COLORADO EARLY COLLEGES

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

Board of Directors
Colorado Early Colleges Network
Colorado Springs, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colorado Early Colleges Network (the "Network"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colorado Early Colleges Network as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Network, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network’s internal control. Accordingly, no such opinion is expressed.

• evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network’s ability to continue as a going concern for a reasonable period of time.

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

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, the schedules of the Network’s proportionate share, and the schedules of the Network’s contributions on pages 50-54 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Network's basic financial statements. The individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Networks internal control over financial reporting and compliance.

PB Solutions LLC

Littleton, Colorado
March 10, 2023

Colorado Early Colleges
Management's Discussion and Analysis
Year Ended June 30, 2022

Following is a summary and analysis of Colorado Early Colleges Colorado Springs (CECCS) financial activities for the year ending June 30, 2022.

Financial Highlights

The year ending June 30, 2022, is the 14th year of operations for Colorado Early Colleges (CEC). As of June 30, 2022, CEC's net financial position changed by $560,499 to $36,223,886. This negative balance is the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 8 and 9 of the financial statements. CEC operations are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. CEC's Per Pupil Revenue for the year ending June 30, 2022, was $36,741,124. At the close of the fiscal year, CEC's governmental fund reported an ending fund balance of $10,446,315, an increase of $1,102,146 from prior year.

Based on the recommendation of Colorado Charter School Institute (CSI), CEC's authorizer, CEC changed the reporting of its annual audit from six individual school audits to one Network audit starting with year ending June 30, 2022. Though each school's budget is tracked separately in CEC's financial system and reported individually to CSI, having one comprehensive Network audit presents a clearer picture of CEC's financial viability.

Overview of Financial Statements

The following analysis is intended to serve as an introduction to CEC's financial statements. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.
Governmental Financial Statements

The Governmental Financial Statements are designed to provide a broad overview of CEC's finances in a manner similar to a private-sector business.

The statement of net position presents information on all CEC's assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CEC is improving or deteriorating.

The statement of activities presents information showing how CEC's net position changed during the year. All changes in net position are reported as soon as the event occurs, regardless of the timing of the related cash flows. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

Fund Financial Statements

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

CEC adopts an annual budget for its general fund. As part of the basic financial statements, budgetary comparison has been provided for the general fund starting on page 57 of the audit.

Governmental funds are made up of the following CEC campuses and the CEC Network: Aurora, Colorado Springs, Douglas County, Fort Collins, Fort Collins West, and Windsor.

Notes to Financial Statements

Additional information is provided via notes to the financial statements.

Governmental-Wide Financial Analysis

As noted previously, net position may serve as a useful indicator of CEC's financial position over time. For the year ending June 30, 2022, CEC's liabilities were more than its assets by $(36,223,886). Approximately $1,423,137 of total net position is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Net Position as of June 30, 2022

The total net position of CECCS increased to ($36,223,886) for the year ending June 30, 2022, from ($36,784,385) for the year ending June 30, 2021. This increase in net position of $560,499 resulted primarily from the increase in student count, PPR, and the deferred charges related to pensions in accordance with GASB 68.

Net Position for the Year Ending June 30, 2022

	Governmental Activities
Cash and Investments	$ 10,004,965
Restricted Cash and Investments	10,301,214
Other Assets	6,600,478
Capital Assets, Net	109,110,364
Total Assets	136,017,021
Deferred Outflows of Resources	17,160,073
Current Liabilities	1,910,997
Accrued Interest	677,847
Noncurrent Liabilities	168,812,855
Total Liabilities	171,401,699
Deferred Inflows of Resources	17,999,281
Net Position	
Net Investment in Capital Assets	(18,389,307)
Restricted	1,423,137
Unrestricted	(19,257,716)
Total Net Position	$ (36,223,886)

Statement of Activities for the Year Ended June 30, 2022

	Governmental Activities
Program Revenue	
Charges for Services	$ 2,354,930
Operating Grants and Contributions	5,021,661
Capital Grants and Contributions	1,156,232
Total Program Revenue	8,532,823
General Revenue	
Per Pupil Operating Revenue	36,741,124
Mill Levy Override	1,940,925
Investment Earnings	269,044
Other	2,940,708
Total General Revenue	41,891,801
Total Revenue	50,424,624
Expenses	
Instruction	19,336,351
Supporting Services	26,461,617
Interest and Fiscal Charges	**4,066,157**
Total Expenses	49,864,125
Increase (Decrease) in Net Position	560,499
Beginning Net Position, Restated	(36,784,385)
Ending Net Position	$ (36,223,886)

There are no comparatives to FY21 as FY22 is the first year that the audit is of the CEC Network and not each individual CEC campus.

Financial Analysis of CEC's Funds

Governmental Funds

CEC has one governmental fund, which is the general fund. The general fund is considered a major fund and is used to account for CEC's general operations. The general fund had a fund balance of $10,446,315 for the year ending June 30, 2022. The fund balance of the general fund increased by $1,102,146 from June 30, 2021. In addition, a reserve of approximately $1,423,137 on June 30, 2022, was made to satisfy the requirements of the TABOR Amendment. CEC has a positive unassigned fund balance of $8,642,978, which is shown net of accounts payable and accrued salaries and benefits.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for activities in the government-wide financial statements. This comparison illustrates the long-term impact of CEC's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

CEC maintains two proprietary funds to record the activity of the Colorado Springs Early Colleges Building Corporation and the Aurora Charter School BC (the Building Corporations). The Building Corporations were formed solely to issue and pay debt on behalf of CEC and to fund the construction and improvement of buildings. On May 24, 2022, Colorado Education and. Cultural Facilities Authority issued charter school refunding and improvement revenue bond series 2022A and 2022B totaling $136,980,000. The May 2022 bond refinance resulted in the consolidation of six building corps down to the two listed above.

General Fund Budgetary Highlights

CEC approves an adopted general fund budget in June of each year based on enrollment projections for the new school year. Each January, after enrollment is confirmed, adjustments are made to the budget. As of June 30, 2022, the school had some variances between its final budgeted and actual activities. Overall, the school recognized $963,039 less revenue than expected and spent $4,106,240 less than planned, when compared to the final budget. A budget amendment was adopted in January 2022 for FY 2021-2022.

According to CEC's charter contracts with CSI, each school code must submit a board approved budget prior to year-end. For audit purposes, all schools' budgets are consolidated to present an overall summary of CEC's general funds.

Capital Assets and Debt Administration

As of June 30, 2022, capital assets consist primarily of buildings, leasehold improvements, and furniture. Capital assets, net of accumulated depreciation on June 30, 2022, were $109,110,364. See Note 4 for more information.

CEC has long-term debt in the form of Series 2022A and 2022B bonds. Proceeds from the bonds were used to redeem the series 2019A and 2019B bonds, and finance facility and to make capital improvements at CECCS. See Note 5 for more information.

For year ending June 30, 2022, CEC implemented *Governmental Accounting Standards Board Statement 87- Leases.* As a result, CEC, as a lessor, was required to recognize $4 million in lease receivables and deferred inflow of resources. As a lessee, CEC was required to report a lease expense of $72,329 for the year ending June 30.

Economic Factors and Next Year's Budget

The primary factor in future budget development for CEC is student enrollment. CEC's enrollment is expected to be 4,584 students for the 2022-2023 school year, which is a 7.5% increase from FY 2021-2022. CEC also considers stability in PPR levels to be an important factor in developing its budget for fiscal year 2023.

In a strategic move to reduce the number of facilities in its portfolio, CEC decided to close CEC Fort Collins West Middle School and transition staff and students to CEC Fort Collins and CEC Windsor. While CEC's goal is to sell the Fort Collins West Middle School building, CEC is currently leasing the building.

Requests for Information

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

Colorado Early Colleges
Attention: Cameron Mascoll, Chief Financial Officer
4424 Innovation Drive
Fort Collins, CO 80525

BASIC FINANCIAL STATEMENTS

COLORADO EARLY COLLEGES

STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 10,004,965
Restricted Cash and Investments	10,301,214
Accounts Receivable	2,349,850
Leases Receivable	4,250,628
Capital Assets, Not Depreciated	90,344
Capital Assets, Depreciated, Net of Accumulated Depreciation	108,689,874
Right to Use Assets, Net of Accumulated Amortization	330,146
TOTAL ASSETS	136,017,021
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	11,379,188
Related to OPEB	756,553
Deferred Charges	5,024,332
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,160,073
LIABILITIES	
Accounts Payable	790,899
Accrued Salaries and Benefits	965,201
Accrued Interest Payable	677,847
Unearned Revenue	154,896
Noncurrent Liabilities	
Due in One Year	460,762
Due in More than One Year	137,009,977
Net Pension Liability	29,896,412
Net OPEB Liability	1,445,704
TOTAL LIABILITIES	171,401,698
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	13,237,949
Related to OPEB	510,705
Related to Leases	4,250,628
TOTAL DEFERRED INFLOWS OF RESOURCES	17,999,282
NET POSITION	
Net Investment in Capital Assets	(18,389,307)
Restricted for Emergencies	1,423,137
Unrestricted	(19,257,716)
TOTAL NET POSITION	$ (36,223,886)

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

COLORADO EARLY COLLEGES

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	$ 19,336,351	$ 2,354,930	$ 1,404,602	$ -	$ (15,576,819)
Supporting Services	26,461,617	-	3,617,059	1,156,232	(21,688,326)
Interest and Other Fiscal Charges	4,066,157	-	-	-	(4,066,157)
Total Governmental Activities	$ 49,864,125	$ 2,354,930	$ 5,021,661	$ 1,156,232	(41,331,302)
		GENERAL REVENUES			
		Per Pupil Revenue			36,741,124
		Mill Levy Override			1,940,925
		Interest			269,044
		Other			2,940,708
		TOTAL GENERAL REVENUES			41,891,801
		CHANGE IN NET POSITION			560,499
		NET POSITION, Beginning			(36,784,385)
		NET POSITION, Ending			$ (36,223,886)

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

COLORADO EARLY COLLEGES

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

		GENERAL FUND
ASSETS		
Cash and Investments	$	10,004,965
Accounts Receivable		2,349,850
Lease Receivables		4,250,628
TOTAL ASSETS	$	16,605,443
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	788,403
Accrued Salaries		965,201
Unearned Revenue		154,896
TOTAL LIABILITIES		1,908,500
DEFERRED INFLOWS OF RESOURCES		
Leases		4,250,628
FUND BALANCES		
Restricted for Emergencies		1,423,137
Assigned		380,200
Unassigned		8,642,978
TOTAL FUND BALANCES		10,446,315
TOTAL LIABILITIES AND FUND BALANCES	$	16,605,443

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

COLORADO EARLY COLLEGES

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

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

Total fund balances of governmental funds		$ 10,446,315
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, not depreciated	-	
Capital Assets, depreciated	4,912,411	
Accumulated Depreciation	(3,589,661)	
Right to Use Assets	397,634	
Accumulated Amortization	(67,488)	1,652,896
Long-term liabilities and related assets are not due and payable in the current period and ,therefore, are not reported in the funds.		
Loan Payable	(515,739)	
Net Pension Liability	(29,896,412)	
Net OPEB Liability	(1,445,704)	(31,857,855)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	11,379,188	
Deferred outflows of resources - Related to OPEB	756,553	
Deferred inflows of resources - Related to Pensions	(13,237,949)	
Deferred inflows of resources - Related to OPEB	(510,705)	(1,612,913)
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.		(14,852,329)
Net position of governmental activities		$ (36,223,886)

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

COLORADO EARLY COLLEGES

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	GENERAL FUND
REVENUES	
Local Sources	$ 44,276,172
State Sources	3,610,949
Federal Sources	3,341,151
TOTAL REVENUES	51,228,272
EXPENDITURES	
Current	
Instruction	21,702,548
Supporting Services	27,463,737
Debt Service	
Principal	136,467
Interest	24,345
TOTAL EXPENDITURES	49,327,097
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,901,175
OTHER FINANCING SOURCES (USES)	
Lease Proceeds	355,116
Transfers Out	(1,154,145)
TOTAL OTHER FINANCING SOURCES (USES)	(799,029)
NET CHANGE IN FUND BALANCES	1,102,146
FUND BALANCES, Beginning	9,344,169
FUND BALANCES, Ending	$ 10,446,315

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

COLORADO 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, 2022

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

Net change in fund balances - total governmental funds			$ 1,102,146
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.			
	Capital Outlay	49,511	
	Capital Outlay - Right to Use Assets	355,116	
	Gain (Loss) on Disposal of Assets	(174,033)	
	Depreciation and Amortization	(597,012)	(366,418)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Debt Principal Payments		136,467
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.			(4,246,204)
Lease proceeds provide current financial resources in the governmental funds. However, the proceeds create additional long-term liabilitites in the statement of net position.			(355,116)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	4,330,306	
	Deferred charges related to OPEB	(40,682)	4,289,624
Change in net position of governmental activities			$ 560,499

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

COLORADO EARLY COLLEGES

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets	
Restricted Cash and Investments	$ 10,301,214
Due from Other Fund	-
Total Current Assets	10,301,214
Noncurrent Assets	
Capital Assets, Not Being Depreciated	90,344
Capital Assets, Net of Accumulated Depreciation	107,367,124
Total Noncurrent Assets	107,457,468
TOTAL ASSETS	117,758,682
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges	5,024,332
LIABILITIES	
Current Liabilities	
Accounts Payable	2,496
Accrued Interest Payable	677,847
Due to Other Fund	-
Bonds Payable, Current Portion	305,000
Total Current Liabilities	985,343
Noncurrent Liabilities	
Bonds Payable	136,650,000
Total Noncurrent Liabilities	136,650,000
TOTAL LIABILITIES	137,635,343
NET POSITION	
Net Investment in Capital Assets	(19,196,318)
Unrestricted	4,343,989
TOTAL NET POSITION	$ (14,852,329)

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

COLORADO EARLY COLLEGES

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Rent Income	$ 6,314,627
Other Revenues	15,632
TOTAL OPERATING REVENUES	6,330,259
OPERATING EXPENSES	
Purchased Services	2,399,396
Property	91,912
Other	425,300
Depreciation Expense	4,772,188
TOTAL OPERATING EXPENSES	7,688,796
NET OPERATING INCOME (LOSS)	(1,358,537)
NON-OPERATING REVENUES (EXPENSES)	
Interest Expense	(4,041,812)
Transfers	1,154,145
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,887,667)
CHANGE IN NET POSITION	(4,246,204)
NET POSITION, Beginning	(10,606,125)
NET POSITION, Ending	$ (14,852,329)

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

COLORADO EARLY COLLEGES

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 301, 2022
Increase (Decrease) in Cash and Cash Equivalents

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations and Others	$ 6,330,259
Cash Paid to Suppliers	(3,719,335)
Net Cash Used by Operating Activities	2,610,924
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Payments to/from Other Funds	974,623
Net Cash Provided by Noncapital Financing Activities	974,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(881,592)
Proceeds from Debt Issuance	136,955,000
Payments to Escrow Agent	(137,309,874)
Debt Principal Payments	(545,000)
Interest Payments	(6,732,386)
Net Cash Provided by Capital Financing Activities	(8,513,852)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,928,305)
CASH AND CASH EQUIVALENTS, Beginning	15,229,519
CASH AND CASH EQUIVALENTS, Ending	$ 10,301,214
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (1,358,537)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	4,772,188
Changes in Assets and Liabilities	
Accounts Payable	(802,727)
Total Adjustments	3,969,461
Net Cash Used by Operating Activities	$ 2,610,924

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Colorado Springs Early Colleges was formed in 2006 pursuant to the Colorado Charter Schools Act to form and operate a charter school. Colorado Early Colleges was approved for replication as part of the Colorado Springs Early Colleges Corporation and is a Network. During the fiscal year ended June 30, 2022 the Network operated six schools (the "Schools") as follows:

- Colorado Springs Early Colleges
- CEC Aurora
- CEC Douglas County
- CEC Fort Collins
- CEC Fort Collins West
- CEC Windsor

The CEC Fort Collins West school was closed as a separate school effective June 30, 2022. The students of the school will be served by other schools in the Network.

The Network provides a means for students to obtain college credit while completing their high school diploma requirements. The Network is a member of the Charter School Institute ("CSI") and receives state funding from this Organization. The Network is governed by an eight-member Board of Directors.

The accounting policies of the Network conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Network and organizations for which the Network is financially accountable. It is also financially accountable for legally separate organizations if the Network's officials appoint a voting majority for the organization's governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Network. The Network may also be financially accountable for organizations that are fiscally dependent upon it.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Reporting Entity (Continued)

Based on the application of this criteria, the Network includes the following organization within its reporting entity:

- Colorado Early Colleges Building Corporation (CECBC)
- Aurora Charter School Building Corporation (ACSBC)
- Colorado Early Colleges – Douglas County Building Corporation
- Fort Collins Building Corporation
- Fort Collins West Building Corporation
- Windsor Charter School Building Corporation

The above listed Building Corporations (the "Corporations") were formed to support the Network to perform its function and to carry out its purpose, specifically to provide a mechanism to issue debt on behalf of the Network. The Corporations are considered to be part of the Network for financial reporting purposes because their resources are entirely for the benefit of the Network. The Corporations are reported in the Network's financial statements as an internal service funds. Separate financial statements are not available for the Corporations.

During the fiscal year ended June 30, 2022, the Network consolidated its individual building corporations into two remaining building corporations. The Fort Collins and Windsor Building Corporations were consolidated in the Colorado Springs Early Colleges Building Corporation and the Fort Collins West and Douglas County Building Corporations were consolidated into the Aurora Building Corporation.

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 nonfiduciary activities of the Network. 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.

The statement of net position reports all financial, capital and debt resources of the Network. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Network is reported as net position.

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 other customers 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 revenue and other items 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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. For this purpose, the Network considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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 Network.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the Network reports the following major governmental funds:

The *General Fund* is the Network's primary operating fund. It accounts for all financial resources of the Network, except those required to be accounted for in another fund.

In addition, the Network reports the following fund type:

The *Internal Service Fund* accounts for the activities of the Corporations.

Assets, Liabilities, and Fund Balance/Net Position

<u>Deposits and Investments</u> – For purposes of the statement of cash flows, the Network considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

<u>Receivables</u> – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

<u>Prepaid Expenses</u> – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

<u>Capital Assets</u> – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Network as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year.

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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. Property and equipment of the Network is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	15 to 30 years
Vehicles and Equipment	5 to 15 years

<u>Unearned Revenues</u> – The unearned revenues include amounts received but not yet available for expenditure.

<u>Accrued Salaries and Benefits</u> – 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 approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $965,201. The accrued compensation is reported as a liability in the General Fund.

<u>Deferred Outflows of Resources</u> - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of 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.

<u>Deferred Inflows of Resources</u> - In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 current expenditures.

Compensated Absences – The Network's policy allows employees to accumulate paid time off. Employees who resign or terminate employment will be paid for their unused paid time off up to a maximum of 8 days provide they have completed five of more years of service to the Network. At June 30, 2022, no liability has been accrued for these compensated absences.

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 are 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 are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Network management may have categorized and segmented portion for various purposes, the Network Board has the unrestricted right to revisit or alter these managerial decisions.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

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 Network 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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Network does not report any fund balances as nonspendable at June 30, 2022.

- 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 Network has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- 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 Network did not have any committed resources as of June 30, 2022.

- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The Network had assigned resources for Special Education costs as of June 30, 2022.

- 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.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

The Network 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 Unassigned fund balance.

Risk Management

The Network 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 Network purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The Network is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The Network's tax filings are subject to audit by various taxing authorities. The Network believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

Subsequent Events

The Network has evaluated events subsequent to the year ended June 30, 2022, through March 20, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets

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 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 to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

NOTE 3: *CASH AND INVESTMENTS*

At June 30, 2022 cash and investments consist of the following:

Deposits	$ 3,851,705
Investments	16,454,474
Total	$ 20,306,179

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	$ 10,004,965
Cash and Investments - Restricted	10,301,214
Total	$ 20,306,179

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, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Network 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.

As of June 30, 2022, the combined operating cash for the Network had deposits with financial institutions with a carrying amount of $3,851,705. The bank balances with the financial institutions were $4,569,726. Of these balances, $250,000 was covered by federal depository insurance and $4,319,726 was covered by collateral held by authorized escrow agents in the financial institutions' name (PDPA).

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Investments

Interest Rate Risk

The Network 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 the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Network does not have a formal investment policy to limit credit risk. However, the Network follows state statutes regarding investments.

Local Government Investment Pools

The Network invested $10,301,214 in the Colorado Government Liquid Asset Trust (ColoTrust), which included $ held by the Network, and the Corporations. ColoTrust is an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Trust operates similar to a money market fund and each share is equal in value to $1.00. ColoTrust is an external investment pool that records its investments at fair value. The Network records its investment in ColoTrust using the net asset value method. ColoTrust is rated AAAm by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Restricted Cash and Investments

Cash and Investments in the amount of $10,301,214 are restricted in the Internal Service Fund for debt service and capital projects.

NOTE 4: ***CAPITAL ASSETS***

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	$ 2,194,692	$ 881,591	$ 2,985,939	$ 90,344
Capital Asset, Being Depreciated				
Buildings	$92,848,423	-	-	$92,848,423
Building Improvements-Corporation	27,300,507	2,985,939	-	30,286,446
Building Improvements-General	2,922,712	-	-	2,922,712
Vehicles and Equipment	2,114,221	49,511	174,033	1,989,699
Right to Use Assets -Copiers	42,518	355,116		397,634
Total Capital Assets, Being Depreciated	$125,228,381	$3,390,566	$174,033	$128,444,914
Accumulated Depreciation				
Buildings	10,283,486	3,094,947	-	13,378,433
Building Improvements-Corporation	712,071	1,677,241	-	2,389,312
Building Improvements-General	2,023,087	376,755	-	2,399,842
Vehicles and Equipment	1,033,729	156,090	-	1,189,819
Right to Use Assets -Copiers	3,321	64,167		67,488
Total Depreciation	14,055,694	5,369,200	-	19,424,894
Total Capital Assets, Being Depreciated, Net	111,172,687	(1,978,634)	174,033	109,020,020
Net Capital Assets	$ 113,367,379	$ (1,097,043)	$ 3,159,972	$ 109,110,364

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

NOTE 5: ***<u>LONG-TERM DEBT</u>***

The following is a summary of the Network's long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Series 2019 Charter School Bonds	$ 133,185,000	$ -	$ 133,185,000	$ -	
Series 2022 Charter School Bonds	-	136,955,000	-	136,955,000	305,000
Loan-Buses	257,893	-	77,000	180,893	81,062
Net Pension Liability	41,149,149	-	11,252,737	29,896,412	-
Net OPEB Liability	1,496,024	-	50,320	1,445,704	-
Total	$ 176,088,066	$ 136,955,000	$ 144,565,057	$ 168,478,009	$ 386,062

Series 2019A and 2019B Charter School Revenue Bonds

On April 12, 2019, the Public Finance Authority issued Charter School Revenue Bonds, Series 2019A and 2019B in the amount of $15,030,000. Proceeds of the bonds were used to finance the Network's facilities and to make capital improvements. The Network was required to make lease payments to the Corporations for the use of the buildings and the Corporations were required to make equal payments to the Trustee, for payment of the bonds.

The bonds carried an interest rate of 4.95%. Annual interest payments were due starting on June 25, 2020. Annual principal payments were due beginning on June 25, 2022, through 2029. A final balloon payment in the amount of the then outstanding principal balance and accrued interest was due on July 1, 2029.

The bonds were subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption rate. The Corporations were required to deposit funds into the bond principal funds and bond interest fund sufficient to redeem the principal and interest amounts when due.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

The bonds were subject to redemption prior to maturity, at the option of the Corporations, in whole or in part, on any date in authorized denominations, upon payment of the principal thereof, plus any accrued interest to the redemption date at the following redemption prices: For redemption dates beginning July 1, 2022, to June 30, 2023, at 101% and for redemption dates beginning July 1, 2023 through the maturity date at 100%.

On May 24, 2022, the Colorado Educational and Cultural Facilities Authority issued Charter School Refunding and Improvement Revenue Bonds Series 2022A and 2022B in the amounts of $48,825,000 to CECBC and $88,130,000 to ACSBC. Proceeds of the bonds were used to redeem the Series 2019A and 2019B bonds and capital improvements. The Network is required to make lease payments to the Corporations for the use of the buildings and the Corporations are required to make equal payments to the Trustee, for payment of the bonds.

The bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption rate. The Corporations are required to deposit funds into the bond principal funds and bond interest fund sufficient to redeem the principal and interest amounts when due.

The CECBC bonds carry interest rates ranging from 4.875% to 5.125%. Semi-annual interest payments are due starting on July 1, 2022. Annual principal payments are due beginning on January 1, 2023 through January 1, 2041. A final balloon payment in the amount of the then outstanding principal balance and accrued interest is due on January 1, 2042.

Future debt service requirements on the CECBC bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 245,000	$ 1,485,049	$ 1,730,049
2024	420,000	2,474,344	2,894,344
2025	445,000	2,453,344	2,898,344
2026	465,000	2,431,438	2,896,438
2027	490,000	2,408,770	2,898,770
2028-2032	2,830,000	11,661,158	14,491,158
2033-2037	3,595,000	10,892,590	14,487,590
2038-2042	40,335,000	9,887,408	50,222,408
Total	$ 48,825,000	$ 43,694,101	$ 92,519,101

NOTE 5: ***LONG-TERM DEBT*** (Continued)

The ACSBC bonds carry interest rates ranging from 4.875% to 5.125%. Semi-annual interest payments are due starting on January 1, 2023. Annual principal payments are due beginning on July 1, 2022 through July 1, 2031. A final balloon payment in the amount of the then outstanding principal balance and accrued interest is due on July 1, 2032.

Future debt service requirements on the ACSBC bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 60,000	$ 2,677,070	$ 2,737,070
2024	670,000	4,461,850	5,131,850
2025	710,000	4,420,450	5,130,450
2026	755,000	4,376,500	5,131,500
2027	800,000	4,329,850	5,129,850
2028 - 2032	4,785,000	20,842,613	25,627,613
2033	80,350,000	2,008,750	82,358,750
Total	$ 88,130,000	$ 43,117,083	$ 131,247,083

Defeased Debt on Refunding

The net proceeds of the CSCBC 2022 bonds of $51,149,120 (after issue costs of $1,062,220) along with funding from the Network's existing bond reserves in the amount of $2,934,432were deposited into an irrevocable trust with an escrow agent to provide funding for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the related liability for the bonds has been removed from the Network's liabilities.

The net proceeds of the ACSBC 2022 bonds of $93,582,579 (after issue costs of $1,536,778) along with funding from the Network's existing bond reserves and cash reserves in the amount of $6,554,204 were deposited into an irrevocable trust with an escrow agent to provide funding for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the related liability for the bonds has been removed from the Network's' liabilities.

At June 30, 2022, the balances of the defeased bonds are $132,640,000. The defeased bonds were paid out of the escrow account on July 1, 2022.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Defeased Debt on Refunding

The advance refunding of the 2019 and 2020 bonds increased the present value of the future debt service payments. The Network's net present value cost of the advance refunding is $1,507,041 related to the CSCBC refunding and $2,925,397 related to the ACSBC refunding.

The reacquisition price exceeded the net carrying amount of the old debt by $2,997,491 on the 2022 ACSBC bonds and $2,264,191 on the CSCBC bonds. This amount has been deferred and will be amortized over the remaining life of the refunded debt beginning in fiscal year 2023.

Loan – Buses

In August 2019, the Network entered into a loan agreement with Daimler Truck Financial in the amount of $389,184 for the acquisition of four buses. Monthly payments of $7,373 are due and payable from September 2019 through August 2024. The interest rate of this loan is 5.15% per annum.

Future debt service requirements on this loan are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 81,062	$ 7,420	$ 88,482
2024	85,336	3,146	88,482
2025	14,495	93	14,588
Total	$ 180,893	$ 10,659	$ 191,552

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES***

For the year ended June 30, 2022, the Network implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the Network's financial statements for the year ended June 30, 2022.

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES*** (Continued)

The Network, as Lessor, entered into various agreements to lease and sublease premises to various third parties from 2017 through to 2029.

A lease receivable of $5,087,861 and a deferred inflow of $5,087,861 were incorporated in the beginning fund balance of the general fund, resulting in a zero restatement.

Following is a summary of these lease transactions for the year ended June 30, 2022:

	Lease Receivable/ Deferred Inflow 7/1/2021	Revenue	Interest	Lease Receivable/ Deferred Inflow 6/30/2022
Defy Extreme Air Sports	$ 3,113,196	$ 301,807	$ 150,990	$ 2,811,389
Discovery Trails Preschool	100,226	24,452	4,861	74,774
Enterprise Holdings	1,425,317	259,140	69,128	1,166,176
Keys Explorers Preschool	157,543	55,662	7,641	101,882
Mill City Church	131,938	35,531	6,399	96,407
Academy of Arts & Knowledge	159,641	159,641	7,742	-
	$ 5,087,861	$ 836,233	$ 246,761	$ 4,250,628

Copier Lease Agreements

Between February 2021 and January 2022, the Network, as lessee, entered into various lease agreements with All Copy Products to lease copiers. Total lease liability under these leases was $397,634 and the balance at June 30, 2022 was $334,846. The interest rate implied in the lease is calculated at 4.85%. The lease payment schedules require the Network to make monthly lease payments of $7,441.

A right to use asset of $39,197 and a lease liability of 39,197 were incorporated in the beginning net position of the government wide financial statements, resulting in a zero restatement.

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES*** (Continued)

The following is a summary of the Network's lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Copier Leases	$ 39,197	$ 355,116	$ 59,467	$ 334,846	$ 74,700

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 74,700	$ 14,594	$ 89,294
2024	78,404	10,890	89,294
2025	82,292	7,001	89,293
2026	82,360	2,952	85,312
2027	17,090	159	17,249
Total	$ 334,846	$ 35,596	$ 370,442

Total lease expense for the year ended June 30, 2022 was $72,329.

NOTE 7: ***INTERFUND TRANSFERS***

During the year the General Fund transferred $1,154,145 to the Internal Service Fund, to finance certain costs relating to the refinancing of the bonds.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

Pensions. The Network 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 (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Network 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at
C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

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

NOTE 8: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (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% 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% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

General Information about the Pension Plan (Continued)

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, 2022: Eligible employees of, the Network 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
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	9.88%
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	**19.88%**

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Network is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Network were $3,450,786 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Trust Fund,

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

General Information about the Pension Plan (Continued)

and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Network's proportion of the net pension liability was based on the Network's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the Network reported a liability of $29,896,412 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Network 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 Network were as follows:

The Network's proportionate share of the net pension liability	$29,896,412
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Network	3,427,242
Total	$33,323,654

At December 31, 2021, the Network's proportion was 0.2569%, which was a decrease of 0.0153% from its proportion measured as of December 31, 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 the year ended June 30, 2022, the Network recognized pension expense of ($1,698,801) and revenue of $3,557,725 for support from the State as a nonemployer contributing entity. At June 30, 2022, the Network reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$1,144,554	$11,240,158
Changes of assumptions or other inputs	2,282,369	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,233,796	1,997,791
Contributions subsequent to the measurement date	1,718,470	-
Total	$11,379,188	$13,237,949

$1,718,470 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$3,188,141
2024	(2,439,856)
2025	(2,961,202)
2026	(1,364,314)

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 TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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)

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

NOTE 8: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

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

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

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

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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)

- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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

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

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

NOTE 8: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$44,005,074	$29,896,412	$18,123,261

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

NOTE 9: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>***

Summary of Significant Accounting Policies

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

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

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

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 maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The 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.

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Network is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Network were $174,802 for the year ended June 30, 2022.

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

At June 30, 2022, the Network reported a liability of $1,445,704 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The Network proportion of the net OPEB liability was based on the Network's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Network's proportion was 0.1676%, which was an increase of 0.0102% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Network recognized OPEB expense of $215,484. At June 30, 2022, the Network reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$2,203	$342,794
Changes of assumptions or other inputs	29,932	89,490
Net difference between projected and actual earnings on OPEB plan investments	-	78,421
Changes in proportion and differences between contributions recognized and proportionate share of contributions	636,247	N/A
Contributions subsequent to the measurement date	88,171	N/A
Total	$756,553	$510,705

$88,171 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	$88,507
2024	76,548
2025	2,339
2026	(20,568)
2027	8,960
Thereafter	1,891

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%			
Discount rate	7.25%			
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029			
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective
December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- 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.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

Sensitivity of the Network'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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$1,404,187	$1,445,704	$1,493,797

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT 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 TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.

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

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

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

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

Sensitivity of the Network'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%, as well as what the proportionate share of the

NOTE 9: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	$1,679,034	$1,445,704	$1,246,400

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

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The Network 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 Network may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited but the Network believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Network.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The Network believes it has complied with the Amendment.

NOTE 10: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Tabor Amendment (Continued)

The Network has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of $1,423,137 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 11: ***DEFICIT NET POSITION***

At June 30, 2022, the net position of the governmental activities is in a deficit position in the amount of $36,223,886 due to the Network including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75, as well as the net position of the Internal Service Fund, as noted below.

At June 30, 2022, the net position of the Internal Service Fund is in a deficit position in the amount of $14,852,329. The deficit is a result of the capital assets depreciating faster than the principal balance of the related debt is paid. Management expects this deficit to be eliminated once the Network makes annual principal payments on its debt.

NOTE 12: ***SUBSEQUENT EVENTS***

Subsequent to year end, the Network started an online campus called CECOLC (Colorado Early Colleges Online Campus). CECOLC will begin operation August 2022 for the fiscal year of 2023. CECOLC serves all Colorado students in grades 6-12. CECOLC will have its own school code and will operate like the other CEC schools with its own administrator, a separate budget, but with a complete online instructional program. CECOLC will hire and contract with its own instructional staff. CECOLC will be responsible for fulfilling all reporting requirements and will be held to state and federally mandated accountability processes.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 39,463,221	$ 36,418,306	$ 36,741,124	$ 322,818	$ 30,347,426
Mill Levy Override	3,502,233	3,880,482	1,940,925	(1,939,557)	2,304,547
Charges for Services	4,402,269	4,238,121	2,354,930	(1,883,191)	2,293,860
CEC Network Charges	-	-	-	-	-
Contributions	165,005	57,292	45,073	(12,219)	165,991
Rental Income	1,901,685	2,273,040	2,075,139	(197,901)	2,846,157
Interest Income	-	-	269,044	269,044	-
Other	25,945	113,085	849,937	736,852	379,930
State Sources					
Capital Construction	1,423,200	1,373,259	1,156,232	(217,027)	1,175,001
PERA-On Behalf Contribution	-	-	819,280	819,280	-
Grants and Donations	838,548	930,189	1,635,437	705,248	953,566
Federal Sources					
Grants and Donations	1,309,664	2,907,537	3,341,151	433,614	4,417,484
TOTAL REVENUES	53,031,770	52,191,311	51,228,272	(963,039)	44,883,962
EXPENDITURES					
Current					
Salaries	17,789,708	17,270,328	17,738,004	(467,676)	15,460,697
Employee Benefits	5,581,052	5,597,696	5,803,347	(205,651)	4,363,869
Purchased Services	24,352,260	25,740,286	21,471,653	4,268,633	18,377,112
Supplies and Materials	2,687,424	3,367,929	2,897,233	470,696	2,863,375
Property	946,658	1,133,957	1,168,328	(34,371)	1,174,925
Other	346,995	323,141	87,720	235,421	278,818
Debt Service					
Principal	-	-	136,467	(136,467)	73,144
Interest	-	-	24,345	(24,345)	15,338
TOTAL EXPENDITURES	51,704,097	53,433,337	49,327,097	4,106,240	42,607,278
			-		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,327,673	(1,242,026)	1,901,175	3,143,201	2,276,684
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	355,116	355,116	-
Transfers Out	-	-	(1,154,145)	(1,154,145)	(1,834,091)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(799,029)	(799,029)	(1,834,091)
NET CHANGE IN FUND BALANCE	1,327,673	(1,242,026)	1,102,146	2,344,172	442,593
FUND BALANCE, Beginning	9,344,167	9,344,167	9,344,169	2	8,901,576
FUND BALANCE, Ending	$ 10,671,840	$ 8,102,141	$ 10,446,315	$ 2,344,174	$ 9,344,169

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.257%	0.273%	0.229%	0.168%	0.164%	0.119%	0.091%	0.108%	0.055%
Proportionate Share of the Net Pension Liability (Asset)	$ 29,896,412	$ 41,149,149	$ 34,260,691	$ 29,621,639	$ 52,941,168	$ 35,294,983	$ 14,195,558	$ 10,305,009	$ 7,004,964
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	3,427,242	-	4,502,413	4,050,348	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	33,323,654	41,149,149	38,763,104	33,671,987	52,941,168	35,294,983	14,195,558	10,305,009	7,004,964
Covered payroll	$ 16,047,732	$ 14,559,062	$ 14,193,830	$ 9,203,320	$ 7,077,302	$ 5,320,445	$ 4,044,901	$ 2,879,467	$ 2,213,980
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.3%	282.6%	273.1%	365.9%	748.0%	663.4%	350.9%	357.9%	316.4%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

NOTE: Information for the prior year was not available for this report

COLORADO EARLY COLLEGES

SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 3,450,786	$ 2,948,141	$ 2,812,641	$ 2,019,393	$ 1,574,345	$ 1,078,025	$ 907,772	$ 601,812	$ 414,777
Contributions in Relation to the Contractually Required Contributions	3,450,786	2,948,141	2,812,641	2,019,393	1,574,345	1,078,025	907,772	601,812	414,777
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,137,421	$ 14,828,958	$ 14,404,469	$ 10,548,053	$ 8,329,791	$ 5,820,622	$ 4,837,179	$ 3,359,772	$ 2,438,462
Contributions as a Percentage of Covered Payroll	20.14%	19.88%	19.53%	19.14%	18.90%	18.52%	18.77%	17.91%	17.01%

NOTE: Information for the prior year was not available for this report.

See the accompanying independent auditor's report

COLORADO EARLY COLLEGES

SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.16766%	0.15744%	0.14938%	0.13505%	0.09310%	0.06720%
Proportionate Share of the Net OPEB Liability (Asset)	$ 1,445,704	$ 1,496,024	$ 1,682,911	$ 1,844,960	$ 1,208,952	$ 873,622
Covered payroll	$ 16,047,732	$ 14,559,062	$ 14,193,830	$ 9,203,320	$ 7,077,302	$ 5,320,445
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	11.86%	20.05%	17.08%	16.42%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.4%	32.78%	24.49%	17.03%	17.53%	17%

NOTE: Information for the prior four years was not available for this report.

COLORADO EARLY COLLEGES

SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	$ 174,802	$ 151,261	$ 146,926	$ 107,590	$ 85,014	$ 59,370
Contributions in Relation to the Contractually Required Contributions	174,802	151,261	146,926	107,590	85,014	59,370
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,137,421	$ 14,828,958	$ 14,404,469	$ 10,548,053	$ 8,329,791	$ 5,820,622
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior four years was not available for this report.

See the accompanying independent auditor's report

SUPPLEMENTARY INFORMATION

COLORADO EARLY COLLEGES

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	NETWORK OFFICE	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY
ASSETS				
Cash and Investments	$ 1,724,872	$ 1,319,198	$ 802,865	$ 1,973,918
Accounts Receivable	265,755	379,766	347,524	707,293
Lease Receivables	4,250,628	-	-	-
TOTAL ASSETS	$ 6,241,255	$ 1,698,964	$ 1,150,389	$ 2,681,211
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	47,027	48,310	27,095	111,206
Accrued Salaries	19,702	163,892	118,261	189,265
Unearned Revenue	154,896	-	-	-
TOTAL LIABILITIES	221,625	212,202	145,356	300,471
DEFERRED INFLOWS OF RESOURCES				
Leases	4,250,628	-	-	-
FUND BALANCES				
Restricted for Emergencies	148,635	204,052	148,212	329,275
Assigned	-	62,600	45,000	90,000
Unassigned	1,620,367	1,220,110	811,821	1,961,465
TOTAL FUND BALANCES	1,769,002	1,486,762	1,005,033	2,380,740
TOTAL LIABILITIES AND FUND BALANCES	$ 6,241,255	$ 1,698,964	$ 1,150,389	$ 2,681,211

See the accompanying independent auditor's report.

CEC-FORT COLLINS	CEC-FORT COLLINS WEST	CEC WINDSOR	TOTAL
$ 3,452,122	$ 35,291	$ 696,699	$10,004,965
468,957	49,841	130,714	2,349,850
-	-	-	4,250,628
$ 3,921,079	$ 85,132	$ 827,413	$16,605,443
435,503	27,990	91,272	788,403
314,614	57,142	102,325	965,201
-	-	-	154,896
750,117	85,132	193,597	1,908,500
-	-	-	4,250,628
355,703	84,595	152,665	1,423,137
90,000	30,000	62,600	380,200
2,725,259	(114,595)	418,551	8,642,978
3,170,962	-	633,816	10,446,315
$ 3,921,079	$ 85,132	$ 827,413	$16,605,443

COLORADO EARLY COLLEGES

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended June 30, 2022

	NETWORK OFFICE	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY
REVENUES				
Local Sources				
Per Pupil Revenue	$ -	$ 5,338,265	$ 4,131,976	$ 8,516,176
Mill Levy Override	1,940,926	285,062	204,689	449,678
Charges for Services	-	578,830	49,101	1,387,769
CEC Network Charges	5,314,178	1,202,330	296,527	1,701,541
Contributions	16,025	23,965	-	1,252
Rental Income	2,075,139	-	-	-
Interest Income	269,044	-	-	-
Other	653,381	1,737	34,792	146,097
State Sources		-		
Capital Construction	-	160,774	124,302	246,817
PERA-On Behalf Contribution	-	219,316	84,963	179,337
Grants and Donations	-	413,108	395,557	228,043
Federal Sources				
Grants and Donations	-	524,104	414,355	913,992
TOTAL REVENUES	10,268,693	8,747,491	5,736,262	13,770,702
EXPENDITURES				
Current				
Salaries	2,473,947	2,476,382	1,779,841	4,013,196
Employee Benefits	668,526	913,935	602,414	1,273,904
Purchased Services	5,542,185	4,066,601	2,665,900	7,506,286
Supplies and Materials	363,959	455,898	306,824	843,327
Property	118,536	264,413	99,737	526,228
Other	7,092	64,287	47,745	89,453
Debt Service				
Principal	77,000	5,097	6,121	22,445
Interest	11,482	1,053	1,273	4,919
TOTAL EXPENDITURES	9,262,727	8,247,666	5,509,855	14,279,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,005,966	499,825	226,407	(509,056)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	54,734	38,246	90,298
Transfers	(177,088)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(177,088)	54,734	38,246	90,298
NET CHANGE IN FUND BALANCE	828,878	554,559	264,653	(418,758)
FUND BALANCE, Beginning	940,124	932,203	740,380	2,799,498
FUND BALANCE, Ending	$ 1,769,002	$ 1,486,762	$ 1,005,033	$ 2,380,740

See the accompanying independent auditor's report.

CEC-FORT COLLINS	CEC-FORT COLLINS WEST	CEC WINDSOR	ELIMINATIONS	TOTAL
$10,169,139	$ 2,558,274	$ 6,027,294	$ -	$36,741,124
543,029	136,611	321,856	(1,940,926)	1,940,925
323,869	405	14,956	-	2,354,930
259,480	765,105	687,593	(10,226,754)	-
2,998	593	240	-	45,073
-	-	-	-	2,075,139
-	-	-	-	269,044
1,026	12,874	30	-	849,937
379,010	65,649	179,680	-	1,156,232
243,209	32,321	60,134	-	819,280
437,681	45,421	115,627	-	1,635,437
1,202,685	120,707	165,308	-	3,341,151
13,562,126	3,737,960	7,572,718	(12,167,680)	51,228,272
4,835,582	781,569	1,377,487	-	17,738,004
1,638,877	259,327	446,364	-	5,803,347
5,516,120	2,474,918	4,923,087	(11,223,444)	21,471,653
856,581	141,673	235,487	(306,516)	2,897,233
414,540	38,033	25,701	(318,860)	1,168,328
152,194	10,106	35,703	(318,860)	87,720
				-
23,308	2,496	-	-	136,467
5,082	536	-	-	24,345
13,442,284	3,708,658	7,043,829	(12,167,680)	49,327,097
119,842	29,302	528,889	-	1,901,175
151,600	20,238	-		355,116
-	(322,912)	(654,145)	-	(1,154,145)
151,600	(302,674)	(654,145)	-	(799,029)
271,442	(273,372)	(125,256)	-	1,102,146
2,899,520	273,372	759,072	-	9,344,169
$ 3,170,962	$ -	$ 633,816	$ -	$10,446,315

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
NETWORK OFFICE
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Mill Levy Override	$ 1,751,116	$ 1,940,241	$ 1,940,926	$ 685	$ 1,152,274
CEC Network Charges	5,784,703	5,262,026	5,314,178	52,152	4,421,528
Contributions	165,000	50,000	16,025	(33,975)	11,500
Rental Income	1,901,685	2,273,040	2,075,139	(197,901)	2,846,157
Interest Income	-	-	269,044	269,044	-
Other	10,500	78,688	653,381	574,693	77,202
Federal Sources					
Grants and Donations	-	-	-	-	292,750
TOTAL REVENUES	9,613,004	9,603,995	10,268,693	664,698	8,801,411
EXPENDITURES					
Current					
Salaries	2,762,057	2,460,600	2,473,947	(13,347)	2,005,451
Employee Benefits	771,948	680,407	668,526	11,881	532,933
Purchased Services	4,908,179	6,615,051	5,542,185	1,072,866	5,007,541
Supplies and Materials	312,000	272,327	363,959	(91,632)	352,127
Property	-		118,536	(118,536)	295,194
Other	-	7,092	7,092	-	-
Debt Service					
Principal	-	-	77,000	(77,000)	73,144
Interest	-	-	11,482	(11,482)	15,338
TOTAL EXPENDITURES	8,754,184	10,035,477	9,262,727	772,750	8,281,728
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	322,912	322,912	-
Transfers Out	-	-	(500,000)	(500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(177,088)	(177,088)	-
NET CHANGE IN FUND BALANCE	858,820	(431,482)	828,878	1,260,360	519,683
FUND BALANCE, Beginning	940,124	940,124	940,124	-	420,441
FUND BALANCE, Ending	$ 1,798,944	$ 508,642	$ 1,769,002	$ 1,260,360	$ 940,124

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CSEC SCHOOL
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 5,518,464	$ 5,292,774	$ 5,338,265	$ 45,491	$ 4,167,558
Mill Levy Override	242,241	285,062	285,062	-	159,726
Charges for Services	620,000	618,432	578,830	(39,602)	453,689
CEC Network Charges	1,273,513	1,388,044	1,202,330	(185,714)	770,566
Contributions	5	293	23,965	23,672	54,477
Other	10,000	2,882	1,737	(1,145)	5,596
State Sources					
Capital Construction	196,800	187,800	160,774	(27,026)	163,384
PERA-On Behalf Contribution	65,000	96,201	219,316	123,115	-
Grants and Donations	209,284	244,218	413,108	168,890	208,915
Federal Sources					
Grants and Donations	412,413	554,330	524,104	(30,226)	559,923
TOTAL REVENUES	8,547,720	8,670,036	8,747,491	77,455	6,543,834
EXPENDITURES					
Current					
Salaries	2,368,606	2,451,432	2,476,382	(24,950)	1,816,645
Employee Benefits	827,016	868,488	913,935	(45,447)	533,262
Purchased Services	4,531,974	4,523,765	4,066,601	457,164	3,713,937
Supplies and Materials	623,668	710,587	455,898	254,689	288,320
Property	70,185	62,820	264,413	(201,593)	92,267
Other	55,185	52,843	64,287	(11,444)	45,588
Debt Service					
Principal Lease	-	-	5,097	(5,097)	-
Interest Lease	-	-	1,053	(1,053)	-
TOTAL EXPENDITURES	8,476,634	8,669,935	8,247,666	422,269	6,490,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	71,086	101	499,825	499,724	53,815
OTHER FINANCING SOURCES (USES)					
Lease Proceeds			54,734	54,734	-
Transfers Out	-	-	- 6)	-	(1,834,091)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	54,734	54,734	(1,834,091)
NET CHANGE IN FUND BALANCE	71,086	101	554,559	554,458	(1,780,276)
FUND BALANCE, Beginning	932,203	932,203	932,203	-	2,712,479
FUND BALANCE, Ending	$ 1,003,289	$ 932,304	$ 1,486,762	$ 554,458	$ 932,203

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC AURORA
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,026,262	$ 4,090,594	$ 4,131,976	$ 41,382	$ 3,442,343
Mill Levy Override	165,433	204,689	204,689	-	123,492
Charges for Services	131,326	563,700	49,101	(514,599)	144,728
CEC Network Charges	596,144	450,314	296,527	(153,787)	449,289
Contributions	-	-	-	-	100,014
Other	-	262	34,792	34,530	247,546
State Sources					
Capital Construction	134,400	134,850	124,302	(10,548)	126,320
PERA-On Behalf Contribution	35,000	51,175	84,963	33,788	-
Grants and Donations	156,499	161,150	395,557	234,407	216,650
Federal Sources					
Grants and Donations	248,514	323,004	414,355	91,351	557,910
TOTAL REVENUES	5,493,578	5,979,738	5,736,262	(243,476)	5,408,292
EXPENDITURES					
Current					
Salaries	1,835,632	1,765,759	1,779,841	(14,082)	1,693,171
Employee Benefits	552,344	578,820	602,414	(23,594)	471,018
Purchased Services	2,709,278	3,205,948	2,665,900	540,048	2,625,607
Supplies and Materials	242,888	304,024	306,824	(2,800)	435,351
Property	56,762	84,181	99,737	(15,556)	98,325
Other	40,262	40,906	47,745	(6,839)	35,513
Debt Service					
Principal Lease	-	-	6,121	(6,121)	-
Interest Lease	-	-	1,273	(1,273)	-
TOTAL EXPENDITURES	5,437,166	5,979,638	5,509,855	469,783	5,358,985
				-	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,412	100	226,407	226,307	49,307
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	38,246	38,246	-
NET CHANGE IN FUND BALANCE	56,412	100	264,653	264,553	49,307
FUND BALANCE, Beginning	740,380	740,380	740,380	-	691,073
FUND BALANCE, Ending	$ 796,792	$ 740,480	$ 1,005,033	$ 264,553	$ 740,380

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC DOUGLAS COUNTY
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 10,073,896	$ 8,440,054	$ 8,516,176	$ 76,122	$ 6,460,123
Mill Levy Override	437,634	449,678	449,678	-	245,208
Charges for Services	1,549,628	2,006,622	1,387,769	(618,853)	1,234,481
CEC Network Charges	703,086	2,533,855	1,701,541	(832,314)	1,648,244
Contributions	-	-	1,252	1,252	-
Other	5,445	21,285	146,097	124,812	23,793
State Sources			-		
Capital Construction	355,800	390,369	246,817	(143,552)	250,824
PERA-On Behalf Contribution	75,000	71,356	179,337	107,981	-
Grants and Donations	55,805	83,803	228,043	144,240	64,057
Federal Sources					
Grants and Donations	195,661	901,640	913,992	12,352	471,822
TOTAL REVENUES	13,451,955	14,898,662	13,770,702	(1,127,960)	10,398,552
EXPENDITURES					
Current					
Salaries	4,321,571	3,898,422	4,013,196	(114,774)	3,494,077
Employee Benefits	1,310,729	1,318,803	1,273,904	44,899	951,729
Purchased Services	6,899,413	8,382,514	7,506,286	876,228	5,030,984
Supplies and Materials	653,669	1,069,075	843,327	225,748	376,360
Property	121,820	153,596	526,228	(372,632)	147,408
Other	93,944	76,153	89,453	(13,300)	64,861
Debt Service					
Principal Lease	-	-	4,919	(4,919)	-
Interest Lease	-	-	22,445	(22,445)	-
TOTAL EXPENDITURES	13,401,146	14,898,563	14,279,758	618,805	10,065,419
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,809	99	(509,056)	(509,155)	333,133
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	90,298	90,298	-
NET CHANGE IN FUND BALANCE	50,809	99	(418,758)	(418,857)	333,133
FUND BALANCE, Beginning	2,799,498	2,799,498	2,799,498	-	2,466,365
FUND BALANCE, Ending	$ 2,850,307	$ 2,799,597	$ 2,380,740	$ (418,857)	$ 2,799,498

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC FORT COLLINS
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 10,591,077	$ 10,082,480	$ 10,169,139	$ 86,659	$ 9,824,632
Mill Levy Override	464,911	543,029	543,029	-	376,539
Charges for Services	2,101,315	994,477	323,869	(670,608)	460,962
CEC Network Charges	206,622	259,480	259,480	-	123,388
Contributions	-	6,999	2,998	(4,001)	-
Other	-	9,874	1,026	(8,848)	19,504
State Sources					
Capital Construction	377,700	357,750	379,010	21,260	385,162
PERA-On Behalf Contribution	100,000	128,263	243,209	114,946	-
Grants and Donations	339,812	377,125	437,681	60,556	390,698
Federal Sources					
Grants and Donations	351,757	916,481	1,202,685	286,204	1,388,046
TOTAL REVENUES	14,533,194	13,675,958	13,562,126	(113,832)	12,968,931
EXPENDITURES					
Current					
Salaries	4,404,542	4,610,006	4,835,582	(225,576)	4,629,063
Employee Benefits	1,482,997	1,498,319	1,638,877	(140,558)	1,366,463
Purchased Services	7,772,159	6,785,399	5,516,120	1,269,279	5,480,366
Supplies and Materials	490,549	582,980	856,581	(273,601)	808,344
Property	151,698	98,402	414,540	(316,138)	319,760
Other	105,911	100,740	152,194	(51,454)	100,054
Debt Service					
Principal Lease	-	-	23,308	(23,308)	-
Interest Lease	-	-	5,082	(5,082)	-
TOTAL EXPENDITURES	14,407,856	13,675,846	13,442,284	233,562	12,704,050
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	125,338	112	119,842	119,730	264,881
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	151,600	151,600	-
NET CHANGE IN FUND BALANCE	125,338	112	271,442	271,330	264,881
FUND BALANCE, Beginning	2,899,520	2,899,520	2,899,520	-	2,634,639
FUND BALANCE, Ending	$ 3,024,858	$ 2,899,632	$ 3,170,962	$ 271,330	$ 2,899,520

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC FORT COLLINS WEST
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,965,333	$ 2,536,473	$ 2,558,274	$ 21,801	$ 1,701,753
Mill Levy Override	130,168	136,611	136,611	-	65,221
Charges for Services	-	16,016	405	(15,611)	-
CEC Network Charges	893,894	877,805	765,105	(112,700)	773,077
Contributions	-	-	593	593	-
Other	-	74	12,874	12,800	4,249
State Sources					
Capital Construction	105,750	90,900	65,649	(25,251)	66,715
PERA-On Behalf Contribution	10,000	15,267	32,321	17,054	-
Grants and Donations	39,322	19,895	45,421	25,526	36,263
Federal Sources					
Grants and Donations	35,366	83,904	120,707	36,803	558,268
TOTAL REVENUES	4,179,833	3,776,945	3,737,960	(38,985)	3,205,546
EXPENDITURES					
Current					
Salaries	717,138	772,225	781,569	(9,344)	619,574
Employee Benefits	228,537	247,776	259,327	(11,551)	177,194
Purchased Services	2,773,457	2,615,011	2,474,918	140,093	1,731,634
Supplies and Materials	99,338	115,795	141,673	(25,878)	278,691
Property	16,777	16,019	38,033	(22,014)	59,205
Other	11,777	10,019	10,106	(87)	4,708
Debt Service					
Principal Lease	-	-	2,496	(2,496)	-
Interest Lease	-	-	536	(536)	-
TOTAL EXPENDITURES	3,847,024	3,776,845	3,708,658	68,187	2,871,006
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	332,809	100	29,302	29,202	334,540
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	20,238	20,238	-
Transfers Out	-	-	(322,912)	(322,912)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(302,674)	(302,674)	-
NET CHANGE IN FUND BALANCE	332,809	100	(273,372)	(273,472)	334,540
FUND BALANCE, Beginning	273,370	273,370	273,372	2	(61,168)
FUND BALANCE, Ending	$ 606,179	$ 273,470	$ -	$ (273,470)	$ 273,372

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC WINDSOR
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 6,288,189	$ 5,975,931	$ 6,027,294	$ 51,363	$ 4,751,017
Mill Levy Override	310,730	321,172	321,856	684	182,087
Charges for Services	-	38,874	14,956	(23,918)	-
CEC Network Charges	620,546	669,851	687,593	17,742	536,658
Contributions	-	-	240	240	-
Other	-	20	30	10	2,040
State Sources					
Capital Construction	252,750	211,590	179,680	(31,910)	182,596
PERA-On Behalf Contribution	15,000	27,874	60,134	32,260	-
Grants and Donations	37,826	43,998	115,627	71,629	36,983
Federal Sources					
Grants and Donations	65,953	128,178	165,308	37,130	588,765
TOTAL REVENUES	7,590,994	7,417,488	7,572,718	155,230	6,280,146
EXPENDITURES					
Current					
Salaries	1,380,162	1,311,884	1,377,487	(65,603)	1,202,716
Employee Benefits	407,481	405,083	446,364	(41,281)	331,270
Purchased Services	4,836,308	5,053,973	4,923,087	130,886	3,509,793
Supplies and Materials	265,312	313,141	235,487	77,654	324,182
Property	529,416	718,939	25,701	693,238	162,766
Other	39,916	35,388	35,703	(315)	28,094
TOTAL EXPENDITURES	7,458,595	7,838,408	7,043,829	794,579	5,558,821
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	132,399	(420,920)	528,889	949,809	721,325
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	(654,145)6)	(654,145)	-
NET CHANGE IN FUND BALANCE	132,399	(420,920)	(125,256)	295,664	721,325
FUND BALANCE, Beginning	759,072	759,072	759,072	-	37,747
FUND BALANCE, Ending	$ 891,471	$ 338,152	$ 633,816	$ 295,664	$ 759,072

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY
ASSETS			
Cash and Investments	$ 4,731,721	$ 5,569,493	$ -
Total Current Assets	4,731,721	5,569,493	-
Noncurrent Assets			
Capital Assets, Not Being Depreciated	90,344	-	-
Capital Assets, Net of Accumulated Depreciation	36,561,531	70,805,593	-
Total Noncurrent Assets	36,651,875	70,805,593	-
TOTAL ASSETS	41,383,596	76,375,086	-
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges	2,264,191	2,760,141	-
LIABILITIES			
Current Liabilities			
Accounts Payable	2,496	-	-
Accrued Interest Payable	241,752	436,095	-
Bonds Payable, Current Portion	245,000	60,000	-
Total Current Liabilities	489,248	496,095	-
Noncurrent Liabilities			
Bonds Payable	48,580,000	88,070,000	-
Total Noncurrent Liabilities	48,580,000	88,070,000	-
TOTAL LIABILITIES	49,069,248	88,566,095	-
NET POSITION			
Net Investment in Capital Assets	(12,414,877)	(17,760,502)	-
Unrestricted	6,993,416	8,329,634	-
TOTAL NET POSITION	$ (5,421,461)	$ (9,430,868)	$ -

See the accompanying independent auditor's report.

CEC-FORT COLLINS	CEC-FORT COLLINS WEST	CEC WINDSOR	TOTAL
$ -	$ -	$ -	$ 10,301,214
-	-	-	10,301,214
-	-	-	90,344
-	-	-	107,367,124
-	-	-	107,457,468
-	-	-	117,758,682
-	-	-	5,024,332
-	-	-	2,496
-	-	-	677,847
-	-	-	305,000
-	-	-	985,343
-	-	-	136,650,000
-	-	-	136,650,000
-	-	-	137,635,343
-	-	-	(30,175,379)
-	-	-	15,323,050
$ -	$ -	$ -	$ (14,852,329)

COLORADO EARLY COLLEGES

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2022

	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY
REVENUES			
Rental Income	$ 1,194,226	$ 1,191,049	$ 1,431,748
Other	4,771	3,534	3,664
TOTAL OPERATING REVENUES	1,198,997	1,194,583	1,435,412
OPERATING EXPENSES			
Purchased Services	930,902	1,468,405	41
Property	34,054	-	57,858
Other	-	-	425,300
Depreciation	519,882	719,888	1,865,695
TOTAL OPERATING EXPENSES	1,484,838	2,188,293	2,348,894
NET OPERATING INCOME (LOSS)	(285,841)	(993,710)	(913,482)
NON-OPERATING REVENUES (EXPENSES)			
Earnings on Investments			
Interest Expense	(675,219)	(1,072,986)	(1,194,692)
Transfers	(2,788,573)	(6,816,795)	6,475,480
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,463,792)	(7,889,781)	5,280,788
CHANGE IN NET POSITION	(3,749,633)	(8,883,491)	4,367,306
NET POSITION, Beginning	(1,671,828)	(547,377)	(4,367,306)
NET POSITION, Ending	$ (5,421,461)	$ (9,430,868)	$ -

CEC-FORT COLLINS	CEC-FORT COLLINS WEST	CEC WINDSOR	TOTAL
$ 1,164,957	$ 596,233	$ 736,414	$ 6,314,627
1,705	878	1,080	15,632
1,166,662	597,111	737,494	6,330,259
-	36	12	2,399,396
-	-	-	91,912
-	-	-	425,300
738,752	340,200	587,771	4,772,188
738,752	340,236	587,783	7,688,796
427,910	256,875	149,711	(1,358,537)
(500,140)	(268,236)	(330,539)	(4,041,812)
1,646,688	661,966	1,975,379	1,154,145
1,146,548	393,730	1,644,840	(2,887,667)
1,574,458	650,605	1,794,551	(4,246,204)
(1,574,458)	(650,605)	(1,794,551)	(10,606,125)
$ -	$ -	$ -	$ (14,852,329)

COMPLIANCE

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

Board of Directors
Colorado Early Colleges Network
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colorado Early Colleges Network (the "Network") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

PB Solutions LLC

Littleton, Colorado
March 10, 2023

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

Board of Directors
Colorado Early Colleges Network
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Colorado Early Colleges Network (the "Network") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Network's major federal programs for the year ended June 30, 2022. The Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Network's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Network's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PB Solutions LLC

Littleton, Colorado
March 10, 2023

COLORADO EARLY COLLEGES NETWORK
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title			Federal ALN	Pass-Through Entity's Identification Number	Total Federal Expenditures
U. S. Department of Agriculture					
Passed-Through the Colorado Department of Education					
Seamless Summer Option Breakfast	COVID-19	(1)	10.553	5553	135,740
Seamless Summer Option Lunch/Snack	COVID-19	(1)	10.555	5555	574,668
Total U.S. Department of Agriculture					710,408
U. S. Department of Education					
Passed-Through the Colorado Department of Education					
Title I Grants to Local Educational Agencies			84.010	4010	77,345
Title I Grants to Local Educational Agencies			84.010	9202	2,648
Title I Grants to Local Educational Agencies			84.010	9212	1,067
Special Education Grants to States			84.027	4027	214,504
English Language Acquisition Grants			84.365	4365	6,931
Teacher Quality Partnership Grants			84.367	4367	34,300
Education Stabilization Fund	COVID-19		84.425U	4414	418,164
Education Stabilization Fund	COVID-19		84.425U	9414	367,409
Education Stabilization Fund	COVID-19		84.425D	4420	771,943
Every Student Succeeds Act (ESSA), Public Charter School Grant			84.282	5282	643,150
Passed-Through the Colorado Community College System					
Strengthening Career and Technical Education for the 21st Centrury Act (Carl Perkins V)			84.048	4048	89,786
Total U.S. Department of Education					2,627,247
Total Expenditures of Federal Awards					**$ 3,337,655**

(1) Part of the Child Nutrition Cluster, total Cluster expenditures $ 710,408

COLORADO EARLY COLLEGES NETWORK
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Network. The Schedule includes federally funded amounts of pass-through awards received by the Network through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in position or cash flows of the Network.

2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The Network has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.

3. During the year ended June 30, 2022, the Network did not pass through any federal funds to subrecipients.

4. For federal awards expended by the Network as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.

COLORADO EARLY COLLEGES NETWORK

Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was: Unmodified

2. The independent auditor's report on internal control over financial reported disclosed:

Significant deficiency(ies)?	_____ Yes	___X_ None Reported
Material weakness(es)?	_____ Yes	___X_ No

3. Noncompliance considered material to the financial statements was disclosed by the audit: _____ Yes ___X_ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	_____ Yes	___X_ None Reported
Material weakness(es)?	_____ Yes	___X_ No

5. The opinions expressed in the independent auditor's report on compliance for major federal award programs were: Unmodified

6. The audit disclosed findings required to be reported by section 2 CFR §200.516(a)? _____ Yes ___X_ No

7. The Organization's major programs were:

Name of federal program	CDFA Number
Education Stabilization Fund	84.425D, 84.425U

8. Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

9. The Organization qualified as low-risk auditee: ______Yes X No

Schedule Findings and Questioned Costs
For the year ended June 30, 2022

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.