Small Business Administration’s Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. (“CARES Act”).

The full amount of this loan is expected to be forgiven during the year ended June 30, 2021, however it is classified as a long-term loan payable until the loan is forgiven. To the extent the loan amount is not forgiven under the Paycheck Protection Program of the CARES Act, the School must make equal monthly payments of principal and interest, beginning on October 15, 2020 until the maturity date, which is two years from the date of the Note. This Note may be prepaid in part or in full, at any time, without penalty.

Capital Lease

In August 2019, the School entered into a capital lease agreement to purchase four school buses which will be paid from revenues of the CEC Network. The lease requires monthly payments of \$7,373 including interest of 5.15%. The lease matures on August 16, 2024.

Series 2019A and 2019B Charter School Revenue Bonds

In April 2019, the Public Finance Authority issued \$15,030,000 Charter School Revenue Refunding and Improvement Bonds, Series 2019A and 2019B. Proceeds from the bonds were used to refinance the Building Corporation’s remaining debt. Interest for both Series 2019A and 2019B Bonds accrues at a rate of 4.95% per year. The 2019A bonds mature in July 2029 and the 2019B bonds mature in July 2026.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: LONG-TERM DEBT (Continued)

Annual debt service requirements for the outstanding bonds and loans payable at June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 409,179	\$ 911,506	\$ 1,320,685
2022	503,719	898,634	1,402,353
2023	210,000	885,020	1,095,020
2024	230,000	871,978	1,101,978
2025	240,000	858,039	1,098,039
2026-2030	<u>13,960,000</u>	<u>2,114,822</u>	<u>16,074,822</u>
Total Debt Service Requirements	<u>\$15,552,898</u>	<u>\$ 6,539,999</u>	<u>\$22,092,897</u>

Following is a schedule of the future minimum lease payments required under the capital lease obligation as of June 30, 2020:

Year Ended June 30,	
2021	\$ 88,476
2022	88,476
2023	88,476
2024	88,476
2024	<u>14,746</u>
Total Minimum Lease Payments	\$ 368,650
Less: Interest	<u>(37,613)</u>
Present Value of Minimum Lease Payments	<u>\$ 331,037</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN(Continued)

Summary of Significant Accounting Policies (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 as of June 30, 2020: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from The School were \$715,505 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the School reported a liability of \$9,484,534 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	\$ 9,484,534
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	\$ 1,523,712
Total	\$ 11,008,246

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2019, the School's proportion was 0.0635 percent, which was an increase of 0.01877 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension expense of \$1,940,886 and income of \$40,665 for support from the State as a nonemployer contributing entity. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 516,913	N/A
Changes of assumptions or other inputs	\$ 270,769	\$ 4,302,095
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 1,123,537
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 2,688,439	\$ 730,996
Contributions subsequent to the measurement date	\$ 358,630	N/A
Total	\$ 3,834,751	\$ 6,156,628

\$358,630 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	(\$ 1,683,499)
2022	(\$ 1,093,743)
2023	\$ 478,929
2024	(\$ 382,194)

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ For 2019, the annual increase was 0.00 percent.

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

COLORADO SPRINGS EARLY COLLEGES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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 the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced 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 fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 12,578,522	\$ 9,484,534	\$ 6,886,860

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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

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

PERA Benefit Structure

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$37,658 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of \$466,408 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

At December 31, 2019, the School's proportion was 0.04150 percent, which was an increase of 0.01243% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of \$62,420. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,548	\$ 78,374
Changes of assumptions or other inputs	\$ 3,869	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 7,785
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 167,469	N/A
Contributions subsequent to the measurement date	\$ 18,875	N/A
Total	\$ 191,761	\$ 86,159

\$18,875 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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 ended, June 30,	
2021	\$ 19,346
2022	\$ 19,347
2023	\$ 21,602
2024	\$ 12,881
2025	\$ 12,785
Thereafter	\$ 766

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

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

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

The 2019 Medicare Part A premium is \$437 per month.

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

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

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

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

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 455,329	\$ 466,408	\$ 479,211

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 527,368	\$ 466,408	\$ 414,274

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

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2020, the reserve of \$185,000 was recorded as a reservation of net position in the General Fund.

COLORADO SPRINGS EARLY COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: RELATED PARTY TRANSACTIONS

For the year ended June 30, 2020, the Colorado Early College Network Schools (CEC Network Schools) included the Douglas County, Fort Collins, Aurora, Fort Collins West, Windsor, and Colorado Springs Schools. Each school has budgeted and paid network fees and other operating fees to the Network Office based on percentage of each School's PPR. For the year ended June 30, 2020, the Network Office received a total of \$4,737,078 from the CEC Network Schools, including \$939,461 paid by the CSEC School.

In addition, the Network Office has provided support and facility support to each of the CEC Network Schools. During the year, the Network Office paid a total of \$4,320,282 to the CEC Network Schools, including \$508,816 paid to the CSEC School

The School reported a Due from Related Parties for certain expenses paid on behalf of the CEC Network Schools. As of June 30, 2020, the total amounts due from Colorado Early Colleges – Fort Collins West ("CECFCW") and Colorado Early Colleges – Windsor ("CECW") were \$32,898, and \$57,455, respectively. These amounts are reported as a Due from Related Parties in the financial statements and are expected to be repaid in the current fiscal year.

NOTE 12: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position of \$11,219,445 due to the School including its Net Pension Liability per the requirements of GASB Statement No. 68.

NOTE 13: SUBSEQUENT EVENT

COVID-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the School. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO SPRINGS EARLY COLLEGES

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 5,305,423	\$ 4,582,877	\$ 4,582,877	\$ -	\$ 5,074,320
Mill Levy Override	217,800	232,208	232,208	-	215,897
Charges for Services	562,475	724,037	1,079,478	355,441	950,191
CEC Network Charges	2,662,471	5,534,741	5,245,985	(288,756)	1,739,867
Rental Income	-	2,981,470	3,093,297	111,827	1,149,487
Other	-	158,967	379,655	220,688	(57,262)
State and Federal Sources					
Grants and Donations	646,290	571,335	600,752	29,417	1,128,846
TOTAL REVENUES	9,394,459	14,785,635	15,214,252	428,617	10,201,346
EXPENDITURES					
Salaries	3,888,167	4,011,582	3,913,789	97,793	3,124,769
Employee Benefits	1,056,070	1,111,688	1,140,225	(28,537)	1,143,193
Purchased Services	5,349,099	12,666,532	8,759,092	3,907,440	4,948,689
Supplies and Materials	180,000	66,008	684,007	(617,999)	414,855
Property	-	-	703,425	(703,425)	103,443
Other	509,320	1,492	-	1,492	629,350
TOTAL EXPENDITURES	10,982,656	17,857,302	15,200,538	2,656,764	10,364,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,588,197)	(3,071,667)	13,714	(3,085,381)	(162,953)
OTHER FINANCING SOURCES					
Proceeds from Debt Issuance	-	3,465,815	912,082	(2,553,733)	-
Transfers In	-	-	151,645	151,645	-
TOTAL OTHER FINANCING SOURCES	-	3,465,815	1,063,727	(2,402,088)	-
NET CHANGE IN FUND BALANCE	(1,588,197)	394,148	1,077,441	683,293	(162,953)
FUND BALANCE, Beginning	-	-	2,055,479	2,055,479	2,218,432
FUND BALANCE, Ending	\$ (1,588,197)	\$ 394,148	\$ 3,132,920	\$ 2,738,772	\$ 2,055,479

See the accompanying independent auditors' report.

COLORADO SPRINGS EARLY COLLEGES

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School's proportionate share of the Net Pension Liability	0.039%	0.041%	0.041%	0.045%	0.050%	0.045%	0.063%
School's proportionate share of the Net Pension Liability	\$ 4,969,901	\$ 5,496,522	\$ 6,160,119	\$ 13,263,504	\$ 16,103,499	\$ 7,917,445	\$ 9,484,534
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	-	-	-	-	-	1,082,601	1,523,712
Total portion of the Net Pension Liability associated with the School	4,969,901	5,496,522	6,160,119	13,263,504	16,103,499	9,000,046	11,008,246
School's covered payroll	\$ 1,570,780	\$ 1,699,899	\$ 1,755,272	\$ 1,999,370	\$ 2,297,208	\$ 2,458,142	\$ 3,731,098
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	316.4%	323.3%	350.9%	663.4%	701.0%	366.1%	295.0%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COLORADO SPRINGS EARLY COLLEGES

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 287,803	\$ 303,946	\$ 353,612	\$ 394,261	\$ 451,756	\$ 598,030	\$ 715,505
Contributions in relation to the Statutorily required contributions	<u>287,803</u>	<u>303,946</u>	<u>353,612</u>	<u>394,261</u>	<u>451,756</u>	<u>598,030</u>	<u>715,505</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,692,345	\$ 1,697,681	\$ 1,884,130	\$ 2,111,302	\$ 2,392,096	\$ 3,126,138	\$ 3,691,978
Contributions as a percentage of covered payroll	17.01%	17.90%	18.77%	18.67%	18.89%	19.13%	19.38%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COLORADO SPRINGS EARLY COLLEGES

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School's proportionate share of the Net OPEB Liability	0.025%	0.028%	0.029%	0.041%
School's proportionate share of the Net OPEB Liability	\$ 328,300	\$ 367,736	\$ 395,428	\$ 466,408
School's covered payroll	\$ 1,999,370	\$ 2,297,208	\$ 2,297,208	\$ 3,731,098
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.4%	16.0%	17.2%	12.5%
Plan fiduciary net position as a percentage of the total OPEB liability	16.7%	16.7%	17.0%	24.5%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COLORADO SPRINGS EARLY COLLEGES

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 21,535	\$ 24,399	\$ 31,887	\$ 37,658
Contributions in relation to the Statutorily required contributions	<u>21,535</u>	<u>24,399</u>	<u>31,887</u>	<u>37,658</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 2,111,302	\$ 2,392,096	\$ 2,392,096	\$ 3,691,978
Contributions as a percentage of covered payroll	1.02%	1.02%	1.33%	1.02%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

COLORADO SPRINGS EARLY COLLEGES

COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2020

	NETWORK OFFICE	CSEC SCHOOL	TOTAL	
			2020	2019
ASSETS				
Cash and Investments	\$ 145,045	\$ 2,726,034	\$ 2,871,079	\$ 1,902,199
Accounts Receivable	415,697	69,023	484,720	542
Due from CSI	-	-	-	47,867
Due from Other Funds	-	151,182	151,182	44,571
Due from Related Parties	-	90,353	90,353	1,568,528
TOTAL ASSETS	\$ 560,742	\$ 3,036,592	\$ 3,597,334	\$ 3,563,707
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 139,713	\$ 6,859	\$ 146,572	\$ 114,588
Accrued Salaries and Benefits	588	99,862	100,450	189,238
Unearned Revenues	-	217,392	217,392	-
Due to Related Parties	-	-	-	1,204,402
TOTAL LIABILITIES	140,301	324,113	464,414	1,508,228
FUND BALANCES				
Restricted for Emergencies	-	185,000	185,000	214,000
Restricted for PPP Expenditures	-	522,898	522,898	-
Unassigned	420,441	2,004,581	2,425,022	1,841,479
TOTAL FUND BALANCES	420,441	2,712,479	3,132,920	2,055,479
TOTAL LIABILITIES AND FUND BALANCES	\$ 560,742	\$ 3,036,592	\$ 3,597,334	\$ 3,563,707

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended June 30, 2020

	NETWORK OFFICE	CSEC SCHOOL	TOTAL	
			2020	2019
REVENUES				
Local Sources				
Per Pupil Revenue	\$ -	\$ 4,582,877	\$ 4,582,877	\$ 5,074,320
Mill Levy Override	-	232,208	232,208	215,897
Charges for Services	529,867	549,611	1,079,478	125,009
CEC Network Charges	4,737,169	508,816	5,245,985	3,202,262
Rent Income	3,093,297	-	3,093,297	-
Other	101,574	278,081	379,655	458,403
State Sources				
Grants	-	600,752	600,752	1,125,455
TOTAL REVENUES	8,461,907	6,752,345	15,214,252	10,201,346
EXPENDITURES				
Instruction	-	2,691,436	2,691,436	3,080,653
Supporting Services	7,799,725	4,033,156	11,832,881	7,283,646
Capital Outlay	676,221	-	676,221	-
TOTAL EXPENDITURES	8,475,946	6,724,592	15,200,538	10,364,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,039)	27,753	13,714	(162,953)
OTHER FINANCING USES				
Proceeds from Debt Issuance	389,184	522,898	912,082	-
Transfers In	151,645	-	151,645	-
TOTAL OTHER FINANCING USES	540,829	522,898	1,063,727	-
NET CHANGE IN FUND BALANCE	526,790	550,651	1,077,441	(162,953)
FUND BALANCES, Beginning	(106,349)	2,161,828	2,055,479	2,218,432
FUND BALANCES, Ending	\$ 420,441	\$ 2,712,479	\$ 3,132,920	\$ 2,055,479

The accompanying notes are an integral part of the financial statements.

COLORADO SPRINGS EARLY COLLEGES

NETWORK OFFICE
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Charges for Services	\$ -	\$ 101,912	\$ 529,867	\$ 427,955	\$ -
CEC Network Charges	2,662,471	5,025,925	4,737,169	(288,756)	1,739,867
Rental Income	-	2,981,470	3,093,297	111,827	-
Other	-	158,967	101,574	(57,393)	-
TOTAL REVENUES	<u>2,662,471</u>	<u>8,268,274</u>	<u>8,461,907</u>	<u>193,633</u>	<u>1,739,867</u>
EXPENDITURES					
Current					
Salaries	1,841,455	2,015,663	2,015,663	-	974,511
Employee Benefits	443,079	536,075	531,463	4,612	358,520
Purchased Services	94,000	8,478,154	4,765,257	3,712,897	439,125
Supplies and Materials	35,000	13,422	487,342	(473,920)	30,198
Property	-	-	676,221	(676,221)	-
Other	-	-	-	-	43,862
TOTAL EXPENDITURES	<u>2,413,534</u>	<u>11,043,314</u>	<u>8,475,946</u>	<u>2,567,368</u>	<u>1,846,216</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>248,937</u>	<u>(2,775,040)</u>	<u>(14,039)</u>	<u>2,761,001</u>	<u>(106,349)</u>
OTHER FINANCING USES					
Proceeds from Forgivable Loan	-	3,465,815	389,184	(3,076,631)	-
Transfers In	-	-	151,645	151,645	-
TOTAL OTHER FINANCING USES	<u>-</u>	<u>3,465,815</u>	<u>540,829</u>	<u>(2,924,986)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>248,937</u>	<u>690,775</u>	<u>526,790</u>	<u>163,985</u>	<u>(106,349)</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>(106,349)</u>	<u>106,349</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 248,937</u>	<u>\$ 690,775</u>	<u>\$ 420,441</u>	<u>\$ 270,334</u>	<u>\$ (106,349)</u>

See the accompanying independent auditors' report.

COLORADO SPRINGS EARLY COLLEGES

CSEC SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 5,305,423	\$ 4,582,877	\$ 4,582,877	\$ -	\$ 5,074,320
Mill Levy Override	217,800	232,208	232,208	-	215,897
Charges for Services	562,475	622,125	549,611	(72,514)	950,191
CEC Network Charges	-	508,816	508,816	-	-
Rental Income			-	-	1,149,487
Other	-	-	278,081	278,081	(57,262)
State and Federal Sources					
Grants and Donations	646,290	571,335	600,752	29,417	1,128,846
TOTAL REVENUES	6,731,988	6,517,361	6,752,345	234,984	8,461,479
EXPENDITURES					
Current					
Salaries	2,046,712	1,995,919	1,898,126	97,793	2,150,258
Employee Benefits	612,991	575,613	608,762	(33,149)	784,673
Purchased Services	5,255,099	4,188,378	3,993,835	194,543	4,509,564
Supplies and Materials	145,000	52,586	196,665	(144,079)	384,657
Property	-	-	27,204	(27,204)	103,443
Other	509,320	1,492	-	1,492	585,488
TOTAL EXPENDITURES	8,569,122	6,813,988	6,724,592	89,396	8,518,083
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,837,134)	(296,627)	27,753	324,380	(56,604)
OTHER FINANCING USES					
Proceeds from Forgivable Loan	-	-	522,898	522,898	-
TOTAL OTHER FINANCING USES	-	-	522,898	522,898	-
NET CHANGE IN FUND BALANCE	(1,837,134)	(296,627)	550,651	(847,278)	(56,604)
FUND BALANCE, Beginning	-		2,161,828	(2,161,828)	2,218,432
FUND BALANCE, Ending	<u>\$ (1,837,134)</u>	<u>\$ (296,627)</u>	<u>\$ 2,712,479</u>	<u>\$ (3,009,106)</u>	<u>\$ 2,161,828</u>

See the accompanying independent auditors' report.