

**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, 2021 and 2020**

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CliftonLarsonAllen LLP  
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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, 2021 and 2020. 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 2, 2021



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**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
Fiscal Years Ended June 30, 2021 and 2020**

**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, 2021 and 2020. 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, 2021 and 2020, 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, 2021.
- 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, 2021 and 2020.

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, 2021 and 2020**

**Summary of Audit Recommendations**

There are no current or prior year findings and recommendations reported for the year ended June 30, 2021 and 2020.

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
Fiscal Years Ended June 30, 2021 and 2020**

**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 primary mission 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 utilizes a third-party service provider to provide operational support services related to guaranty agency operations. Lenders conducting business with College Assist are required to complete Lender Participation Agreements, agreeing to comply with requirements of the HEA. Services performed by the third-party servicer include maintenance of the guaranty computer system, data exchange, and other agreed upon services on behalf of College Assist.

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. As part of this agreement, ECMC and College Assist share operational revenue receipts at 55% and 45%, respectively.

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%.

Through its partnership with College Assist, the third-party servicer assists borrowers with default prevention activities. Collection activities of defaulted loans on behalf of and under the oversight of College Assist, are outsourced. With termination of the FFEL program, College Assist will continue to provide guaranty-related services to borrowers for loans that were originated prior to termination of the program.

Since inception of College Assist in 1979, approximately \$21.5 billion of net loans have been guaranteed. The total net outstanding loan portfolio at June 30, 2021 is \$4.9 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



## **BACKGROUND (CONTINUED)**

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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. The 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 the COF, all public and participating private institutions are required to enter into a performance contract with the Colorado Department of Higher Education. 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 the Colorado Department of Higher Education. 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 the COF.

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**AUDITORS' FINDINGS AND RECOMMENDATIONS**

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
Fiscal Years Ended June 30, 2021 and 2020**

**Current Year Findings and Recommendations**

There were no current or prior year findings and recommendations reported for the year ended June 30, 2021 and 2020.



## 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 Financial Statements**

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, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado as of June 30, 2021 and 2020, 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 Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado, 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 Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2021 and 2020, 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.

## ***Other Matters***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's basic financial statements. The combining schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. 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.

The background information listed in the table of contents has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated, December 2, 2021, on our consideration of the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
December 2, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS  
(UNAUDITED)**

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**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
Fiscal Years Ended June 30, 2021 and 2020**

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, 2021, 2020 and 2019. The MD&A also informs the reader of the financial issues and activities related to College Assist. It should be read in conjunction with College Assist's financial statements.

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 In Colorado (CIC) was originally created as a College Assist, DOE approved, access initiative program. In 2012, the Colorado Department of Higher Education (CDHE) moved the CIC program out of College Assist to become a division of CDHE, making it a State general fund program. College Assist funded CIC for another 5 years as part of a wind-down plan with the approval of the DOE. The College in Colorado program ended along with College Assist's funding on September 30, 2019. Non-grant funded CIC expenses, including salaries and fringe benefits, were reported in College Assist's Operating Fund.

After CDHE's elimination of CIC, College Assist requested approval from DOE for future college access programs that would be allowed under the contract. Per Section 23-3.1-203, C.R.S., the Executive Officer of College Assist is also required to serve as the Executive Officer of CollegenInvest, Colorado's 529 College Savings Program. As such, the DOE approved College Assist to enter 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 private purpose trust fund, established by Colorado State Statute. As allowed under its contract with the DOE, College Assist funds the Colorado Opportunity Fund's 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 Colorado Department of Higher Education for purposes of supporting the stipend payments of the College Opportunity Fund.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

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**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. Investing activities represent investment earnings on pooled cash investments. Capital and related financing activities represent acquisitions of capital assets.

**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 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, 2021, 2020 and 2019, 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, financial aid awareness and related outreach activities, and other student financial aid related activities. COF is a Fiduciary Fund and is presented separately from College Assist.

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 DOE's share of borrower payments, refunding insurance premiums 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.

College Assist utilizes a third-party service provider to provide operational support services related to guaranty agency operations. Lenders conducting business with College Assist are required to complete Lender Participation Agreements, agreeing to comply with requirements of the HEA. Services performed by the third-party servicer include maintenance of the guaranty computer system, data exchange, and other agreed upon services on behalf of College Assist.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED) (UNAUDITED)**

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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. As part of this agreement ECMC and College Assist, share operational revenue receipts at 55% and 45%, respectively.

In October 2019, College Assist entered into a one-year Rehabilitation Loan Purchase agreement with ECMC to sell eligible rehabilitation loans at a 2.00% discount. The agreement was amended in May 2020 to a variable discount rate. The discount rates were 5.00% and 4.52% as of May 2020 and June 2020, respectively. The Rehabilitation agreement with ECMC was amended a second time in January 2021. The discount rate as of January 1, 2021 is 1.0%.

For fiscal years 2021, 2020 and 2019 total rehabilitated loan sales were \$59.4, \$114.0 and \$165.9 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 the year and College Assist contracted with another outside collection agency in March 2021. The collection agencies receive a percentage of amounts collected on College Assist's behalf. The agreements may be renewed annually for a one-year term if both parties agree. The three remaining agency agreements expire on October 31, 2021. For fiscal years 2021, 2020 and 2019, total payments to collection agencies that is included in amounts paid to service providers, was \$3.0 million, \$6.0 million and \$6.7 million, respectively. The payments decreased significantly in fiscal year 2021 due to the changes in the FFEL program, see the management highlights below.

### **Management Highlights**

Despite the termination of the FFEL program, College Assist continues to guarantee and service its existing loan portfolio. The net portfolio (net outstanding loans guaranteed) decreased by 11.5% to \$6.1 billion as of June 30, 2019 to \$5.4 billion as of June 30, 2020. The net loan portfolio decreased by 10.9% from \$5.4 billion as of June 30, 2020 to \$4.9 billion as of June 30, 2021. 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 due to a maturing portfolio.

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 will expire on January 31, 2022. 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 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. Additionally, 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;



**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

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- 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 Department through a special mandatory assignment process; and
- The guarantors must send financial adjustments and associated money to purchasing lenders (for loan rehabilitations) or the Department (for loan rehabilitations or consolidations).

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 on a quarterly basis until January 31, 2022, pending any further extension. On June 30, 2021, \$11.7 million was transferred from the Federal Reserve Fund to the Agency Operating Fund for the lost revenue due to College Assist from March 2020 to June 2021 per the DCL. College Assist recorded a corresponding payable of \$6.4 million to ECMC for its portion.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

**Condensed Schedule of Net Position**

June 30,	2021	2020	2019
<b>ASSETS</b>			
Current assets	\$ 169,931,108	\$ 156,439,305	\$ 139,644,856
Restricted assets	60,877,288	73,967,655	81,166,887
Capital assets	831,369	909,061	345,103
Total Assets	<u>\$ 231,639,765</u>	<u>\$ 231,316,021</u>	<u>\$ 221,156,846</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension outflows	\$ 691,447	\$ 992,798	\$ 1,046,496
OPEB outflows	27,694	31,290	24,690
Total deferred outflows	<u>\$ 719,141</u>	<u>\$ 1,024,088</u>	<u>\$ 1,071,186</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 232,358,906</u></u>	<u><u>\$ 232,340,109</u></u>	<u><u>\$ 222,228,032</u></u>
<b>LIABILITIES</b>			
Current liabilities	\$ 7,331,726	\$ 1,621,233	\$ 1,890,007
Liabilities payable from restricted assets	19,167,385	19,412,451	30,720,873
Noncurrent liabilities	3,156,329	3,071,764	2,965,906
Total Liabilities	<u>\$ 29,655,440</u>	<u>\$ 24,105,448</u>	<u>\$ 35,576,786</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension inflows	\$ 600,867	\$ 1,135,911	\$ 1,637,613
OPEB inflows	34,113	29,314	16,510
Total deferred inflows	<u>\$ 634,980</u>	<u>\$ 1,165,225</u>	<u>\$ 1,654,123</u>
<b>NET POSITION</b>			
Investment in capital assets	\$ 831,369	\$ 909,061	\$ 345,103
Restricted	41,709,903	54,555,204	50,446,014
Unrestricted	159,527,214	151,605,171	134,206,006
Total net position	<u>\$ 202,068,486</u>	<u>\$ 207,069,436</u>	<u>\$ 184,997,123</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u><u>\$ 232,358,906</u></u>	<u><u>\$ 232,340,109</u></u>	<u><u>\$ 222,228,032</u></u>

**Net Position Analysis**

*Condensed Schedule of Net Position – Fiscal Year 2021*

Total assets increased \$324,000 or 0.1% as compared to the prior year increase of \$10.0 million or 4.6%. The lower than normal increase in fiscal year 2021 was due to the passing of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in March of 2020 and the DCL of May 2021 stopping all collections activity on defaulted loans and putting all loans into a forbearance status.

Total liabilities increased by approximately \$5.5 million, or 23.0%, mainly due to the increase in the payable due to our Servicer for their portion of the reimbursed lost revenue allowed by the DCL.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

Net position of the Agency decreased 2.4% from \$207.1 million to \$202.1 million in fiscal year 2021. Net position decreased due to the passing of the CARES Act in March of 2020 and the DCL of May 2021 stopping all collections activity on defaulted loans and putting all loans into a forbearance status.

*Condensed Schedule of Net Position – Fiscal Year 2020*

Total assets increased \$10.2 million or 4.6% due to an increase in cash on hand offset by a decrease in the Federal reinsurance receivable. The receivable decreased mainly due to the passing of the CARES Act in March of 2020 stopping all collections activity on defaulted loans and putting all loans into a forbearance status.

Total liabilities decreased by approximately \$11.5 million, or 32.2%, mainly due to the decrease in payable claims due to lenders. The payable decreased also due to the CARES act mentioned above.

Net position of the Agency increased 11.9% from \$185.0 million to \$207.1 million in fiscal year 2020. Net position increased due to the program's positive operating revenue, see the revenue and expense analysis below.

**Condensed Schedule of Revenues**

Years Ended June 30,	2021	2020	2019
<b>OPERATING REVENUES</b>			
Federal grants and contracts			
Federal reinsurance	\$ 58,894,459	\$ 180,065,817	\$ 217,954,492
Collections and fee revenue, net	480,384	13,633,716	15,985,725
Complement received on collections	274,364	1,038,726	1,746,162
Interest on loan sales	1,875,248	2,496,038	2,522,078
Other revenues	-	549	20,475
Total operating revenues	<u>\$ 61,524,455</u>	<u>\$ 197,234,846</u>	<u>\$ 238,228,932</u>
<b>NON OPERATING REVENUES</b>			
Earnings/(loss) on Investments	(2,521,788)	9,777,821	-
Loss on sale of equipment	(1,057)	-	6,954,800
<b>TOTAL REVENUES BEFORE TRANSFERS</b>	<u>\$ 59,001,610</u>	<u>\$ 207,012,667</u>	<u>\$ 245,183,732</u>
<b>TRANSFERS</b>			
Direct distribution transfer to PERA	-	22,931	19,250
<b>TOTAL REVENUES</b>	<u>\$ 59,001,610</u>	<u>\$ 207,035,598</u>	<u>\$ 245,202,982</u>

**Revenue Analysis**

*Condensed Schedule of Revenues – Fiscal Year 2021*

Federal reinsurance (reimbursements from the DOE on defaulted loans) decreased in fiscal year 2021 by approximately \$121.2 million, or 67.3%, from \$180.1 million in 2020 to \$58.9 million in 2021.

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 \$13.2 million, or 96.5%, in fiscal year 2021.

During fiscal year 2021 Interest on Loan Sales decreased by approximately \$621,000 from \$2.5 million to \$1.9 million.

**MANAGEMENT’S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

Complement on collections is the percentage of collection revenue that is required to be retained in the Federal Reserve Fund. Complement on collections decreased by approximately \$764,000 in 2021.

The federal reinsurance, collection and fee, complement and loans sales revenue all decreased in fiscal year 2021 due to the passing of the CARES Act March of 2020 and the DCL of May 2021 stopping all collections activity on defaulted loans and putting all loans into a forbearance status causing a decrease in rehabilitated loan sales and collections.

*Condensed Schedule of Revenues – Fiscal Year 2020*

Federal reinsurance (reimbursements from the DOE on defaulted loans) decreased in fiscal year 2020 by approximately \$37.9 million, or 17.4%, from \$218.0 million in 2019 to \$180.1 million in 2020. The decrease is due to a decrease in default claims filed by lenders.

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 \$2.4 million, or 14.7%, in fiscal year 2020, compared to fiscal year 2019. The decrease was due to a decrease in collection payments and rehabilitation sales. Approximately \$16.0 million of collections and federal fee revenue was shared directly with the third-party service providers, ECMC, and outside collection agencies.

Complement on collections is the percentage of collection revenue that is required to be retained in the Federal Reserve Fund. Complement on collections decreased by approximately \$707,000 due to a decrease in rehabilitated loan sales and collections.

During fiscal year 2020 Interest on Loan Sales decreased slightly by approximately \$26,000 from \$2.5 million to \$2.5 million, due to a steady amount in bankruptcy repurchase interest received as June 30, 2020 and 2019, respectively.

**Condensed Schedule of Expenses**

Years Ended June 30,	2021	2020	2019
<b>OPERATING EXPENSES</b>			
Guarantee claims paid to lending institutions	\$ 58,958,769	\$ 180,159,018	\$ 218,032,105
Rehabilitated loan discount	977,768	1,869,591	2,116,941
Salaries and benefits	1,551,153	1,369,126	634,411
Operating	2,356,923	1,481,817	1,457,066
Depreciation	157,947	83,733	67,657
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 64,002,560</b>	<b>\$ 184,963,285</b>	<b>\$ 222,308,180</b>

**Expense Analysis**

*Condensed Schedule of Expenses – Fiscal Year 2021*

Guarantee claims paid to lending institutions under College Assist’s Lender Participation Agreements decreased by \$121.2 million, or 67.3%, from \$180.2 million in fiscal year 2020 to \$59.0 million in fiscal year 2021, due to the CARES Act and the DCL of May 2021.

In fiscal year 2021, the loan sale agreement called for rehabilitated loans to be sold at a discount. Sales of rehabilitated loans resulted in a net discount of \$978,000 and \$1.9 million in fiscal year 2021 and fiscal year 2020, respectively. Gross rehabilitated loan sales in fiscal year 2021 were \$59.4 million versus \$98.2 million in fiscal year 2020.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

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Salaries and fringe benefits increased in fiscal year 2021 by \$182,000 over fiscal year 2020 due to College Assist increasing the shared employee salaries for the administration of the College Access Initiatives.

Operating expenses increased in fiscal year 2021 by \$875,000 over fiscal year 2020 mainly due to College Assist awarding Matching Grant recipients as part of the College Access Initiatives. Due to a change in the timing of awards for the Matching Grant program, no recipient's awards were paid in fiscal year 2020.

*Condensed Schedule of Expenses – Fiscal Year 2020*

Guarantee claims paid to lending institutions under College Assist's Lender Participation Agreements decreased by \$37.9 million, or 17.4%, from \$218.0 million in fiscal year 2019 to \$180.2 million in fiscal year 2020, due to a decrease in claims volume submitted for reinsurance.

In fiscal year 2020, the loan sale agreement called for rehabilitated loans to be sold at a discount. Sales of rehabilitated loans resulted in a net discount of \$1.9 million and \$2.1 million in fiscal year 2020 and fiscal year 2019, respectively. Gross rehabilitated loan sales in fiscal year 2020 were \$98.2 million versus \$114.0 million in fiscal year 2019.

Salaries and fringe benefits increased between fiscal year 2020 and fiscal year 2019 due to College Assist increasing shared employee salaries for the administration of the College Access Initiatives.

**Economic Facts and Conditions for the Future**

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 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. College Assist has met this requirement as of September 30, 2021, 2020, and 2019.

The Coronavirus Aid, Relief, and Economic Security Act (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, which will expire on January 31, 2022 pending no further extensions. 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 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 requires 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS – PROPRIETARY FUNDS (CONTINUED)**  
**(UNAUDITED)**

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amount will be reimbursed from Federal Reserve Fund to the Agency Operating Fund on a quarterly basis until January 31, 2022, pending any further extension.

**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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and pooled cash investments	\$ 169,088,857	\$ 155,485,535
Federal fees receivable	734,740	818,258
Other receivables, net	-	71,568
Prepaid expenses	107,511	63,944
	<u>169,931,108</u>	<u>156,439,305</u>
<b>RESTRICTED ASSETS</b>		
Restricted cash and pooled cash investments	40,068,803	51,317,058
Federal reinsurance receivable	20,808,485	22,650,597
	<u>60,877,288</u>	<u>73,967,655</u>
<b>CAPITAL ASSETS</b>		
Computer hardware and software	1,372,221	1,420,005
Leasehold improvements	<u>92,700</u>	<u>92,700</u>
	1,464,921	1,512,705
Less accumulated depreciation	<u>(633,552)</u>	<u>(603,644)</u>
	<u>831,369</u>	<u>909,061</u>
<b>TOTAL ASSETS</b>	<u>231,639,765</u>	<u>231,316,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related items	691,447	992,798
OPEB related items	<u>27,694</u>	<u>31,290</u>
	<u>719,141</u>	<u>1,024,088</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 232,358,906</u>	<u>\$ 232,340,109</u>

**COLORADO STUDENT LOAN PROGRAM**  
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**STATE OF COLORADO**  
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**STATEMENTS OF NET POSITION**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 100,636	\$ 95,853
Other current liabilities	7,166,790	1,460,080
Accrued compensated absences	64,300	65,300
	<u>7,331,726</u>	<u>1,621,233</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Claims due to lenders	18,106,741	17,506,320
Loan collections and other liabilities due to federal government	1,060,644	1,906,131
	<u>19,167,385</u>	<u>19,412,451</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	156,500	103,000
Net pension liability	2,920,274	2,877,104
Net OPEB liability	79,555	91,660
	<u>3,156,329</u>	<u>3,071,764</u>
Total liabilities	<u>29,655,440</u>	<u>24,105,448</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	600,867	1,135,911
OPEB related items	34,113	29,314
	<u>634,980</u>	<u>1,165,225</u>
<b>NET POSITION</b>		
Investment in capital assets	831,369	909,061
Restricted	41,709,903	54,555,204
Unrestricted	159,527,214	151,605,171
	<u>202,068,486</u>	<u>207,069,436</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u><u>\$ 232,358,906</u></u>	<u><u>\$ 232,340,109</u></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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Federal grants and contracts		
Federal reinsurance	\$ 58,894,459	\$ 180,065,817
Collections on loans and bankruptcies	13,105,576	26,265,898
Federal fee revenue	3,010,432	3,358,793
Complement received on collections	274,364	1,038,726
Amount paid to service provider	(15,635,624)	(15,990,975)
Interest on loan sales	1,875,248	2,496,038
Other revenues	-	549
Total operating revenues	<u>61,524,455</u>	<u>197,234,846</u>
<b>OPERATING EXPENSES</b>		
Guarantee claims paid to lending institutions	58,958,769	180,159,018
Rehabilitated loan discount	977,768	1,869,591
Salaries and benefits	1,551,153	1,369,126
Operating	2,356,923	1,481,817
Depreciation	157,947	83,733
Total operating expenses	<u>64,002,560</u>	<u>184,963,285</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,478,105)</u>	<u>12,271,561</u>
<b>NON-OPERATING (EXPENSES) REVENUES</b>		
Loss on pooled cash investments	(2,521,788)	9,777,821
Loss on sale of equipment	(1,057)	-
Total non-operating revenues	<u>(2,522,845)</u>	<u>9,777,821</u>
<b>TRANSFERS</b>		
Direct distribution transfer to PERA	-	22,931
<b>CHANGE IN NET POSITION</b>	<u>(5,000,950)</u>	<u>22,072,313</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>207,069,436</u>	<u>184,997,123</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 202,068,486</u>	<u>\$ 207,069,436</u>

**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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from:		
Federal grants and contracts	\$ 76,090,610	\$ 227,612,053
Amount paid to service provider	(9,928,914)	(16,324,344)
Complement received on collections	274,364	1,038,726
Interest on loan sales	1,875,248	2,496,038
Other sources	71,568	29,704
	<b>68,382,876</b>	<b>214,852,177</b>
Cash disbursed for:		
Guarantee claims paid to lending institutions	(58,358,348)	(192,362,307)
Rehabilitated loan discount	(977,768)	(1,869,591)
Salaries and benefits	(1,692,886)	(1,700,968)
Operating expenses	(2,395,707)	(1,436,874)
	<b>(63,424,709)</b>	<b>(197,369,740)</b>
Net cash provided by operating activities	<b>4,958,167</b>	<b>17,482,437</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers	-	22,931
Net noncapital financing activities	<b>-</b>	<b>22,931</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of property and equipment	(81,312)	(647,690)
Net cash used in capital and related financing activities	<b>(81,312)</b>	<b>(647,690)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on pooled cash investments	(2,521,788)	9,777,820
Net cash provided by (used in) investing activities	<b>(2,521,788)</b>	<b>9,777,820</b>
<b>NET CHANGE IN CASH AND POOLED CASH INVESTMENTS</b>	<b>2,355,067</b>	<b>26,635,498</b>
<b>CASH AND POOLED CASH INVESTMENTS, BEGINNING OF YEAR</b>	<b>206,802,593</b>	<b>180,167,095</b>
<b>CASH AND POOLED CASH INVESTMENTS, END OF YEAR</b>	<b>\$ 209,157,660</b>	<b>\$ 206,802,593</b>
<b>NONCASH INVESTING ACTIVITIES</b>		
Unrealized gains	\$ 1,291,577	\$ 6,385,560
Loss on disposition of equipment	\$ 1,057	\$ -

**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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (2,478,105)	\$ 12,271,561
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	157,947	83,733
Effects of changes in assets, deferred outflows of resources, liabilities and deferred inflow of resources:		
Decrease in receivables	1,997,198	17,055,833
Increase in prepaid expenses	(43,567)	(15,552)
Decrease in pension deferred outflows	301,351	53,698
Decrease (increase) in OPEB deferred outflows	3,596	(6,600)
Increase accounts payable and accrued liabilities	4,783	60,495
Increase (decrease) in other current liabilities	5,706,710	(333,369)
Increase (decrease) in loan collections and other liabilities due to federal government	(845,487)	894,867
Increase (decrease) in claims paid to lenders	600,421	(12,203,289)
Increase in accrued compensated absences	52,500	32,000
Increase in net pension liability	43,170	84,189
Decrease in OPEB liability	(12,105)	(6,231)
Decrease in pension deferred inflows	(535,044)	(501,702)
Increase in OPEB deferred inflows	4,799	12,804
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 4,958,167</b>	<b>\$ 17,482,437</b>

**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
**DEPARTMENT OF HIGHER EDUCATION**  
**STATE OF COLORADO**  
**COMBINED PROPRIETARY FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**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 requested approval from DOE for future college access programs that would be allowed under the contract. Per Section 23-3.1-203, C.R.S., the Executive Officer of College Assist is also required to serve as the Executive Officer of CollegenInvest, Colorado's 529 College Savings Program. As such, the DOE approved College Assist to enter 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.

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
Fiscal Years Ended June 30, 2021 and 2020**

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

**Reporting Entity (continued)**

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 COF administrative operations. The COF's stipend activities are accounted for in a fiduciary fund that resides with the State and is reported separately. On an annual basis, the Colorado General Assembly appropriates funds to the DHE for purposes of supporting the stipend payments of the College Opportunity Fund. Beginning in fiscal year 2016, the COF is administered by DHE on College Assist's behalf.

**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 entity. They do not purport to, and do not present, the financial position of the State of Colorado as of June 30, 2021 and 2020, or the results of operations, or cash flows where applicable, for the years then ended.

**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.

**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
**DEPARTMENT OF HIGHER EDUCATION**  
**STATE OF COLORADO**  
**Fiscal Years Ended June 30, 2021 and 2020**

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

**Cash and Pooled Cash Investments**

Cash and pooled cash investments consist of cash on deposit with the State Treasurer and cash on hand. 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.

**Receivables**

Amounts due from the DOE are reported as federal fees receivable and federal reinsurance receivable. Other receivables, net are loans purchased from lenders and are reported net of the estimated allowance for uncollectible accounts. 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 leasehold improvement 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.

**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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**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.

**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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

**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.

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**Net Position**

The net position of College Assist is classified as follows:

**Invested in capital assets:** This balance represents College Assist's investment in capital assets.

**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.

**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.

**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). The collection cost rate charged to borrowers was 19.58% on regular default borrower payments (excluding Federal consolidations of FFEL default loans and rehabilitations), in fiscal year 2020. Effective May 12, 2021 with the issue of the Dear Colleague Letter (DCL) by the U.S. Department of Education, collections have been retroactively suspended from March 13, 2020 through January 31, 2022, pending any further extension.

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. In fiscal year 2021, fees associated with rehabilitated loans have been suspended per the DCL, noted above.

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



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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 as of June 30, 2021.

**Federal Reinsurance**

College Assist is subject to applicable statutorily defined Federal reinsurance rates. Effective December 18, 2015, reinsurance revenue was increased as a result of The Consolidated Appropriations Act, 2016 which changed the maximum reinsurance reimbursement percentage for guaranty agencies to 100% from 95%. The change was effective for all claims paid after December 1, 2015.

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. College Assist’s annual rate of losses (defaults) or trigger rate for the federal fiscal years ended September 30, 2021 and 2020 did not exceed 5%.

**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, 2021, total budgeted operating revenues for the Agency Operating Fund and Federal Reserve Fund were \$13.0 million and \$207.9 million, respectively, as compared with actual operating revenues of \$2.4 million and \$59.2 million, respectively. Total budgeted operating expenses for those funds were \$5.9 million and \$206.7 million, respectively, as compared with actual operating expenses of \$5.2 million and \$59.0 million, respectively.

For fiscal year ended June 30, 2020, total budgeted operating revenues for the Agency Operating Fund and Federal Reserve Fund were \$14.0 million and \$200.1 million, respectively, as compared with actual operating revenues of \$16.1 million and \$181.1 million, respectively. Total budgeted operating expenses for those funds were \$6.6 million and \$198.7 million, respectively, as compared with actual operating expenses of \$5.1 million and \$180.2 million, respectively, for the fiscal year ended June 30, 2020.

**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.

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**NOTE 2 – CASH AND POOLED CASH INVESTMENTS**

College Assist deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021, College Assist had cash on deposit with the State Treasurer of \$207.9 million, which represented approximately 1.2% of the total \$17,744.6 million fair value of deposits in the State Treasurer’s Pool (Pool). As of June 30, 2021, the Pool’s resources included \$36.1 million of cash on hand and \$17,708.5 million of investments.

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, 2021.

The following summarizes cash and pooled cash investments:

	<u>2021</u>	<u>2020</u>
Cash on deposit with State Treasurer	\$ 207,866,083	\$ 200,417,033
State Treasurer pooled cash investments – unrealized gain	<u>1,291,577</u>	<u>6,385,560</u>
<b>Total</b>	<u>\$ 209,157,660</u>	<u>\$ 206,802,593</u>

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

	<u>2021</u>	<u>2020</u>
Cash and pooled cash investments	\$ 169,088,857	\$ 155,485,535
Restricted cash and pooled cash investments	<u>40,068,803</u>	<u>51,317,058</u>
<b>Total</b>	<u>\$ 209,157,660</u>	<u>\$ 206,802,593</u>

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**NOTE 3 – FEDERAL FEES RECEIVABLE**

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

**NOTE 4 – OTHER RECEIVABLES, NET**

Other receivables, net includes purchased student loans. These represent loans not eligible for reinsurance by the DOE. Loans not eligible for reinsurance must be purchased by College Assist and become an asset of College Assist. Purchased student loan balances were \$1.43 million at June 30, 2020 with an allowance for uncollectible loans equal to 95% of the purchased loans receivable balance, recorded as \$1.36 million at June 30, 2020.

As of May 2021, College Assist obtained approval from the State of Colorado Controller’s office to write off the remaining uncollectible student loans. The loans are not considered collectible due to the State of Colorado’s debt statute of limitations. The net expense posted to bad debts for fiscal year 2021 was approximately \$71,500.

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2021</b>
Computer software	\$ 873,963	\$ 81,312	\$ -	\$ 955,275
Computer hardware	546,042	-	(129,096)	416,946
Leasehold improvements	92,700	-	-	92,700
<b>Total</b>	<b>1,512,705</b>	<b>81,312</b>	<b>(129,096)</b>	<b>1,464,921</b>
Less: Accumulated depreciation	(603,644)	(157,947)	128,039	(633,552)
<b>Capital assets, net</b>	<b>\$ 909,061</b>	<b>\$ (76,635)</b>	<b>\$ (1,057)</b>	<b>\$ 831,369</b>

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2020</b>
Computer software	\$ 329,963	\$ 544,000	\$ -	\$ 873,963
Computer hardware	442,351	103,691	-	546,042
Leasehold improvements	92,700	-	-	92,700
<b>Total</b>	<b>865,014</b>	<b>647,691</b>	<b>-</b>	<b>1,512,705</b>
Less: Accumulated depreciation	(519,911)	(83,733)	-	(603,644)
<b>Capital assets, net</b>	<b>\$ 345,103</b>	<b>\$ 563,958</b>	<b>\$ -</b>	<b>\$ 909,061</b>

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**NOTE 6 – 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 months of June 2021 and 2020 are to be paid in July of the following fiscal year. An accrued liability was recorded as of June 30, 2021 and 2020 of approximately \$51,000 and \$43,000, respectively, for incurred but unpaid salaries and wages.

**NOTE 7 – OTHER CURRENT LIABILITIES**

Other current liabilities consist primarily of fees due to service providers of \$7.1 million and \$1.4 million, and loan servicing liabilities of approximately \$47,000 and \$57,000 for fiscal years 2021 and 2020, respectively.

**NOTE 8 – NONCURRENT LIABILITIES**

The following summarizes changes in noncurrent liabilities:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Accrued compensated absences	\$ 168,300	\$ 167,138	\$ (114,638)	\$ 220,800	\$ 64,300
<b>Total</b>	<u>\$ 168,300</u>	<u>\$ 167,138</u>	<u>\$ (114,638)</u>	<u>\$ 220,800</u>	<u>\$ 64,300</u>

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Accrued compensated absences	\$ 136,300	\$ 156,721	\$ (124,721)	\$ 168,300	\$ 65,300
<b>Total</b>	<u>\$ 136,300</u>	<u>\$ 156,721</u>	<u>\$ (124,721)</u>	<u>\$ 168,300</u>	<u>\$ 65,300</u>

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**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 Director of CollegelInvest was appointed the Director 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 Director, 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, 2021 renewable annually.

**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. College Assist has met this requirement as of September 30, 2021 and 2020.

**Commitment**

College Assist entered into an MOU agreement with the Colorado Department of Higher Education (DHE) to fund certain activities the COF Program effective July 1, 2020. The MOU was renewed for the year ending June 30, 2022.

**Loan Guarantees**

The net outstanding principal balance of student loans guaranteed by College Assist at June 30, 2021 and 2020 is approximately \$4.9 billion and \$5.4 billion, respectively.

Effective December 18, 2015, reinsurance revenue was increased as a result of *The Consolidated Appropriations Act, 2016* that changed the maximum reinsurance reimbursement percentage for guaranty agencies to 100% from 95%. The change was effective for claims paid after December 1, 2015.

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.

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**NOTE 10 – COMMITMENTS (CONTINUED)**

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. College Assist did not exceed either trigger rate for the periods ended September 30, 2021 or 2020. The trigger rate for the periods ended September 30, 2021 and 2020 was 0.18% and 0.83%, respectively. Any liability that may result would be capped at College Assist's total net position.

**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 comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits provided as of December 31, 2020.** PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

**Contributions provisions as of June 30, 2021:** 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, 2020 through June 30, 2021 are summarized in the table below:

	July 1, 2019 Through June 30, 2020	July 1, 2020 Through June 30, 2021
Employee contribution (all employees except State Troopers)	8.75%	10.00%

\*\*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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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.4%	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.38%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	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%
Defined contribution supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%
<b>Total employer contribution rate to the SDTF</b>	<b>19.38%</b>	<b>19.88%</b>	<b>19.93%</b>

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 \$206,000 and \$199,000 for the years ended June 30, 2021 and 2020, respectively.

**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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. College Assist's proportion of the net pension liability was based on College Assist's contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.



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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021 and 2020, College Assist reported a liability of approximately \$2.92 million and \$2.88 million, respectively, for its proportionate share of the net pension liability.

At December 31, 2020, College Assist's proportion was 0.03%, which is the same percentage as its proportion measured as of December 31, 2019. 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, 2020, College Assist recognized a reduction in pension expense of approximately \$364,000. At June 30, 2020, College Assist reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2020	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 107,495	\$ -
Changes of assumptions or other inputs	-	825,215
Net difference between projected and actual earnings on pension plan investments	-	309,974
Changes in proportion and differences between contributions recognized and proportionate share of contributions	790,038	722
Contributions subsequent to the measurement date	95,265	-
Total	<u>\$ 992,798</u>	<u>\$ 1,135,911</u>

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2021, College Assist recognized a reduction in pension expense of approximately \$191,000. At June 30, 2021, College Assist reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 72,168	\$ -
Changes of assumptions or other inputs	198,292	-
Net difference between projected and actual earnings on pension plan investments	-	597,702
Changes in proportion and differences between contributions recognized and proportionate share of contributions	313,621	3,165
Contributions subsequent to the measurement date	107,366	-
Total	<u>\$ 691,447</u>	<u>\$ 600,867</u>

For the year ended June 30, 2021, College Assist reported \$107,366 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, 2022. 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,	
2022	\$ 252,687
2023	27,408
2024	(203,212)
2025	(93,669)
2026	-
Thereafter	-

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.17%
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)	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

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

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

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

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

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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%
State Troopers	3.20%-12.40%
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)	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	
	Financed by the AIR

<sup>1</sup> 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.

Salary scale assumptions were revised to align with 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.

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-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 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.

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon 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.

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

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

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

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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 percent 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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 <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- 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. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, 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 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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.

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Based on the above assumptions and methods, the 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

For the years ended June, 30, 2020 and June 30, 2021 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, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$3.7 million	\$2.9 million	\$2.2 million

June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$3.9 million	\$2.9 million	\$2.1 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](http://www.copera.org/investments/pera-financial-reports).



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**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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

Enrollment in the PERACare 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.

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

**PERA Benefit Structure**

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 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.** Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and College Assist is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from College Assist were approximately \$8,100 for the year ended June 30, 2021 and \$7,800 for the year ended June 30, 2020.

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

At June 30, 2021 and 2020, College Assist reported a liability of approximately \$80,000 and \$92,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. College Assist's proportion of the net OPEB liability was based on College Assist's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

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

At December 31, 2020, College Assist’s proportion was 0.008 percent, which is the same percentage as its proportion measured as of December 31, 2019.

For the year ended June 30, 2020, College Assist recognized OPEB expense of approximately (\$28). At June 30, 2020, College Assist reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 304	\$ 15,402
Changes of assumptions or other inputs	760	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,530
Changes in proportion and differences between contributions recognized and proportionate share of contributions	26,313	12,382
Contributions subsequent to the measurement date	3,913	-
Total	\$ 31,290	\$ 29,314

For the year ended June 30, 2021, College Assist recognized OPEB expense of approximately (\$3,712). At June 30, 2021, College Assist reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 211	\$ 17,490
Changes of assumptions or other inputs	594	4,878
Net difference between projected and actual earnings on OPEB plan investments	-	3,251
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,676	8,494
Contributions subsequent to the measurement date	4,213	-
Total	\$ 27,694	\$ 34,113

For the year ended June 30, 2021, College Assist reported \$4,213 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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<b>Year ended June 30,</b>	
2022	\$ (3,317)
2023	(2,862)
2024	(26)
2025	(2,804)
2026	(1,518)
Thereafter	(105)

**Actuarial assumptions.** The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Initial Costs for Members without Medicare Part A</b>		
	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Cost Adjusted to</b>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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, 2019, 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.

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

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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 percent 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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 <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.



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

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 percent.

**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, 2020	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$104,000	\$92,000	\$81,000

June 30, 2021	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$91,000	\$80,000	\$70,000

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

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

- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

June 30, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$104,000	\$92,000	\$81,000

June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$91,000	\$80,000	\$70,000

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**NOTE 13 – OTHER RETIREMENT PLANS**

**Defined Contribution Retirement Plan (DC Plan)**

**Plan Description** – Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. 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 Annual Report 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 period July 1, 2020 through June 30, 2021 are summarized in the tables below:

	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020	July 1, 2021 Through June 30, 2021
<b>Employee Contribution Rates:</b>			
Employee contribution (all employees except State Troopers)	8.75%	10.00%	10.00%
<b>Employer Contribution Rates:</b>			
On behalf of all employees (except State Troopers)	10.40%	10.90%	10.95%

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**NOTE 13 – OTHER RETIREMENT PLANS (CONTINUED)**

Additionally the employers are required to contribute AED and SAED to the SDTF as follows:

	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 <sup>1</sup>	N/A	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505 <sup>1</sup>	N/A	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%
<b>Total employer contribution rate to the SDTF<sup>1</sup></b>	<b>10.00%</b>	<b>10.75%</b>	<b>10.80%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 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 \$40,400 and \$40,000, respectively, for the PERA DC Plan as of June 30, 2021 and 2020.

**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, 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 comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**NOTE 13 – OTHER RETIREMENT PLANS (CONTINUED)**

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

**PERAPlus 457 Plan**

The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009 as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2020, participants were allowed to make contributions of up to 100% of their annual gross salary (reduced by the percentage of their PERA contribution) to a maximum of \$19,500. Participants who are age 50 and older, an contributing the maximum amount allowable were allowed to make an additional \$6,500 contribution in 2020. Contributions and earnings are tax-deferred. At December 31, 2020, the Plan had 2 participants.

**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 December 18, 2015, reinsurance revenue was increased as a result of *The Consolidated Appropriations Act, 2016* which changed the maximum reinsurance reimbursement percentage for guaranty agencies to 100% from 95%. The change was effective for claims paid after December 1, 2015.

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 January 31, 2022. 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 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 requires 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 on a quarterly basis until January 31, 2022, pending any further extension.

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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.

**NOTE 16 – 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 revenue earned from the DOE in performing these services. College Assist retains 45% of the fees 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.

In October 2019, College Assist entered into a one-year Rehabilitation Loan Purchase agreement with ECMC to sell eligible rehabilitation loans at a 2.00% discount. The agreement was amended in May 2020 to a variable discount rate. The agreement with ECMC was amended a second time in January 2021 with a discount rate of 1.0%.

In November 2019, College Assist renewed agreements with four 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. During fiscal year 2021, contracts with two agencies were terminated and replaced with another outside collection agency.

**NOTE 17 – SUBSEQUENT EVENTS**

College Assist renewed agreements with three outside collection agencies effective November 1, 2021, 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. Collection agencies have been working with borrowers making voluntary payments and providing customer service. Normal collection activities are scheduled to restart on February 1, 2022.

Approximately \$150 million of student loans will be subrogated to the DOE starting in fiscal year 2022 to comply with the DCL issued May 12, 2021.

**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>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	0.031%	0.030%	0.025%	0.019%	0.025%	0.039%	0.053%
College Assist's proportionate share of the net pension liability	\$ 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	\$ 1,218,926	\$ 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	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	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 206,428	\$ 199,285	\$ 164,183	\$ 138,130	\$ 131,308	\$ 129,335	\$ 300,289
Contributions in relation to the contractually required contribution	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>
College Assists covered payroll	\$ 1,050,257	\$ 1,028,301	\$ 858,249	\$ 722,060	\$ 702,944	\$ 727,222	\$ 1,778,960
Contributions as a percentage of covered payroll	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 2021 Changes in benefit terms and actuarial assumptions**

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:
  - 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.

## REQUIRED SUPPLEMENTARY INFORMATION

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- 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 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%.

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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
College Assist's proportion of the net OPEB liability	0.008%	0.008%	0.007%	0.006%	0.007%
College Assist's proportionate share of the net OPEB liability	\$ 79,555	\$ 91,660	\$ 97,891	\$ 71,524	\$ 95,692
College Assist's covered payroll	\$ 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	10.26%	12.47%	16.16%	12.72%	16.45%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 8,085	\$ 7,785	\$ 7,068	\$ 5,583	\$ 6,163
Contributions in relation to the contractually required contribution	8,085	7,785	7,068	5,583	6,163
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College Assists covered payroll	\$ 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%

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**Notes to RSI for OPEB:**

**Notes to Required Supplementary Information (Other Post-Employment Benefits) –  
Fiscal Year 2021 Changes in benefit terms and actuarial assumptions**

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:
  - 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.

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- 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – FIDUCIARY FUND (UNAUDITED)  
PRIVATE PURPOSE TRUST FUND**

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The Management's Discussion and Analysis (MD&A) is required by Governmental Accounting Standards. The MD&A below was prepared by College Assist's management on behalf of the College Opportunity Fund (COF) and is designed to provide an analysis of the COF's financial condition and operating results for the fiscal years ended June 30, 2021 and 2020. The MD&A also informs the reader of the financial issues and activities related to the COF. It should be read in conjunction with the COF's financial statements.

**Basic Financial Statements – College Opportunity Fund**

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

The Statements of Fiduciary Net Position include the assets, liabilities, 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 COF is improving or deteriorating.

The Statements of Changes in Fiduciary Net Position present the additions to and deductions from the private-purpose trust fund during the fiscal years. These statements provide information about significant year-to-year changes in net position.

**Financial Overview**

The COF is a private purpose trust fund with the financial operations administered by Colorado Student Loan Program dba College Assist, an Enterprise fund of the State of Colorado. The COF's activities are accounted for in a fund that resides with the State. On an annual basis, the General Assembly appropriates funds to the Colorado Department of Higher Education for purposes of paying the COF stipend.

**Management Highlights**

The COF was established in fiscal year 2006 and continues to be funded through fiscal year 2021. Under CRS Article 23, Section 18, Colorado changed its funding system for public higher education to a student-stipend program known as the COF in Fall 2005. Under the current system, funds are provided to public and private higher education institutions on behalf of resident undergraduate students in the form of a stipend.

Stipend rates are set annually by the General Assembly during the State's budget process. The allocation is defined on a per-credit-hour basis where the appropriated amount is representative of a full-time student taking 30 credit hours each year. For the 2020–21 academic year and 2019–20 academic year, the State provided each participating student with \$1,200 or \$40 and \$2,820 or \$94 per credit hour stipend, respectively. Eligible participating students attending private higher education institutions receive one-half of the stipend.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – FIDUCIARY FUND (UNAUDITED)  
PRIVATE PURPOSE TRUST FUND**

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*Schedule of Net Position – Fiscal Year 2021*

Restricted Net Position of the COF at year-end was \$321,789. During the fiscal year, there was \$140.0 million in stipend receipts appropriated to the Colorado Department of Higher Education for use under the COF statutes. Of the total amount appropriated for COF, 100% was used for stipends for Colorado students attending Colorado Higher Education Institutions. Total assets at year-end were \$321,789 for unused private college funds.

*Schedule of Net Position – Fiscal Year 2020*

Restricted Net Position of the COF at year-end was \$204,092. During the fiscal year, there was \$353.0 million in stipend receipts appropriated to the Colorado Department of Higher Education for use under the COF statutes. Of the total amount appropriated for COF, 100% was used for stipends for Colorado students attending Colorado Higher Education Institutions. Total assets at year-end were \$204,092 for unused private college funds.

*Additions and Deductions – Fiscal Year 2021*

The General Assembly appropriated stipends of \$150.6 million for fiscal year 2021. Due to residual amounts in the COF fund from previous years and the Fee for Service transferability, \$139.4 million was paid to Colorado Higher Education Institutions for student stipends used to offset tuition costs. All State funded universities and university systems are eligible to participate in the COF program per Statute. Also included in participation are three private institutions: the University of Denver, Regis University and Colorado Christian University. Of the total amount appropriated for the COF, \$617,000 was provided to the three private institutions.

*Additions and Deductions – Fiscal Year 2020*

The General Assembly appropriated stipends of \$357.9 million for fiscal year 2020. Due to residual amounts in the COF fund from previous years and the Fee for Service transferability, \$352.8 million was paid to Colorado Higher Education Institutions for student stipends used to offset tuition costs. All State funded universities and university systems are eligible to participate in the COF program per Statute. Also included in participation are three private institutions: the University of Denver, Regis University and Colorado Christian University. Of the total amount appropriated for the COF, \$1.5 million was provided to the three private institutions.

**Economic Facts and Conditions for the Future**

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 in the COF at the end of a fiscal year are the property of the trust fund and shall remain in the fund and shall not be credited or transferred to the general fund or any other fund. The COF is statutory in nature; as such, changes to the program in terms and stipend amounts are regulated by the General Assembly.

During periods of revenue shortfalls, the General Assembly may use a variety of mechanisms to balance the State's budget, including changes to the COF program.



**MANAGEMENT'S DISCUSSION AND ANALYSIS – FIDUCIARY FUND (UNAUDITED)  
PRIVATE PURPOSE TRUST FUND**

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The stipend rate appropriated for the 2020–21 academic year decreased by \$54 to \$40 per credit hour. The 2021-22 academic year is \$94 per credit hour. As of the date of the financial statements, there has been no legislation introduced or enacted regarding significant changes to the COF.

Effective July 1, 2015, certain activities for the COF Program were transferred to DHE. College Assist has agreed to further fund COF Program expenses through a Memorandum of Understanding with DHE.

**Financial Contact**

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

College Assist  
1560 Broadway, Suite 1700  
Denver, Colorado 80202  
Attention: Chief Financial Officer

**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**  
**June 30, 2021 and 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Operating cash	\$ 321,789	\$ 203,653
Accounts receivable	-	439
	321,789	204,092
Total current assets	321,789	204,092
<b>TOTAL ASSETS</b>	<b>\$ 321,789</b>	<b>\$ 204,092</b>

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ -
	-	-
Total current liabilities	-	-
Total net position	321,789	387,366
<b>NET POSITION HELD IN TRUST</b>	<b>321,789</b>	<b>387,366</b>
Total net position	321,789	387,366
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 321,789</b>	<b>\$ 387,366</b>

**COLORADO STUDENT LOAN PROGRAM**  
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**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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Stipend receipts	\$ 139,560,314	\$ 353,018,165
Total additions	<u>139,560,314</u>	<u>353,018,165</u>
<b>DEDUCTIONS</b>		
Stipend payments	<u>139,442,617</u>	<u>352,834,891</u>
Total deductions	<u>139,442,617</u>	<u>352,834,891</u>
<b>CHANGE IN NET POSITION</b>	117,697	183,274
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>204,092</u>	<u>20,818</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 321,789</u></u>	<u><u>\$ 204,092</u></u>

**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
**DEPARTMENT OF HIGHER EDUCATION**  
**STATE OF COLORADO**  
**FIDUCIARY FUND – PRIVATE PURPOSE TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity – College Opportunity Fund**

College Opportunity Fund (COF) is a trust fund of the State of Colorado and is presented as a fiduciary fund in this report. It was established as a private purpose trust fund of the Colorado Department of Higher Education and is managed by College Assist. The COF was established to forward stipend funds to Colorado Higher Education Institutions on behalf of eligible students to subsidize tuition costs.

The financial statements of the COF include receipts and payments of the COF stipend.

Stipends are set annually by the General Assembly during the State’s budget process. 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 2020–21 academic year and 2019–20 academic year, the State provided each participating student with \$1,200 or \$40 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**

The COF uses 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.

**Cash**

Cash consists of cash on deposit with the Colorado State Treasurer (Treasurer).

**Accounts Receivable**

Accounts receivable is comprised of amounts due from institutions of higher education for adjustments to stipend payments.

**Net Position Held In Trust**

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 COF program.

**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
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**STATE OF COLORADO**  
**FIDUCIARY FUND – PRIVATE PURPOSE TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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

**Additions and Deductions**

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**

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 2021 and 2020 were \$150.1 million and \$357.9 million, respectively.

**NOTE 2 – CASH**

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.

The COF had cash of \$321,789 and \$203,653 on deposit with the Treasurer at June 30, 2021 and 2020, respectively. There was no cash on hand or petty cash.

**NOTE 3 – FEDERAL AND STATE LEGISLATIVE IMPACTS**

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 2021 and 2020, COF stipends were \$40 and \$94 per credit hour, respectively.

**COLORADO STUDENT LOAN PROGRAM**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 4 – 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, worker’s compensation, and medical claims. Property claims are not self-insured; rather, the State has purchased insurance.

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 5 – 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.

## **SUPPLEMENTARY INFORMATION**

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
PROPRIETARY FUNDS  
COMBINING SCHEDULES OF NET POSITION  
June 30, 2021  
With Comparative Totals for June 30, 2020**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2021	2020
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$169,088,857	\$ -	\$ 169,088,857	\$155,485,535
Federal fees receivable	734,740	-	734,740	818,258
Other receivables, net	-	-	-	71,568
Prepaid expenses	107,511	-	107,511	63,944
Total current assets	169,931,108	-	169,931,108	156,439,305
<b>RESTRICTED ASSETS</b>				
Restricted cash and pooled cash investments	-	40,068,803	40,068,803	51,317,058
Federal reinsurance receivable	-	20,808,485	20,808,485	22,650,597
Total restricted assets	-	60,877,288	60,877,288	73,967,655
<b>CAPITAL ASSETS</b>				
Computer hardware & software	1,372,221	-	1,372,221	1,420,005
Leasehold improvements	92,700	-	92,700	92,700
Total capital assets	1,464,921	-	1,464,921	1,512,705
Less accumulated depreciation	(633,552)	-	(633,552)	(603,644)
Capital assets, net	831,369	-	831,369	909,061
<b>TOTAL ASSETS</b>	<b>170,762,477</b>	<b>60,877,288</b>	<b>231,639,765</b>	<b>231,316,021</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	691,447	-	691,447	992,798
OPEB related items	27,694	-	27,694	31,290
Total deferred outflows of resources	719,141	-	719,141	1,024,088
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$171,481,618</b>	<b>\$ 60,877,288</b>	<b>\$ 232,358,906</b>	<b>\$232,340,109</b>



**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
**DEPARTMENT OF HIGHER EDUCATION**  
**STATE OF COLORADO**  
**PROPRIETARY FUNDS**  
**COMBINING SCHEDULES OF NET POSITION**  
**For the Year Ended June 30, 2021**  
**With Comparative Totals for the Year Ended June 30, 2020**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2021	2020
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 100,636	\$ -	\$ 100,636	\$ 95,853
Other current liabilities	7,166,790	-	7,166,790	1,460,080
Accrued compensated absences	64,300	-	64,300	65,300
Total current liabilities	7,331,726	-	7,331,726	1,621,233
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Claims due to lenders	-	18,106,741	18,106,741	17,506,320
Loan collections and other liabilities due to federal government	-	1,060,644	1,060,644	1,906,131
Total liabilities payable from restricted assets	-	19,167,385	19,167,385	19,412,451
<b>NONCURRENT LIABILITIES</b>				
Accrued compensated absences	156,500	-	156,500	103,000
Net pension liability	2,920,274	-	2,920,274	2,877,104
Net OPEB liability	79,555	-	79,555	91,660
Total noncurrent liabilities	3,156,329	-	3,156,329	3,071,764
Total liabilities	10,488,055	19,167,385	29,655,440	24,105,448
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension related items	600,867	-	600,867	1,135,911
OPEB related items	34,113	-	34,113	29,314
Total deferred inflows of resources	634,980	-	634,980	1,165,225
<b>NET POSITION</b>				
Investment in capital assets	831,369	-	831,369	909,061
Restricted	-	41,709,903	41,709,903	54,555,204
Unrestricted	159,527,214	-	159,527,214	151,605,171
Total net position	160,358,583	41,709,903	202,068,486	207,069,436
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$171,481,618</b>	<b>\$ 60,877,288</b>	<b>\$ 232,358,906</b>	<b>\$232,340,109</b>

**COLORADO STUDENT LOAN PROGRAM**  
**dba COLLEGE ASSIST**  
**DEPARTMENT OF HIGHER EDUCATION**  
**STATE OF COLORADO**  
**PROPRIETARY FUNDS**  
**COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2021**  
**With Comparative Totals for the Year Ended June 30, 2020**

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2021	2020
<b>OPERATING REVENUES</b>				
Federal grants and contracts				
Federal reinsurance	\$ -	\$ 58,894,459	\$ 58,894,459	\$180,065,817
Collections on loans and bankruptcies	13,105,576	-	13,105,576	26,265,898
Federal fee revenue	3,010,432	-	3,010,432	3,358,793
Complement received on collections	-	274,364	274,364	1,038,726
Amount paid to service provider	(15,635,624)	-	(15,635,624)	(15,990,975)
Interest on loan sales	1,875,248	-	1,875,248	2,496,038
Other revenues	-	-	-	549
Total operating revenues	<u>2,355,632</u>	<u>59,168,823</u>	<u>61,524,455</u>	<u>197,234,846</u>
<b>OPERATING EXPENSES</b>				
Guarantee claims paid to lending institutions	-	58,958,769	58,958,769	180,159,018
Rehabilitated loan discount	977,768	-	977,768	1,869,591
Salaries and benefits	1,551,153	-	1,551,153	1,369,126
Operating	2,356,923	-	2,356,923	1,481,817
Depreciation	157,947	-	157,947	83,733
Total operating expenses	<u>5,043,791</u>	<u>58,958,769</u>	<u>64,002,560</u>	<u>184,963,285</u>
<b>OPERATING INCOME</b>	<u>(2,688,159)</u>	<u>210,054</u>	<u>(2,478,105)</u>	<u>12,271,561</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Earnings (loss) on pooled cash investments	(1,780,753)	(741,035)	(2,521,788)	9,777,821
Loss on sale of equipment	(1,057)	-	(1,057)	-
Income before transfers	<u>(4,469,969)</u>	<u>(530,981)</u>	<u>(5,000,950)</u>	<u>22,049,382</u>
<b>TRANSFERS</b>				
Interfund transfers in/(out)	12,314,320	(12,314,320)	-	-
Direct distribution transfer to PERA	-	-	-	22,931
Total transfers	<u>12,314,320</u>	<u>(12,314,320)</u>	<u>-</u>	<u>22,931</u>
<b>CHANGE IN NET POSITION</b>	<u>7,844,351</u>	<u>(12,845,301)</u>	<u>(5,000,950)</u>	<u>22,072,313</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>152,514,232</u>	<u>54,555,204</u>	<u>207,069,436</u>	<u>184,997,123</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$160,358,583</u>	<u>\$ 41,709,903</u>	<u>\$202,068,486</u>	<u>\$207,069,436</u>

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
PROPRIETARY FUNDS  
COMBINING SCHEDULES OF CASH FLOWS  
For the Year Ended June 30, 2021  
With Comparative Totals for the Year Ended June 30, 2020**

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from:				
Federal grants and contracts	\$ 16,199,526	\$ 59,891,084	\$ 76,090,610	\$227,612,053
Amount paid to service provider	(9,928,914)	-	(9,928,914)	(16,324,344)
Complement received on collections	-	274,364	274,364	1,038,726
Interest on loan sales	1,875,248	-	1,875,248	2,496,038
Other sources	71,568	-	71,568	29,704
	<u>8,217,428</u>	<u>60,165,448</u>	<u>68,382,876</u>	<u>214,852,177</u>
Cash disbursed for:				
Guaranty claims paid to lending institutions	-	(58,358,348)	(58,358,348)	(192,362,307)
Rehabilitated loan discount	(977,768)	-	(977,768)	(1,869,591)
Salaries and benefits	(1,692,886)	-	(1,692,886)	(1,700,968)
Operating expenses	(2,395,707)	-	(2,395,707)	(1,436,874)
	<u>(5,066,361)</u>	<u>(58,358,348)</u>	<u>(63,424,709)</u>	<u>(197,369,740)</u>
Net cash provided by operating activities	<u>3,151,067</u>	<u>1,807,100</u>	<u>4,958,167</u>	<u>17,482,437</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>				
Transfers	12,314,320	(12,314,320)	-	22,931
Net noncapital financing activities	<u>12,314,320</u>	<u>(12,314,320)</u>	<u>-</u>	<u>22,931</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of property and equipment	(81,312)	-	(81,312)	(647,690)
Net cash used in capital and related financing activities	<u>(81,312)</u>	<u>-</u>	<u>(81,312)</u>	<u>(647,690)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	-	-	-	-
Capitalized software development costs	-	-	-	-
Earnings on pooled cash investments	(1,780,753)	(741,035)	(2,521,788)	9,777,820
Net cash provided by investing activities	<u>(1,780,753)</u>	<u>(741,035)</u>	<u>(2,521,788)</u>	<u>9,777,820</u>
<b>NET CHANGE IN CASH AND POOLED CASH INVESTMENTS</b>				
	13,603,322	(11,248,255)	2,355,067	26,635,498
<b>CASH AND POOLED CASH INVESTMENTS, BEGINNING OF YEAR</b>				
	<u>155,485,535</u>	<u>51,317,058</u>	<u>206,802,593</u>	<u>180,167,095</u>
<b>CASH AND POOLED CASH INVESTMENTS, END OF YEAR</b>				
	<u>\$169,088,857</u>	<u>\$ 40,068,803</u>	<u>\$209,157,660</u>	<u>\$206,802,593</u>
<b>NONCASH INVESTING ACTIVITIES</b>				
Unrealized gains	\$ 1,028,519	\$ 263,058	\$ 1,291,577	\$ 6,385,560
Loss on disposition of equipment	\$ 1,057	\$ -	\$ 1,057	\$ -

**COLORADO STUDENT LOAN PROGRAM  
dba COLLEGE ASSIST  
DEPARTMENT OF HIGHER EDUCATION  
STATE OF COLORADO  
PROPRIETARY FUNDS  
COMBINING SCHEDULES OF CASH FLOWS  
For the Year Ended June 30, 2021  
With Comparative Totals for the Year Ended June 30, 2020**

	Agency Operating Fund	Federal Reserve and Drawdown Funds	Totals	
			2021	2020
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (2,688,159)	\$ 210,054	\$ (2,478,105)	\$ 12,271,561
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	157,947	-	157,947	83,733
Effects of changes in assets, deferred outflows of resources, liabilities and deferred inflow of resources:				
Decrease in receivables	155,086	1,842,112	1,997,198	17,055,833
Increase in prepaid expenses	(43,567)	-	(43,567)	(15,552)
Decrease in pension deferred outflows	301,351	-	301,351	53,698
Decrease (increase) in OPEB deferred outflows	3,596	-	3,596	(6,600)
Increase in accounts payable and accrued liabilities	4,783	-	4,783	60,495
Increase (decrease) in other current liabilities	5,706,710	-	5,706,710	(333,369)
Increase (decrease) in loan collections and other liabilities due to federal government	-	(845,487)	(845,487)	894,867
Increase (decrease) in claims due to lenders	-	600,421	600,421	(12,203,289)
Increase in accrued compensated absences	52,500	-	52,500	32,000
Increase in net pension liability	43,170	-	43,170	84,189
Decrease in net OPEB liability	(12,105)	-	(12,105)	(6,231)
Decrease in pension deferred inflows	(535,044)	-	(535,044)	(501,702)
Increase in OPEB deferred inflows	4,799	-	4,799	12,804
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,151,067</b>	<b>\$ 1,807,100</b>	<b>\$ 4,958,167</b>	<b>\$ 17,482,437</b>



**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 the business-type activities and the fiduciary activities of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's basic financial statements, and have issued our report thereon dated December 2, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado'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 Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado'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 result 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 2, 2021



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 as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated December 2, 2021. 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. Professional standards require that we communicate to you the following information related to our audit.

## **Significant audit findings**

### ***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 Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado are described in Note 1 to the financial statements.

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 allowance for doubtful accounts is based on a historical determined percentage. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. During the year ended June 30, 2021 management wrote off the accounts receivable balance and the related allowance for doubtful accounts balance. We evaluated the key factors and rationale behind the write off and deemed it to be appropriate. We noted management received statutory approval from the State Controller and State Treasurer prior to processing the write off.
- 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 OPEB 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 letter, a disagreement with management is 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 2, 2021.

#### **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.



### **Other information in documents containing audited financial statements**

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.

With respect to 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 2, 2021.

The other information accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

In connection with the entity's annual report, we did not perform any procedures or corroborate other information included in the annual report. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. 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 such documents. However, as required by professional standards, we read management's discussion and analysis of financial conditions and results of operations and considered whether the information or the manner in which it was presented was materially inconsistent with information or the manner of presentation of the financial statements. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

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 Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Broomfield, Colorado  
December 2, 2021