

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Denver, Colorado**

**FINANCIAL AND COMPLIANCE AUDITS
Fiscal Years Ended June 30, 2023 and 2022**



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Members of the Legislative Audit Committee:

We have completed the financial statement and compliance audits of the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado (College Assist), as of and for the years ended June 30, 2023 and 2022. Our audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
December 7, 2023

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**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022**

Purposes and Scope of Audit

The Office of the State Auditor engaged CliftonLarsonAllen LLP (CLA) to conduct a financial and compliance audit of the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado (College Assist) for the years ended June 30, 2023 and 2022. CLA performed the 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.

The purpose of the audit was to:

- Express opinions on the financial statements of College Assist as of and for the years ended June 30, 2023 and 2022, including consideration of internal control over financial reporting as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
- Evaluate compliance with certain provisions of laws, regulations, contracts and grants governing the expenditure of federal and state funds for the year ended June 30, 2023.
- Issue a report on College Assist's compliance with certain provisions of laws, regulations, contracts and grants on internal control over financial reporting based on our audit of the financial statements performed in accordance with *Government Auditing Standards*.

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

Audit Opinions and Reports

The independent auditors' report, included herein, expressed unmodified opinions on College Assist's financial statements and remaining fund information as of and for the years ended June 30, 2023 and 2022.

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

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

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022**

Summary of Audit Recommendations

There are no current or prior year findings and recommendations reported for the year ended June 30, 2023 and 2022.

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022**

Background on College Assist

Colorado Student Loan Program dba College Assist was created by an act of the Colorado Legislature that was effective on July 1, 1979. College Assist is a self-supporting enterprise of the State of Colorado and does not receive any State appropriations to fund operations.

Federal Family Education Loan Program

The purpose of College Assist is to support student loan borrowers and lenders by administering the Federal Family Education Loan program (FFEL) for the U.S. Department of Education (DOE) in accordance with Federal regulations established pursuant to *Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329) as amended, (20 U.S.C. 1071 et seq)* (the Act or HEA). Effective July 1, 2010, the FFEL program was terminated as a result of enactment of the Health Care and Education Reconciliation Act of 2010. No new loans can be originated or guaranteed under this program; however, College Assist continues to guarantee and service its existing loan portfolio.

College Assist entered into a ten-year third party service agreement with Educational Credit Management Corporations (ECMC) to provide operational support services related to guaranty agency operations effective November 1, 2015. Services performed by the third-party servicer include maintenance of the guaranty computer system, data exchange, default prevention activities and other agreed upon services on behalf of College Assist. As part of this agreement, ECMC and College Assist share operational revenue receipts at 55% and 45%, respectively. The service agreement was amended on November 15, 2022 to include a service fee from January 1, 2023 – December 31, 2023 to be paid to ECMC. The service fee is the greater of 55% of operational revenue or an amount of \$850 thousand monthly.

Lenders conducting business with College Assist are required to complete Lender Participation Agreements, agreeing to comply with the requirements of the HEA. Under the Lender Participation Agreements, College Assist insures the lender against financial loss from default, disability, death, or bankruptcy. The Federal government serves as the reinsurer. If College Assist must reimburse a lender for an uncollectible loan, it files a claim for reimbursement with the DOE pursuant to U.S. Code §428(c)(1) and §682.404(a). Default claims paid by College Assist are reimbursed by the DOE at 100%.

Since the inception of College Assist in 1979, approximately \$21.5 billion of net loans have been guaranteed. The total net outstanding loan portfolio on June 30, 2023 is \$3.2 billion. The existing FFEL program loans consist of Stafford (Subsidized and Unsubsidized), Parent Loans for Undergraduate Students (PLUS), Federal Supplemental Loans (SLS), and Consolidation Loans.

College Opportunity Fund (Fiduciary Fund)

The College Opportunity Fund (COF) is a private purpose trust fund, established by Colorado State Statute. As allowed under its contract with the DOE, College Assist funds the Colorado Opportunity Fund administrative operations. The College Opportunity Fund's activities are accounted for in a fiduciary fund that resides with the State. On an annual basis, the Colorado General Assembly appropriates funds to the Department of Higher Education (DHE) for purposes of supporting the stipend payments of the College Opportunity Fund.

Background

The College Opportunity Fund was established in fall 2005 to increase the number of Coloradans pursuing education beyond high school. The fundamental belief is that a postsecondary education experience for Coloradans is essential for the State to compete in the global economy and to develop leaders and active participants in State and local affairs. This funding system should encourage access and student enrollment for undergraduate students while maintaining distinctive missions of universities and colleges and encouraging geographical access throughout Colorado. It is intended to fundamentally change the process by which the State finances postsecondary education from funding institutions to funding individuals in the form of a stipend. While the intent is to change the process of funding for postsecondary education, funding for postsecondary education is not an entitlement. During periods of revenue shortfalls, the General Assembly may use a variety of mechanisms to balance the State's budget, including reducing appropriations to institutions of higher education, decreasing the value of the stipend, or placing a limit on the number of stipends funded under this act based upon the overall budgetary needs of the State.

Each eligible student receives 145 lifetime credit hours that may be applied toward the cost of total in-state tuition for undergraduate degree programming. Student eligibility is defined under Colorado Revised Statute (C.R.S.) Section 23-18-102.5(a). Undergraduate students enrolled at state colleges are eligible if they are classified as in-state students for tuition purposes. Undergraduate students enrolled at participating private colleges or universities *may* be eligible if the college or university is approved for participation in the College Opportunity Fund by DHE and the student is classified as an in-state student for tuition purposes, is a graduate of a Colorado high school or has successfully completed a non-public home-based educational program in Colorado as defined under Section 22-33-104.5, C.R.S., is financially eligible by demonstrating financial need through the student's eligibility for the federal Pell grant, is not pursuing a professional degree in theology; and meets any other eligibility requirements established by DHE.

There are no caps on the number of credit hours that a student may take in any given academic year. Students who are unable to complete a baccalaureate degree within 145 credit hours may apply for a one-time waiver of their lifetime credit hour allocation. Those students who exhaust their lifetime credit hour cap and are not provided a waiver will be required to pay the full cost of in-state tuition for the completion of their degree.

Students who receive a baccalaureate degree following July 1, 2005 will be provided an additional 30 credit hours that can be applied toward continuing education conducted at the undergraduate level. Any undergraduate course that is cash or fee-for-service-funded is ineligible to receive stipend reimbursement.

Stipend

COF funding is not considered financial aid and the stipend is not classified as student financial aid. COF is a way of delivering funding to institutions as stated in the statute. The stipend is not included in calculating a student's cost of attendance nor is it a resource to the student for financial aid purposes. When the State's budget for higher education is appropriated, funding for financial aid and the stipend are made through separate budget allocations.

Students Attending Private Institutions

A portion of the COF was established to provide Pell-eligible students attending selected private institutions the ability to receive one-half of the stipend per credit hour established each academic year.

Performance Contracts

Under COF, all public and participating private institutions are required to enter into a performance contract with DHE. For public colleges and universities, the intent of the contracts is to eliminate the one-size-fits-all practice of quality control while enforcing a system of program accountability. Contracts with participating private institutions differ from those signed with the State's public institutions. The quality assurance reporting that is developed with these institutions focuses specifically on the graduation, retention, and success rates of participating Pell-eligible students.

Legislative provisions within the COF established essential goals that are included in each institution's contract. This language states that institutions will continue to focus on improving student access and success, advancing institutional quality and operation, and developing the State's workforce. The contracts aim to strengthen statewide efficiency programs that were designed to help students graduate in a timely manner.

Fee-for-Service Contracts

In addition to the funding that public institutions receive from the student stipends, the institutions also collect State General Fund dollars by entering into a fee-for-service contract with DHE. These contracts allow the State to purchase specified educational services and facilities required for the full development of Colorado's educational and economic opportunities. Institutional programs that receive fee-for-service funding may not collect stipend reimbursement from participating students. The fee-for-service contracts are funded from the State's General Fund separately from COF.

AUDITORS' FINDINGS AND RECOMMENDATIONS

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022**

Current Year Findings and Recommendations

There were no current or prior year findings and recommendations reported for the year ended June 30, 2023 and 2022.



INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee
Colorado Student Loan Program dba College Assist,
Department of Higher Education, State of Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado (College Assist), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of College Assist, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of College Assist, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the fiduciary activities of the State of Colorado that is attributable to the transactions of College Assist. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of College Assist and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise College Assist's basic financial statements. The combining schedules of Net Position – Proprietary Funds, Revenues, Expenses and Changes in Net Position – Proprietary Funds and Cash Flows – Proprietary Funds are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


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

Report on Summarized Comparative Information

We have previously audited College Assist's fiscal year ended June 30, 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and fiduciary activities in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of College Assist’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 College Assist’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 College Assist’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 7, 2023

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022**

The Management’s Discussion and Analysis (MD&A) is required by Governmental Accounting Standards. It was prepared by the Colorado Student Loan Program dba College Assist management and is designed to provide an analysis of College Assist’s financial condition and operating results for the fiscal years ended June 30, 2023, 2022 and 2021. The MD&A also informs the reader of the financial activities related to College Assist. It should be read in conjunction with College Assist’s financial statements.

Basic Financial Statements

The financial report includes the report of independent auditors, management’s discussion and analysis, and the basic financial statements. The financial statements are interrelated and represent the financial status of College Assist.

The Statements of Net Position include the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal years. Over time, increases or decreases in the net position continue to serve as a useful indicator of whether the financial performance of College Assist is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the fiscal years. Revenues and expenses are reported on an accrual basis. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, capital and related financing, and investing activities. Operating activities represent the day-to-day activities of College Assist. Capital and related financing activities represent acquisitions of capital assets. Investing activities represent investment earnings on pooled cash investments.

Financial Overview

College Assist is an enterprise fund of the State of Colorado and is reported as one fund in the financial statements in accordance with generally accepted accounting principles. However, College Assist’s activities are accounted for in two separate funds—the Agency Operating Fund and the Federal Reserve and Drawdown Fund (Federal Reserve Fund).

The Agency Operating Fund is the property of the guaranty agency, except during periods in which the Operating Fund contains funds owed to the Federal Reserve Fund. As of June 30, 2023, 2022 and 2021, the Agency Operating Fund did not contain funds owed to the Federal Reserve Fund. Per the *Higher Education Act of 1965* (HEA), the Agency Operating Fund may be used for guaranty agency related activities, college access initiatives, financial aid awareness, and other student financial aid related activities.

Assets of the Federal Reserve Fund are designated for paying lender claims, transfer of default aversion fees to the Agency Operating Fund, refund of appropriate payments made by or on behalf of a borrower, paying the Department of Education’s (DOE) share of borrower payments, refunding insurance premiums

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

related to loans cancelled or refunded to the lender, returning to the DOE portions of the Federal Reserve Fund required to be returned by the HEA, and for any other purpose authorized by the DOE. The assets of the Federal Reserve Fund are restricted for use as directed by the Federal government.

Lenders conducting business with College Assist are required to complete Lender Participation Agreements, agreeing to comply with requirements of the HEA. Under the Lender Participation Agreements, College Assist insures the lender against financial loss from default, disability, death, or bankruptcy. The Federal government serves as the reinsurer. If College Assist must reimburse a lender for an uncollectible loan, it files a claim for reimbursement with the DOE pursuant to U.S. Code §428(c)(1) and §682.404(a). Default claims paid by College Assist are reimbursed by the DOE at 100%.

College Assist entered into a ten-year third-party service agreement with Educational Credit Management Corporations (ECMC) to provide operational support services related to guaranty agency operations effective November 1, 2015. Services performed by the third-party servicer include maintenance of the guaranty computer system, data exchange, default prevention activities, and other agreed upon services on behalf of College Assist. As part of this agreement ECMC and College Assist, share operational revenue receipts at 55% and 45%, respectively. The service agreement was amended on November 15, 2022 to include a service fee from January 1, 2023 – December 31, 2023. The service fee is the greater of 55% of revenue or an amount of \$850 thousand monthly. As of June 30, 2023, College Assist paid ECMC 55% of operational revenue through June 30, 2023.

In May 2020, College Assist amended the Rehabilitation Loan Purchase agreement with ECMC to sell eligible rehabilitation loans at a variable discount rate. The variable discount rates ranged between 1.6% to 2.8% between July 2020 and December 2020. The Rehabilitation agreement with ECMC was amended in January 2021 when the rate was set to 1.0%. For fiscal years 2023, 2022 and 2021 total rehabilitated loan sales were \$200.3 thousand, \$12.6 million and \$59.4 million, respectively.

In October 2020, College Assist renewed agreements with four outside collection agencies from the prior year to collect on defaulted student loans for a one-year term. Two collection agency agreements were terminated during 2020 and College Assist contracted with another outside collection agency in March 2021. All three agencies were renewed as of November 1, 2022. However, in January 2023 College Assist reduced to one collection agency due to the changes in the FFEL program. For fiscal years 2023, 2022 and 2021, total payments to collection agencies that is included in amounts paid to service providers, were \$275.7 thousand, \$1.7 million and \$3.0 million, respectively. The remaining collection agency receives a percentage of amounts collected on College Assist's behalf as well as a monthly payment of \$25.0 thousand for additional work related to the Fresh Start initiative by the DOE. More information on Fresh Start is covered below.

As a Federal Loan Guaranty Agency, College Assist is required by the DOE to perform College Access Initiatives. The DOE, by law, regulates the use and expenditures of College Assist's operating budget, and therefore approves all College Assist supported college access initiatives.

College Assist entered into a college access initiative partnership with CollegenInvest, Colorado's 529 College Savings Program. We know a child is seven times more likely to attend college if they have a college savings account in their name. We also know that using the simple principle of earning interest versus paying interest, saving for college can cut the cost of college nearly in half compared to using student loans. Because of this, College Assist will be supporting CollegenInvest's Special Programs (College Access Initiatives), such as the Matching Grant Program, CollegenInvest 529 Scholarship and First Step. CollegenInvest offers the Matching Grant and Scholarship programs to lower to middle-income families in Colorado. College Assist funds the College Access Initiatives through a Memorandum of Understanding (MOU), renewed annually, with CollegenInvest. College Access Initiative expenses,

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

including salaries and fringe benefits, are reported in College Assist's Operating Fund.

The College Opportunity Fund (COF) is a Fiduciary Fund and is presented separately from College Assist. COF is a private purpose trust fund, established by Colorado State Statute. As allowed under its contract with the DOE, College Assist funds COF administrative operations. On an annual basis, the Colorado General Assembly appropriates funds to the Colorado Department of Higher Education for purposes of supporting the stipend payments of the COF.

Management Highlights

Despite the termination of the FFEL program, College Assist continues to guarantee and service its existing loan portfolio. The net loan portfolio decreased by 16.3% from \$4.9 billion as of June 30, 2021 to \$4.1 billion as of June 30, 2022 and declined an additional 22.0% to \$3.2 billion as of June 30, 2023. The net outstanding loans are computed by subtracting loan cancellations, loans paid in full, claims paid, loans transferred out to the DOE, and uninsured loans from the gross loan volume. The decrease is mainly due to the Dear Colleague Letter (DCL) requirement that all loans that defaulted during the collection pause be subrogated to the DOE.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed in March of 2020 stopping all collections activity on defaulted direct loans and putting all loans into a forbearance status, which was extended until June 30, 2023. College Assist loans are part of the FFEL program and we were not required to adhere to the CARES Act. However, College Assist chose to voluntarily stop collection efforts on defaulted borrowers.

On May 12, 2021, the U.S. Department of Education issued a Dear Colleague Letter (DCL) announcing an expansion of the pause on federal student loan interest and collections on all defaulted loans in the FFEL Program. College Assist must take the following action on loans in our portfolio that have defaulted since March 13, 2020:

- Interest rates must be set to 0%;
- Payments received through Administrative Wage Garnishment (AWG), the Treasury Offset Program (TOP), and other forms of involuntary collection since March 13, 2020, must be refunded;
- Borrowers who made voluntary payments must be given the option for a refund of those payments;
- All forms of involuntary collection must be suspended;
- All collection attempts (including billings) must cease;
- Borrowers with active rehabilitation agreements must be notified they are not required to make further payments to receive credit toward rehabilitation;
- The guarantors' trade line must be deleted entirely from the borrower's credit report;
- The guarantors must assign these loans to the DOE through a special mandatory assignment process; and
- The guarantors must send financial adjustments and associated money to purchasing lenders (for loan rehabilitations) or the DOE (for loan rehabilitations or consolidations).

College Assist is allowed to reimburse the Agency Operating Fund for lost revenue during the collections pause. This amount is reimbursed by transferring the funds from the Federal Reserve Fund to the Agency Operating Fund on a quarterly basis until the end of the collections pause. The Federal Reserve Fund transferred lost revenue to the Agency Operating Fund for fiscal years 2023, 2022 and 2021 of \$23.5,

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

\$36.8 and \$11.7 million, respectively. College Assist made corresponding payments to ECMC of \$12.9, \$20.2 and \$6.4 million for fiscal years 2023, 2022 and 2021, respectively.

As part of the DCL, College Assist received basis point funding for the Federal Reserve Fund from the DOE in the amounts of \$21.8 million and \$4.3 million in fiscal years 2023 and 2022, respectively.

Condensed Schedule of Net Position

June 30,	2023	2022	2021
ASSETS			
Current assets	\$ 167,917,957	\$ 166,503,510	\$ 169,931,108
Restricted assets	28,806,074	31,794,270	60,877,288
Capital assets, net	2,176,347	2,368,711	831,369
Total Assets	<u>\$ 198,900,378</u>	<u>\$ 200,666,491</u>	<u>\$ 231,639,765</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension outflows	\$ 737,757	\$ 626,786	\$ 691,447
OPEB outflows	28,222	30,702	27,694
Total deferred outflows	<u>\$ 765,979</u>	<u>\$ 657,488</u>	<u>\$ 719,141</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 199,666,357</u>	<u>\$ 201,323,979</u>	<u>\$ 232,358,906</u>
LIABILITIES			
Current liabilities	\$ 3,132,360	\$ 4,130,980	\$ 7,331,726
Liabilities payable from restricted assets	20,237,818	21,742,867	19,167,385
Noncurrent liabilities	5,180,215	4,240,748	3,156,329
Total Liabilities	<u>\$ 28,550,393</u>	<u>\$ 30,114,595</u>	<u>\$ 29,655,440</u>
DEFERRED INFLOWS OF RESOURCES			
Pension inflows	\$ 115,786	\$ 928,658	\$ 600,867
OPEB inflows	27,272	32,188	34,113
Total deferred inflows	<u>\$ 143,058</u>	<u>\$ 960,846</u>	<u>\$ 634,980</u>
NET POSITION			
Net investment in capital assets	\$ 787,176	\$ 756,751	\$ 831,369
Restricted	8,568,256	9,622,274	41,709,903
Unrestricted	161,617,474	159,869,513	159,527,214
Total net position	<u>\$ 170,972,906</u>	<u>\$ 170,248,538</u>	<u>\$ 202,068,486</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 199,666,357</u>	<u>\$ 201,323,979</u>	<u>\$ 232,358,906</u>

Net Position Analysis

Condensed Schedule of Net Position – Fiscal Year 2023

Total assets decreased \$1.8 million or -0.9% as compared to the prior year decrease of \$31.0 million or 13.4%. The decrease in fiscal year 2023 was due to the continuing effects of the CARES Act and the extension of the DCL stopping all collections activity on defaulted loans through June 30, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Total liabilities decreased by approximately \$1.6 million, or -5.2% as compared to the prior year increase of \$459.2 thousand or 1.5% due to the claims accrual fluctuating between years as normal.

Net position of the Agency increased \$724.4 thousand or 0.4% from \$170.2 million to \$171.0 million in fiscal year 2023. Net position increased slightly due to receiving the basis points funding from the DOE. College Assist received \$21.8 million from the DOE for the Federal Reserve Fund to offset losses due to the CARES Act and the extension of the DCL stopping all collections activity on defaulted loans through June 30, 2023.

Condensed Schedule of Net Position – Fiscal Year 2022

Total assets decreased \$31.0 million or -13.4% as compared to the prior year's increase of \$324 thousand or 0.1%. The decrease in fiscal year 2022 was due to the continuing effects of the CARES Act and the extension of the DCL stopping all collections activity on defaulted loans.

Total liabilities increased by approximately \$459.2 thousand, or 1.5% as compared to the prior year increase of \$5.5 million or 23.0% due to recording the lease liability for the right to use assets. All other liabilities fluctuated between years as normal.

Net position of the Agency decreased by 15.8% from \$202.1 million to \$170.2 million in fiscal year 2022. Net position decreased due to the continuing effect of the CARES Act passed in March of 2020 and the extension of the May 2021 DCL pausing all collections activity on defaulted loans.

Condensed Schedule of Revenues

Years Ended June 30,	2023	2022	2021
OPERATING REVENUES			
Federal grants and contracts			
Federal reinsurance	\$ 152,690,444	\$ 152,496,972	\$ 58,894,459
Collections and fee revenue, net	(11,701,294)	(24,946,415)	480,384
Complement received on collections	4,471	134,037	274,364
Basis point funding	21,821,616	4,291,414	-
Interest on loan sales	1,468,967	1,727,368	1,875,248
Other revenues	1,507	1,719	-
Total operating revenues	<u>\$ 164,285,711</u>	<u>\$ 133,705,095</u>	<u>\$ 61,524,455</u>
NON OPERATING REVENUES			
Earnings/(loss) on Investments	1,063,381	(8,147,592)	(2,521,788)
Loss on sale of equipment	-	-	(1,057)
Total non operating revenues	<u>\$ 1,063,381</u>	<u>\$ (8,147,592)</u>	<u>\$ (2,522,845)</u>
TOTAL REVENUES	<u><u>\$ 165,349,092</u></u>	<u><u>\$ 125,557,503</u></u>	<u><u>\$ 59,001,610</u></u>

Revenue Analysis

Condensed Schedule of Revenues – Fiscal Year 2023

Due to the extension of the CARES Act and the DCL through June 30, 2023, College Assist has experienced an unprecedented change in its Schedules of Revenues.

Federal reinsurance, reimbursements from the DOE on defaulted loans, increased in fiscal year 2023 by approximately \$193.5 thousand, or 0.1%, from \$152.5 million in 2022 to \$152.7 million in 2023. The

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

increase is due to College Assist's main lender removing the optional forbearance from student loan accounts. The loans were allowed to default causing the increase in reinsurance received from the DOE. The corresponding increase in claims expense will be reflected in the Condensed Schedules of Expenses below.

Collection and fee revenue is made up of Collections on Loans and Bankruptcies, Federal Fee Revenue, net of Amounts Paid to Providers, increased by approximately \$13.2 million in 2023. The negative revenue reflects the adjustments required by the May 2021 DCL to all borrowers' accounts. See the management highlights above for all the adjustments made to the three distinct populations.

As part of the DCL, College Assist received funding for the Federal Reserve Fund from the DOE in the amount of \$21.8 and \$4.3 million in fiscal years 2023 and 2022, respectively; shown in operating revenues as basis point funding.

The DCL allows for transfers from the Federal Reserve Fund to the Operating Fund to cover the required adjustments and lost revenue from the collections pause, \$23.5 million and \$36.8 million were transferred for 2023 and 2022, respectively. The transfers between the funds are detailed in the Supplementary Information.

Condensed Schedule of Revenues – Fiscal Year 2022

Due to the extension of the CARES Act and the DCL through December 31, 2022, College Assist has experienced an unprecedented change in its Schedules of Revenues.

Federal reinsurance, reimbursements from the DOE on defaulted loans, increased in fiscal year 2022 by approximately \$93.6 million, or 158.9%, from \$58.9 million in 2021 to \$152.5 million in 2022. The increase is due to College Assist's main lender removing the optional forbearance from student loan accounts. The loans were allowed to default causing the increase in reinsurance received from the DOE. The corresponding increase in claims expense will be reflected in the Condensed Schedules of Expenses below.

Collection and fee revenue is made up of Collections on Loans and Bankruptcies, Federal Fee Revenue, net of Amounts Paid to Providers, decreased by approximately \$25.4 million in 2022. The negative revenue reflects the adjustments required by the May 2021 DCL to all borrowers' accounts. See the management highlights above for all the adjustments made to the three distinct populations.

As part of the DCL, College Assist received funding for the Federal Reserve Fund from the DOE in the amount of \$4.3 million in fiscal year 2022; shown in operating revenues as basis point funding.

The DCL allows for transfers from the Federal Reserve Fund to the Operating Fund to cover the required adjustments and lost revenue from the collections pause, \$36.8 million and \$11.7 million were transferred for 2022 and 2021, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Condensed Schedule of Expenses

Years Ended June 30,	2023	2022	2021
OPERATING EXPENSES			
Guarantee claims paid to lending institutions	\$ 152,710,337	\$ 152,437,111	\$ 58,958,769
Rehabilitated loan discount, net	(236)	(18,659)	977,768
Salaries and benefits	2,059,964	2,148,292	1,551,153
Operating	9,386,024	2,372,790	2,356,923
Depreciation and amortization	468,635	437,917	157,947
TOTAL OPERATING EXPENSES	\$ 164,624,724	\$ 157,377,451	\$ 64,002,560

Expense Analysis

Condensed Schedule of Expenses – Fiscal Year 2023

Guarantee claims paid to lending institutions under College Assist's Lender Participation Agreements increased by \$273.2 thousand, or 0.2%, from \$152.4 million in fiscal year 2022 to \$152.7 million in fiscal year 2023, due to the CARES Act and the DCL. See the reinsurance revenue explanation above as the reinsurance revenue and claims expense are related.

In fiscal year 2023, the loan sale agreement called for rehabilitated loans to be sold at a discount. Due to the DCL adjustments, rehabilitation sales from March of 2020 through the end of the fiscal year 2023 were adjusted to remove all collection and interest charges resulting in a refund to College Assist. The discount on rehabilitated loans resulted in a net revenue of \$236 and a net revenue of \$18.7 thousand in fiscal years 2023 and 2022, respectively. The discount ended up as a revenue, due to the required DCL adjustments for rehabilitated loan sales. Gross rehabilitated loan sales in fiscal year 2023 were \$200.3 thousand versus \$12.6 million in fiscal year 2022.

Salaries and fringe benefits decreased in fiscal year 2023 by \$88.3 thousand over fiscal year 2022 due to allocation percentage of shared employees decreasing between College Assist and CollegeInvest. College Assist paid for 45% and 50% of shared employees for fiscal years ending June 30, 2023 and 2022, respectively.

Operating expenses increased in fiscal year 2023 by \$7.0 million over fiscal year 2022 mainly due to College Assist expenditures of Scholarships, Matching Grant, and First Step awards as part of our College Access Initiatives. The first matching awards for First Step were paid in fiscal year 2023 for \$5.0 million.

Condensed Schedule of Expenses – Fiscal Year 2022

Guarantee claims paid to lending institutions under College Assist's Lender Participation Agreements increased by \$93.5 million, or 158.5%, from \$59.0 million in fiscal year 2021 to \$152.4 million in fiscal year 2022, due to the CARES Act and the DCL. See the reinsurance revenue explanation above as the reinsurance revenue and claims expense are related.

In fiscal year 2022, the loan sale agreement called for rehabilitated loans to be sold at a discount. Due to the DCL adjustments, rehabilitation sales from March of 2020 through the end of the fiscal year 2022 were adjusted to remove all collection and interest charges resulting in a refund to College Assist. Sales of rehabilitated loans resulted in a net revenue of \$18.7 thousand and a net discount of \$977.8 million in

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

fiscal year 2022 and fiscal year 2021, respectively. Gross rehabilitated loan sales in fiscal year 2022 were \$12.6 million versus \$59.4 million in fiscal year 2021.

Salaries and fringe benefits increased in fiscal year 2022 by \$597.1 thousand over fiscal year 2021 due to College Assist increasing the shared employee salaries for the administration of the College Access Initiatives.

Operating expenses increased in fiscal year 2022 by \$15.9 thousand over fiscal year 2021 mainly due to College Assist awarding Matching Grant recipients as part of the College Access Initiatives offset by lease component amortization recorded as part of the new leasing standard, GASB 87.

Economic Facts and Conditions for the Future

Effective July 1, 2010, the FFEL program was eliminated as a result of the enactment of the *Health Care and Education Reconciliation Act of 2010*. Guaranty agencies may no longer guarantee new student loan originations under the FFEL program. New loan originations will be made under the Federal Direct Loan Program. Elimination of the FFEL program will continue to have a significant impact on and reduction of revenues earned by College Assist in the future.

The DOE has contracted with College Assist to provide guarantee services under the *Higher Education Act of 1965* (HEA) and may only terminate the agreement for cause, or may suspend the agreement in order to prevent substantial harm to federal interests. College Assist is required by Federal regulations and State statute to maintain a minimum Federal Reserve Fund balance of 0.25% of the unpaid balance of net outstanding loans to meet future default claims as of September 30 each year. Per the DCL, the 0.25% minimum reserve requirement for the Federal Reserve Fund has been waived for years that partially overlap with the Fresh Start initiative, see below.

The CARES Act was passed in March of 2020 stopping all collections activity on defaulted direct student loans and putting all loans into a forbearance status. College Assist loans are part of the FFEL program and are not required to adhere to the CARES Act. However, College Assist chose to voluntarily stop collection efforts on defaulted borrowers. The CARES Act expired on June 30, 2023.

On May 12, 2021, the U.S. Department of Education issued a DCL announcing an expansion of the pause on federal student loan interest and collections for all defaulted loans in the FFEL program. Additionally, the DCL required College Assist to return all non-voluntary borrower payments as well as set the collections interest rate to zero and suspend collection fees. College Assist is allowed to reimburse the Agency Operating Fund for lost revenue during the collections pause. This amount will be reimbursed from Federal Reserve Fund to the Agency Operating Fund through August 2023.

The DOE announced a waiver in October 2021 for the Public Student Loan Forgiveness (PSLF) program that allows for more applicants to become eligible. The waiver allowed qualified applicants to have their student loan balance forgiven. Waiver applications for PSLF were due by October 31, 2022. The PSLF program was not extended and ended October 31, 2022. To qualify, FFEL borrowers were required to consolidate their student loans with the DOE. See the Federal Student Aid website at <https://studentaid.gov/pslf/>.

On August 17, 2022, the DOE issued a Dear Colleague Letter (DCL) announcing a new initiative called "Fresh Start". The Fresh Start program is set up to eliminate the negative effects of defaults for borrowers who defaulted on their federal student loans prior to the collection pause. These borrowers will have at least one year, the Fresh Start period, to make payment arrangements before defaulting on their debts and/or being subject to further collections efforts like most other borrowers eligible for the payment pause.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

The DCL requires College Assist to provide communications to borrowers about their rights and benefits of the Fresh Start program, and further, assign defaulted loans to the DOE upon the transfer request from eligible borrowers.

Financial Contact

If you have any questions about this report, please contact:

College Assist
1600 Broadway, Suite 2300
Denver, Colorado 80202
Attention: Chief Financial Officer

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	2022
CURRENT ASSETS		
Cash and pooled cash investments	\$ 167,283,486	\$ 165,763,203
Federal fees receivable	488,574	623,205
Prepaid expenses	145,897	117,102
Total current assets	167,917,957	166,503,510
RESTRICTED ASSETS		
Restricted cash and pooled cash investments	3,504,187	(212,138)
Federal reinsurance receivable	25,301,887	32,006,408
Total restricted assets	28,806,074	31,794,270
CAPITAL ASSETS		
Right to use asset, leased building	1,829,564	1,829,564
Computer hardware and software	1,794,187	1,517,916
Leasehold improvements	92,700	92,700
Total capital assets	3,716,451	3,440,180
Less accumulated depreciation and amortization	(1,540,104)	(1,071,469)
Capital assets, net	2,176,347	2,368,711
TOTAL ASSETS	198,900,378	200,666,491
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	737,757	626,786
OPEB related items	28,222	30,702
Total deferred outflows	765,979	657,488
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 199,666,357	\$ 201,323,979

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,078	\$ 112,094
Other current liabilities	2,817,328	3,688,897
Accrued compensated absences, current	84,500	107,200
Lease component liability, current	229,454	222,789
Total current liabilities	<u>3,132,360</u>	<u>4,130,980</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Claims due to lenders	19,114,818	20,584,698
Loan collections and other liabilities due to federal government	1,123,000	1,158,169
Total liabilities payable from restricted assets	<u>20,237,818</u>	<u>21,742,867</u>
NONCURRENT LIABILITIES		
Accrued compensated absences, noncurrent	139,000	117,100
Lease component liability, noncurrent	1,159,717	1,389,171
Net pension liability	3,805,473	2,656,081
Net OPEB liability	76,025	78,396
Total noncurrent liabilities	<u>5,180,215</u>	<u>4,240,748</u>
Total liabilities	<u>28,550,393</u>	<u>30,114,595</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	115,786	928,658
OPEB related items	27,272	32,188
Total deferred inflows	<u>143,058</u>	<u>960,846</u>
NET POSITION		
Net investment in capital assets	787,176	756,751
Restricted	8,568,256	9,622,274
Unrestricted	161,617,474	159,869,513
Total net position	<u>170,972,906</u>	<u>170,248,538</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 199,666,357</u>	<u>\$ 201,323,979</u>

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Federal grants and contracts		
Federal reinsurance	\$ 152,690,444	\$ 152,496,972
Collections on loans and bankruptcies	(233,923)	(13,460,436)
Federal fee revenue	2,045,059	2,609,682
Complement received on collections	4,471	134,037
Basis point funding	21,821,616	4,291,414
Amount paid to service provider	(13,512,430)	(14,095,661)
Interest on loan sales	1,468,967	1,727,368
Other revenues	1,507	1,719
Total operating revenues	<u>164,285,711</u>	<u>133,705,095</u>
OPERATING EXPENSES		
Guarantee claims paid to lending institutions	152,710,337	152,437,111
Rehabilitated loan discount, net	(236)	(18,659)
Salaries and benefits	2,059,964	2,148,292
Operating	9,386,024	2,372,790
Depreciation and amortization	468,635	437,917
Total operating expenses	<u>164,624,724</u>	<u>157,377,451</u>
OPERATING LOSS	<u>(339,013)</u>	<u>(23,672,356)</u>
NON-OPERATING REVENUES (EXPENSES)		
Gain (loss) on pooled cash investments	1,063,381	(8,147,592)
Total non-operating income (loss)	<u>1,063,381</u>	<u>(8,147,592)</u>
CHANGE IN NET POSITION	<u>724,368</u>	<u>(31,819,948)</u>
NET POSITION, BEGINNING OF YEAR	<u>170,248,538</u>	<u>202,068,486</u>
NET POSITION, END OF YEAR	<u>\$ 170,972,906</u>	<u>\$ 170,248,538</u>

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COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Federal grants and contracts	\$ 161,305,563	\$ 130,657,355
Amount paid to service provider	(14,383,999)	(17,573,554)
Complement received on collections	4,471	134,037
Interest on loan sales	1,468,967	1,727,368
Basis point funding	21,821,616	4,291,414
Other sources	1,507	1,719
	170,218,125	119,238,339
Cash disbursed for:		
Guarantee claims paid to lending institutions	(154,180,217)	(149,959,154)
Rehabilitated loan discount	236	18,659
Salaries and benefits	(1,840,022)	(2,022,625)
Operating expenses	(9,511,932)	(2,354,989)
	(165,531,935)	(154,318,109)
Net cash provided by (used in) operating activities	4,686,190	(35,079,770)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment	(276,271)	(145,695)
Interest payments on leased assets	(13,903)	(15,934)
Principal payments on leased assets	(222,789)	(217,604)
Net cash used in capital and related financing activities	(512,963)	(379,233)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on pooled cash investments	1,063,381	(8,147,592)
Net cash provided by (used in) investing activities	1,063,381	(8,147,592)
NET CHANGE IN CASH AND POOLED CASH INVESTMENTS	5,236,608	(43,606,595)
CASH AND POOLED CASH INVESTMENTS, BEGINNING OF YEAR	165,551,065	209,157,660
CASH AND POOLED CASH INVESTMENTS, END OF YEAR	\$ 170,787,673	\$ 165,551,065
NONCASH ACTIVITIES		
Unrealized loss on pooled cash investments	\$ (13,198,019)	\$ (9,073,590)
Acquisition of leased assets	-	(1,829,564)
Lease liability associated with the leased assets	-	1,829,564

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (339,013)	\$ (23,672,356)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	468,635	437,917
Effects of changes in assets, deferred outflows of resources, liabilities and deferred inflow of resources:		
Decrease (increase) in receivables	6,839,152	(11,086,388)
Increase in prepaid expenses	(28,795)	(9,591)
Decrease (increase) in pension deferred outflows	(110,971)	64,661
Decrease (increase) in OPEB deferred outflows	2,480	(3,008)
Increase (decrease) accounts payable and accrued liabilities	(97,113)	27,392
Decrease in other current liabilities	(871,569)	(3,477,893)
Increase (decrease) in loan collections and other liabilities due to federal government	(35,169)	97,525
Increase (decrease) in claims paid to lenders	(1,469,880)	2,477,957
Increase (decrease) in accrued compensated absences	(800)	3,500
Increase (decrease) in net pension liability	1,149,392	(264,193)
Decrease in OPEB liability	(2,371)	(1,159)
Increase (decrease) in pension deferred inflows	(812,872)	327,791
Decrease in OPEB deferred inflows	(4,916)	(1,925)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 4,686,190	\$ (35,079,770)

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
FIDUCIARY FUND – PRIVATE PURPOSE TRUST FUND
STATEMENTS OF FIDUCIARY NET POSITION
For the Years Ended June 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Operating cash	\$ 1,222,083	\$ 820,926
TOTAL ASSETS	\$ 1,222,083	\$ 820,926

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Total current liabilities	-	-
NET POSITION HELD IN TRUST	1,222,083	820,926
Total net position	1,222,083	820,926
TOTAL LIABILITIES AND NET POSITION	\$ 1,222,083	\$ 820,926

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
FIDUCIARY FUND – PRIVATE PURPOSE TRUST FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30, 2023 and 2022**

	2023	2022
ADDITIONS		
Stipend receipts	\$ 348,580,539	\$ 311,716,426
Total additions	348,580,539	311,716,426
DEDUCTIONS		
Stipend payments	348,179,382	311,217,289
Total deductions	348,179,382	311,217,289
CHANGE IN NET POSITION	401,157	499,137
NET POSITION, BEGINNING OF YEAR	820,926	321,789
NET POSITION, END OF YEAR	\$ 1,222,083	\$ 820,926

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
COMBINED PROPRIETARY FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Colorado Student Loan Program dba College Assist is a self-supporting Enterprise Fund of the State of Colorado. It was established as an entity of the Colorado Department of Higher Education pursuant to Title 23, Article 3.1, Part 1, Colorado Revised Statutes (CRS), 1973, as amended and was created July 1, 1979 by statute. College Assist's legal name is Colorado Student Loan Program, which became effective July 1, 2006, per Section 23-3.1-106 (1)(b), C.R.S., as amended. College Assist administers the Federal Family Education Loan (FFEL) program, consisting of Stafford Loans, Parent Loans for Undergraduate Students (PLUS), Supplemental Loans for Students (SLS), and the Consolidation Loans Program (CLP). As part of the FFEL program, College Assist guarantees loans made by lending institutions to students attending postsecondary schools, in compliance with operating agreements (Agreements) with the U.S. Department of Education (DOE), pursuant to Section 428 of the *Higher Education Act of 1965* (HEA), as amended. Effective July 1, 2010, the FFEL program was eliminated as a result of enactment of the Health Care and Education Reconciliation Act of 2010. As of this date, no new loans can be originated or guaranteed under this program. College Assist continues to guarantee and service its existing loan portfolio.

College Assist receives less than 10% of its funding from the State or any local government of the State, and therefore, retains its enterprise status under Section 20, Article X of the Colorado Constitution (TABOR).

As a Federal Loan Guaranty Agency, College Assist is required by the DOE to perform College Access Initiatives. The DOE, by law, regulates the use and expenditures of College Assist's operating budget, and therefore approves all College Assist supported College Access Initiatives.

College Assist entered into a college access initiative partnership with CollegenInvest, Colorado's 529 College Savings Program. We know a child is seven times more likely to attend college if they have a college savings account in their name. We also know that using the simple principle of earning interest vs paying interest, saving for college can cut the cost of college nearly in half compared to using student loans. Because of this, College Assist will be supporting CollegenInvest's Special Programs (College Access Initiatives), such as the Matching Grant Program, CollegenInvest 529 Scholarship and First Step. CollegenInvest offers the Matching Grant and Scholarship programs to lower to middle-income families in Colorado. College Assist funds the College Access Initiatives through a Memorandum of Understanding (MOU), renewed annually, with CollegenInvest. College Access Initiative expenses, including salaries and fringe benefits, are reported in College Assist's Operating Fund.

The College Opportunity Fund (COF) is a Fiduciary Fund and is presented separately from College Assist. COF is a private purpose trust fund, established by Colorado State Statute. COF is administered by DHE on College Assist's behalf. As allowed under its contract with the DOE, College Assist funds COF administrative operations.

COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
DEPARTMENT OF HIGHER EDUCATION
STATE OF COLORADO
Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The Colorado General Assembly appropriates funds to the Colorado Department of Higher Education for purposes of supporting the stipend payments of the COF during the State’s budget process. The financial statements of COF include receipts and payments of the COF stipend.

The allocation is defined on a credit-hour basis where the advertised amount is representative of a full-time student taking 30 credit hours each year at a public institution. For the 2022–23 academic year and 2021–22 academic year, the State provided each participating student with \$3,120 or \$104 and \$2,820 or \$94 per credit hour stipend, respectively. Eligible participating students attending Colorado private higher education institutions receive one-half of the stipend.

Basis of Accounting and Presentation

For financial reporting purposes, College Assist is considered a special-purpose government engaged only in business-type activities. Accordingly, College Assist uses the economic resources measurement focus and the accrual basis of accounting to summarize its activities. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred.

The financial statements of College Assist have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and other applicable guidelines or pronouncements. College Assist uses self-balancing accounting funds to record its financial accounting transactions. GASB reporting guidelines require College Assist to report its assets, liabilities, net position, revenues, expenses, changes in net position and cash flows from an entity-wide perspective, rather than by accounting fund.

The basic financial statements of College Assist present the financial position, results of operations, and, where applicable, cash flows for only the College Assist’s funds. They do not purport to, and do not present, the financial position of the State of Colorado as of June 30, 2023 and 2022, or the results of operations, or cash flows where applicable, for the years then ended.

COF is reported as a private purpose trust fund of College Assist and utilizes the economic resources measurement focus and the accrual basis of accounting to summarize its activities. Under the accrual basis of accounting, additions are recognized when earned and deductions are recorded when an obligation is incurred.

The financial statements of the COF have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and other applicable guidelines or pronouncements. The COF uses self-balancing accounting funds to record its financial accounting transactions.

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Adoption of New Accounting Standard

GASB Statement No. 87, Leases. In June 2017, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 87, Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

College Assist adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. In May 2020, the GASB issued *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

College Assist adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The adoption of *GASB Statement No. 96* did not have an effect on College Assist's financial statements.

Use of Estimates in Preparation of Financial Statements

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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Pooled Cash Investments

Cash and pooled cash investments consist of cash on deposit with the State Treasurer. For purposes of the statement of cash flows, cash and pooled cash investments are defined as instruments with maturities of three months or less at date of acquisition, and pooled cash held by the Colorado State Treasurer. Cash and pooled cash investments that are restricted in nature are distinguished as such in the financial statements.

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements (update) and other external parties. Current liabilities payable from these restricted assets are so classified.

Receivables

Amounts due from the DOE are reported as federal fees receivable and federal reinsurance receivable. Receivables that are restricted in nature are reported as such in the financial statements.

Capital Assets

Depreciable capital assets are recorded at cost on the date of acquisition. College Assist's capitalization policy is \$5,000 or more per individual piece of computer hardware, software, or \$50,000 for leasehold improvements with an estimated useful life of greater than one year.

Depreciation is charged using a straight-line method over the estimated useful lives of the assets. Generally, furniture, computer hardware, and software are depreciated over three to ten years. Leasehold improvements are depreciated over the life of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and resulting gains or losses are recorded as non-operating revenues or expenses.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. Deferred outflows of resources include items related to the PERA pension and OPEB plans.

Liabilities

Amounts due within one year are reported as current liabilities. Amounts owed after one year are reported as noncurrent liabilities. Liabilities payable from restricted assets are distinguished as such in the financial statements.

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(CONTINUED)

Compensated Absences

Employees of College Assist are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. College Assist has recorded the amount of compensation for future absences as an accrued liability in the accompanying financial statements. The estimated liability is based on hours earned up to assigned maximums. One-fourth of unused sick days may be paid to employees upon retirement or death up to the maximum allowed. Unused vacation days are paid to employees upon termination.

Leases

College Assist determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities are reported as long term liabilities with the amount due within twelve months reported as a current liability. Leases represent the right to use an underlying asset for the lease term as specified in the contract. Leases are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term which may include options to extend or terminate the lease when it is reasonably certain the College Assist will do so. For leases where the discount rate is not implicit in the lease, College Assist uses the closest incremental borrowing rate published by the State of Colorado's treasury department.

College Assist expenses short-term leases with a term of 12 months or less as incurred. These leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Pensions

College Assist participates in the State Division Trust Fund (SDTF), 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 SDTF 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.

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Other Post-Employment Benefits (OPEB)

College Assist 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.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Deferred inflows of resources include items related to the PERA pension and OPEB plans.

Net Position

The net position of College Assist is classified as follows:

Net Invested in capital assets: This balance represents College Assist's investment in capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of related lease liability.

Restricted net position: Restricted net position represents resources derived from guaranty services provided to lenders for student loan default activity. College Assist is contractually obligated to spend or reserve these resources in accordance with restrictions imposed by the FFEL program.

Unrestricted net position: Unrestricted net position represents resources derived from services provided to borrowers, lenders, and collection activities. These resources are used to pay the operating costs of College Assist.

Fiduciary net position: Net position held in trust represent resources in which there is a contractual obligation to spend or reserve in accordance with the State of Colorado's program.

Classification of Revenues and Expenses

College Assist has classified its revenues and expenses as either operating or non-operating. Operating revenues and expenses generally result from providing services or incurring expenses in connection with College Assist's principal activities. Non-operating revenues and expenses include transactions such as interest earned on deposits and loss on disposal of capital assets.

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Loan Defaults

Student loans guaranteed by College Assist that subsequently default are eligible for reinsurance from the DOE. Claims are paid to the lending institution for defaults, death, disabilities and bankruptcies. Once a claim is paid to a lender, College Assist becomes the holder of the loan and seeks to collect on the loan for the DOE. College Assist collects payments on student loans for defaults and bankruptcies. A guaranty agency may charge a borrower reasonable costs incurred to collect on defaulted loans per CFR 682.410(b)(2). Effective May 12, 2021 with the issue of the DCL by the U.S. Department of Education, collections have been retroactively suspended from March 13, 2020 through September 1, 2023.

Federal consolidations of FFEL default loans and rehabilitations are subject to a collection cost rate charge limit equal to the lesser of the rate computed per the formula in 34 CFR 30.60 or the rate assessed if the loan is held by the DOE. For these loans, College Assist charges a one-time consolidation and rehabilitation fee to borrowers of 18.5% and 16.0%, respectively, as allowed per Federal regulations. Fees associated with rehabilitated loans have been suspended per the DCL, noted above. Collection cost fee associated with consolidation loans have been reduced to 2.8% as of March 31, 2021 per the DCL. As of January 1, 2023 College Assist suspended a one-time consolidation fee to borrowers, per allowed Federal regulations.

Loans that meet certain criteria are subrogated or assigned to the DOE. Additionally, loans that have defaulted under the DCL will also be subrogated.

The U.S. Treasurer's Offset Program is utilized to pursue collections of these defaulted loans. Under this program, Federal income tax refunds are applied or offset against defaulted student loans. The Treasury Offset Program has been retroactively suspended back to March 16, 2020 and all payments have been refunded to the borrowers per the DCL.

Federal Reinsurance

College Assist is subject to applicable statutorily defined Federal reinsurance rates. The Consolidated Appropriations Act, 2016 set the maximum reinsurance reimbursement percentage for guaranty agencies to 100%.

The rate of annual losses (defaults), also known as the "trigger rate" for purposes of the application for Federal reinsurance, is a result of the year-to-date incurred losses divided by the original amount of guaranteed loans in repayment status at the beginning of the year. Default claims are subject to certain "trigger figures," which may result in reduced Federal reinsurance rates. When the annual rate of losses (defaults) exceeds 5% of the loans in repayment, it "triggers" the DOE to reimburse College Assist a reduced reinsurance rate. The DOE waived this requirement for years that partially overlap with the Fresh Start initiative.

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(CONTINUED)

Additions and Deductions

COF additions include stipend receipts, resulting from government appropriated funding and grant receipts, while deductions include stipend payments resulting from incurring expenses in connection with the entity's principal activities of providing tuition stipends to institutions of higher education on behalf of eligible students.

Budgets and Budgetary Accounting

College Assist prepares an annual operating budget. By statute, College Assist is continuously funded through user service charges. The budget is not legislatively adopted and a Budget to Actual Statement of Revenues and Expenses is not a required part of these financial statements. The operating budget and revisions thereto are approved by the Chief Executive Officer of College Assist.

For fiscal year ended June 30, 2023, total budgeted operating revenues for the Agency Operating Fund and Federal Reserve Fund were \$5.5 million and \$147.3 million, respectively, as compared with actual operating losses of \$10.2 million due to the DCL and operating revenue of \$152.7 million, respectively. Total budgeted operating expenses for those funds were \$11.7 million and \$147.0 million, respectively, as compared with actual operating expenses of \$11.7 million and \$152.7 million, respectively.

For fiscal year ended June 30, 2022, total budgeted operating revenues for the Agency Operating Fund and Federal Reserve Fund were \$6.7 million and \$173.0 million, respectively, as compared with actual operating losses of \$23.2 million due to the DCL and operating revenue of \$152.9 million, respectively. Total budgeted operating expenses for those funds were \$6.6 million and \$172.5 million, respectively, as compared with actual operating expenses of \$4.9 million and \$152.4 million, respectively.

By statute, the COF is continuously funded through appropriations authorized and approved by the General Assembly. The appropriations budget and revisions thereto are reviewed by the Colorado Department of Higher Education. The original Long Bill appropriations, excluding adjustments, for fiscal years 2023 and 2022 were \$362.6 million and \$356.8 million, respectively.

Application of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available to pay an expense, College Assist's policy is to first use unrestricted resources.

NOTE 2 – CASH AND POOLED CASH INVESTMENTS

College Assist deposits its cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023, College Assist had cash on deposit with the State Treasurer of \$184.0 million, which represented approximately 0.8% of the total \$18,810.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, the Pool's resources included \$35.0 million of cash on hand and \$18,775.8 million of investments.

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NOTE 2 – CASH AND POOLED CASH INVESTMENTS (CONTINUED)

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

Additional information on investments of the State Treasurer’s Pool may be obtained in the state’s Annual Comprehensive Financial Report for the year ended June 30, 2023.

The following summarizes cash and pooled cash investments as of June 30:

	2023	2022
Cash on deposit with State Treasurer	\$ 183,985,692	\$ 174,624,655
State Treasurer pooled cash investments – unrealized gain/(loss)	(13,198,019)	(9,073,590)
Total	\$ 170,787,673	\$ 165,551,065

Cash and pooled cash investments are presented in the accompanying combined statement of net position as follows:

	2023	2022
Cash and pooled cash investments	\$ 167,283,486	\$ 165,763,203
Restricted cash and pooled cash investments	3,504,187	(212,138)
Total	\$ 170,787,673	\$ 165,551,065

COF Fiduciary Fund

The General Assembly deposits cash on behalf of the COF with the Treasurer as required by the CRS. The COF is a non-interest bearing trust fund and does not receive interest earnings from the State Treasurer’s Pooled Cash account nor does it participate in the unrealized gains/losses of the Treasurer. COF had cash of \$1.2 million and \$820.9 thousand on deposit with the Treasurer on June 30, 2023 and 2022, respectively. There was no cash on hand or petty cash.

NOTE 3 – FEDERAL FEES RECEIVABLE

Federal fees receivable are fees due from the DOE for Account Maintenance Fees earned to manage the loan portfolio.

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NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Right to use asset, leased building	\$ 1,829,564	\$ -	\$ -	\$ 1,829,564
Computer software	1,100,970	246,436	-	1,347,406
Computer hardware	416,946	29,835	-	446,781
Leasehold improvements	92,700	-	-	92,700
Total	3,440,180	276,271	-	3,716,451
Less: Accumulated depreciation and amortization	<u>(1,071,469)</u>	<u>(468,635)</u>	-	<u>(1,540,104)</u>
Capital assets, net	<u>\$ 2,368,711</u>	<u>\$ (192,364)</u>	<u>\$ -</u>	<u>\$ 2,176,347</u>

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2022</u>
Right to use asset, leased building	\$ -	\$ 1,829,564	\$ -	\$ 1,829,564
Computer software	955,275	145,695	-	1,100,970
Computer hardware	416,946	-	-	416,946
Leasehold improvements	92,700	-	-	92,700
Total	1,464,921	1,975,259	-	3,440,180
Less: Accumulated depreciation and amortization	<u>(633,552)</u>	<u>(437,917)</u>	-	<u>(1,071,469)</u>
Capital assets, net	<u>\$ 831,369</u>	<u>\$ 1,537,342</u>	<u>\$ -</u>	<u>\$ 2,368,711</u>

NOTE 5 – ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of vendor payments and accrued salaries. Under Section 24-75-201, C.R.S., salaries and wages earned during the month of June 2022 are to be paid in July of the following fiscal year. An accrued liability was not recorded as of June 30, 2023, since all salaries and wages were paid through year end. As of June 30, 2022, \$65.7 thousand was accrued for unpaid salaries and wages.

NOTE 6 – OTHER CURRENT LIABILITIES

Other current liabilities consist primarily of fees due to service providers of \$2.8 million and \$3.6 million, and loan servicing liabilities of approximately \$39.5 thousand and \$49.3 thousand for fiscal years 2023 and 2022, respectively.

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NOTE 7 – NONCURRENT LIABILITIES

The following summarizes changes in noncurrent liabilities:

	<u>Balance June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Accrued compensated absences	\$ 224,300	\$ -	\$ (800)	\$ 223,500	\$ 84,500
Lease component liability	1,611,960	-	(222,789)	1,389,171	229,454
Total	<u>\$ 1,836,260</u>	<u>\$ -</u>	<u>\$ (223,589)</u>	<u>\$ 1,612,671</u>	<u>\$ 313,954</u>

	<u>Balance June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Accrued compensated absences	\$ 220,800	\$ 3,500	\$ -	\$ 224,300	\$ 107,200
Lease component liability	-	1,829,564	(217,604)	1,611,960	222,789
Total	<u>\$ 220,800</u>	<u>\$ 1,833,064</u>	<u>\$ (217,604)</u>	<u>\$ 1,836,260</u>	<u>\$ 329,989</u>

NOTE 8 – LEASES

College Assist shares a building lease with CollegenInvest, see the Related Party Transactions in Note 9 below. The lease commenced on May 1, 2018 and will expire on January 31, 2029.

Total future minimum lease payments under lease agreements are as follows for the year ended June 30, 2023:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024	\$ 11,959	\$ 229,454	\$ 241,413
2025	9,793	236,943	246,736
2026	7,537	248,706	256,243
2027	5,192	255,614	260,806
2028	2,782	262,587	265,369
2029	484	155,867	156,351
Total minimum lease payments	<u>\$ 37,747</u>	<u>\$ 1,389,171</u>	<u>\$ 1,426,918</u>

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NOTE 8 – LEASES (CONTINUED)

Total future minimum lease payments under lease agreements are as follows for the year ended June 30, 2022:

	Interest	Principal	Total
2023	\$ 14,061	\$ 222,789	\$ 236,850
2024	11,959	229,454	241,413
2025	9,793	236,943	246,736
2026	7,537	248,706	256,243
2027	5,192	255,614	260,806
2028 and 2029	3,266	418,454	421,720
Total minimum lease payments	<u>\$ 51,808</u>	<u>\$ 1,611,960</u>	<u>\$ 1,663,768</u>

Right-to-use assets acquired through outstanding leases are shown below by underlying lease class as of June 30:

	<u>2023</u>	<u>2022</u>
Building	\$ 1,829,564	\$ 1,829,564
Less: accumulated amortization	(482,522)	(241,261)
	<u>\$ 1,347,042</u>	<u>\$ 1,588,303</u>

NOTE 9 – RELATED-PARTY TRANSACTIONS

CollegelInvest was established in 1979 as a division of the Colorado Department of Higher Education. Effective January 6, 2006, the Chief Executive Officer (CEO) of CollegelInvest was appointed the CEO of College Assist. Although CollegelInvest and College Assist are both divisions of the Department, they are each constituted and operate as separate enterprises of the State under the direction of the same CEO, and each (CollegelInvest and College Assist) retains the ability to enforce contractual obligations against the other.

College Assist shares the cost of human resources and personnel, accounting, information systems personnel, and other administrative and operating expenses with CollegelInvest and the DHE under the terms of two separate Memorandums of Understanding (MOUs), expiring on June 30, 2023, renewable annually.

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NOTE 10 – COMMITMENTS

Statutory Federal Reserve Fund Requirements

College Assist is required by Federal regulations and State statute to maintain a minimum Federal Reserve Fund balance of 0.25% of the unpaid balance of net outstanding loans to meet future default claims as of September 30 each year. Per the DCL, the 0.25% minimum reserve requirement for the Federal Fund has been waived for years that partially overlap with the Fresh Start initiative.

Commitment

College Assist entered into an MOU agreement with the Colorado Department of Higher Education (DHE) to fund certain COF Program activities effective July 1, 2021. The MOU was renewed for the year ending June 30, 2023.

Loan Guarantees

The net outstanding principal balance of student loans guaranteed by College Assist at June 30, 2023 and 2022 is approximately \$3.2 billion and \$4.1 billion, respectively.

Defaulted loans (claims) are subject to certain trigger figures (trigger rate) which may result in a reduced reimbursement rate. The trigger rate is calculated as of September 30 of each year for purposes of determining the reimbursement rate applicable for the subsequent year.

When the default claim losses exceed 5% of the loans in repayment, it triggers DOE to reimburse the default claim at a reduced amount. If the default losses exceed 9%, the reimbursement is reduced further. If College Assist exceeds the threshold trigger rate of 9%, it may be liable for up to a maximum of 25% of the default claim losses. Any liability that may result would be capped at College Assist's total net position. The trigger rate requirement has been waived by the DOE for years that partially overlap with the Fresh Start initiative.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

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

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.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five 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 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2023: Eligible employees of College Assist and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2021 through June 30, 2023 are summarized in the table below:

	July 1, 2021 Through June 30, 2022	July 1, 2022 Through June 30, 2023
Employee contribution** (all employees except State Troopers)	10.50%	11.00%

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

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

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate**	10.90%	10.90%	11.40%	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)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF**	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411**	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411**	5.00%	5.00%	5.00%	5.00%
Defined contribution supplement as specified in C.R.S. § 24-51-415**	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	19.93%	19.98%	20.48%	20.55%

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

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Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and College Assist is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from College Assist were approximately \$231.8 thousand and \$249.8 thousand for the years ended June 30, 2023 and 2022, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$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 SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 the State to make an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed on 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 SDTF 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. College Assist's proportion of the net pension liability was based on College Assist's contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2023 and 2022, College Assist reported a liability of approximately \$3.8 million and \$2.7 million, respectively, for its proportionate share of the net pension liability.

At December 31, 2022, College Assist's proportion was 0.035% as compared to the proportion measured as of December 31, 2021 of 0.036%. The College Assist proportionate share includes an allocated value for the shared employee cost with CollegenInvest, see Note 9.

For the year ended June 30, 2023, College Assist recognized pension expense of approximately \$350.6 thousand. At June 30, 2023, College Assist reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

June 30, 2023	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 51,022
Net difference between projected and actual earnings on pension plan investments	483,803	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	135,191	64,764
Contributions subsequent to the measurement date	118,763	-
Total	<u>\$ 737,757</u>	<u>\$ 115,786</u>

For the year ended June 30, 2022, College Assist recognized pension expense of approximately \$128.3 thousand. At June 30, 2022, College Assist reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2022	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 18,073	\$ 3,695
Changes of assumptions or other inputs	94,699	-
Net difference between projected and actual earnings on pension plan investments	-	914,028
Changes in proportion and differences between contributions recognized and proportionate share of contributions	381,680	10,935
Contributions subsequent to the measurement date	132,334	-
Total	<u>\$ 626,786</u>	<u>\$ 928,658</u>

For the year ended June 30, 2023, College Assist reported \$118,763 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending 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	\$ 8,728
2025	30,088
2026	178,451
2027	285,941
2028	-
Thereafter	-

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (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:	
Members other than State Troopers	3.30%-10.90%
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 for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for 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.

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.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

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%.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and 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, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (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.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of College Assist’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

For the years ended June, 30, 2023 and June 30, 2022 the following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

June 30, 2023	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$4.9 million	\$3.8 million	\$2.9 million

June 30, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$3.7 million	\$2.7 million	\$1.7 million

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

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Plan description. Eligible employees of College Assist 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.

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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.

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and College Assist is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College Assist were approximately \$8.8 thousand for the year ended June 30, 2023 and \$9.9 thousand for the year ended June 30, 2022.

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

At June 30, 2023 and 2022, College Assist reported a liability of approximately \$76.0 thousand and \$78.4 thousand 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. College Assist’s proportion of the net OPEB liability was based on College Assist’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 and December 31, 2021, College Assist’s proportion was 0.009%.

For the year ended June 30, 2023, College Assist recognized OPEB expense of approximately -\$4.8 thousand. At June 30, 2023, College Assist reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10	\$ 18,385
Changes of assumptions or other inputs	1,222	8,391
Net difference between projected and actual earnings on OPEB plan investments	4,643	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,857	496
Contributions subsequent to the measurement date	4,490	-
Total	\$ 28,222	\$ 27,272

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2022, College Assist recognized OPEB expense of approximately -\$6.1 thousand. At June 30, 2022, College Assist reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 119	\$ 18,589
Changes of assumptions or other inputs	1,623	4,253
Net difference between projected and actual earnings on OPEB plan investments	-	4,853
Changes in proportion and differences between contributions recognized and proportionate share of contributions	23,690	4,493
Contributions subsequent to the measurement date	5,270	-
Total	\$ 30,702	\$ 32,188

For the year ended June 30, 2023, College Assist reported \$4.5 thousand 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, 2024. 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	\$ 178
2025	(2,552)
2026	(882)
2027	1,380
2028	(1,311)
Thereafter	(353)

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability 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	3.30% – 10.90%
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

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.

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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%

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

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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	\$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.

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%

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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 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.

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.

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- 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.

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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 College Assist’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:

June 30, 2023	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	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	\$73,873	\$76,025	\$78,367

June 30, 2022	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$76,100	\$78,400	\$81,000

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- 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 in 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 College Assist’s proportionate share of the net OPEB liability to changes in the discount rate.

For the years ended June 30, 2023 and June 20, 2022, the following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

June 30, 2023	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$88,136	\$76,025	\$65,667

June 30, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$91,000	\$78,400	\$67,600

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 13 – OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (DC Plan)

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

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NOTE 13 – OTHER RETIREMENT PLANS (CONTINUED)

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA’s ACFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and College Assist are required to contribute a percentage of the participating employees’ PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the periods July 1, 2021 through June 30, 2023 are summarized in the tables below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through June 30, 2023
Employee contribution (all employees except State Troopers)	10.50%	10.50%	11.00%
On behalf of all employees (except State Troopers)	10.95%	11.00%	10.15%

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

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

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	0.50%	0.50%	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	10.80%	10.85%	11.35%	11.42%

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

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NOTE 13 – OTHER RETIREMENT PLANS (CONTINUED)

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$35.4 thousand and \$45.7 thousand for the PERA DC Plan as of June 30, 2023 and 2022, respectively.

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of College Assist that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. College Assist does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of College Assist may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. College Assist does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings.

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NOTE 14 – FEDERAL AND STATE LEGISLATIVE IMPACTS ON COLLEGE ASSIST

Effective July 1, 2010, the FFEL program was eliminated as a result of enactment of the *Health Care and Education Reconciliation Act of 2010*. Guaranty agencies may no longer guarantee new student loan originations under the FFEL program. New loan originations will be made under the Federal Direct Loan Program. Elimination of the FFEL program will have a significant impact on and reduction of revenues earned by College Assist in the future.

Effective March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) suspended all loan payments, collections efforts on defaulted loans, and set the interest rate to zero for loans in the Federal direct loan program through September 30, 2020. The Act was further extended to June 30, 2023. College Assist loans are part of the FFEL program and are not required to adhere to the CARES Act. However, College Assist chose to voluntarily stop collection efforts on defaulted borrowers.

On May 12, 2021, the U.S. Department of Education issued a Dear Colleague Letter (DCL) announcing an expansion of the pause on federal student loan interest and collections for all defaulted loans in the FFEL program. Additionally, the DCL required College Assist to return all non-voluntary borrower payments as well as set the collections interest rate to zero and suspend collection fees. College Assist is allowed to reimburse the Agency Operating Fund for lost revenue during the collections pause. This amount will be reimbursed from Federal Reserve Fund to the Agency Operating Fund until August 2023. As of June 30, 2023 College Assist subrogated \$227.1 million of defaulted loans to the Department and had \$46.1 million of pending mandatory loan assignments.

On August 17, 2022, the DOE issued a Dear Colleague Letter (DCL) announcing a new initiative called “Fresh Start”. The Fresh Start program is set up to eliminate the negative effects of defaults for borrowers who defaulted on their federal student loans prior to the collection pause. These borrowers will have at least one year, the Fresh Start period, to make payment arrangements before defaulting on their debts and/or being subject to further collections efforts like most other borrowers eligible for the payment pause. The DCL requires College Assist to provide communications to borrowers about their rights and benefits of the Fresh Start program, and further, assign defaulted loans to the DOE upon the transfer request from eligible borrowers. As of June 30, 2023 College Assist assigned \$4.3 million of defaulted student loans and had \$9.1 million of pending Fresh Start loan assignments.

On an annual basis the General Assembly of the State of Colorado makes an appropriation in trust to the COF for eligible undergraduate students. Monies appropriated to the COF are for the sole purpose of disbursement on behalf of eligible undergraduate students and not for the general operation of College Assist. Any unexpended and unencumbered monies remaining at the end of a fiscal year are the property of the trust fund, shall remain in the fund and shall not be credited or transferred to the general fund or any other fund.

Annually, the Colorado Department of Higher Education requests that the General Assembly adjust the amount appropriated to the COF for stipends to reflect inflation and enrollment growth in the state institutions of higher education. During periods of revenue shortfalls, the General Assembly may use a variety of mechanisms to balance the State’s budget, including reducing appropriations to institutions of higher education, decreasing the value of the stipend, or placing a limit on the number of stipends funded under the CRS based upon the overall budgetary needs of the State. In fiscal year 2023 and 2022, COF stipends were \$104 and \$94 per credit hour, respectively.

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NOTE 15 – RISK MANAGEMENT

The State of Colorado currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. That includes general liability, motor vehicle liability, workers' compensation, and medical claims. Property claims are not self-insured; rather the State has purchased insurance.

College Assist participates in the Risk Management Fund of the State of Colorado. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. There were no significant reductions or changes in insurance coverage from the prior year in any of the above mentioned risk management arrangements. Settlements did not exceed insurance coverage in any of the past three fiscal years.

The COF through College Assist participates in the Risk Management Fund of the State of Colorado. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There were no significant reductions or changes in insurance coverage from the prior year in any of the above mentioned risk management arrangements. Settlements did not exceed insurance coverage in any of the past three fiscal years.

NOTE 16 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (commonly termed the Taxpayers Bill of Rights, or "TABOR") which has several limitations, including revenue raising, spending abilities, and other specific requirements of State and local governments. The amendment excludes from its provision Enterprise operations.

Enterprises are defined as government-owned businesses authorized to issue revenue bonds, which receive less than 10% of their annual revenue in grants from all State and local governments combined.

For purposes of the COF, "It is the intent of the General Assembly that the amount of a stipend received by a state institution of higher education on behalf of an eligible undergraduate student pursuant to this part 2 shall not constitute a grant from the State of Colorado pursuant to section 20(2)(d) of Article X of the State Constitution." By not including stipends as grants from the State of Colorado, institutions of higher education do not have to include the stipends as State of Colorado revenue for TABOR calculation purposes. This allows institutions to be designated as an enterprise for purposes of TABOR through a resolution by its governing board

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NOTE 17 – SIGNIFICANT OPERATING AGREEMENTS

On June 30, 2015, College Assist entered into an agreement with Educational Credit Management Corporation (ECMC) to operate all aspects of the guaranty servicing operations on behalf of College Assist effective November 1, 2015. ECMC receives 55% of the operational revenue earned from the DOE in performing these services. College Assist retains 45% of the operational revenue to pay for contract monitoring, financial and regulatory reporting, and related activities under the agreement. The term of the contract and its related amendment is for ten years, expiring on October 31, 2025, and can be renewed for a second ten-year term if both parties agree. The service agreement was amended on November 15, 2022 to include a service fee from January 1, 2023 – December 31, 2023. The service fee is the greater of 55% of operational revenue or an amount of \$850 thousand monthly. As of June 30, 2023, College Assist paid ECMC 55% of revenue through June 30, 2023.

In May 2020, College Assist entered into a one-year Rehabilitation Loan Purchase agreement with ECMC to sell eligible rehabilitation loans at a variable discount rate. The agreement with ECMC was amended in January 2021 with a discount rate of 1.0%; expires December 31, 2022. A new one-year agreement was entered into in January 2020 with a discount rate of 3.0%, expires December 31, 2023.

In November 2021, College Assist renewed agreements with three outside collection agencies to collect on defaulted student loans for a one-year term. The agreements may be renewed annually for a one-year term if both parties agree. In January 2023, College Assist reduced down to one collection agency due to the changes in the FFEL program. The remaining collection agency receives a percentage of amounts collected on College Assist's behalf as well as a monthly payment of \$25.0 thousand for additional work related to the Fresh Start initiative by the DOE.

NOTE 18 – SUBSEQUENT EVENTS

College Assist renewed an agreement with one outside collection agency effective November 1, 2023, to collect on defaulted student loans for a one-year term. The agreements may be renewed annually for a one-year term if both parties agree. The collection agency has been working with borrowers making voluntary payments and providing customer service.

As part of the May 2021 DCL, College Assist received its final basis points funding in August 2023 for the Federal Reserve Fund from the DOE in the amount of \$2.8 million.

College Assist has subrogated an additional \$267.7 million of defaulted loans to the DOE and has \$19.2 million of pending mandatory loan assignments per the May 2021 DCL.

College Assist assigned an additional \$14.6 million of defaulted student loans to the DOE and has \$3.4 million of pending Fresh Start loan assignments to the DOE per the August 2022 DCL.



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REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Changes in Net Pension Liability

Information below is presented as of the measurement date (December 31)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College Assist's proportion of the net pension liability	0.035%	0.036%	0.031%	0.030%	0.025%	0.019%	0.025%	0.039%	0.053%
College Assist's proportionate share of the net pension liability	\$ 3,805,473	\$ 2,656,081	\$ 2,920,274	\$ 2,877,103	\$ 2,792,914	\$ 3,856,491	\$ 4,593,240	\$ 4,105,461	\$ 5,011,554
College Assist's covered payroll	\$ 1,436,425	\$ 1,374,775	\$ 1,218,926	\$ 1,115,952	\$ 870,389	\$ 792,340	\$ 800,983	\$ 1,214,372	\$ 580,449
College Assist's proportionate share of the net pension liability as a percentage of its covered payroll	264.93%	193.20%	239.58%	257.82%	320.88%	486.72%	573.45%	338.07%	317.10%
Plan fiduciary net position as a percentage of the total pension liability	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	42.60%	56.10%	59.84%

Schedule of Employer Contributions

Information below is presented as of the entity's fiscal year (June 30)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 231,764	\$ 249,752	\$ 206,428	\$ 199,285	\$ 164,183	\$ 138,130	\$ 131,308	\$ 129,335	\$ 300,289
Contributions in relation to the contractually required contribution	231,764	249,752	206,428	199,285	164,183	138,130	131,308	129,335	300,289
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College Assists covered payroll	\$ 1,129,727	\$ 1,251,579	\$ 1,050,257	\$ 1,028,301	\$ 858,249	\$ 722,060	\$ 702,944	\$ 727,222	\$ 1,778,960
Contributions as a percentage of covered payroll	20.52%	19.96%	19.66%	19.38%	19.13%	19.13%	18.68%	17.78%	16.88%

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Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2023
Changes in benefit terms and actuarial assumptions

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

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

- The projected benefit payments reflect the lowered annual increase cap from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

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

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

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

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

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

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection

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scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

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

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%
- The price inflation assumption was lowered from 3.50% to 2.80%
- The wage inflation assumption was lowered from 4.25% to 3.90%

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Schedule of Changes in Net OPEB Liability

Information below is presented as of the measurement date (December 31)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
College Assist's proportion of the net OPEB liability	0.009%	0.009%	0.008%	0.008%	0.007%	0.006%	0.007%
College Assist's proportionate share of the net OPEB liability	\$ 76,025	\$ 78,396	\$ 79,555	\$ 91,660	\$ 97,891	\$ 71,524	\$ 95,692
College Assist's covered payroll	\$ 944,014	\$ 869,562	\$ 775,175	\$ 735,006	\$ 605,751	\$ 562,284	\$ 581,665
College Assist's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.05%	9.02%	10.26%	12.47%	16.16%	12.72%	16.45%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.53%	17.53%	16.72%

Schedule of Employer Contributions

Information below is presented as of the entity's fiscal year (June 30)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 8,847	\$ 9,933	\$ 8,085	\$ 7,785	\$ 7,068	\$ 5,583	\$ 6,163
Contributions in relation to the contractually required contribution	8,847	9,933	8,085	7,785	7,068	5,583	6,163
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College Assists covered payroll	\$ 867,346	\$ 973,807	\$ 792,653	\$ 763,235	\$ 692,967	\$ 547,395	\$ 604,216
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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**Notes to Required Supplementary Information (Other Post-Employment Benefits) –
Fiscal Year 2023 Changes in benefit terms and actuarial assumptions**

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, 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.
- Health care cost trend rates were revised to reflect an expectation of future increase in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

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

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

SUPPLEMENTARY INFORMATION

**COLORADO STUDENT LOAN PROGRAM
dba COLLEGE ASSIST
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PROPRIETARY FUNDS
COMBINING SCHEDULES OF NET POSITION
June 30, 2023
With Comparative Totals for June 30, 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2023	2022
CURRENT ASSETS				
Cash and pooled cash investments	\$167,283,486	\$ -	\$ 167,283,486	\$165,763,203
Federal fees receivable	488,574	-	488,574	623,205
Prepaid expenses	145,897	-	145,897	117,102
Total current assets	167,917,957	-	167,917,957	166,503,510
RESTRICTED ASSETS				
Restricted cash and pooled cash investments	-	3,504,187	3,504,187	(212,138)
Federal reinsurance receivable	-	25,301,887	25,301,887	32,006,408
Total restricted assets	-	28,806,074	28,806,074	31,794,270
CAPITAL ASSETS				
Right to use asset, leased building	1,829,564	-	1,829,564	1,829,564
Computer hardware & software	1,794,187	-	1,794,187	1,517,916
Leasehold improvements	92,700	-	92,700	92,700
Total capital assets	3,716,451	-	3,716,451	3,440,180
Less accumulated depreciation and amortization	(1,540,104)	-	(1,540,104)	(1,071,469)
Capital assets, net	2,176,347	-	2,176,347	2,368,711
TOTAL ASSETS	170,094,304	28,806,074	198,900,378	200,666,491
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	737,757	-	737,757	626,786
OPEB related items	28,222	-	28,222	30,702
Total deferred outflows of resources	765,979	-	765,979	657,488
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$170,860,283	\$ 28,806,074	\$ 199,666,357	\$201,323,979

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With Comparative Totals for the Year Ended June 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2023	2022
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,078	\$ -	\$ 1,078	\$ 112,094
Other current liabilities	2,817,328	-	2,817,328	3,688,897
Accrued compensated absences	84,500	-	84,500	107,200
Lease component liability, current	229,454	-	229,454	222,789
Total current liabilities	3,132,360	-	3,132,360	4,130,980
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Claims due to lenders	-	19,114,818	19,114,818	20,584,698
Loan collections and other liabilities due to federal government	-	1,123,000	1,123,000	1,158,169
Total liabilities payable from restricted assets	-	20,237,818	20,237,818	21,742,867
NONCURRENT LIABILITIES				
Accrued compensated absences	139,000	-	139,000	117,100
Lease component liability, noncurrent	1,159,717	-	1,159,717	1,389,171
Net pension liability	3,805,473	-	3,805,473	2,656,081
Net OPEB liability	76,025	-	76,025	78,396
Total noncurrent liabilities	5,180,215	-	5,180,215	4,240,748
Total liabilities	8,312,575	20,237,818	28,550,393	30,114,595
DEFERRED INFLOW OF RESOURCES				
Pension related items	115,786	-	115,786	928,658
OPEB related items	27,272	-	27,272	32,188
Total deferred inflows of resources	143,058	-	143,058	960,846
NET POSITION				
Net investment in capital assets	787,176	-	787,176	756,751
Restricted	-	8,568,256	8,568,256	9,622,274
Unrestricted	161,617,474	-	161,617,474	159,869,513
Total net position	162,404,650	8,568,256	170,972,906	170,248,538
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$170,860,283	\$ 28,806,074	\$ 199,666,357	\$201,323,979

COLORADO STUDENT LOAN PROGRAM
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PROPRIETARY FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2023	2022
OPERATING REVENUES				
Federal grants and contracts				
Federal reinsurance	\$ -	\$ 152,690,444	\$ 152,690,444	\$ 152,496,972
Collections on loans and bankruptcies	(233,923)	-	(233,923)	(13,460,436)
Federal fee revenue	2,045,059	-	2,045,059	2,609,682
Complement received on collections	-	4,471	4,471	134,037
Basis point funding	-	21,821,616	21,821,616	4,291,414
Amount paid to service provider	(13,512,430)	-	(13,512,430)	(14,095,661)
Interest on loan sales	1,468,967	-	1,468,967	1,727,368
Other revenues	1,507	-	1,507	1,719
Total operating revenues	<u>(10,230,820)</u>	<u>174,516,531</u>	<u>164,285,711</u>	<u>133,705,095</u>
OPERATING EXPENSES				
Guarantee claims paid to lending institutions	-	152,710,337	152,710,337	152,437,111
Rehabilitated loan discount, net	(236)	-	(236)	(18,659)
Salaries and benefits	2,059,964	-	2,059,964	2,148,292
Operating	9,386,024	-	9,386,024	2,372,790
Depreciation and amortization	468,635	-	468,635	437,917
Total operating expenses	<u>11,914,387</u>	<u>152,710,337</u>	<u>164,624,724</u>	<u>157,377,451</u>
OPERATING INCOME	<u>(22,145,207)</u>	<u>21,806,194</u>	<u>(339,013)</u>	<u>(23,672,356)</u>
NON-OPERATING REVENUES (EXPENSES)				
Earnings (loss) on pooled cash investments	1,166,347	(102,966)	1,063,381	(8,147,592)
Income before transfers	<u>(20,978,860)</u>	<u>21,703,228</u>	<u>724,368</u>	<u>(31,819,948)</u>
TRANSFERS				
Interfund transfers in/(out)	22,757,246	(22,757,246)	-	-
Total transfers	<u>22,757,246</u>	<u>(22,757,246)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>1,778,386</u>	<u>(1,054,018)</u>	<u>724,368</u>	<u>(31,819,948)</u>
NET POSITION, BEGINNING OF YEAR	<u>160,626,264</u>	<u>9,622,274</u>	<u>170,248,538</u>	<u>202,068,486</u>
NET POSITION, END OF YEAR	<u>\$ 162,404,650</u>	<u>\$ 8,568,256</u>	<u>\$ 170,972,906</u>	<u>\$ 170,248,538</u>

**COLORADO STUDENT LOAN PROGRAM
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PROPRIETARY FUNDS
COMBINING SCHEDULES OF CASH FLOWS
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022**

	Agency Operating Fund	Federal Reserve and Draw down Funds	Totals	
			2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from:				
Federal grants and contracts	\$ 1,945,767	\$ 159,359,796	\$ 161,305,563	\$ 130,657,355
Amount paid to service provider	(14,383,999)	-	(14,383,999)	(17,573,554)
Complement received on collections	-	4,471	4,471	134,037
Interest on loan sales	1,468,967	-	1,468,967	1,727,368
Basis point funding	-	21,821,616	21,821,616	4,291,414
Other sources	1,507	-	1,507	1,719
	<u>(10,967,758)</u>	<u>181,185,883</u>	<u>170,218,125</u>	<u>119,238,339</u>
Cash disbursed for:				
Guaranty claims paid to lending institutions	-	(154,180,217)	(154,180,217)	(149,959,154)
Rehabilitated loan discount	236	-	236	18,659
Salaries and benefits	(1,840,022)	-	(1,840,022)	(2,022,625)
Operating expenses	(9,511,932)	-	(9,511,932)	(2,354,989)
	<u>(11,351,718)</u>	<u>(154,180,217)</u>	<u>(165,531,935)</u>	<u>(154,318,109)</u>
Net cash provided by (used in) operating activities	<u>(22,319,476)</u>	<u>27,005,666</u>	<u>4,686,190</u>	<u>(35,079,770)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers	22,757,246	(22,757,246)	-	-
Net noncapital financing activities	<u>22,757,246</u>	<u>(22,757,246)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of property and equipment	(276,271)	-	(276,271)	(145,695)
Interest payments on leased assets	(13,903)	-	(13,903)	(15,934)
Principal payments on leased assets	(222,789)	-	(222,789)	(217,604)
Net cash used in capital and related financing activities	<u>(512,963)</u>	<u>-</u>	<u>(512,963)</u>	<u>(379,233)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Earnings on pooled cash investments	1,166,347	(102,966)	1,063,381	(8,147,592)
Net cash provided by (used in) investing activities	<u>1,166,347</u>	<u>(102,966)</u>	<u>1,063,381</u>	<u>(8,147,592)</u>
NET CHANGE IN CASH AND POOLED CASH INVESTMENTS				
	1,091,154	4,145,454	5,236,608	(43,606,595)
CASH AND POOLED CASH INVESTMENTS, BEGINNING OF YEAR				
	<u>166,192,332</u>	<u>(641,267)</u>	<u>165,551,065</u>	<u>209,157,660</u>
CASH AND POOLED CASH INVESTMENTS, END OF YEAR				
	<u>\$ 167,283,486</u>	<u>\$ 3,504,187</u>	<u>\$ 170,787,673</u>	<u>\$ 165,551,065</u>
NONCASH ACTIVITIES				
Unrealized loss on pooled cash investments	\$ (12,594,872)	\$ (603,147)	\$ (13,198,019)	\$ (9,073,590)
Acquisition of leased assets	-	-	-	(1,829,564)
Lease liability associated with the leased assets	-	-	-	1,829,564

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STATE OF COLORADO
PROPRIETARY FUNDS
COMBINING SCHEDULES OF CASH FLOWS
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022**

	Agency Operating Fund	Federal Reserve and Draw down Funds	Totals	
			2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (22,145,207)	\$ 21,806,194	\$ (339,013)	\$ (23,672,356)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	468,635	-	468,635	437,917
Effects of changes in assets, deferred outflows of resources, liabilities and deferred inflow of resources:				
Decrease (increase) in receivables	134,631	6,704,521	6,839,152	(11,086,388)
Decrease in prepaid expenses	(28,795)	-	(28,795)	(9,591)
Decrease (increase) in pension deferred outflows	(110,971)	-	(110,971)	64,661
Decrease (increase) in OPEB deferred outflows	2,480	-	2,480	(3,008)
Increase (decrease) in accounts payable and accrued liabilities	(97,113)	-	(97,113)	27,392
Decrease in other current liabilities	(871,569)	-	(871,569)	(3,477,893)
Increase (decrease) in loan collections and other liabilities due to federal government	-	(35,169)	(35,169)	97,525
Increase (decrease) in claims due to lenders	-	(1,469,880)	(1,469,880)	2,477,957
Increase (decrease) in accrued compensated absences	(800)	-	(800)	3,500
Increase (decrease) in net pension liability	1,149,392	-	1,149,392	(264,193)
Decrease in net OPEB liability	(2,371)	-	(2,371)	(1,159)
Increase (decrease) in pension deferred inflows	(812,872)	-	(812,872)	327,791
Decrease in OPEB deferred inflows	(4,916)	-	(4,916)	(1,925)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (22,319,476)	\$ 27,005,666	\$ 4,686,190	\$ (35,079,770)



**INDEPENDENT AUDITORS' 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**

Members of the Legislative Audit Committee
Colorado Student Loan Program dba College Assist,
Department of Higher Education, State of 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 business-type activities and the fiduciary activities of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado (College Assist), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise College Assist's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Assist'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 College Assist's internal control. Accordingly, we do not express an opinion on the effectiveness of College Assist'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.

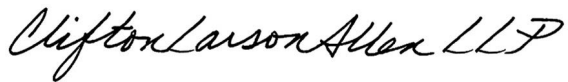
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
December 7, 2023



Members of the Legislative Audit Committee
Colorado Student Loan Program dba College Assist,
Department of Higher Education, State of Colorado

We have audited the financial statements of the business-type activities and fiduciary activities of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado (College Assist) as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated December 7, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated May 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by College Assist are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangement*, for fiscal year 2023, which required recognition of certain subscription assets and liabilities for information technology arrangements. College Assist determined that there were no material subscription assets and liabilities to be recorded for fiscal year 2023.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation is based on the useful life of the assets. Estimated useful lives ranged from three to ten years for furniture, computer hardware, and software. Leasehold improvements are depreciated over the life of the lease. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net pension liability and associated deferred inflows and outflows of resources are based on an actuarial analysis performed by the Public Employee's Retirement Association of Colorado. We evaluated the key factors and assumptions used to develop the pension liability and associated deferred inflows and outflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of OPEB liability and associated deferred inflows and outflows of resources are based on an actuarial analysis performed by the Public Employee's Retirement Association of Colorado. We evaluated the key factors and assumptions used to develop the pension liability and associated deferred inflows and outflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required Supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

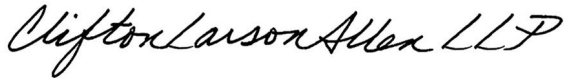
With respect to the combining schedules of net position, expenses, revenues, and changes in net position and cash flows of the proprietary funds (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 7, 2023.

Other information included in annual reports

Other information is being included in the annual report and is comprised of the introductory section. Our responsibility for other information included in the annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in the annual report. We are required by professional standards to read the other information included in the annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the State of Colorado Legislative Audit Committee, the Office of the State Auditor, and management of College Assist and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 7, 2023



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