COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
(A UNIVERSITY WITHIN THE COLORADO STATE UNIVERSITY SYSTEM)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

LEGISLATIVE AUDIT COMMITTEE

Senator Tim Neville - Chair	Senator Nancy Todd - Vice-Chair
Senator Rhonda Fields	Representative Kim Ransom
Senator Tracy Kraft-Tharp	Representative Lori Saine
Representative Dafna Michaelson Jenet	Senator Jim Smallwood

OFFICE OF THE STATE AUDITOR STAFF

Dianne E. Ray	State Auditor
Kerri Hunter	Deputy State Auditor
Marisa Edwards	Contract Monitor
CliftonLarson Allen LLP	Contractor

AN ELECTRONIC VERSION OF THIS REPORT IS AVAILABLE AT
WWW.COLORADO.GOV/AUDITOR

A BOUND REPORT MAY BE OBTAINED BY CALLING THE
OFFICE OF THE STATE AUDITOR
303.869.2800

PLEASE REFER TO REPORT NUMBER 1816F-B WHEN REQUESTING THIS REPORT

CliftonLarsonAllen LLP
CLAconnect.com

December 12, 2018

Members of the Legislative Audit Committee:

We have completed the financial statement audit of Colorado State University – Global Campus as of and for the year ended June 30, 2018. Our audit was 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 did not audit the financial statements of Colorado State University – Global Campus as of and for the year ended June 30, 2017 as those financial statetments were audited by other auditors.

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 which we have issued as a result of this engagement are set forth in the table of contents which follows.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2018 AND 2017

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
REPORT SUMMARY
YEARS ENDED JUNE 30, 2018 AND 2017

Purposes and Scope of Audit

The Office of the State Auditor engaged CliftonLarsonAllen LLP (CLA) to conduct a financial audit of Colorado State University – Global Campus (CSU – Global) for the year ended June 30, 2018. 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 purposes and scope of the audit were to:

Express opinions on the financial statements of CSU – Global as of and for the year ended June 30, 2018, 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* for the year ended June 30, 2018*.* As discussed in the auditors' report the financial statements of Colorado State University – Global Campus as of and for the year ended June 30, 2017 were audited by other auditors.

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, 2018.

Issue a report on CSU – Global's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audits of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2018.

Audit Opinions and Reports

The independent auditors' reports included herein expressed unmodified opinions on CSU – Global's financial statements as of and for the year ended June 30, 2018.

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.

There are no findings and recommendations reported for the year ended June 30, 2018.

Significant Audit Adjustments

No matters are reportable.

Summary of Progress in Implementing Prior Audit Recommendations

There were no findings and recommendations reported for the year ended June 30, 2017.

Organization and Administration

Colorado State University-Global Campus (CSU – Global) is the newest institution in the Colorado State University System (the System), an established university system with a rich 140-year history that evolved from agrarian roots as a land-grant institution. CSU – Global was established on August 24, 2007, by the System Board of Governors with a central goal of meeting the educational needs of adult learners in the State of Colorado and beyond by providing high quality online programs. On May 7, 2008, the System Board of Governors delegated authority to CSU – Global to oversee academic, personnel, and financial matters consistent with powers granted to CSU and CSU – Pueblo. Thereafter, CSU – Global was legally sanctioned as a third, independent University on March 18, 2009, when Colorado's Governor Ritter signed into law the State of Colorado Senate Bill 09-086 declaring the establishment of the CSU – Global Campus as an online university that is part of the Colorado State University System.

CSU – Global is the first statutorily-defined 100% online public university in the United States. It has a unique focus on the success of adult, nontraditional learners with learning outcomes focused on theory, knowledge, and skills necessary to secure employment and improve job performance. From its first class of nearly 200 students in 2008, CSU – Global has now grown to have a student body of over 18,000 students.

On June 30, 2011, Colorado State University – Global Campus was officially granted independent regional accreditation status by the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools. CSU – Global is the first public university in Colorado to receive initial HLC accreditation since 1971, a significant achievement for the university, the CSU System, and online education. The role and mission of CSU – Global is established in Title 23, C.R.S.

The Board of Governors of the Colorado State University System (the Board) has control and supervision of CSU – Global. The Board consists of 15 members: Nine voting members appointed by the Governor and confirmed by the Senate for four-year terms and six advisory, non-voting members representing the student bodies and the faculty councils elected for one-year terms.

The Board is authorized to set tuition, pay expenses, and hire officials. The chief academic and administrative officers are the Chancellor of the Colorado State University System and the President of each institution.

Academic Degree Programs

CSU – Global currently offers thirteen online undergraduate programs which lead to Bachelor of Science degrees in the following disciplines:

- Accounting
- Applied Social Sciences
- Business Management
- Communication
- Criminal Justice and Law Enforcement Administration
- Healthcare Administration and Management
- Human Resource Management
- Human Services
- Information Technology
- Management Information Systems and Business Analytics
- Marketing
- Organizational Leadership
- Project Management

CSU – Global also currently offers twelve graduate level degree programs in the following disciplines:

- Master of Science in Management
- Master of Science in Teaching and Learning
- Master of Finance
- Master of International Management
- Master of Information Technology Management
- Master of Project Management
- Master of Science in Organizational Leadership
- Master of Criminal Justice and Law Enforcement
- Master of Healthcare Administration and Management
- Master of International Management
- Master of Science in Teaching and Learning – Education Leadership Concentration
- Master of Human Resource Management

Colorado State University – Global Campus

CSU – Global was created by the Colorado State University System Board of Governors in 2007, and initiated its student instruction in Fall 2008. Built on a foundation of low cost, accountability, adaptability to marketplace needs, and sensitivity to student needs, CSU – Global is focused on facilitating adult success in a global marketplace through career- relevant education.

CSU – Global's degree programs and specializations are carefully selected and crafted to prepare students for relevant jobs and careers that have current and forecasted long-term growth. Instructors with industry expertise and top academic credentials lead courses that emphasize not only pertinent professional information, but they also seek to expand vital skills of critical thinking, evaluation, examination, and decision making-all important factors in both securing and keeping desirable jobs.

Mission Statement

CSU – Global Campus is committed to advancing student success in a global society, investing in human capital, expanding the state economy, and enhancing the quality of life for citizens in the State of Colorado and beyond by providing access to dynamic degree programs characterized by academic excellence, innovative delivery technologies, and strong stakeholder engagement.

CSU – Global reports full-time equivalent (FTE) for student, faculty and staff for four continuous years as follows:

Colorado State University – Global Campus
Full-Time Equivalent (FTE) Student Enrollment

Fiscal Year	Resident	Nonresident	Total
2017-2018	3,191	5,313	8,504
2016-2017	3,323	5,039	8,362
2015-2016	3,155	4,247	7,402

Colorado State University – Global Campus
Full-Time Equivalent (FTE) Faculty and Staff

Fiscal Year	Faculty	Staff	Total
2017-2018	313	195	508
2016-2017	285	177	462
2015-2016	273	157	430

There are no findings and recommendations for the year ended June 30, 2018.

Summary of Progress in Implementing Prior Audit Recommendations

There were no findings reported for the year ended June 30, 2017.

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Governors
Colorado State University – Global Campus
Greenwood Village, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Colorado State University – Global Campus (CSU – Global), as of and for the year ended June 30, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of CSU – Global as of June 30, 2018, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2017 financial statements were audited by other auditors, whose report dated December 1, 2017, expressed an unmodified opinion on those statements.

Emphasis of a Matter

Implementation of GASB Statement No. 75

During fiscal year ended June 30, 2018, CSU – Global adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* As a result of the implementation of these standards, CSU – Global reported a restatement for the change in accounting principle (see Note 20). As of July 1, 2017, CSU – Global's net position was restated to reflect the impact of this adoption. Fiscal year 2017 was not restated for this change in accounting principle due to the fact that information was not available to CSU – Global to restate net position as of July 1, 2016. Our auditors' opinion was not modified with respect to the restatement.

Colorado State University System

The financial statements of CSU – Global do not purport to, and do not, present fairly the financial position or results of operations of the Colorado State University System as a whole as of and for the year ended June 30, 2018.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed on pages 8 – 13 and 46 – 49 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of CSU – Global'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 result of that testing, and not to provide an opinion on the effectiveness of CSU – Global'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 CSU – Global's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 12, 2018

Management's Discussion and Analysis

This section of the financial report presents management's discussion and analysis of the financial performance of Colorado State University-Global Campus (CSU – Global) for the fiscal years ended June 30, 2018 and 2017. CSU – Global began offering classes to students in fiscal year 2009 and achieved a positive net position (total assets in excess of total liabilities) in fiscal year 2012. Management's comments will primarily focus on the periods ending June 30, 2016 through June 30, 2018. This discussion provides an analysis of the university's financial activities based on currently known facts, decisions, or existing conditions, and should be read in conjunction with CSU – Global's financial statements and notes thereto, which are also presented in this document. The analyses in this section of the report are unaudited.

Enrollment and Financial Highlights

The following accomplishments occurred during the fiscal years ended June 30, 2018, 2017 and 2016:

- Student enrollment (unduplicated headcount) increased 5.3% between fiscal years 2018 and 2017, and increased 15% between fiscal years 2016 and 2017.

- Student enrollment (FTE) increased 2% and 13% between fiscal years 2017 and 2018 and between fiscal years 2016 and 2017, respectively.

- Unique course offerings to our students increased 5.74% and 8.76% between fiscal years 2017 and 2018 and between fiscal years 2016 and 2017, respectively.

- CSU – Global's net position increased from $75.8 million at June 30, 2017 to $83.1 million at June 30, 2018. CSU – Global's net position decreased from $77.3 million at June 30, 2016 to $75.8 million at June 30, 2017.

- During fiscal years 2018 and 2017, CSU – Global made distributions to the CSU System Board of Governors or other institutions of $22.0 million and $28.3 million, respectively.

The Basic Financial Statements

The enclosed financial statements are designed to provide readers with a broad overview of CSU – Global's financial activities. The statements of net position, statements of revenues, expenses and changes in net position, and the statements of cash flow compose the basic financials of CSU – Global.

Financial Analysis Statement of Net Position

The statement of net position presents the financial position of CSU – Global and includes all assets, liabilities, and deferred inflows and outflows of the university at a point in time. CSU – Global assets exceeded liabilities resulting in positive net position by $83,135,804, $75,805,926, and $77,320,584, at June 30, 2018, 2017 and 2016, respectively. At June 30, 2018, the majority (89%) of CSU – Global's assets are held as cash and cash equivalents. Surplus reserves or net position is primarily designated to fund strategic initiatives such as enrollment growth and exceptional customer service, to maintain financial stability as required by the Board and Higher Learning Accrediting Authorities and for the development of new and maintenance of existing online courses and degree programs.

Summary of Net Position

	June 30, 2018	2017	2016
Current Assets	$ 99,462,369	$ 88,064,135	$ 85,338,905
Capital Assets	782,748	863,867	1,155,409
Noncurrent Assets	-	-	1,320,713
Total Assets	100,245,117	88,928,002	87,815,027
Deferred Outflows of Resources	1,796,784	2,849,198	1,089,574
Total Assets and Deferred Outflows of Resources	102,041,901	91,777,200	88,904,601
Current Liabilities	9,363,866	7,596,966	6,956,615
Noncurrent Liabilities	9,173,551	8,350,833	4,580,402
Total Liabilities	18,537,417	15,947,799	11,537,017
Deferred Inflows of Resources	368,680	23,475	47,000
Total Liabilities and Deferred Inflows of Resources	18,906,097	15,971,274	11,584,017
Net Position			
Invested in Capital Assets, Net of Related Debt	782,748	863,867	1,155,409
Restricted	-	-	11,548
Unrestricted	82,353,056	74,942,059	76,153,627
Total Net Position	$ 83,135,804	$ 75,805,926	$ 77,320,584

2018 Compared to 2017

Continued expansion of new courses and degree programs followed by strong enrollment growth contributed to the changes in CSU – Global statement of net position assets as outlined below:

- Cash and cash equivalents increased $7.4 million, or 9%.
- Net student accounts receivable increased $3.0 million, or 87%.
- Other accounts receivable increased $0.5 million, or 27%, in 2018 over that of 2017 due to the timing difference of receipts.
- Net capital assets decreased $81 thousand, or 9%, from fiscal year 2017 due to depreciation expense exceeding the amount of capital asset additions.
- Current liabilities increased $1.8 million, or 23%, primarily due to an increase in unearned revenue.

- Noncurrent liabilities increased by $823 thousand, or 10%, primarily as a result of the increase in the net pension liability.

- The change in deferred outflows and deferred inflows are the result of change in deferred items related to pension and other post-employment benefit plans.

2017 Compared to 2016

Continued expansion of new courses and degree programs followed by strong enrollment growth contributed to the changes in CSU – Global statement of net position assets as outlined below:

- Cash and cash equivalents increased $0.5 million, or 1%.

- Net student accounts receivable increased $1.2 million, or 50%.

- Other accounts receivable increased $1.1 million, or 169%, in 2017 over that of 2016 due to the timing difference of receipts.

- Net capital assets decreased $292 thousand, or 25%, from fiscal year 2016 due to depreciation expense exceeding the amount of capital asset additions.

- Current liabilities increased $640 thousand, or 9%, primarily due to an increase in unearned revenue.

- Noncurrent liabilities increased by $3.8 million, or 82%, primarily as a result of the increase in the net pension liability.

- The change in deferred outflows and deferred inflows are the result of change in deferred items related to pension plans.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the financial operating results of CSU – Global for the reporting period. Operating and nonoperating revenues and expenses and the resulting increase/decrease (changes in net position) during the year are shown in this statement.

Revenues, Expenses, and Changes in Net Position

	June 30, 2018	June 30, 2017	June 30, 2016
Operating Revenues			
Tuition and Fees, Net	$ 90,636,809	$ 85,060,172	$ 76,468,053
Other	4,487,209	2,530,831	1,919,797
Total Operating Revenues	95,124,018	87,591,003	78,387,850
Operating Expenses			
Instruction	21,124,307	19,330,507	16,240,963
Academic Support	7,903,453	6,167,155	4,651,949
Student Services	29,161,187	28,198,497	21,886,826
Institutional Support	6,767,986	6,726,111	5,935,999
Operation and Maintenance of Plant	527,802	541,581	531,924
Scholarships and Fellowships	11,118,245	9,930,186	9,628,414
Depreciation	367,022	417,090	399,948
Total Operating Expenses	76,970,002	71,311,127	59,276,023
Net Operating Revenues (Expenses)	18,154,016	16,279,876	19,111,827
Nonoperating Revenues			
Investment Income	343,234	319,183	940,078
Loss on Disposal of Capital Assets	(69,348)	-	-
Federal nonoperating grants and contracts	11,118,244	10,148,171	9,628,414
Net Nonoperating Revenues (Expenses)	11,392,130	10,467,354	10,568,492
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	29,546,146	26,747,230	29,680,319
Other	(22,031,314)	(28,261,888)	(724,056)
Increase (Decrease) in Net Position	7,514,832	(1,514,658)	28,956,263
Net Position - Beginning of Year	75,805,926	77,320,584	48,364,321
Change in Accounting Principle	(184,954)	-	-
Net Position - Beginng of Year (as Restated)	75,620,972	77,320,584	48,364,321
Net Position - End of Year	$ 83,135,804	$ 75,805,926	$ 77,320,584

2018 Compared to 2017

The continued introduction of new courses combined with strong enrollment growth led to increases in operating revenues and expenses. CSU – Global offers fixed tuition pricing. Once a student enrolls in a degree program, the tuition rate is locked as long as the student remains in classes and in good academic standing.

- Total student enrollment based on full-time equivalents increased 1.7%.
- Tuition and fee revenue grew by $5.6 million or 6.6%.

- As the interest and demand grew for CSU – Global online course offerings, so did its operating costs.

- The number of non-teaching or support staff employees (full-time equivalent) increased 10.2% during this same period. The number of teaching staff (full-time equivalent) increased 9.8% during the fiscal year 2018.

- Nonoperating revenues increased $994 thousand or 9.5%. This increase is attributable to the increased number of undergraduate students eligible for federal grants. Nonoperating revenues for CSU – Global primarily consist of federal Pell Grant awards received on behalf of students. Reporting standards require the receipt of these resources to be recognized as nonoperating revenue while the actual disbursement to students is reported as an operating expense.

- CSU – Global's change in net position before transfers of $29.5 million for fiscal year 2018 compared to $26.7 million for fiscal year 2017 as the result of increased revenue in excess of expenses.

- As a result of strong financial results over a period of years, CSU – Global was able to make a transfer of $22.0 million to the CSU System during fiscal year 2018. This transfer is required under the CSU System Reserves Policy, which requires that CSU – Gobal transfers net assets in excess of the institutional reserve to the CSU System. CSU – Global retains a sufficient institutional reserve to maintain a strong overall financial position.

2017 Compared to 2016

The continued introduction of new courses combined with strong enrollment growth led to increases in operating revenues and expenses. CSU – Global offers fixed tuition pricing. Once a student enrolls in a degree program, the tuition rate is locked as long as the student remains in classes and in good academic standing.

- Total student enrollment based on full-time equivalents increased 13.0%.

- Tuition and fee revenue grew by $8.6 million or 11.2%. Other operating revenue which consists primarily of course hosting fees increased by $2.0 million or 77%.

- As the interest and demand grew for CSU – Global online course offerings, so did its operating costs.

- The number of instructors (full-time equivalent) increased 4.4%.

- The number of non-teaching or support staff employees (full-time equivalent) increased 12.7% during this same period.

- Nonoperating revenues decreased $101 thousand or 1%. This increase is attributable to the increased number of undergraduate students eligible for federal grants. Nonoperating revenues for CSU – Global primarily consist of federal Pell Grant awards received on behalf of students. Reporting standards require the receipt of these resources to be recognized as nonoperating revenue while the actual disbursement to students is reported as an operating expense. This increase was offset by a decrease in investment income of $621 thousand.

- CSU – Global's change in net position before transfers of $26.7 million for fiscal year 2017 compared to $29.7 million for fiscal year 2016 as the result of increased expenses in excess of revenue.

- As a result of strong financial results over a period of years, CSU – Global was able to make a transfer of $28.3 million to the CSU System during fiscal year 2017. This transfer is required under the CSU System Reserves Policy, which requires that CSU – Global transfers net assets in excess of the institutional reserve to the CSU System. CSU – Global retains a sufficient institutional reserve to maintain a strong overall financial position.

Statement of Cash Flows

The statement of cash flows provides information about CSU – Global's operating results by reporting sources and uses of cash. The basis of presentation for this statement is the direct method, which illustrates cash flows from operating, non-capital financing, capital and related financing, and investing activities.

Economic Outlook for Colorado State University – Global Campus

Quality, convenience, flexibility and affordability are the growing demands of the educational consumer, particularly among the adult nontraditional students on which CSU – Global's mission is focused. The university's data-driven approach to all university activities, its introduction of market relevant courses and degree programs, its emphasis on student and graduate workplace success, and its dedication to student retention and degree completion are expected to continue to fuel the university's growth and reputation.

As CSU – Global continues to be an attractive university for nontraditional adult learners, the economic outlook is favorable in the upcoming fiscal year and beyond. CSU – Global will continue to fulfill its mission by improving processes, technology, analytics, and curriculum.

Requests for Information

The financial report is designed to provide a general overview of the Colorado State University-Global Campus's finances for all those with an interest in CSU – Global's finances and to demonstrate CSU – Global's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the attention of the Controller, Colorado State University – Global Campus, 7800 East Orchard Road, Suite 200, Greenwood Village, Colorado 80111.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 89,459,000	$ 82,034,155
Student Accounts Receivable, Net	6,428,935	3,445,551
Grants and Other Accounts Receivable, Net	2,268,878	1,779,620
Inventories	5,811	6,380
Prepaid Expenses	1,299,745	798,429
Total Current Assets	99,462,369	88,064,135
CAPTIAL ASSETS		
Leasehold Improvements	30,111	73,423
Equipment	752,637	790,444
Total Depreciable Capital Assets, Net	782,748	863,867
Total Assets	100,245,117	88,928,002
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,790,003	2,849,198
Related to Other Post-Employment Benefits	6,781	-
Total Deferred Outflows of Resources	1,796,784	2,849,198
Total Assets and Deferred Outflows of Resources	$ 102,041,901	$ 91,777,200
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts Payable	$ 1,698,373	$ 1,235,499
Accrued Liabilities	2,246,367	2,665,600
Unearned Revenue	4,965,699	3,519,767
Deposits Held for Others	408,311	130,984
Current Portion of Other Long-Term Liabilities	45,116	45,116
Total Current Liabilities	9,363,866	7,596,966
NONCURRENT LIABILITIES		
Other Noncurrent Liabilties	-	33,837
Compensated Absences Liabilities	800,786	690,375
Net Pension Liabilities	8,191,633	7,626,621
Net Other Post-Employment Benefits Liabilities	181,132	-
Total Noncurrent Liabilities	9,173,551	8,350,833
Total Liabilities	18,537,417	15,947,799
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	357,558	23,475
Related to Other Post-Employment Benefits	11,122	-
Total Deferred Inflows of Resources	368,680	23,475
Total Liabilities and Deferred Inflows of Resources	18,906,097	15,971,274
NET POSITION		
Investment in Capital Assets	782,748	863,867
Unrestricted	82,353,056	74,942,059
Total Net Position	$ 83,135,804	$ 75,805,926

See accompanying Notes to Financial Statements.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Student Tuition and Fees, Net of		
Scholarship Allowances of $1,408,299 and $1,168,168	$ 90,636,809	$ 85,060,172
Other Operating Revenue	4,487,209	2,530,831
Total Operating Revenues	95,124,018	87,591,003
OPERATING EXPENSES		
Instruction	21,124,307	19,330,507
Academic Support	7,903,453	6,167,155
Student Services	29,161,187	28,198,497
Institutional Support	6,767,986	6,726,111
Operation and Maintenance of Plant	527,802	541,581
Scholarships and Fellowships	11,118,245	9,930,186
Depreciation	367,022	417,090
Total Operating Expenses	76,970,002	71,311,127
Operating Income (Loss)	18,154,016	16,279,876
NONOPERATING REVENUES (EXPENSES)		
Investment Income	343,234	319,183
Loss on Disposal of Capital Assets	(69,348)	-
Federal Nonoperating Grants and Contracts	11,118,244	10,148,171
Total Nonoperating Revenues (Expenses)	11,392,130	10,467,354
Income (Loss) Before Other Revenues (Expenses)	29,546,146	26,747,230
OTHER REVENUES (EXPENSES) OR TRANSFERS		
Payments (to)/from Governing Boards or Other Institutions	(22,031,314)	(28,261,888)
Total Other Revenues (Expenses) or Transfers	(22,031,314)	(28,261,888)
Increase (Decrease) in Net Position	7,514,832	(1,514,658)
Net Position - Beginning of Year (as Previously Reported)	75,805,926	77,320,584
Change in Accounting Principle	(184,954)	-
Net Position - Beginning of Year (as Restated)	75,620,972	77,320,584
Increase (Decrease) in Net Position	7,514,832	(1,514,658)
NET POSITION - END OF YEAR	$ 83,135,804	$ 75,805,926

See accompanying Notes to Financial Statements.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received		
Tuition and Fees	$ 89,376,684	$ 84,670,440
Other Operating Receipts	3,997,952	1,349,418
Cash Payments		
Scholarships Disbursed	(11,115,245)	(9,930,187)
Payments to Employees	(35,648,166)	(31,371,980)
Payments to Suppliers	(28,258,294)	(27,648,707)
Net Cash Provided by Operating Activities	18,352,931	17,068,984
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
Agency Direct Lending Inflows	92,497,634	89,198,649
Agency Direct Lending Outflows	(92,497,634)	(89,198,649)
Other Agency Inflows	1,735,877	1,364,853
Other Agency Outflows	(1,735,877)	(1,364,853)
Payments to Governing Boards or Other Institutions	(22,031,314)	(26,941,175)
Other Nonoperating Revenues	11,115,246	10,212,393
Net Cash Used by Noncapital Financing Activities	(10,916,068)	(16,728,782)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(355,251)	(125,548)
Net Cash Used by Capital and Related Financing Activities	(355,251)	(125,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	343,233	319,183
Net Cash Provided by Investing Activities	343,233	319,183
Net Increase in Cash and Cash Equivalents	7,424,845	533,837
Cash and Cash Equivalents - Beginning of Year	82,034,155	81,500,318
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 89,459,000	$ 82,034,155

See accompanying Notes to Financial Statements.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income	$ 18,154,016	$ 16,279,876
Adjustments		
Depreciation Expense	367,022	417,090
Noncash Operating Transactions	-	916,379
Decrease (Increase) in Assets		
Receivables, Net	(3,472,642)	(3,252,904)
Inventories and Prepaids	(500,747)	80,909
Increase (Decrease) in Liabilities		
Accounts Payable	462,874	(411,552)
Accrued Liabilities	(419,233)	287,806
Unearned Revenue	1,445,932	1,085,836
Deposits Held for Others	277,327	(320,455)
Compensated Absences Liabilities	110,411	150,150
Net Pension and OPEB Liabilities and Related Deferrals	1,961,808	-
Other Liabilities	(33,837)	1,835,849
Net Cash Provided (Used) by Operating Activities	$ 18,352,931	$ 17,068,984

See accompanying Notes to Financial Statements.

NOTE 1 GOVERNANCE AND REPORTING ENTITY

Governance

Colorado State University-Global Campus (CSU – Global) is a Colorado public institution and one of three universities within the Colorado State University System (the CSU System). The CSU System is an institution of higher education of the State of Colorado. The Board of Governors (the Board) is the governing board of the CSU System. The Board consists of nine members appointed by the Governor of the State of Colorado and six advisory, nonvoting representatives from the institutions. In addition to these financial statements, CSU – Global's financial activity is also included in the basic financial statements of the CSU System.

Reporting Entity

The accompanying financial statements present the operations of CSU – Global. As a higher education institution of the State of Colorado, the income of CSU – Global is generally exempt from income taxes under Section 115 of the Internal Revenue Code (IRC). However, income unrelated to the exempt purpose of CSU – Global would be subject to tax under IRC Section 511(a)(2)(B). CSU – Global had no material unrelated business income for the years ended June 30, 2018 and 2017.

NOTE 2 BASIS OF PRESENTATION

The financial statements of CSU – Global, are intended to present the financial position, the changes in financial position and the cash flows of only that portion of the business-type activities of the CSU System that is attributable to the transactions of CSU – Global. They do not purport to, and do not, present fairly the financial position of the CSU System as of June 30, 2018 and 2017, and the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Any effort to reconcile this report with presentations made for other purposes, such as data submitted with the legislative budget request of CSU – Global, must take into consideration the differences in the basis of accounting and other requirements for the presentation of such information.

NOTE 3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For financial reporting purposes, CSU – Global is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the basic financial statements of CSU – Global have been presented using the economic resources measurement focus and the accrual basis of accounting. Presentation is also in accordance with the State of Colorado Higher Education Accounting Standard No. 17. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

NOTE 3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State Treasurer, and all highly liquid investments with an original maturity when purchased of three months or less.

Student Receivables

Student receivables are carried at cost, less an allowance for doubtful accounts. Management believes that the allowance for doubtful accounts is adequate. Management uses available information to recognize losses on student receivables. Future additions to the allowance may be necessary based on changes in economic conditions and other factors.

Inventories

Inventories, consisting of school store merchandise, are carried at cost.

Capital Assets

Capital assets are stated at cost. Depreciation on furniture, fixtures, equipment and improvements is provided on a straight-line basis over the estimated useful lives as described in the table below:

Asset Class	Useful Life
Furniture and Other Equipment	5-7 Years
Computer Hardware and Software	3-5 Years
Leasehold Improvements	Shorter of Term of Lease or Useful LIfe

Amounts spent for repairs and maintenance are charged to expense as incurred. When assets are sold or retired, the associated cost and accumulated depreciation are removed. Any gain or loss from such disposition is recorded as a component of other non-operating revenues and expenses on the Statements of Revenues, Expenses and Changes in Net Position.

Deferred Outflows and Inflows of Resources

A deferred inflow of resources is an acquisition of net position by CSU – Global that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by CSU – Global that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Compensated Absence Liabilities

The amount of compensated absence liabilities that are recorded as a current liability on the statements of net position are the known amount of separation payouts at June 30. The remaining balance of the compensated absence liabilities is recorded as a noncurrent liability on the statements of net position.

NOTE 3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net positions of CSU – Global are classified as follows:

Investment in Capital Assets: This represents the total investment in capital assets, net of accumulated depreciation and outstanding debt obligations, if any, related to those capital assets.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing future income, which may either be expended or added to principal. CSU – Global has no non-expendable assets as of June 30, 2018 and 2017.

Restricted Net Position – Expendable: Restricted expendable net positions in which CSU – Global is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or debt agreements.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state fee for service reserves, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of CSU – Global and may be used to meet current expenses for any purpose. Unrestricted net assets may be designated by actions of the Board.

Classification of Revenues

CSU – Global has classified revenues as either operating or nonoperating according to the following criteria:

- Operating revenues consist of services related to teaching, including tuition and application fees from students (after reduction for bad debt and scholarship allowances provided with institutional funds).

- Operating expenses represent the full cost of providing the services and goods associated with operating revenues. These expenses are accrued when incurred and measurable and reported using functional classifications.

- Non-operating revenues and expenses consist primarily of investment income that is relied upon and budgeted for support of operating expenses. Also included in non-operating revenues are Federal Pell Grants.

NOTE 3 MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

CSU – Global defers a portion of the tuition revenue for courses whose duration span two fiscal years. The unearned amount is based on the number of calendar days that occur after June 30.

Application of Restricted and Unrestricted Resources

This application is made on a case-by-case basis by management depending on overall program requirements and resources. Generally, management applies restricted resources then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

Use of Estimates

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

NOTE 4 CASH AND CASH EQUIVALENTS

CSU – Global deposits cash and cash equivalents with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities as prescribed by CRS 24-75-601.1. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2018, CSU – Global had cash on deposit with the State Treasurer of approximately $78 million, which represented approximately 1.0% of the total $7.6 billion of fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2017, CSU – Global had cash on deposit with the State Treasurer of $72 million, which represented approximately 1.1% of the total $6.8 billion of fair value of deposits in the State Treasurer's Pool (Pool).

For financial reporting purposes all of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at fiscal year-end. On the basis of CSU – Global's participation in the Pool, CSU – Global reports as an increase or decrease in cash and cash equivalents 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 or losses included in income reflect only the change in fair value for the fiscal year.

NOTE 4 CASH AND CASH EQUIVALENTS (CONTINUED)

The difference between CSU – Global's cash carrying value, deposits with the State Treasurer and balances at other banks is due to outstanding checks and deposits in transit. CSU – Global earned interest of $1,259,634 for the fiscal year ended June 30, 2018 and $350,923 for the fiscal year ended June 30, 2017. However, CSU – Global recognized the occurrence of increases in cash and cash equivalents and increases or decreases in investment income as a result of unrealized gains or losses on deposits with the State Treasurer. CSU – Global reflected an unrealized loss of $(945,868) and $(31,740) and in cash and cash equivalents on deposit with the State Treasurer for fiscal years ended June 30, 2018 and 2017, respectively.

Custodial credit risk for deposits is the risk that in the event of a bank failure, CSU – Global's deposits may not be returned to it. To manage custodial risk, deposits with financial institutions are made in accordance with the Colorado Public Deposit Protection Act (PDPA) of 1975. PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having a market value equal to at least 102% of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under PDPA are considered to be collateralized with securities held by the pledging institutions in CSU – Global's name. Deposits held in money market funds are not PDPA eligible deposits.

At June 30, 2018, CSU – Global's book and bank balance value of cash not on deposit with the State Treasurer was $11.9 million and $12.2 million, respectively. Cash includes petty cash or cash on hand and cash in bank accounts. Bank account balances per the bank at June 30, 2018 and 2017, are $12.2 million and $9.9 million, respectively. Of the June 30, 2018 deposits, $250,000 were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $11.9 million were collateralized with securities held by the pledging institution's trust department. Of the June 30, 2017 deposits, $250,000 were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $9.6 million were collateralized with securities held by the pledging institution's trust department.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Comprehensive Annual Financial Report for the fiscal years ended June 30, 2018 and 2017.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying statements of net position.

	2018	2017
Student Accounts Receivable	$ 8,702,248	$ 6,795,615
Less Allowance for Doubtful Accounts	(2,273,313)	(3,350,064)
Student Accounts Receivable, Net	$ 6,428,935	$ 3,445,551
Grants and Other Accounts Receivable, Net Allowance	$ 2,268,878	$ 1,779,620

NOTE 6 CAPITAL ASSETS

Capital assets as of June 30, 2018 and 2017, consist of the following:

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Depreciable Capital Assets					
Furniture and Equipment	$ 1,159,527	$ 90,544	$ -	$ -	$ 1,250,071
Software	580,701	264,707	(102,741)	-	742,667
Leasehold Improvements	199,875	-	-	-	199,875
Total Capital Assets	1,940,103	355,251	(102,741)	-	2,192,613
Less Accumulated Depreciation					
Furniture and Equipment	(551,693)	(220,592)	-	-	(772,285)
Software	(398,091)	(103,118)	33,393	-	(467,816)
Leasehold Improvements	(126,452)	(43,312)	-	-	(169,764)
Total Accumulated Depreciation	(1,076,236)	(367,022)	33,393	-	(1,409,865)
Total Capital Assets, Net	$ 863,867	$ (11,771)	$ (69,348)	$ -	$ 782,748

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Depreciable Capital Assets					
Furniture and Equipment	$ 1,154,453	$ 5,074	$ -	$ -	$ 1,159,527
Software	460,227	120,474	-	-	580,701
Leasehold Improvements	199,875	-	-	-	199,875
Total Capital Assets	1,814,555	125,548	-	-	1,940,103
Less Accumulated Depreciation					
Furniture and Equipment	(357,098)	(194,595)	-	-	(551,693)
Software	(218,906)	(179,185)	-	-	(398,091)
Leasehold Improvements	(83,142)	(43,310)	-	-	(126,452)
Total Accumulated Depreciation	(659,146)	(417,090)	-	-	(1,076,236)
Total Capital Assets, Net	$ 1,155,409	$ (291,542)	$ -	$ -	$ 863,867

NOTE 7 ACCRUED LIABILITIES

The current accrued liabilities balances as of June 30, 2018 and 2017, were composed of:

	2018	2017
Accrued Payroll and Benefits	$ 463,739	$ 2,078,807
Other Accrued Liabilities	1,782,628	586,793
Total Current Accrued Liabilities	$ 2,246,367	$ 2,665,600

NOTE 8 LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017 (Restated)	Additions	Reductions	Balance Balance June 30, 2018	Amounts Due Within One Year
Net Pension Liabilities	$ 7,626,621	$ 778,361	$ (213,349)	$ 8,191,633	$ -
Net OPEB Liabilities	190,385	-	(9,253)	181,132	-
Accrued Compensated Absences	690,375	753,920	(643,509)	800,786	-
Other	78,953	-	(33,837)	45,116	45,116
	$ 8,586,334	$ 1,532,281	$ (899,948)	$ 9,218,667	$ 45,116

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Net Pension Liability	$ 3,962,509	$ 3,998,221	$ (334,109)	$ 7,626,621	$ -
Accrued Compensated Absences	540,225	152,614	(2,464)	690,375	-
Other	124,068	-	(45,115)	78,953	45,116
	$ 4,626,802	$ 4,150,835	$ (381,688)	$ 8,395,949	$ 45,116

NOTE 9 OPERATING LEASE COMMITMENT

The following is a schedule of CSU – Global's aggregate minimum rental commitments for operating leases of real and personal property for each of the five subsequent fiscal years.

Fiscal Year Ending June 30,	
2019	$ 358,551

NOTE 9 OPERATING LEASE COMMITMENT (CONTINUED)

In May 2013 CSU – Global entered into a new five-year lease for office space, with a commencement date of October 18, 2013. The lease provides an option to renew the terms of the lease for two consecutive additional periods of five years each. The lease agreement also includes a stipulation for rent holidays, which are recognized on a straight-line basis over the life of the lease. The lease includes base rent payable, net of property tax credits of $2,345,770 beginning in March 2014. CSU – Global receives a monthly property tax credit in the amount of $2,594 that began March 1, 2014 and continues through the duration of the lease.

Total rent expense for the years ended June 30, 2018 and 2017 was $440,891 and $424,932, respectively.

NOTE 10 NET POSITION

CSU – Global is subject to multiple constraints, including those imposed by Colorado Constitutional and related legislative actions and State of Colorado statutes.

Student loan money is expended according to external restrictions imposed by the program funding sources. The federal programs are administered according to Department of Education Blue Book guidelines.

CSU – Global periodically receives nongovernmental grants or monies restricted for certain scholarships or programs. Amounts received with these restrictions are reflected in restricted net position.

Although other amounts reflected in unrestricted net position are not externally restricted, they may be internally designated by CSU – Global's Board or executive management for strategic and mission-related purposes. CSU – Global is an institution in the Colorado State University System, an enterprise fund under Colorado statute. Enterprise funds are subject to certain spending limits as defined by statute.

NOTE 11 EMPLOYMENT BENEFITS

CSU – Global employees who are eligible for retirement benefits participate in either the State Division Trust Fund (SDTF), a defined benefit pension fund, administered by the Public Employees' Retirement Association Defined Benefit Plan (PERA) or an Optional Retirement Plan (ORP), subject to eligibility criteria defined by PERA and CSU – Global for each separate governing entity.

CSU – Global's total payroll for the fiscal years ended June 30, 2018 and 2017 was approximately $28.6 million and $26.0 million, respectively. Payroll for employees covered by the SDTF plan and the optional defined contribution plan was approximately $1.3 million and $1.25 million for the fiscal years ended June 30, 2018 and 2017, respectively. Remaining employees are not eligible for participation in any of CSU – Global’s plans.

NOTE 12 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions

CSU – Global participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the 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.

During the 2018 legislative session, 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. Governmental accounting standards require the net pension liability and related amounts of the SDTF for financial reporting purposes be measured using the plan provisions in effect as of the SDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

General Information about the Pension Plan

Plan Description

Eligible employees of CSU – Global are provided with pensions through the State Division Trust Fund (SDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the 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 that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

As of December 31, 2017, 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. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF.

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 retirement benefit formula 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.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Eligible employees and CSU – Global are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees with the exception of State Troopers are required to contribute 8% of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate[1]	10.15 %	10.15 %
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)[1]	(1.02)%	(1.02)%
Amount Apportioned to the SDTF[1]	9.13 %	9.13 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411[1]	5.00 %	5.00 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411[1]	5.00 %	5.00 %
Total Employer Contribution Rate to the SDTF[1]	19.13 %	19.13 %

[1] Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and CSU – Global is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from CSU – Global was $241,147 and 211,089 for the fiscal years ended June 30, 2018 and 2017, respectively.

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

As of June 30, 2018 and 2017, CSU – Global reported a liability of $8,191,633 and $7,626,621 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. CSU – Global's proportion of the net pension liability was based on CSU – Global's contributions to the SDTF for the calendar year 2017 relative to the total contributions of participating employers to the SDTF.

At December 31, 2017, CSU – Global's proportion was 0.0409213745%, which was a decrease of 0.0824423187% from its proportion of 0.0415209442% measured as of December 31, 2016.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the years ended June 30, 2018 and 2017, CSU – Global's share of pension expense was $2,197,547 and $2,090,029 respectively. At June 30, 2018, CSU – Global's share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 127,727	$ -
Changes of Assumptions or Other Inputs	1,422,380	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	308,526
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	105,096	49,032
Contributions Subsequent to the Measurement Date	134,800	-
Total	$ 1,790,003	$ 357,558

At June 30, 2017, CSU – Global's share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 75,809	$ -
Changes of Assumptions or Other Inputs	1,939,370	23,475
Net Difference between Projected and Actual Earnings on Pension Plan Investments	252,829	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	462,730	-
Contributions Subsequent to the Measurement Date	118,460	-
Total	$ 2,849,198	$ 23,475

$134,800 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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,	
2019	$ 1,308,147
2020	221,351
2021	(114,608)
2022	(117,245)
2023	-
Thereafter	-
	$ 1,297,645

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The December 31, 2016 actuarial valuation used 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[1]	5.26%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

[1] The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 4.72% as described below.

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

Healthy, post-retirement mortality assumptions reflect 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 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% of the RP-2014 Disabled Retiree Mortality Table.

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

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 4.72%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

NOTE 12 DEFINED BENEFIT PENSION 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 3.50%.

- Employee contributions were assumed to be made at the member contribution rate as of the measurement date. 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 and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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.

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the single equivalent interest rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2038 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on pension plan investments was applied to periods through 2038 and the municipal bond index rate, the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week by The Bond Buyer, was applied to periods on and after 2038 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.72%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25% and the municipal bond index rate of 3.86% were used in the discount rate determination resulting in a discount rate of 5.26%.

Sensitivity of CSU – Global's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.72%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (3.72%) or one percentage-point higher (5.72%) than the current rate:

	1% Decrease (3.72%)	Current Discount Rate (4.72%)	1% Increase (5.72%)
Proportionate Share of the Net Pension Liability	$ 10,190,980	$ 8,191,633	$ 6,550,292

Pension Plan Fiduciary Net Position

Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100% funded ratio for each division within the next 30 years.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25% on July 1, 2019.

- Increases employee contribution rates by a total of 2% (to be phased in over a period of 3 years starting on July 1, 2019).

- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the other divisions eligible for the direct distribution.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At June 30, 2018, CSU – Global reported a liability of $8,191,633 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.72%. For comparative purposes, the following schedule presents an estimate of what the CSU – Global's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SDTF as of December 31, 2017.

NOTE 12 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	3,884,416

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately $3,655,463 of the estimated reduction is attributable to the use of a 7.25% discount rate.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan Description

Eligible employees of CSU – Global are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (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. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), 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.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

PERA Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and CSU – Global is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CSU – Global were $12,034 for the year ended June 30, 2018.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

At June 30, 2018, CSU – Global reported a liability of $181,132 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. CSU – Global's proportion of the net OPEB liability was based on CSU – Global's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, CSU – Global's proportion was 0.0139374937%, which was an decrease of 0.0007466909% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, CSU – Global recognized OPEB expense of $519. At June 30, 2018, CSU – Global reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 857	$ -
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	3,030
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	8,092
Contributions Subsequent to the Measurement Date	5,924	-
Total	$ 6,781	$ 11,122

$5,924 reported as deferred outflows of resources related to OPEB resulting from CSU – Global's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2019	$ (2,179)
2020	(2,179)
2021	(2,179)
2022	(2,179)
2023	(1,422)
Thereafter	(127)
Total	$ (10,265)

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following 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 the 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	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, Gradually Rising to 4.25% in 2023

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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.

Healthy, post-retirement 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.

Healthy, post-retirement 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.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

Sensitivity of CSU – Global's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents CSU – Global's proportionate share of the net OPEB liability, as well as what CSU – Global's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	$ 176,148	$ 181,132	$ 187,134

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

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

- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

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

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the HCTF'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% 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. There was no change in the discount rate from the prior measurement date.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of CSU – Global's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents CSU – Global's proportionate share of the net OPEB liability, as well as what CSU – Global's 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%) or 1 percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 203,649	$ 181,132	$ 161,913

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 14 UNIVERSITY OPTIONAL RETIREMENT PLAN -THE DEFINED CONTRIBUTION PLAN/OR RETIREMENT (DCP)

Under the University's optional retirement plan, all Academic Faculty and Administrative Professionals are required as a condition of employment under Colorado law to participate in either the University's Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). DCP participants may select from two investment companies as follows:

1. Teachers Insurance and Annuity Association (TIAA)
2. Variable Annuity Life Insurance Corporation (VALIC)

The defined contribution retirement plans are established pursuant to state statute (24-54.5-101 to 24- 54.5-107 CRS). As a university of the Board of Governors for the Colorado State University System, CSU – Global employees are eligible to participate in CSU – Global's retirement plan. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU – Global participants contribute the required 8% of eligible salary. CSU – Global provides a matching contribution of 11%, as required, of eligible salary for all nonstudent employees, including those employees at less than half-time and nonstudent temporary, hourly employees.

Both employee and employer contributions are vested immediately. Investments are participant-directed within the funds available through the authorized investment companies. CSU – Global's aggregate contribution to the above two vendors was equal to 11.1% and 11.1% of covered payroll or approximately $3.1 million and $2.8 million for the fiscal years ended June 30, 2018 and 2017, respectively. The employee aggregate contribution to the above two vendors was equal to 8.0% of covered payroll or approximately $2.2 million and $2.0 million for the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 14 UNIVERSITY OPTIONAL RETIREMENT PLAN -THE DEFINED CONTRIBUTION PLAN/OR RETIREMENT (DCP) (CONTINUED)

Health and Life Insurance Programs

CSU – Global's contribution to the various health insurance programs was approximately $2.1 million and $1.8 million for the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 15 COMPENSATED ABSENCES LIABILITY

CSU – Global employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount that will be paid upon termination. The estimated liability of compensated absences for which employees are vested as of June 30, 2018 and 2017 was $801 thousand and $690 thousand, respectively.

Overall, net expenses increased by $111 thousand for the fiscal year ended June 30, 2018 and $150 thousand for the fiscal year ended June 30, 2017, for the estimated compensated absences liabilities.

NOTE 16 DIRECT STUDENT FINANCIAL AID REPORTING

During the fiscal years ended June 30, 2018 and 2017, CSU – Global participated in the federal government's Direct Loan Program. This program provides loans from the federal government to qualifying students and their families for educational purposes. While CSU – Global helps students obtain these loans, the University is not a party to the loans and is not responsible for collection of monies owed or for defaults by borrowers.

The gross amounts of Direct Loans disbursed during the fiscal years ended June 30, 2018 and 2017 were $92.5 million and $89.2 million, respectively.

NOTE 17 SCHOLARSHIP ALLOWANCE

Tutition and fees revenues and the related scholarship and bad debt allowances for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Gross Revenue	$ 92,045,108	$ 87,144,719
Bad Debt Allowance (Net Recoveries)	-	916,379
Scholarship Allowances		
Institutional	1,408,299	1,168,168
Total Allowances	(1,408,299)	(2,084,547)
Net Revenue	$ 90,636,809	$ 85,060,172

NOTE 18 RELATED-PARTY TRANSACTIONS

From time to time CSU – Global makes distributions of excess net position to the CSU System based on a board approved calculation. For the fiscal years ended June 30, 2018 and 2017 CSU – Global made distributions to the CSU System of $22,031,314 and $28,261,888 respectively.

NOTE 19 RISK MANAGEMENT

CSU – Global is exposed to various risks of loss related to torts; theft of damage to and destruction of assets or information; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Insurance coverage for claims arising from such matters including those related to workers' compensation and natural disasters is purchased from the State of Colorado's Risk Management program. Settled claims have not exceeded this coverage in the last three years. Claims are administered by the Colorado Division of Risk Management.

NOTE 20 RESTATEMENT

For the year ended June 30, 2018, CSU – Global adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For CSU – Global, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

Net Position, June 30, 2017, as Previously Reported	$ 75,805,926
Cumulative Effect of Application of	
GASB No. 75, Net OPEB Liability	(184,954)
Net Position, June 30, 2017, as Restated	$ 75,620,972

NOTE 21 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2018, which is the date the financial statements were available to be issued. Management determined there were no subsequent events that required disclosure.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS
JUNE 30, 2018

	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	0.0409213750%	0.0415209442%	0.0376269691%	0.0294447265%	0.0249419471%
Proportionate Share Share of the Net Pension Liability	$ 8,191,633	$ 7,626,621	$ 3,962,509	$ 2,769,722	$ 2,221,821
Covered Payroll	$ 1,131,510	$ 1,161,000	$ 1,019,873	$ 792,808	$ 642,148
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	724.0%	656.9%	388.5%	349.4%	346.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.2%	42.6%	56.1%	59.8%	61.1%

Notes to Schedule:

The Amounts presented for each fiscal year were determined as of December 31 of the measurement year.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2014 were not reported in accordance with the current GASB standards, the information is not available.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2018

	2018	2017	2016	2015	2014
Contractually Required Contributions	$ 241,147	$ 215,649	$ 189,279	$ 169,316	$ 101,758
Contributions in Relation to the Contractually Required Contribution	(241,147)	(215,649)	(189,279)	(169,316)	(101,758)
Contibution Deficiency/Excess	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,260,570	$ 1,161,000	$ 1,005,669	$ 941,312	$ 597,298
Contributions as a Percentage of Covered Payroll	19.13%	18.57%	18.82%	17.99%	17.04%

Notes to Schedule:

The Amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2014 were not reported in accordance with the current GASB standards, the information is not available.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS
JUNE 30, 2018

	2017	2016
Proportion of the Net OPEB Liability	0.0139374937%	0.0146841846%
Proportionate Share of the Net OPEB Liability	$ 181,132	$ 190,385
Covered Payroll	$ 1,131,510	$ 1,161,000
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	16.0%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.5%	16.7%

Notes to Schedule:

The Amounts presented for each fiscal year were determined as of December 31 of the measurement year.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2017 were not reported in accordance with the current GASB standards, the information is not available.

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2018

	2018	2017
Contractually Required Contributions	$ 12,858	$ 11,842
Contributions in Relation to the Contractually Required Contribution	(12,858)	(11,842)
Contribution Deficiency/Excess	$ -	$ -
Covered Payroll	$ 1,260,570	$ 1,161,000
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

Notes to Schedule:

The Amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2017 were not reported in accordance with the current GASB standards, the information is not available.

CliftonLarsonAllen LLP
CLAconnect.com

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*

Legislative Audit Committee & Board of Governors
Colorado State University – Global Campus
Greenwood Village, 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 of Colorado State University – Global Campus (CSU – Global), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CSU – Global's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSU – Global's internal control over financial reporting (internal control) to determine the 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 CSU – Global's internal control. Accordingly, we do not express an opinion on the effectiveness of CSU – Global'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.

Board of Governors
Colorado State University – Global Campus

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSU – Global'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 determination of financial statement amounts. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 12, 2018

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

REQUIRED COMMUNICATIONS TO THE LEGISLATIVE AUDIT COMMITTEE

Legislative Audit Committee
Colorado State University – Global Campus

We have audited the financial statements of the business-type activities of Colorado State University – Global Campus (the University) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 12, 2018. 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 also 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 the University are described in Note 3 to the financial statements.

We noted no transactions entered into by the University 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 and the University management's description of the processes utilized in forming these were:

- Management's estimate of other postemployment benefits is based on actuarial assumptions and involves no judgement on management's part. 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.

- Management's estimate of the allowance for doubtful accounts is based on a mix of percentage of sales/tuition and a percentage of receivables outstanding. 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 fiscal year management revised the methodology for recording allowance for doubtful accounts. The revision of this estimate was due to new capabilities of the student accounts receivables system to include further breakdowns of aged receivables greater than 120 days. Management's revised methodology for estimating allowance for doubtful accounts resulted in a reduction of the balance and related bad debt expense compared to the prior methodology.

- Management's estimate of the net pension liability is based on actuarial assumptions and involves no judgement on management's part. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the useful lives of capital assets is based on the University's fixed asset policy. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole. For the health service revenue, we relied on the report of other auditors.

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 misstatement

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 misstatement

The attached schedule summarizes material misstatements detected as a result of audit procedures that were corrected by management.

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 and received certain representations from management.

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.

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, the Board of Governors and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 12, 2018

COLORADO STATE UNIVERSITY – GLOBAL CAMPUS
SUMMARY OF CORRECTED MISSTATEMENT
YEAR ENDED JUNE 30, 2018

CORRECTED MISSTATEMENTS

AJE #1
To adjust deferrals related to net pension liability and other post-employment benefits for CSU - Global's proportionate share of various items.

	Debits	Credits
Deferred Outflows Related to Pensions	$ -	$ 602,001
Deferred Inflows Related to Pensions	357,558	-
Deferred Outflows Related to Other Post-Employment Benefits	857	-
Deferred Inflows Related to Other Post-Employment Benefits	-	11,121
Employee Benefits Expense	254,707	-
Total	$ 613,122	$ 613,122

AJE #2
To adjust prepaid expenses for an item booked in error.

	Debits	Credits
Prepaid Expenses	$ -	$ 175,249
Institutional Support	175,249	-
Total	$ 175,249	$ 175,249