COLORADO EARLY COLLEGES

BASIC FINANCIAL STATEMENTS

June 30, 2023

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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
Colorado Springs, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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 (the "Network"), as of and for the year ended June 30, 2023, 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 as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 52-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Network's basic financial statements. The combining and individual fund statements and schedules 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 combining and 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 October 15, 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
October 15, 2023

Colorado Early Colleges
Management's Discussion and Analysis
Year Ended June 30, 2023

Following is a summary and analysis of Colorado Early Colleges (CEC) financial activities for the year ending June 30, 2023.

Financial Highlights

The year ending June 30, 2023, is the 17th year of operations for Colorado Early Colleges (CEC). As of June 30, 2023, CEC's net financial position changed by ($5,974,380) to $(42,198,266). This deficit net position 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, 2023, was $41,868,363. At the close of the fiscal year, CEC's governmental fund reported an ending fund balance of $13,230,126, an increase of $2,783,811 from prior year.

Overview of Financial Statements

The following analysis is intended to serve as an introduction to CEC's financial statements with supplementary information. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements in addition to Federal Awards Supplemental Information.

The statement of net position presents information on the CEC's assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the CEC is improving or deteriorating. The statement of revenues, expenses, and changes in net position presents information showing how the CEC's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. This report also includes required supplementary information for the CEC's pension and other postemployment benefit plan for the purpose of additional analysis.

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB.

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 52 of the audit.

Notes to Financial Statements

Additional information is provided via notes on pages 10-51 of the report.

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, 2023, CEC's liabilities and deferred inflows of resources were more than its assets and deferred outflows of resources by $42,198,266. Approximately $2,016,370 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, 2023

The total net position of CEC decreased to ($42,198,266) for the year ending June 30, 2023, from ($36,223,886) for the year ending June 30, 2022. This decrease in net position of $5,974,380 resulted primarily from the pension and OPEB liabilities as required by with GASB 68 and 75.

Net Position for the Years Ending June 30 2023, and June 30 2022

	Governmental Activities	
	6/30/2023	6/30/2022
Cash and Investments	$12,156,298	$10,004,965
Restricted Cash and Investments	11,403,303	10,301,214
Other Assets	7,549,080	6,600,478
Capital Assets, Net	106,230,360	109,110,364
Total Assets	137,339,041	136,017,021
Deferred Outflow of Resources	15,329,389	17,160,073
Current Liabilities	2,264,954	1,910,997
Accrued Interest	3,478,147	677,847
Noncurrent Liabilities	180,674,440	168,812,855
Total Liabilities	186,417,541	171,401,699
Deferred Inflow of Resources	8,449,155	17,999,281
Net Position		
Net Investment in Capital Assets	(29,606,075)	(18,389,307)
Restricted	2,016,370	1,423,137
Unrestricted	(14,608,561)	(19,257,716)
Total Net Position	$(42,198,266)	$(36,223,886)

Statement of Activities for the Years Ending June 30, 2023, and June 30, 2022

	Governmental Activities	
	6/30/2023	6/30/2022
Program Revenue:		
Charges for Services	$2,934,856	$2,354,930
Operating Grants and Contributions	6,940,204	5,021,661
Capital Grants and Contributions	1,416,820	1,156,232
Total Program Revenue	11,291,880	8,532,823
General Revenue:		
Per Pupil Operating Revenue	41,868,363	36,741,124
Mill Levy Override	3,912,367	1,940,925
Investment Earnings	1,002,629	269,044
Other	4,026,848	2,940,708
Total General Revenue	50,810,207	41,891,801
Total Revenue	62,102,087	50,424,624
Expenses:		
Instruction	28,203,833	19,336,351
Supporting Services	32,529,838	26,461,617
Interest and Fiscal Charges	7,612,796	4,066,157
Total Expenses	68,076,467	49,864,125
Increase (Decrease) in Net Position	(5,974,380)	560,499
Beginning Net Position	(36,223,886)	(36,784,385)*
Ending Net Position	$(42,198,266)	(36,223,886)

The Beginning Net Position of Fiscal Year Ended June 30, 2022 was restated.

Financial Analysis of CEC's 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 $13,230,126 for the year ending June 30, 2023. The fund balance of the general fund increased by $2,783,811 from June 30, 2022. Approximately $2,016,370 of total fund balance is restricted to satisfy the requirements of the TABOR Amendment. $9,350,007 of total fund balance is assigned for intended uses related to special education costs and future expenditures. CEC has a positive unassigned fund balance of $1,600,447, 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 CEC issued charter school refunding and improvement revenue bond series 2022A and 2022B totaling $136,955,000. The May 2022 bond refinance resulted in the consolidation of six building corps down to the two listed above. Proceeds from 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 payment of the bonds. See Note 5 for more information.

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, 2023, the network had some variances between its final budgeted and actual activities. Overall, the network recognized approximately $4.1 million less revenue than expected and spent approximately $5.8M less than planned when compared to the final budget. Overall, the network recognized higher net income by approximately $1.7M than the final budgeted amount. A budget amendment was adopted in January 2023 for FY 2022-2023 to account for shifts in enrollment and other funding changes.

Capital Assets

As of June 30, 2023, capital assets consist primarily of buildings, building improvements, vehicles, and equipment. Capital assets, net of accumulated depreciation on June 30, 2023, were $106,483,515. See Note 4 for more information.

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 4,784 students for the 2023-2024 school year, which is a 4% increase from FY 2022-2023. CEC also considers stability in PPR levels to be an important factor in developing its budget for fiscal year 2024.

Requests for Information

This financial report is designed to provide a general overview of CEC Network 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, 2023

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Investments	$	12,156,298
Restricted Cash and Investments		11,403,303
Accounts Receivable		2,796,442
Leases Receivable		4,236,181
Prepaid Expenses		263,302
Capital Assets, Not Depreciated		2,258,089
Capital Assets, Depreciated, Net of Accumulated Depreciation		103,972,271
Right to Use Assets, Net of Accumulated Amortization		253,155
TOTAL ASSETS		137,339,041
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions		10,231,298
Related to OPEB		699,557
Deferred Charges on Bond Refunding		4,398,534
TOTAL DEFERRED OUTFLOWS OF RESOURCES		15,329,389
LIABILITIES		
Accounts Payable		1,492,282
Accrued Salaries and Benefits		772,672
Accrued Interest Payable		3,478,147
Noncurrent Liabilities		
Due in One Year		1,253,740
Due in More than One Year		135,756,237
Net Pension Liability		42,232,091
Net OPEB Liability		1,432,372
TOTAL LIABILITIES		186,417,541
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions		3,708,488
Related to OPEB		504,486
Unavailable Revenue - Leases		4,236,181
TOTAL DEFERRED INFLOWS OF RESOURCES		8,449,155
NET POSITION		
Net Investment in Capital Assets		(29,606,075)
Restricted for Emergencies		2,016,370
Unrestricted		(14,608,561)
TOTAL NET POSITION	$	(42,198,266)

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

COLORADO EARLY COLLEGES

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	$ 28,203,833	$ 2,929,509	$ 1,560,250	$ -	$ (23,714,074)
Supporting Services	32,259,838	-	5,379,954	1,416,820	(25,463,064)
Interest and Other Fiscal Charges	7,612,796	-	-	-	(7,612,796)
Total Governmental Activities	$ 68,076,467	$ 2,929,509	$ 6,940,204	$ 1,416,820	(56,789,934)
			GENERAL REVENUES		
			Per Pupil Revenue		41,868,363
			Mill Levy Override Equalization		3,912,367
			Interest		1,002,629
			Other		4,032,195
			TOTAL GENERAL REVENUES		50,815,554
			CHANGE IN NET POSITION		(5,974,380)
			NET POSITION, Beginning		(36,223,886)
			NET POSITION, Ending		$ (42,198,266)

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

COLORADO EARLY COLLEGES

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND
ASSETS	
Cash and Investments	$ 12,156,298
Accounts Receivable	2,796,442
Lease Receivables	4,236,181
Prepaid Expenses	263,302
TOTAL ASSETS	$ 19,452,223
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 1,040,995
Accrued Salaries	772,672
TOTAL LIABILITIES	1,813,667
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenues	4,408,430
FUND BALANCES	
Nonspendable	263,302
Restricted for Emergencies	2,016,370
Assigned	8,446,008
Unassigned	2,504,446
TOTAL FUND BALANCES	13,230,126
TOTAL LIABILITIES AND FUND BALANCES	$ 19,452,223

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, 2023

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

Total fund balances of governmental funds		$ 13,230,126
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, not depreciated	162,222	
Capital Assets, depreciated	4,946,717	
Accumulated Depreciation	(4,126,266)	
Right to Use Assets	397,634	
Accumulated Amortization	(144,479)	1,235,828
Some assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.		172,249
Long-term liabilities and related assets are not due and payable in the current period and ,therefore, are not reported in the funds.		
Loan and Lease Payables	(359,977)	
Net Pension Liability	(42,232,091)	
Net OPEB Liability	(1,432,372)	(44,024,440)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	10,231,298	
Deferred outflows of resources - Related to OPEB	699,557	
Deferred inflows of resources - Related to Pensions	(3,708,488)	
Deferred inflows of resources - Related to OPEB	(504,486)	6,717,881
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.		(19,529,910)
Net position of governmental activities		$(42,198,266)

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, 2023

	GENERAL FUND
REVENUES	
Local Sources	$ 53,432,672
State Sources	3,839,986
Federal Sources	2,663,166
TOTAL REVENUES	59,935,824
EXPENDITURES	
Current	
Instruction	25,645,199
Supporting Services	31,556,167
Debt Service	
Principal	155,762
Interest	22,014
TOTAL EXPENDITURES	57,379,142
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,556,682
OTHER FINANCING SOURCES	
Lease Buyout Gain	227,129
TOTAL OTHER FINANCING SOURCES	227,129
NET CHANGE IN FUND BALANCES	2,783,811
FUND BALANCES, Beginning	10,446,315
FUND BALANCES, Ending	$ 13,230,126

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, 2023

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

Net change in fund balances - total governmental funds		$ 2,783,811
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	196,529	
Depreciation and Amortization	(613,597)	(417,068)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.		
Debt and Lease Principal Payments		155,762
Some revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.		172,249
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.		(4,677,581)
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	(3,954,108)	
Deferred charges related to OPEB	(37,445)	(3,991,553)
Change in net position of governmental activities		$ (5,974,380)

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

COLORADO EARLY COLLEGES

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current Assets	
Restricted Cash and Investments	$ 11,403,303
Total Current Assets	11,403,303
Noncurrent Assets	
Capital Assets, Not Being Depreciated	2,095,867
Capital Assets, Net of Accumulated Depreciation	103,151,820
Total Noncurrent Assets	105,247,687
TOTAL ASSETS	116,650,990
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Bond Refunding	4,398,534
LIABILITIES	
Current Liabilities	
Accounts Payable	451,287
Accrued Interest Payable	3,478,147
Bonds Payable, Current Portion	1,090,000
Total Current Liabilities	5,019,434
Noncurrent Liabilities	
Bonds Payable	135,560,000
Total Noncurrent Liabilities	135,560,000
TOTAL LIABILITIES	140,579,434
NET POSITION	
Net Investment in Capital Assets	(30,481,926)
Unrestricted	10,952,016
TOTAL NET POSITION	$ (19,529,910)

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, 2023

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Rent Income	$ 8,052,419
Other Revenues	7,254
TOTAL OPERATING REVENUES	8,059,673
OPERATING EXPENSES	
Purchased Services	415,029
Property	231,897
Depreciation Expense	4,811,966
TOTAL OPERATING EXPENSES	5,458,892
NET OPERATING INCOME	2,600,781
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	312,420
Interest Expense	(7,590,782)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(7,278,362)
CHANGE IN NET POSITION	(4,677,581)
NET POSITION, Beginning	(14,852,329)
NET POSITION, Ending	$ (19,529,910)

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

COLORADO EARLY COLLEGES

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2023
Increase (Decrease) in Cash and Investments

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations and Others	$ 8,059,673
Cash Paid to Suppliers	(198,135)
Net Cash Provided by Operating Activities	7,861,538
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(2,602,185)
Debt Principal Payments	(305,000)
Interest Payments	(4,164,684)
Net Cash Used by Capital Financing Activities	(7,071,869)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	312,420
NET INCREASE(DECREASE) IN CASH AND INVESTMENTS	1,102,089
CASH AND INVESTMENTS, Beginning	10,301,214
CASH AND INVESTMENTS, Ending	$ 11,403,303
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ 2,600,781
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	4,811,966
Changes in Assets and Liabilities	
Accounts Payable	448,791
Total Adjustments	5,260,757
Net Cash Provided by Operating Activities	$ 7,861,538

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

NOTE 1: __SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES__

Colorado Springs Early Colleges (the “Network”) 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, 2023 the Network operated six schools (the “Schools”) as follows:

- Colorado Springs Early Colleges
- CEC Aurora
- CEC Douglas County
- CEC Fort Collins
- CEC Windsor
- Colorado Early Colleges Online Campus (CECOLC)

The CECOLC school started as a separate school effective August, 2022. The students of the school are based in Colorado grades 6 through 12 and are taught exclusively online.

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 Governmental 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)

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.

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.

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.

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

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 enoughthereafter 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.

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.

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

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – 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.

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

Prepaid Expenses – 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.

Capital Assets – 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.

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

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

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were $772,672. The accrued compensation is reported as a liability in the General Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources - 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 outflows 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.

Deferred Inflows of Resources - 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 inflows 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.

Long-Term Debt – In the government-wide financial statements, and internal service fund, 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.

Leases – The Network is a lessee for noncancellable leases of their building. The Network recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental activities column in the government-wide financial statements. The Network recognizes lease assets and liabilities with an initial value of $5,000 or more.

At the commencement of a lease, the Network initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

<u>Leases</u> – (continued)

Key estimates and judgments related to leases include how the Network determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Network uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Network generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Network is reasonably certain to exercise.

The Network monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Network is a lessor for noncancelable leases of certain building spaces to various third parties. The Network recognizes a lease receivable and a deferred inflow of resources, where applicable, in the financial statements.

At the commencement of a lease, the Network initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Network determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

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

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

Leases – (continued)

The Network uses the applicable federal rate corresponding to the lease term and applicable on the commencement date of the lease as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Network monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, 2023, no liability has been accrued for these compensated absences.

Net Position– The government-wide and proprietary fund type 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.

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:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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 reports prepaid expenses as nonspendable at June 30, 2023.

- 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, 2023.

- 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 reports assigned fund balances for special education costs and future expenditures as of June 30, 2023.

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The 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

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

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

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, 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

The Network has evaluated events subsequent to the year ended June 30, 2023, through October 15, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: ***<u>STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY</u>***

Budgets

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

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

Budgets (Continued)

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, 2023 cash and investments consist of the following:

Deposits	$ 836,397
Investments	22,723,204
Total	$ 23,559,601

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

Cash and Investments - Unrestricted	$ 12,156,298
Cash and Investments - Restricted	11,403,303
Total	$ 23,559,601

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, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the Network are eligible public depositories.

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

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, 2023, the combined operating cash for the Network had deposits with financial institutions with a carrying amount of $836,397. The bank balances with the financial institutions were $1,123,520. Of these balances, $250,000 was covered by federal depository insurance and $873,520 was covered by collateral held by authorized escrow agents in the financial institutions' name (PDPA).

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.

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

Local Government Investment Pools

The Network invested $22,723,204 in the Colorado Government Liquid Asset Trust (ColoTrust), which included amounts 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.

Restricted Cash and Investments

Cash and Investments in the amount of $11,403,303 are restricted in the Internal Service Fund for debt service and capital projects.

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NOTE 4: ***CAPITAL ASSETS***

Capital Asset activity for the year ended June 30, 2023 is summarized below:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	$ 90,344	$ 2,258,089	$ 90,344	$ 2,258,089
Capital Asset, Being Depreciated				
Buildings	92,848,423	-	-	92,848,423
Building Improvements-Corporations	30,286,446	596,659	-	30,883,105
Building Improvements-General	2,922,712	-	-	2,922,712
Vehicles and Equipment	1,989,699	34,310	-	2,024,009
Right to Use Assets -Copiers	397,634	-	-	397,634
Total Capital Assets, Being Depreciated	128,444,914	630,969	-	129,075,883
Accumulated Depreciation				
Buildings	13,378,433	3,094,947	-	16,473,380
Building Improvements-Corporations	2,389,312	1,717,018	-	4,106,330
Building Improvements-General	2,399,842	384,630	-	2,784,472
Vehicles and Equipment	1,189,819	151,977	-	1,341,796
Right to Use Assets -Copiers	67,488	76,991	-	144,479
Total Depreciation	19,424,894	5,425,563	-	24,850,457
Total Capital Assets, Being Depreciated, Net	109,020,020	(4,794,594)	-	104,225,426
Net Capital Assets	$ 109,110,364	$ (2,536,505)	$ 90,344	$ 106,483,515

Depreciation and amortization have been charged to the Supporting Services program of the Network.

NOTE 5: ***LONG-TERM DEBT***

The following is a summary of the Network's long-term debt transactions for the year ended June 30, 2023:

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

	Balance 7/1/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Series 2022 Charter School Bonds	$136,955,000	$ -	$305,000	$136,650,000	$1,090,000
Loan-Buses	180,893	-	81,062	99,831	85,336
Net Pension Liability	29,896,412	12,335,679	-	42,232,091	-
Net OPEB Liability	1,445,704	-	13,332	1,432,372	-
Total	$ 168,478,009	$ 12,335,679	$ 399,394	$ 180,414,294	$ 1,175,336

Series 2022A and 2022B Charter School Refunding and Improvement Revenue Bonds

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:

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

Year Ended June 30,	Principal	Interest	Total
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	515,000	2,384,882	2,899,882
2029-2033	2,965,000	11,523,194	14,488,194
2034-2038	3,775,000	10,712,840	14,487,840
2039-2042	39,505,000	7,820,240	47,325,240
Total	$ 48,580,000	$ 42,209,052	$ 90,789,052

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
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	850,000	4,280,350	5,130,350
2029 -2033	84,285,000	18,571,013	102,856,013
Total	$ 88,070,000	$ 40,440,013	$ 128,510,013

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:

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

Year Ended June 30,	Principal	Interest	Total
2024	$ 85,336	$ 3,146	$ 88,482
2025	14,495	93	14,588
Total	$ 99,831	$ 3,239	$ 103,070

NOTE 6: ***LEASES***

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

Following is a summary of these lease transactions for the year ended June 30, 2023:

	Lease Receivable/ Deferred Inflow 7/1/2022	Additions/ Deletions	Revenue	Interest	Lease Receivable/ Deferred Inflow 6/30/2023
Defy Extreme Air Sports	$ 2,811,389	$ -	$ 325,500	$ 136,352	$ 2,485,889
Discovery Trails Preschool	74,774	-	33,123	3,627	41,651
Enterprise Holdings	1,166,176	(1,072,871)	93,305	-	-
Keys Explorers Preschool	101,882	-	59,944	4,941	41,938
Mill City Church	96,407	-	25,324	4,676	71,083
Academy of Arts & Knowledge	-	507,717	243,779	10,079	263,938
Liberty Commons School	-	1,950,713	619,031	80,969	1,331,682
	$ 4,250,628	$ 1,385,559	$ 1,400,006	$ 240,644	$ 4,236,181

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, 2023 was $260,146. 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.

NOTE 6: ***LEASES*** (Continued)

The following is a summary of the Network's lease transactions for the year ended June 30, 2023:

	Balance 7/1/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Copier Leases	$ 334,846	$ -	$ 74,700	$ 260,146	$ 78,404

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

Year Ended June 30,	Principal	Interest	Total
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	$ 260,146	$ 21,002	$ 281,148

Total lease expense for the year ended June 30, 2023 was $89,294.

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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, 2022. 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 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: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (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, 2023: 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 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**20.38%**

**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 $4,065,063 for the year ended June 30, 2023.

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 a $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 proportionate amount of annual payroll

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

General Information about the Pension Plan (Continued)

of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Network's proportion of the net pension liability was based on the Network's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the Network reported a liability of $42,232,091 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:

Network's proportionate share of the net pension liability	$42,232,091
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Network	12,306,856
Total	$54,538,947

At December 31, 2022, the Network's proportion was 0.2319%, which was a decrease of 0.025% from its proportion measured as of December 31, 2021.

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, 2023, the Network recognized pension expense of $10,515,839 and revenue of $1,049,457 for support from the State as a nonemployer contributing entity. At June 30, 2023 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	$399,681	$-
Changes of assumptions or other inputs	748,068	-
Net difference between projected and actual earnings on pension plan investments	5,673,326	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,522,344	3,708,488
Contributions subsequent to the measurement date	1,887,879	N/A
Total	$10,231,298	$3,708,488

$1,887,879 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, 2024. 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,	
2024	$100,019
2025	(461,716)
2026	1,696,706
2027	3,299,922

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)

Actuarial assumptions. The TPL in the December 31, 2021, 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 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:

- **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.

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)

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, 2021, 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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 SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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)

- 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.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

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

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

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

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.

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)

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	$55,267,283	$42,232,091	$31,346,375

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 POST EMPLOYMENT 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 POST EMPLOYMENT 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 POST EMPLOYMENT 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: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (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 $203,452 for the year ended June 30, 2023.

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

At June 30, 2023, the Network reported a liability of $1,432,372 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Network's proportion of the net OPEB liability was based on the Network's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Network's proportion was 0.175%, which an increase of 0.008% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Network recognized OPEB expense of $240,897. At June 30, 2023, the Network reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$186	$346,396
Changes of assumptions or other inputs	23,022	-
Net difference between projected and actual earnings on OPEB plan investments	87,487	158,090
Changes in proportion and differences between contributions recognized and proportionate share of contributions	494,376	-
Contributions subsequent to the measurement date	94,486	N/A
Total	$699,557	$504,486

$94,486 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,	
2024	$88,431
2025	14,609
2026	(5,117)
2027	26,753
2028	(19,080)
Thereafter	(5,011)

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

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

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	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	6.50% in 2022, gradually decreasing to 4.50% in 2030			
Medicare Part A premiums	3.75% in 2022, 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 POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

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

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 (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.

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

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

Health care cost trend rates 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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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 on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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.

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.

NOTE 9: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

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

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

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

Disabled mortality assumptions for members 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 HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

  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.

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

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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:

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
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[1]	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$1,391,830	$1,432,372	$1,476,486

[1]For the January 1, 2023, plan year.

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:

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, 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 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:

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$1,660,544	$1,432,372	$1,237,212

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

NOTE 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, 2023, 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, 2023, the emergency reserve of $2,016,370 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, 2023, the net position of the governmental activities is in a deficit position in the amount of $42,198,266 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, 2023, the net position of the Internal Service Fund is in a deficit position in the amount of $19,529,910. 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: ***CHANGE IN ACCOUNTING PRINCIPLES***

For the year ended June 30, 2023, the Network implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the Network has evaluated its existing agreements and has determined that no changes to the Network’s financial statements are deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 42,758,515	$ 41,798,442	$ 41,868,363	$ 69,921	$ 36,741,124
Mill Levy Override	6,471,031	8,509,949	3,912,367	(4,597,582)	1,940,925
Charges for Services	2,734,062	2,705,008	2,929,509	224,501	2,354,930
CEC Network Charges	-	-	-	-	-
Contributions	154,966	234,553	234,412	(141)	45,073
Rental Income	2,789,396	3,531,090	2,858,420	(672,670)	2,075,139
Interest Income	-	-	690,209	690,209	269,044
Other	1,131,328	644,900	939,392	294,492	849,937
State Sources					
Capital Construction	1,097,845	1,295,102	1,416,820	121,718	1,156,232
PERA-On Behalf Contribution	-	-	1,049,456	1,049,456	819,280
Grants and Donations	1,474,633	2,248,436	1,373,710	(874,726)	1,635,437
Federal Sources					
Grants and Donations	1,925,869	3,024,703	2,663,166	(361,537)	3,341,151
TOTAL REVENUES	60,537,645	63,992,183	59,935,824	(4,056,359)	51,228,272
EXPENDITURES					
Current					
Salaries	20,212,674	20,434,114	20,345,174	88,940	17,738,004
Employee Benefits	6,427,019	6,464,057	7,032,161	(568,104)	5,803,347
Purchased Services	28,719,566	30,275,750	25,687,242	4,588,508	21,471,653
Supplies and Materials	3,107,664	2,777,491	2,900,464	(122,973)	2,897,233
Property	482,729	1,425,462	798,414	627,048	1,168,328
Other	1,072,485	1,773,940	437,911	1,336,029	87,720
Debt Service					
Principal	-	-	155,762	(155,762)	136,467
Interest	-	-	22,014	(22,014)	24,345
TOTAL EXPENDITURES	60,022,137	63,150,814	57,379,142	5,771,672	49,327,097
			-		-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	515,508	841,369	2,556,682	1,715,313	1,901,175
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	355,116
Lease Buyout Gain	-	-	227,129	227,129	-
Transfers Out	-	-	-	-	(1,154,145)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	227,129	227,129	(799,029)
NET CHANGE IN FUND BALANCE	515,508	841,369	2,783,811	1,942,442	1,102,146
FUND BALANCE, Beginning	10,512,206	10,452,510	10,446,315	(6,195)	9,344,169
FUND BALANCE, Ending	$ 11,027,714	$ 11,293,879	$ 13,230,126	$ 1,936,247	$ 10,446,315

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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.232%	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)	$ 42,232,091	$ 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)	12,306,856	3,427,242	-	4,502,413	4,050,348	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	54,538,947	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	$ 17,347,040	$ 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	243.5%	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	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

See the accompanying independent auditor's report

COLORADO EARLY COLLEGES

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 4,065,063	$ 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	4,065,063	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	$ 19,946,289	$ 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	20.38%	20.14%	19.88%	19.53%	19.14%	18.90%	18.52%	18.77%	17.91%	17.01%

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,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.17543%	0.16766%	0.15744%	0.14938%	0.13505%	0.09310%	0.06720%
Proportionate Share of the Net OPEB Liability (Asset)	$ 1,432,372	$ 1,445,704	$ 1,496,024	$ 1,682,911	$ 1,844,960	$ 1,208,952	$ 873,622
Covered payroll	$17,347,040	$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	8.26%	9.01%	10.28%	11.86%	20.05%	17.08%	16.42%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.6%	39.4%	32.78%	24.49%	17.03%	17.53%	16.70%

NOTE: Information for the prior three 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,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	$ 203,452	$ 174,802	$ 151,261	$ 146,926	$ 107,590	$ 85,014	$ 59,370
Contributions in Relation to the Contractually Required Contributions	203,452	174,802	151,261	146,926	107,590	85,014	59,370
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$19,946,289	$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%	1.02%

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

SUPPLEMENTARY INFORMATION

COLORADO EARLY COLLEGES

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	NETWORK OFFICE	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY	CEC-FORT COLLINS
ASSETS					
Cash and Investments	$ 3,395,540	$ 1,500,152	$ 825,691	$ 1,913,360	$ 3,346,205
Accounts Receivable	122,110	567,624	334,704	1,014,973	443,018
Due from Other Funds	36,764	-	94,083	137,930	271,395
Lease Receivables	4,236,181	-	-	-	-
Prepaid Expenditures	262,126	-	-	1,176	-
TOTAL ASSETS	$ 8,052,721	$ 2,067,776	$ 1,254,478	$ 3,067,439	$ 4,060,618
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	165,287	268,296	70,282	190,345	213,687
Accrued Salaries	11,786	135,163	73,500	164,527	261,795
Due To Other Funds	6	-	103,088	143,488	292,434
TOTAL LIABILITIES	177,079	403,459	246,870	498,360	767,916
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	4,236,181	172,249	-	-	-
FUND BALANCES					
Nonspendable	262,126	-	-	1,176	-
Restricted for Emergencies	125,700	300,315	228,900	527,305	416,295
Assigned	1,116,815	981,609	778,708	2,040,598	2,716,925
Unassigned	2,134,820	210,144	-	-	159,482
TOTAL FUND BALANCES	3,639,461	1,492,068	1,007,608	2,569,079	3,292,702
TOTAL LIABILITIES AND FUND BALANCES	$ 8,052,721	$ 2,067,776	$ 1,254,478	$ 3,067,439	$ 4,060,618

See the accompanying independent auditor's report.

CEC WINDSOR	CEC-ONLINE CAMPUS	ELIMINATIONS	TOTAL
$ 893,605	$ 281,745	$ -	$ 12,156,298
266,023	47,990	-	2,796,442
35,255	-	(575,427)	-
-	-	-	4,236,181
-	-	-	263,302
$ 1,194,883	$ 329,735	$ (575,427)	$ 19,452,223
98,569	34,529	-	1,040,995
87,176	38,725	-	772,672
36,411	-	(575,427)	-
222,156	73,254	(575,427)	1,813,667
-	-	-	4,408,430
-	-	-	263,302
350,347	67,508	-	2,016,370
622,380	188,973	-	8,446,008
-	-	-	2,504,446
972,727	256,481	-	13,230,126
$ 1,194,883	$ 329,735	$ (575,427)	$ 19,452,223

COLORADO EARLY COLLEGES

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	NETWORK OFFICE	CSEC SCHOOL	CEC AURORA	CEC-DOUGLAS COUNTY	CEC-FORT COLLINS
REVENUES					
Local Sources					
Per Pupil Revenue	$ -	$ 5,779,044	$ 4,704,156	$ 10,499,080	$ 9,468,896
Mill Levy Override	3,699,781	548,541	409,200	984,712	897,335
Charges for Services	-	538,848	51,834	1,885,993	443,200
CEC Network Charges	6,190,246	974,069	1,294,809	2,580,207	1,767,758
Contributions	114,175	100,000	-	4,750	14,934
Rental Income	2,858,420	-	-	-	-
Interest Income	690,209	-	-	-	-
Other	709,694	7,880	14,866	167,338	17,838
State Sources					
Capital Construction	-	224,511	161,210	354,160	427,682
PERA-On Behalf Contribution	-	296,838	99,581	233,040	280,462
Grants and Donations	-	374,121	300,905	268,583	350,513
Federal Sources					
Grants and Donations	-	479,474	457,324	972,550	454,953
TOTAL REVENUES	14,262,525	9,323,326	7,493,885	17,950,413	14,123,571
EXPENDITURES					
Current					
Salaries	2,689,296	3,104,745	1,924,510	4,649,181	5,137,161
Employee Benefits	753,760	1,231,818	663,408	1,571,294	1,834,787
Purchased Services	8,251,083	4,144,101	4,439,856	10,113,225	6,044,660
Supplies and Materials	394,388	392,411	351,952	938,109	732,754
Property	32,983	367,192	48,259	364,675	115,325
Other	409,203	65,453	54,794	95,743	98,528
Debt Service					
Principal	81,062	10,115	7,130	25,211	32,244
Interest	7,420	2,185	1,401	4,636	6,372
TOTAL EXPENDITURES	12,619,195	9,318,020	7,491,310	17,762,074	14,001,831
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,643,330	5,306	2,575	188,339	121,740
OTHER FINANCING SOURCES					
Lease Buyout Gain	227,129	-	-	-	-
TOTAL OTHER FINANCING SOURCES	227,129	-	-	-	-
NET CHANGE IN FUND BALANCE	1,870,459	5,306	2,575	188,339	121,740
FUND BALANCE, Beginning	1,769,002	1,486,762	1,005,033	2,380,740	3,170,962
FUND BALANCE, Ending	$ 3,639,461	$ 1,492,068	$ 1,007,608	$ 2,569,079	$ 3,292,702

See the accompanying independent auditor's report.

CEC WINDSOR	CEC-ONLINE CAMPUS	ELIMINATIONS	TOTAL
$ 9,271,987	$ 2,145,200	$ -	$ 41,868,363
863,077	209,502	(3,699,781)	3,912,367
9,634	-	-	2,929,509
-	-	(12,807,089)	-
453	100	-	234,412
-	-	-	2,858,420
-	-	-	690,209
21,776	-	-	939,392
249,257	-	-	1,416,820
85,459	54,076	-	1,049,456
63,775	15,813	-	1,373,710
272,572	26,293	-	2,663,166
10,837,990	2,450,984	(16,506,870)	59,935,824
1,888,401	951,880	-	20,345,174
633,932	343,162	-	7,032,161
7,462,260	722,038	(15,489,981)	25,687,242
286,714	134,518	(330,382)	2,900,464
192,004	-	(322,024)	798,414
35,768	42,905	(364,483)	437,911
			-
-	-	-	155,762
-	-	-	22,014
10,499,079	2,194,503	(16,506,870)	57,379,142
338,911	256,481	-	2,556,682
-	-	-	227,129
-	-	-	227,129
338,911	256,481	-	2,783,811
633,816	-	-	10,446,315
$ 972,727	$ 256,481	$ -	$ 13,230,126

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
NETWORK OFFICE
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Mill Levy Override	$3,059,722	$4,142,495	$3,699,781	$ (442,714)	$1,940,926
CEC Network Charges	6,427,380	5,951,300	6,190,246	238,946	5,314,178
Contributions	150,000	114,175	114,175	-	16,025
Rental Income	2,789,396	3,531,090	2,858,420	(672,670)	2,075,139
Interest Income	9,125	381,821	690,209	308,388	269,044
Other	12,118	321,634	709,694	388,060	653,381
TOTAL REVENUES	12,447,741	14,442,515	14,262,525	(179,990)	10,268,693
EXPENDITURES					
Current					
Salaries	2,790,667	2,720,905	2,689,296	31,609	2,473,947
Employee Benefits	772,690	771,131	753,760	17,371	668,526
Purchased Services	7,636,824	8,962,685	8,251,083	711,602	5,542,185
Supplies and Materials	385,658	386,454	394,388	(7,934)	363,959
Property	-	100	32,983	(32,883)	118,536
Other	341,860	358,725	409,203	(50,478)	7,092
Debt Service					
Principal	-	-	81,062	(81,062)	77,000
Interest	-	-	7,420	(7,420)	11,482
TOTAL EXPENDITURES	11,927,699	13,200,000	12,619,195	580,805	9,262,727
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	520,042	1,242,515	1,643,330	400,815	1,005,966
OTHER FINANCING SOURCES (USES)					
Lease Buyout Gain	-	-	227,129	227,129	-
Transfers In	-	-	-	-	322,912
Transfers Out	-	-	-	-	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	227,129	227,129	(177,088)
NET CHANGE IN FUND BALANCE	520,042	1,242,515	1,870,459	627,944	828,878
FUND BALANCE, Beginning	1,774,094	1,774,094	1,769,002	(5,092)	940,124
FUND BALANCE, Ending	$2,294,136	$3,016,609	$3,639,461	$ 622,852	$1,769,002

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CSEC SCHOOL
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$5,812,399	$ 5,853,130	$5,779,044	$ (74,086)	$5,338,265
Mill Levy Override	453,760	545,457	548,541	3,084	285,062
Charges for Services	522,593	528,297	538,848	10,551	578,830
CEC Network Charges	1,017,883	628,524	974,069	345,545	1,202,330
Contributions	784	101,750	100,000	(1,750)	23,965
Other	1,194	6,994	7,880	886	1,737
State Sources					
Capital Construction	190,107	226,447	224,511	(1,936)	160,774
PERA-On Behalf Contribution	96,201	96,201	296,838	200,637	219,316
Grants and Donations	471,203	1,319,896	374,121	(945,775)	413,108
Federal Sources					
Grants and Donations	436,472	498,969	479,474	(19,495)	524,104
TOTAL REVENUES	9,002,596	9,805,665	9,323,326	(482,339)	8,747,491
EXPENDITURES					
Current					
Salaries	3,077,222	3,133,093	3,104,745	28,348	2,476,382
Employee Benefits	1,053,171	1,077,942	1,231,818	(153,876)	913,935
Purchased Services	4,511,654	4,161,523	4,144,101	17,422	4,066,601
Supplies and Materials	434,111	446,210	392,411	53,799	455,898
Property	10,734	913,495	367,192	546,303	264,413
Other	116,066	278,241	65,453	212,788	64,287
Debt Service					
Principal Lease	-	-	10,115	(10,115)	5,097
Interest Lease	-	-	2,185	(2,185)	1,053
TOTAL EXPENDITURES	9,202,958	10,010,504	9,318,020	692,484	8,247,666
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(200,362)	(204,839)	5,306	210,145	499,825
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	54,734
NET CHANGE IN FUND BALANCE	(200,362)	(204,839)	5,306	210,145	554,559
FUND BALANCE, Beginning	932,402	1,486,763	1,486,762	(1)	932,203
FUND BALANCE, Ending	$ 732,040	$ 1,281,924	$1,492,068	$ 210,144	$1,486,762

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC AURORA
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$4,552,590	$4,552,590	$4,704,156	$ 151,566	$4,131,976
Mill Levy Override	329,706	409,200	409,200	-	204,689
Charges for Services	466,934	200,853	51,834	(149,019)	49,101
CEC Network Charges	1,722,392	1,791,438	1,294,809	(496,629)	296,527
Other	-	-	14,866	14,866	34,792
State Sources					
Capital Construction	136,506	162,600	161,210	(1,390)	124,302
PERA-On Behalf Contribution	51,175	51,175	99,581	48,406	84,963
Grants and Donations	273,253	295,328	300,905	5,577	395,557
Federal Sources					
Grants and Donations	284,219	519,365	457,324	(62,041)	414,355
TOTAL REVENUES	7,816,775	7,982,549	7,493,885	(488,664)	5,736,262
EXPENDITURES					
Current					
Salaries	1,962,623	1,842,145	1,924,510	(82,365)	1,779,841
Employee Benefits	637,158	601,937	663,408	(61,471)	602,414
Purchased Services	4,762,518	4,648,046	4,439,856	208,190	2,665,900
Supplies and Materials	342,530	407,270	351,952	55,318	306,824
Property	20,793	49,624	48,259	1,365	99,737
Other	91,053	73,707	54,794	18,913	47,745
Debt Service					
Principal Lease	-	7,271	7,130	141	6,121
Interest Lease	-	-	1,401	(1,401)	1,273
TOTAL EXPENDITURES	7,816,675	7,630,000	7,491,310	138,690	5,509,855
				-	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	352,549	2,575	(349,974)	226,407
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	-	-	38,246
NET CHANGE IN FUND BALANCE	100	352,549	2,575	(349,974)	264,653
FUND BALANCE, Beginning	809,590	1,005,032	1,005,033	1	740,380
FUND BALANCE, Ending	$ 809,690	$1,357,581	$1,007,608	$ (349,973)	$1,005,033

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC DOUGLAS COUNTY
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$11,106,824	$10,497,873	$10,499,080	$ 1,207	$ 8,516,176
Mill Levy Override	815,007	984,712	984,712	-	449,678
Charges for Services	1,504,717	1,766,125	1,885,993	119,868	1,387,769
CEC Network Charges	2,047,048	2,912,491	2,580,207	(332,284)	1,701,541
Contributions	1,034	935	4,750	3,815	1,252
Other	622,814	30,665	167,338	136,673	146,097
State Sources					-
Capital Construction	288,350	357,213	354,160	(3,053)	246,817
PERA-On Behalf Contribution	-	71,325	233,040	161,715	179,337
Grants and Donations	286,772	219,792	268,583	48,791	228,043
Federal Sources					
Grants and Donations	904,376	1,319,062	972,550	(346,512)	913,992
TOTAL REVENUES	17,576,942	18,160,193	17,950,413	(209,780)	13,770,702
EXPENDITURES					
Current					
Salaries	4,571,091	4,861,475	4,649,181	212,294	4,013,196
Employee Benefits	1,400,931	1,475,551	1,571,294	(95,743)	1,273,904
Purchased Services	10,017,496	10,325,915	10,113,225	212,690	7,506,286
Supplies and Materials	1,089,081	643,755	938,109	(294,354)	843,327
Property	396,043	254,336	364,675	(110,339)	526,228
Other	102,201	599,063	95,743	503,320	89,453
Debt Service					
Principal Lease	-	-	25,211	(25,211)	4,919
Interest Lease	-	-	4,636	(4,636)	22,445
TOTAL EXPENDITURES	17,576,843	18,160,095	17,762,074	398,021	14,279,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	99	98	188,339	188,241	(509,056)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	90,298
NET CHANGE IN FUND BALANCE	99	98	188,339	188,241	(418,758)
FUND BALANCE, Beginning	2,876,696	2,380,741	2,380,740	(1)	2,799,498
FUND BALANCE, Ending	$ 2,876,795	$ 2,380,839	$ 2,569,079	$ 188,240	$ 2,380,740

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC FORT COLLINS
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$10,898,247	$ 9,477,970	$ 9,468,896	$ (9,074)	$10,169,139
Mill Levy Override	850,800	897,335	897,335	-	543,029
Charges for Services	184,398	200,814	443,200	242,386	323,869
CEC Network Charges	572,994	1,688,932	1,767,758	78,826	259,480
Contributions	2,998	17,533	14,934	(2,599)	2,998
Other	382,661	279,589	17,838	(261,751)	1,026
State Sources					
Capital Construction	362,144	427,682	427,682	-	379,010
PERA-On Behalf Contribution	128,263	128,263	280,462	152,199	243,209
Grants and Donations	317,752	371,301	350,513	(20,788)	437,681
Federal Sources					
Grants and Donations	178,707	348,222	454,953	106,731	1,202,685
TOTAL REVENUES	13,878,964	13,837,641	14,123,571	285,930	13,562,126
EXPENDITURES					
Current					
Salaries	4,974,352	4,927,802	5,137,161	(209,359)	4,835,582
Employee Benefits	1,703,073	1,630,545	1,834,787	(204,242)	1,638,877
Purchased Services	6,656,603	6,533,852	6,044,660	489,192	5,516,120
Supplies and Materials	527,718	552,134	732,754	(180,620)	856,581
Property	46,944	99,726	115,325	(15,599)	414,540
Other	217,784	132,426	98,528	33,898	152,194
Debt Service					
Principal Lease	-	-	32,244	(32,244)	23,308
Interest Lease	-	-	6,372	(6,372)	5,082
TOTAL EXPENDITURES	14,126,474	13,876,485	14,001,831	(125,346)	13,442,284
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(247,510)	(38,844)	121,740	160,584	119,842
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	151,600
NET CHANGE IN FUND BALANCE	(247,510)	(38,844)	121,740	160,584	271,442
FUND BALANCE, Beginning	2,899,721	3,172,064	3,170,962	(1,102)	2,899,520
FUND BALANCE, Ending	$ 2,652,211	$ 3,133,220	$ 3,292,702	$ 159,482	$ 3,170,962

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC WINDSOR
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$7,782,781	$9,271,679	$9,271,987	$ 308	$6,027,294
Mill Levy Override	610,449	1,313,990	863,077	(450,913)	321,856
Charges for Services	55,420	8,919	9,634	715	14,956
CEC Network Charges	611,612	674,811	-	(674,811)	687,593
Contributions	150	160	453	293	240
Other	112,541	884	21,776	20,892	30
State Sources					
Capital Construction	214,644	251,406	249,257	(2,149)	179,680
PERA-On Behalf Contribution	27,874	27,874	85,459	57,585	60,134
Grants and Donations	125,653	26,654	63,775	37,121	115,627
Federal Sources					
Grants and Donations	97,263	317,926	272,572	(45,354)	165,308
TOTAL REVENUES	9,638,387	11,894,303	10,837,990	(1,056,313)	7,572,718
EXPENDITURES					
Current					
Salaries	1,815,569	1,991,970	1,888,401	103,569	1,377,487
Employee Benefits	515,375	608,519	633,932	(25,413)	446,364
Purchased Services	6,479,112	8,392,688	7,462,260	930,428	4,923,087
Supplies and Materials	242,573	305,539	286,714	18,825	235,487
Property	8,215	108,181	192,004	(83,823)	25,701
Other	54,417	271,336	35,768	235,568	35,703
TOTAL EXPENDITURES	9,115,261	11,678,233	10,499,079	1,179,154	7,043,829
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	523,126	216,070	338,911	122,841	528,889
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	-	-	(654,145)
NET CHANGE IN FUND BALANCE	523,126	216,070	338,911	122,841	(125,256)
FUND BALANCE, Beginning	1,219,703	633,816	633,816	-	759,072
FUND BALANCE, Ending	$1,742,829	$ 849,886	$ 972,727	$ 122,841	$ 633,816

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

BUDGETARY COMPARISON SCHEDULE
CEC ONLINE CAMPUS
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 2,605,674	$ 2,145,200	$ 2,145,200	$ -
Mill Levy Override	351,587	216,760	209,502	(7,258)
Contributions	-	-	100	100
Other	-	5,134	-	(5,134)
State Sources				
PERA-On Behalf Contribution	-	-	54,076	54,076
Grants and Donations	-	15,465	15,813	348
Federal Sources				
Grants and Donations	24,832	21,159	26,293	5,134
TOTAL REVENUES	2,982,093	2,403,718	2,450,984	47,266
EXPENDITURES				
Current				
Salaries	1,021,150	956,724	951,880	4,844
Employee Benefits	344,621	298,432	343,162	(44,730)
Purchased Services	1,054,668	898,537	722,038	176,499
Supplies and Materials	85,993	36,129	134,518	(98,389)
Other	149,104	60,442	42,905	17,537
TOTAL EXPENDITURES	2,655,536	2,250,264	2,194,503	55,761
NET CHANGE IN FUND BALANCE	326,557	153,454	256,481	103,027
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ 326,557	$ 153,454	$ 256,481	$ 103,027

COLORADO EARLY COLLEGES

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

	CSEC SCHOOL	CEC AURORA	TOTAL
ASSETS			
Restricted Cash and Investments	$ 3,767,920	$ 7,635,383	$ 11,403,303
Total Current Assets	3,767,920	7,635,383	11,403,303
Noncurrent Assets			
Capital Assets, Not Being Depreciated	2,095,867	-	2,095,867
Capital Assets, Net of Accumulated Depreciation	35,413,542	67,738,278	103,151,820
Total Noncurrent Assets	37,509,409	67,738,278	105,247,687
TOTAL ASSETS	41,277,329	75,373,661	116,650,990
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Bond Refunding	1,982,082	2,416,452	4,398,534
LIABILITIES			
Current Liabilities			
Accounts Payable	451,287	-	451,287
Accrued Interest Payable	1,237,172	2,240,975	3,478,147
Bonds Payable, Current Portion	420,000	670,000	1,090,000
Total Current Liabilities	2,108,459	2,910,975	5,019,434
Noncurrent Liabilities			
Bonds Payable	48,160,000	87,400,000	135,560,000
Total Noncurrent Liabilities	48,160,000	87,400,000	135,560,000
TOTAL LIABILITIES	50,268,459	90,310,975	140,579,434
NET POSITION			
Net Investment in Capital Assets	(10,325,681)	(20,156,245)	(30,481,926)
Unrestricted	3,316,633	7,635,383	10,952,016
TOTAL NET POSITION	$ (7,009,048)	$ (12,520,862)	$ (19,529,910)

See the accompanying independent auditor's report.

COLORADO EARLY COLLEGES

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2023

	CSEC SCHOOL	CEC AURORA	TOTAL
REVENUES			
Rental Income	$ 2,900,469	$ 5,151,950	$ 8,052,419
Other	7,254	-	7,254
TOTAL OPERATING REVENUES	2,907,723	5,151,950	8,059,673
OPERATING EXPENSES			
Purchased Services	222,596	192,433	415,029
Property	-	231,897	231,897
Depreciation	1,690,935	3,121,031	4,811,966
TOTAL OPERATING EXPENSES	1,913,531	3,545,361	5,458,892
NET OPERATING INCOME	994,192	1,606,589	2,600,781
NON-OPERATING REVENUES (EXPENSES)			
Earnings on Investments	181,845	130,575	312,420
Interest Expense	(2,763,624)	(4,827,158)	(7,590,782)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,581,779)	(4,696,583)	(7,278,362)
CHANGE IN NET POSITION	(1,587,587)	(3,089,994)	(4,677,581)
NET POSITION, Beginning	(5,421,461)	(9,430,868)	(14,852,329)
NET POSITION, Ending	$ (7,009,048)	$ (12,520,862)	$ (19,529,910)

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
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 (the "Network") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated October 15, 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
October 15, 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
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Colorado Early Colleges (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, 2023. 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, 2023.

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
October 15, 2023

COLORADO EARLY COLLEGES
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2023

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					
National School Lunch Program		(1)	10.553	4555	172,986
National School Breakfast Program		(1)	10.555	4553	13,953
Local Food For Schools Cooperative			10.185	4185	5,615
Supply Chain Assistance		(1)	10.555	6555	69,532
Total U.S. Department of Agriculture					262,086
U. S. Department of Education					
Passed-Through the Colorado Department of Education					
Title I Grants to Local Educational Agencies			84.010	4010	84,560
Title I Grants to Local Educational Agencies			84.010	9202	9,959
Title I Grants to Local Educational Agencies			84.010	9211	1,339
Special Education Grants to States		(2)	84.027	4027	299,780
Special Education Grants to States	COVID-19	(2)	84.027	6027	72,336
English Language Acquisition Grants			84.365	4365	7,277
English Language Acquisition Grants			84.365A	7365	17,035
Teacher Quality Partnership Grants			84.367	4367	34,144
Education Stabilization Fund	COVID-19		84.425U	4414	479,742
Education Stabilization Fund	COVID-19		84.425U	9414	324,760
Education Stabilization Fund	COVID-19		84.425U	4438	46,781
Education Stabilization Fund	COVID-19		84.425U	4449	19,615
Every Student Succeeds Act (ESSA), Public Charter School Grant			84.282	5282	896,054
Passed-Through the Colorado Community College System					
Strengthening Career and Technical Education for the 21st Centrury Act (Carl Perkins V)			84.048	4048	107,698
Total U.S. Department of Education					2,401,080
Total Expenditures of Federal Awards					**$ 2,663,166**

(1) Part of the Child Nutrition Cluster, total Cluster expenditures $ 256,471
(2) Special Education Cluster (IDEA), total Cluster expenditures 372,116

COLORADO EARLY COLLEGES
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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, 2023 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

Schedule of Findings and Questioned Costs
For the year ended June 30, 2023

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	84.425U
Every Student Succeeds Act	84.282

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, 2023

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.