Colorado State University System

Financial Statements and Independent Auditors' Reports

Financial Audit

Years Ended June 30, 2021 and 2020

Compliance Audit

Year Ended June 30, 2021

LEGISLATIVE AUDIT COMMITTEE

OFFICE OF THE STATE AUDITOR STAFF

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CliftonLarsonAllen LLP
CLAconnect.com

January 31, 2022

Members of the Legislative Audit Committee:

We have completed the financial statement audit and compliance audit of the Colorado State University System as of and for the years ended June 30, 2021 and 2020. 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado

COLORADO STATE UNIVERSITY SYSTEM
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

COLORADO STATE UNIVERSITY SYSTEM
REPORT SUMMARY
YEARS ENDED JUNE 30, 2021 AND 2020

Purposes and Scope of Audit

The Office of the State Auditor engaged CliftonLarsonAllen LLP (CLA) to conduct a financial and compliance audit of the Colorado State University System (the System) for the years ended June 30, 2021 and 2020. CLA performed the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The audits of the Colorado State University Foundation and the Colorado State University – Pueblo Foundation, discretely presented component units of the System, were not performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards.*

The purposes and scope of the audit were to:

- Express opinions on the financial statements of the System as of and for the years ended June 30, 2021 and 2020, including consideration of internal control over financial reporting as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the year ended June 30, 2021.

- Evaluate compliance with certain provisions of laws, regulations, contracts, and grants governing the expenditure of federal and state funds for the year ended June 30, 2021.

- Issue a report on the System'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, 2021.

- Report on the System's compliance with applicable bond covenants.

- Auditing certain federal major programs at the System, which are then included in the Statewide Single Audit Report.

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

Audit Opinions and Reports

The independent auditors' reports included herein expressed unmodified opinions on the System's financial statements as of and for the years ended June 30, 2021 and 2020.

We issued a report on the System's compliance and internal control over financial reporting based on an audit of the basic financial statements performed in accordance with Government Auditing Standards. 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 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 correct 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.

We noted no matters that we consider to be a material weakness and one matter involving internal controls over financial reporting that we consider to be a significant deficiency.

COLORADO STATE UNIVERSITY SYSTEM
REPORT SUMMARY
YEARS ENDED JUNE 30, 2021 AND 2020

Summary of Findings

We have issued a significant deficiency for the accurate and timely reporting of assets in financial statements and exhibits submitted to the Office of the State Controller.

Specifically, we noted that CSU – Global, a University within the Colorado State University System, erroneously reported a Cash and Cash Equivalents balance of $25.5 million when the balance should have been reported as $31.6 million and erroneously reported a Grants and Other Accounts Receivable balance of $7.0 million when the balance should have been reported as $1.9 million. Additionally, we determined that CSU – Global submitted its Exhibit J 34 days after the required due date and did not submit a revised Exhibit M to the OSC until 74 days after errors were identified and communicated.

Recommendations and the System's Responses

A summary of the recommendation for the above finding is included in the Recommendation Locator on page 3. The Recommendation Locator also shows the System's responses to the audit recommendations. A discussion of the audit comment and recommendation is contained in the findings and recommendations section of the report.

Significant Audit Adjustments

A summary of significant audit adjustments reported for the year ended June 30, 2021 is included on page 161.

Summary of Progress in Implementing Prior Audit Recommendations

There were no recommendations related to Fiscal Year 2020.

COLORADO STATE UNIVERSITY SYSTEM
REPORT SUMMARY
YEARS ENDED JUNE 30, 2021 AND 2020

Recommendation No.	Page No.	Recommendation Summary	University Response	Implementation Date
1	8-10	The Colorado State University – Global Campus should strengthen its internal control over financial reporting by ensuring its account balance reconciliations are accurate and complete and ensuring exhibits are submitted by their due dates and that exhibit revisions are submitted soon after errors are identified.	**Agree**	January 2022

Organization and Administration

The institutions that compose the Colorado State University System (the System) are established in Title 23, C.R.S. The Board of Governors (the Board) has control and supervision of three distinct institutions: Colorado State University (a land-grant university), Colorado State University – Pueblo (a regional, comprehensive university) and Colorado State University – Global Campus (an on-line university).

The 15-member Board consists of:

- Nine voting members appointed by the Governor and confirmed by the Senate for four-year terms
- Six advisory members representing the student bodies and the faculty councils for each of the three institutions, elected for one-year terms

The Board administers the board of governors of the Colorado State University System Fund located in the State Treasury. 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.

Colorado State University

In 1870, the Territorial Council and House of Representatives of the Territory of Colorado created the Agricultural College of Colorado (the College). When the Territory became a state in 1876, the College was placed under the governance of the State Board of Agriculture.

The College began admitting its first students in 1879. It was also designated that year as Colorado's land-grant college and recipient of federal endowment support under the Morrill Act of 1862. Subsequent federal legislation led to the establishment of the Agricultural Experiment Station and the Extension Service of the College.

State legislation also made the College responsible for the Colorado State Forest Service. Following several name changes, the College became Colorado State University in 1957. In this report, the terms Colorado State University and CSU refer to Colorado State University – Fort Collins.

Resident Instruction

The following eight colleges offer more than 74 undergraduate degrees, 110 Academic Graduate Degrees and 30 Professional Graduate Degrees including Doctor of Veterinary Medicine:

- College of Agricultural Sciences
- College of Health and Human Sciences
- College of Liberal Arts
- College of Business
- Walter Scott, Jr. College of Engineering
- Warner College of Natural Resources
- College of Natural Sciences
- College of Veterinary Medicine and Biomedical Sciences

Agricultural Experiment Station

The Agricultural Experiment Station provides a basis for agricultural research and study programs on the Fort Collins campus and at nine research centers located throughout the State. The mission of the Agricultural Experiment Station is to conduct research that addresses the economic viability, environmental sustainability, and social acceptability of activities impacting agriculture, natural resources, and consumers in Colorado. It is a public service organization that disseminates the results of its research to the public through CSU Extension and various publications and conferences.

CSU Extension

The mission of CSU Extension is to provide information and education and encourage the application of research-based knowledge in response to local, state, and national issues affecting individuals, youth, families, agricultural enterprises, and communities of Colorado. CSU Extension disseminates among the people of Colorado useful and practical information on subjects related to (a) agricultural production, marketing, and natural resources; (b) family living; (c) 4-H and other youth activities; and (d) rural and community development. The location of professional staff throughout the State permits CSU Extension to respond to the needs of local communities.

Colorado State Forest Service

The Colorado State Forest Service provides management, protection, and utilization of Colorado State Forest lands.

Colorado State University - Pueblo

Colorado State University – Pueblo was incorporated in 1935 as Southern Colorado Junior College. One year later, local citizens decided to support the institution with county taxes. They organized the Pueblo Junior College District and the school was renamed Pueblo Junior College. In 1951, Pueblo Junior College became the first accredited junior college in Colorado.

In 1963, Colorado's General Assembly enacted legislation changing Pueblo Junior College to a four-year institution—Southern Colorado State College—to be governed by the board of trustees of state colleges. By then, four new buildings had been erected on the new campus north of Pueblo's Belmont residential district. On July 1, 1975, the State Legislature granted the institution university status. Three years later, the Colorado State Board of Agriculture assumed governance of the University of Southern Colorado. In July 2003, the University was renamed Colorado State University – Pueblo.

Colorado State University – Pueblo (CSU-P) is accredited at the bachelor's and master's levels. CSU-P is a regional, comprehensive university, with moderately selective admissions standards displaying excellence in teaching and learning. CSU-P emphasizes professional, career-oriented, and applied programs at the undergraduate and graduate levels while maintaining strong programs in the liberal arts and sciences. CSU-P has received the federal government's designation as a Hispanic Serving Institution granted to universities with at least 25% of the student population of Hispanic descent.

Colorado State University - Global Campus

Colorado State University – Global Campus (CSU-Global) was incorporated in 2008. CSU-Global is a baccalaureate and graduate online university with the mission in Colorado of offering baccalaureate degree programs for nontraditional students in partnership with the Colorado community college system and selected master-level graduate programs. The mission of CSU-Global is to offer on-line programs that are career-relevant and tailored to existing and emerging industry and occupational trends within Colorado. CSU-Global will cater to working adults and other nontraditional students who already have college credit or a two-year degree and want to complete their bachelor's and/or master's degrees. CSU-Global admitted its first students during the fall 2008 semester.

Enrollment and Faculty

Enrollment and faculty and staff information is presented below and was obtained from institutional analysis and the System's Factbooks.

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

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

Fiscal year	Resident	Nonresident	Total
2020-2021	16,817	8,220	25,037
2019-2020	17,702	8,691	26,393
2018-2019	18,001	8,464	26,465

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

Fiscal year	Faculty	Staff	Total
2020-2021	1,750	5,637	7,387
2019-2020	1,771	5,650	7,421
2018-2019	1,738	5,565	7,303

CSU-Pueblo reports full-time equivalent (FTE) student, faculty, and staff for three continuous fiscal years as follows:

Colorado State University - Pueblo
Full-Time Equivalent (FTE) Student Enrollment

Fiscal year	Resident	Nonresident	Total
2020-2021	2,471	398	2,869
2019-2020	2,695	433	3,128
2018-2019	2,871	488	3,359

Colorado State University - Pueblo
Full-Time Equivalent (FTE) Faculty and Staff

Fiscal year	Faculty	Staff	Total
2020-2021	228	401	629
2019-2020	209	372	581
2018-2019	217	343	560

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

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

Fiscal year	**Resident**	**Nonresident**	**Total**
2020-2021	2,964	5,520	8,484
2019-2020	2,993	5,597	8,590
2018-2019	3,186	5,363	8,549

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

Fiscal year	**Faculty**	**Staff**	**Total**
2020-2021	312	187	499
2019-2020	308	212	520
2018-2019	339	183	522

Colorado State University Foundation
Colorado State University-Pueblo Foundation
Colorado State University-System Foundation

The System's reporting entities include Colorado State University Foundation (CSUF), Colorado State University-Pueblo Foundation (CSU-P Foundation), and Colorado State University System Foundation (CSUS Foundation) as discretely presented reporting units. These Foundations are legally separate, tax-exempt entities that were established to receive, manage, and invest philanthropic gifts on behalf of CSU and CSU-P. The CSUS Foundation was created to accept transfers of intellectual property of the System and distribute money or issue grants to fund innovation and System initiatives, investment in new technology for the benefit of the System, and improve access and affordability for students of the System. Colorado State University Foundation is governed by its board of directors, which includes five voting members and three ex-officio nonvoting members. Twenty-seven trustees of the CSU-Pueblo Foundation are elected by members of the CSU-Pueblo Foundation. No person who is an employee of the University is eligible to serve as an officer of the Foundation or as a voting board member. The officers of the CSUS Foundation are appointed by the board of directors which consists of three CSU directors and four independent directors.

Accurate and Timely Reporting of Assets in Financial Statements and Exhibits Submitted to the Office of the State Controller

Colorado State University – Global Campus (CSU – Global) reports its total assets in both its annual financial statements and exhibits that it submits to the Office of the State Controller (OSC). CSU-Global is required to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) establishes GAAP for state and local government entities through the issuance of GASB statements, which CSU-Global must comply with when preparing its financial statements.

To ensure accurate reporting of assets, CSU – Global performs account reconciliations on a monthly basis. These reconciliations involve comparing general-ledger account balances within CampusNexus, CSU – Global's financial reporting system, to supporting documentation, such as monthly bank statements and accounts receivable aging reports. An important step in this process involves matching cash receipts to corresponding accounts receivable items and reversing accrued entries so that cash assets are reported as cash, rather than accounts receivable. For instance, CSU – Global records a receivable when it disburses Federal Student Financial aid to students and submits a drawdown request to the U.S. Department of Education for reimbursement. The receivable should then be reversed during the monthly reconciliation process when CSU – Global's Financial Aid bank account shows that the drawdown request has been completed and funds were deposited into the account. Additionally, CSU – Global records a receivable each month from the Colorado State University – System to account for interest earnings on investments held at the Colorado State University Treasury. The receivable should then be reversed during the subsequent month's reconciliation process when the Operating bank account shows that the Colorado State University Treasury has allocated the interest earnings to each campus.

After the final reconciliation at fiscal-year end, CSU – Global prepares financial statements and submits exhibits to the OSC, including Exhibit J, Financial Statement Reconciliation, and Exhibit M, Custodial Risk of Cash Deposits. The Exhibit J reconciles CSU – Global's financial statements to the trial balance recorded within the State of Colorado's accounting system (CORE). The Exhibit M reports CSU-Global's cash balances at financial institutions, not including the amounts at the State Treasury.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine whether CSU – Global properly reported its cash and accounts receivable balances as of June 30, 2021, both in its financial statements and in exhibits submitted to the OSC. As part of our audit test work, we reviewed the June 2021 monthly reconciliations and supporting documentation for CSU – Global's Cash and Cash Equivalents, and Grants and Other Accounts Receivable to determine if the account balances that were reported in the financial statements were complete and accurate as of June 30, 2021.

Additionally, we reviewed CSU – Global's Exhibit J, Exhibit M, and supporting documentation for each to determine whether the information submitted to the OSC for Fiscal Year 2021 was complete, accurate and submitted timely.

How were the results of the audit work measured?

We measured our audit work against the following criteria:

- **Generally accepted accounting principles for accrued revenue**. GASB Codification Section Co5, para. .106 and Section 1600, para. .130 and .131, requires, CSU – Global to prepare its financial statements using "the economic resources measurement focus and the accrual basis of accounting" and to recognize revenue "when an exchange, in the ordinary course of operations, is effected…" Further, CSU – Global should reverse any accruals it has made, for example in accounts receivable, when it actually receives cash for transactions that were previously recognized as revenue so that received funds are reported in the correct balance sheet account.

- **CSU – Global's Financial Rules policy** specifies that routine examination and reconciliation of transaction records to official University records is required to verify the accuracy of the records, the appropriateness of the transactions, and their compliance with policy.

- **The OSC's *Fiscal Procedures Manual*,** which contains instructions for completing exhibits, states: "Departments should ensure all required exhibits are submitted on time … and are thoroughly reviewed for completeness and that balances agree to CORE balances where applicable. Additionally, departments must submit revised exhibits if balances or information reported on prior versions has changed in a timely manner."

- **The OSC's Open/Close Calendar for Fiscal Year 2021,** which contains due dates for submitting exhibits, specifies that Exhibit M was due August 24, 2021 and Exhibit J was due September 8, 2021.

What problem did the audit work identify?

We determined that CSU – Global did not report correct cash and accounts receivable balances in its financial statements as of June 30, 2021. Additionally, CSU – Global did not present accurate information in the Exhibit J and Exhibit M that it submitted to the OSC, and it was untimely in submitting both the Exhibit J and a revised Exhibit M.

Specifically, in its financial statements, CSU – Global erroneously reported a Cash and Cash Equivalents balance of $25.5 million when the balance should have been reported as $31.6 million (a $6.1 million understatement) and erroneously reported a Grants and Other Accounts Receivable balance of $7.0 million when the balance should have been reported as $1.9 million (an approximate $5.1 million overstatement).

Similarly, in the Exhibit J that it submitted to the OSC, CSU – Global understated its total cash and overstated its accounts receivable balances the same amounts. In the Exhibit M that it submitted to the OSC, CSU – Global understated its total cash balance by about $6.0 million.

We also determined that CSU – Global submitted its Exhibit J to the OSC on October 12, 2021, which was 34 days after the required due date. Although CSU – Global initially submitted an Exhibit M to the OSC by the August 24 due date, the errors we identified and communicated to CSU – Global management on October 29 resulted in a required revised submission of Exhibit M; CSU – Global did not submit a revised Exhibit M to the OSC until January 11, 2022, or 74 days later.

Why did this problem occur?

Overall, CSU – Global did not have sufficient internal controls in place to ensure that when staff prepare account reconciliations they adhere to the procedures outlined within the Financial Rules policy, and management did not have sufficient controls in place to ensure exhibits were submitted by their due dates or that revised exhibits were submitted soon after the errors were discovered. Specifically, CSU – Global's reconciliation of the fiscal year-end Cash and Cash Equivalents balance during the month of June did not include steps to ensure the receivable balance that was recorded for a financial aid drawdown request was reversed, based on receipts shown in the financial aid bank account. Additionally, CSU – Global's reconciliation of the Grants and Other Receivables balance did not include the reversal of the monthly interest income accrual entries. Further, CSU – Global did not have sufficient reviews in place to identify either error. Finally, CSU – Global reported to us that the Exhibits J and M were submitted late due to management oversight.

Why does this problem matter?

Without adequate controls in place to ensure that account balance reconciliations are properly prepared, CSU – Global cannot ensure the accuracy and completeness, both of its financial statements and the exhibits it submits to the OSC. In addition, failure to submit exhibits by their required due dates and to submit revisions in a timely manner results in non-compliance and potential delays in the State's financial reporting timeline.

Recommendation

The Colorado State University – Global Campus should strengthen its internal control over financial reporting by ensuring its account balance reconciliations are accurate and complete and ensuring exhibits are submitted by their due dates and that exhibit revisions are submitted soon after errors are identified.

Classification: Significant Deficiency

Management's Response:

Agree. Implementation Date: January 2022

The Colorado State University – Global Campus has implemented new accounting procedures to help ensure the accuracy and timeliness of all financial reporting obligations. For example, the review of account reconciliations have transitioned from staff to management and additional quarterly analysis is performed to ensure the reasonableness of transactions recorded to the financial statements. Furthermore, all accounting staff involved with account reconciliations and financial reporting will receive training on all accounting policies and State reporting requirements. All new hire employees will receive this training within their first 30 days of hire with additional training conducted on an as needed basis, but no less than annually. Lastly, accounting management will proactively evaluate all State financial reporting timelines, document all reports/financial data within the upcoming quarter, and establish internal due dates that are prior to the established State timelines to help ensure financial information is submitted timely. Any revisions will be submitted within 48 hours of identification.

In December 2021, The Colorado State University – Global Campus hired an Assistant Controller to manage, develop and implement additional controls to further strengthen our internal controls over financial reporting as well as to ensure all staff adhere to documented procedures.

Summary of Progress in Implementing Prior Audit Recommendations

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

INDEPENDENT AUDITORS' REPORT

Legislative Audit Committee & Board of Governors

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Colorado State University System (the System), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Colorado State University Foundation (the CSU Foundation), the financial statements of the Colorado State University Pueblo Foundation (CSU-Pueblo Foundation) or the Colorado State University System Foundation (CSUS Foundation), which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. 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. The financial statements of the CSU Foundation, CSU-Pueblo Foundation and CSUS Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the System as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the System, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position and cash flows of the business-type activities of only the System. Financial results for the State of Colorado are presented in separate state-wide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State of Colorado is available in these state-wide financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the System'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 the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 31, 2022

Management's Discussion and Analysis

We are pleased to present this financial discussion and analysis of the Colorado State University System (the System). It is intended to make the System's financial statements easier to understand and communicate our financial situation in an open and accountable manner. This section of the financial report provides an objective discussion and analysis of the financial performance of the System for the fiscal years ended June 30, 2021 and 2020, respectively, with comparative information for fiscal year 2019. This discussion provides an analysis of the System's financial activities based on currently known facts, decisions, or existing conditions. University management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

The System includes Colorado State University (CSU), Colorado State University Pueblo (CSU-Pueblo), and Colorado State University Global Campus (CSU-Global). CSU-Global issued separate audited financial statements for the years ended June 30, 2021 and June 30, 2020.

Understanding the Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the System's finances and are comprised of three basic statements.

Statements of Net Position present information on all of the System's assets, deferred outflows, liabilities, and deferred inflows; with the difference between assets plus deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

Statements of Revenues, Expenses, and Changes in Net Position present information showing how the System's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., the payment for accrued compensated absences, or the receipt of amounts due from students and others for services rendered).

Statements of Cash Flows are reported on the direct method. The direct method of cash flows reporting portrays cash flows from operating, noncapital financing, capital, and related financing, and investing activities. Their purpose is to assess the System's ability to generate net cash flows and meet its obligations as they come due.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes provide information regarding both the accounting policies and procedures the System has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to financial statements follow the basic financial statements.

Required Supplementary Information (RSI) presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes schedules of the System's proportionate share of the Public Employee's Retirement Association (PERA) net pension liability and contributions to the PERA pension as well as PERA's net Other Postemployment Benefits (OPEB) liability and contributions to PERA Health Care Trust Fund. In addition, the schedules for OPEB include the schedule of changes in the net OPEB liability (asset) with related ratios, employer contributions, and investment returns.

Management's Discussion and Analysis focuses on the primary government, which is the Colorado State University System. The System reports its activity as a business-type activity using the economic resources measurement focus and the accrual basis of accounting.

Financial Highlights

Financial highlights are presented in this discussion and analysis to help with the assessment of the System's financial activities. This analysis should be read in conjunction with the System's financial statements and notes thereto, which are also presented in this document.

The Colorado State Legislature established spending authority for the System in its annual Long Appropriations Bill (Long Bill). The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund and amounts for Student Tuition, Mandatory Fees, Western Interstate Commission for Higher Education (WICHE), and Service Fees.

For the fiscal years ended June 30, 2021 and 2020, appropriated expenses in the System were within the authorized spending authority. For the fiscal years ended June 30, 2021 and 2020, the System had a total state appropriation of $527.8 million and $669.9 million, respectively. For the fiscal years ended 2021 and 2020, the System's appropriation from re-appropriated funds consisted of $20.0 million and $50.4 million, respectively, received for students that qualified for stipends from the College Opportunity Fund, and $52.7 million and $122.0 million, respectively, as state fee for service contract revenue. Starting in fiscal year 2017, the students' share of tuition became appropriated from cash funds rather than informational only, totaling $455.0 million in fiscal year 2021 and $497.4 million in fiscal year 2020. The appropriated portion of WICHE funds was $134 thousand in fiscal year 2021 and $145 thousand in fiscal year 2020. Mandatory fees and the student fee portion of WICHE funds are shown in the long bill for informational purposes only. All other revenues and expenses reported by the System represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues, and other revenue sources.

The assets and deferred outflows of the System exceeded its liabilities and deferred inflows as of June 30, 2021 by $1.1 billion (net position). Of this amount, $838.3 million is related to the net investment in capital assets and $96.4 million is restricted for purposes which the donor or grantor or other external party intended. The remaining $132.3 million in fiscal year 2021 is unrestricted. Although unrestricted net position is not externally restricted, it may be internally designated by the System's administration for various purposes. Unrestricted net position continues to be negatively impacted by the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in the amount of $557.9 million and $708.1 million for fiscal years ended June 30, 2021 and 2020, respectively. The impact on net position is shown in the following table.

Impact on Net Position of Pension (GASB 68) and OPEB (GASB 75)
(Amounts expressed in thousands)

		Year Ended June 30		
		2021	**2020**	**2019***
Net investment in capital assets	$	838,292	850,176	756,092
Restricted for nonexpendable purposes		32,902	28,680	27,849
Restricted for expendable purposes		63,546	51,032	48,297
Unrestricted		132,294	(205,557)	(346,387)
Total net position		1,067,034	724,331	485,851
Pension (GASB 68) impact		544,256	692,521	835,520
OPEB (GASB 75) impact		13,610	15,578	13,566
Net position excluding pension and OPEB	$	**1,624,900**	**1,432,430**	**1,334,937**

*Reclassified

The table below demonstrates the changes made due to GASB Statement No. 68 and GASB Statement No. 75 to the System's financial statements for the fiscal years ended June 30, 2021, 2020 and 2019, respectively. Pension expense decreased $9.7 million in the fiscal year ended June 30, 2021, which was a result of a $219.0 million decrease in the collective net pension liability for the State Division Trust Fund at PERA. A rate of 7.25 percent was used as the discount rate to value the collective total pension liability. The primary factors that contributed to the decreased liability were the increases to future contributions from members and employers, the State of Colorado's direct distribution payment to PERA, and changes to benefit provisions which are required by Senate Bill 18-200. House Bill 20-1379 suspended the State of Colorado's direct distribution payment to PERA for fiscal year 2021, however, the State of Colorado resumed making the payment on July 1, 2021 for fiscal year 2022. In addition, based upon the 2020 experience analysis dated October 28, 2020, for the period January 1, 2016 through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2019 to December 31, 2020. In the fiscal year ended June 30, 2020, pension expense decreased $70.9 million, and in the fiscal year ended June 30, 2019, pension expense decreased $278.7 million. The required cash contributions in the fiscal years ended June 30, 2021, 2020, and 2019 were $32.8 million, $37.3 million, and $36.0 million, respectively. OPEB expense decreased $3.9 million in fiscal year 2021 and increased $28.6 million in fiscal year 2020, with $4.8 million in required contributions for both years.

OPEB Expense Compared to Required Contributions

(Amounts expressed in thousands)

		Year Ended June 30		
		2021	**2020**	**2019**
OPEB Expense	$	1,729	5,638	(22,930)
Expense increase (decrease) from prior year		(3,909)	28,568	(28,982)
Required contributions		4,772	4,847	3,886

PERA Pension Expense Compared to Required Contributions

(Amounts expressed in thousands)

		Year Ended June 30		
		2021	**2020**	**2019**
Pension Expense	$	(115,484)	(105,760)	(34,901)
Expense decrease from prior year		(9,724)	(70,859)	(278,684)
Required contributions		32,781	37,251	35,957

Financial Analysis

The Summary of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the Colorado State University System for the fiscal years ended June 30, 2021, 2020, and 2019. In fiscal years 2021 and 2020, deferred outflows of resources and deferred inflows of resources included amounts related to the PERA pension and OPEB, whose liability was recorded due to GASB Statement No. 68 and GASB Statement No. 75. The System's proportionate share of the net pension liability as of fiscal years ended June 30, 2021 and 2020, was $488.9 million and $517.2 million, respectively. The net OPEB liability as of fiscal years ended June 30, 2021 and 2020, was $22.1 million and $25.1 million, respectively.

Summary of Net Position

(Amounts expressed in thousands)

		Year Ended June 30		
		2021	**2020***	**2019***
Current assets	$	613,525	547,105	521,756
Noncurrent assets, including net capital assets of $2,090,067, $2,000,395, and $1,934,622, respectively		2,621,833	2,476,103	2,295,289
Deferred outflows		214,592	132,010	174,954
Total assets and deferred outflows		**3,449,950**	**3,155,218**	**2,991,999**
Current liabilities		268,266	338,917	239,129
Noncurrent liabilities		1,981,954	1,866,924	1,936,719
Deferred inflows		132,696	225,046	330,300
Total liabilities and deferred inflows		**2,382,916**	**2,430,887**	**2,506,148**
Net investment in capital assets		838,292	850,176	756,092
Restricted		96,448	79,712	76,146
Unrestricted		132,294	(205,557)	(346,387)
Total net position	**$**	**1,067,034**	**724,331**	**485,851**

*Reclassified

In fiscal year 2021, total assets increased by $212.2 million. Current assets accounted for $66.4 million worth of that increase, which included decreases of $8.4 million in cash and cash equivalents, $235 thousand in investments, $1.8 million in inventories, with increases of $75.9 million in accounts and loan receivables and $943 thousand in other assets. Fiscal year 2020 and 2019 were reclassified due to implementation of GASB Statement No. 84, *Fiduciary Activities*, where the System now separately reports the financial activities of the Colorado State University Other Postemployment Benefits Trust (Trust) and Custodial Funds in the Fiduciary Funds Statements, while prior to implementation custodial funds were shown in the System's Summary of Net Position statement. GASB Statement No. 84 establishes criteria for identifying fiduciary activities classified as fiduciary component units (i.e. Pensions and OPEB arrangements and other arrangements), Pension and OPEB arrangements that are not component units, or other fiduciary activities.

Cash and cash equivalents decreased by $8.4 million to $275.8 million in 2021 due to a decrease in cash on deposit with the Colorado State Treasurer, as well as $2.8 million in cash related to custodial funds moving to the Fiduciary Fund Statement. In 2008, House Bill 08-1002 authorized the System to begin operating its own treasury. In fiscal year 2019, the System began investing a portion of its cash through the Colorado State University System Treasury, rather than operating solely out of the State's treasury pool. The investment in the System's own treasury pool caused a decrease in cash and cash equivalents and increases in both short and long-term investments. This cash investment has resulted in short-term investments of $61.4 million in fiscal year 2021, which was a decrease of $235 thousand from the prior year.

Accounts and loan receivables increased $75.9 million in fiscal year 2021 to $253.2 million from $177.3 million in 2020. Grant and other accounts receivable contributed primarily to the overall increase, due mainly to increased receivables for sponsored programs related to federal funding for Higher Education Emergency Relief Fund II and III of $44.2 million. Other receivables contributing to this change include a $27.8 million dollar receivable from the State of Colorado related to buildings in the National Western Complex and a $7.5 million dollar receivable also from the State of Colorado for the Healthy Forests & Vibrant Communities funding related to Senate Bill 21-258. The land and construction in progress related to Hughes Stadium of $4.3 million are classified as assets held for resale.

Noncurrent assets increased $145.7 million to $2.6 billion in fiscal year 2021. Operations of the System treasury resulted in an increase in long-term investments of $62.7 million to $449.6 million for fiscal year 2021 over $386.9 million for fiscal year 2020. The increase in long-term investments for 2021 was a result of System treasury gains of $72.3 million. Restricted investments decreased in fiscal year 2021 by $9.6 million primarily due to the Center for Vector-borne Infectious Diseases Series 2018 A bond cash held and invested by a trustee being spent down on construction related expenses.

Other contributors to the noncurrent assets increase include an $89.7 million increase in capital assets, net, and a $835 thousand increase in net OPEB assets. These increases were offset by a $5.6 million decrease in restricted cash and cash equivalents, along with a $1.8 million decrease in student loans receivable, net. The decrease in restricted cash and cash equivalents relates to the liquidation of most of the 2019 A B bond proceeds that were being held with restriction for project related expenses.

The increase in capital assets is comprised of an increase in total non-depreciable capital assets of $95.0 million, primarily related to construction in progress, and an increase in total depreciable capital assets of $46.7 million, primarily related to an increase in building and improvements. The changes in construction in progress and buildings and improvements were due to ongoing construction projects, as well as the completion and capitalization of several large projects.

Deferred outflows increased in fiscal year 2021 from the prior fiscal year by $82.6 million. Deferred outflows related to debt refundings accounted for the majority of the increase, as it increased $70.6 million in fiscal year 2021 to a total of $136.3 million. Deferred outflows related to pensions increased by $25.0 million offsetting the decrease in other deferred outflows. Other deferred outflows include amounts for asset retirement obligations related to GASB Statement No. 83 for assets which have not been fully depreciated that may incur future remediation costs, as well as the swap valuation. Other deferred outflows decreased to $8.9 million in fiscal year 2021 from $22.6 million in fiscal year 2020. The swap valuation makes up the majority of this balance and decrease.

Total liabilities increased $44.4 million in fiscal year 2021, compared to an increase of $29.4 million in fiscal year 2020. Current liabilities decreased by $70.7 million, offset by an increase in noncurrent liabilities of $115.0 million.

The decrease in current liabilities was due to a decrease in unearned revenue of $42.9 million. At the end of fiscal year 2020, the System had unearned revenue of $77.0 million related to funding from executive order D-2020-070 from the State of Colorado to higher education institutions that was passed through from the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act). The $77.0 million related to the CARES Act that was unearned at the end of fiscal year 2020 was utilized in fiscal year 2021, decreasing total unearned revenue. The CARES Act funding is used to assist governments with the impact of the COVID-19 pandemic. The decrease in unearned revenue due to the CARES Act was offset by $29.7 million of unearned revenue that was received for Higher Education Emergency Relief Fund (HEERF) II and III that was authorized by the American Rescue Plan, which will be utilized in fiscal year 2022. Bonds, certificates of participation, and capital leases payable current also decreased by $31.5 million in fiscal year 2021. Accrued liabilities decreased by $14.3 million to $36.0 million in fiscal year 2021. The current liability decrease was offset by a $17.2 million dollar increase in commercial paper to $49.7 million from $32.5 million in fiscal year 2020. Additions in commercial paper were related to a $19.0 million dollar increase for the Geo Exchange project.

Noncurrent liabilities were $2.0 billion at the end of fiscal year 2021 and $1.9 billion at the end of fiscal year 2020. Noncurrent liabilities increased $115.0 million, which was driven by the increase in bonds, certificates of participation, and capital leases payable noncurrent of $148.6 million. Offsetting this increase were decreases to net pension liabilities of $28.4 million, and OPEB liabilities of $3.0 million, which are due to GASB Statement No. 68 and GASB Statement No. 75. Deposits held for others increased by $7.7 million in fiscal year 2021 from amounts owed related to self-insurance plans. A decrease in the interest rate swap agreement of $13.7 million offset the overall increase in noncurrent liabilities.

Deferred inflows decreased $92.4 million in fiscal year 2021 to $132.7 million. The decrease was mainly due to the impact of GASB Statement No. 68 and GASB Statement No. 75. Deferred inflows related to pensions decreased $94.9 million, offset by an increase related to other postemployment benefits of $2.5 million.

The Statements of Revenues, Expenses, and Changes in Net Position report the results of operating and nonoperating revenues and expenses during the year and the resulting increase or decrease in net position at the end of the fiscal year. Operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the System. Nonoperating revenues/expenses include items determined to not fall in the operating category.

Summary of Revenues, Expenses, and Changes in Net Position
(Amounts expressed in thousands)

	2021	2020	2019
Operating revenues	$ 1,163,919	1,310,348	1,311,277
Operating expenses	1,252,913	1,297,131	1,280,312
Operating income (loss)	**(88,994)**	**13,217**	**30,965**
Nonoperating revenues	253,967	149,725	90,607
Income before other revenues	**164,973**	**162,942**	**121,572**
Other revenues	177,730	75,538	59,774
Increase in net position	**342,703**	**238,480**	**181,346**
Net position, beginning of year	724,331	485,851	304,505
Net position, end of year	**$ 1,067,034**	**724,331**	**485,851**

The System had a net operating loss in fiscal year 2021 of $89.0 million, with a net operating income of $13.2 million and $31.0 million in fiscal years 2020 and 2019, respectively. Nonoperating revenues and other revenues of $254.0 million and $177.7 million, contributed to a total increase in net position for fiscal year 2021 of $342.7 million.

Operating and Nonoperating Revenues (Excluding Capital)
(Amounts expressed in thousands)

	Year Ended June 30		
	2021	**2020**	**2019**
Operating revenues:			
Student tuition and fees, net	$ 553,357	603,946	592,885
State fee for service revenue	52,661	121,961	108,350
Grants and contracts	370,494	366,017	351,096
Sales and services of educational activities	45,723	40,659	43,296
Auxiliary enterprises	128,388	166,354	203,677
Other	13,296	11,411	11,973
Total operating revenues	**1,163,919**	**1,310,348**	**1,311,277**
Nonoperating revenues:			
State appropriations	2,940	5,155	1,800
Gifts	51,810	57,804	51,684
Investment income	68,655	28,383	28,920
Federal nonoperating grants and contracts	158,124	76,420	46,389
State support for PERA pension	-	4,109	4,218
Other, net	9,874	23,350	4,066
Net nonoperating revenues	**291,403**	**195,221**	**137,077**
Total noncapital revenue	**$ 1,455,322**	**1,505,569**	**1,448,354**

Fiscal year 2021 System operating revenues decreased $146.4 million over fiscal year 2020. The main reason for the decrease in operating revenues is due to a decrease in student tuition and fees revenue of $50.6 million, a decrease in state fee for service revenue of $69.3 million, and a decrease in auxiliary enterprise revenue of

$38.0 million. Student tuition and fees decreased in fiscal year 2021 due in part to the COVID-19 pandemic. State fee for service revenue decreased in fiscal year 2021 to $52.7 million from $122.0 million in fiscal year 2020 due to a decrease in funding from the State which was a result of budgetary constraints caused by the COVID-19 pandemic. Auxiliary enterprises decreased due to declines in housing rental revenue, auxiliary food sales, ticket sales, and other sales and services revenue in fiscal year 2021 related to the COVID-19 pandemic. These decreases were offset by increases in grants and contracts revenue of $4.5 million, increase in sales and services of educational activities of $5.1 million, and an increase in other operating revenues of $1.9 million. The grants and contracts revenue increase was a result of increased State of Colorado grant funding, as well as increases in private federal flow thru funding.

System nonoperating revenues increased $96.2 million and $58.1 million in fiscal years 2021 and 2020, respectively, over prior years. The fiscal year 2021 increase is due primarily to an increase in federal nonoperating grants and contracts of $81.7 million to $158.1 million. Federal nonoperating grants and contracts increased due to the System earning $77.0 million from executive order D-2020-070 from the State of Colorado to higher education institutions that was passed through from the CARES Act in fiscal year 2021. This was in addition to $13.4 million that was received from the CARES Act in fiscal year 2020. Federal nonoperating grants and contracts also increased due to direct funding related to HEERF II for $23.4 million. The CARES and HEERF II funding was used for both institutional spending, as well as student emergency grants. State appropriations were $3.0 million as of June 30, 2021, a $2.2 million decrease over the prior year. State appropriations received in fiscal year 2021 included $1.1 million for Forest Restoration, $1.0 million for Institute of Cannabis Research, $522 thousand for Healthy Forests and Vibrant Communities, and $420 thousand for the Forest Restoration & Wildfire Risk Mitigation Program. Investment income increased by $40.3 million in fiscal year 2021 to $68.7 million, after remaining relatively stable the prior two years. This was a result of dividend revenue and gain on investments from the System's own treasury. In fiscal year 2021, the System did not receive any funds for the state support for PERA pension due to House Bill 20-1379 suspending the State of Colorado's direct distribution payment to PERA for fiscal year 2021. The System recorded $4.1 million from a direct distribution of PERA contributions made on the System's behalf by the State due to Senate Bill 18-200 in fiscal year 2020. Other, net nonoperating revenues decreased by $13.5 million in fiscal year 2021. This decrease between the years occurred because in fiscal year 2020, CSU gained ownership of the Natural Resources Research Center – Building A building and land for $15.5 million. Gift revenue decreased in fiscal year 2021 by $6.0 million to $51.8 million.

In addition to operating and nonoperating revenues, the System had the following capital revenue:

Capital Revenue

(Amounts expressed in thousands)

	Year Ended June 30		
	2021	**2020**	**2019**
Student facility fees	$ 12,821	13,812	13,787
State capital contributions	118,096	34,903	17,072
Capital grants	13,648	3,658	5,014
Capital gifts	15,183	21,910	20,991
Total capital revenues	**$ 159,748**	**74,283**	**56,864**

System capital revenue increased by $85.5 million in fiscal year 2021 compared to fiscal year 2020. The increase in capital revenue was due primarily to a $83.2 million increase in state capital contributions received by the System.

The student facility fees have remained relatively stable over the past three years, with a decrease of $1.0 million to $12.8 million in fiscal year 2021. The student facility fee is used to fund new facilities or improve current facilities that directly benefit the students.

The state capital contributions in fiscal year 2021 were due primarily to a reimbursement of expenses of $43.1 million for the National Western Center Animal Health Building, $20.7 million for the Equine Veterinary Teaching Hospital, $20.3 million for the CSU Center at the National Western Center, and $12.4 million for the National Western Water Resource Center. The state capital contributions in fiscal year 2020 were due primarily to a reimbursement of expenses of $13.6 million for the Psychology Building Renovation and Addition, $7.3 million for the Shepardson Building Renovation and Addition, $5.0 million for the National Western Center Water Resources Center, and $2.1 million for the Pickett Equine Center Repair.

Capital grants increased by $10.0 million in fiscal year 2021. Capital grants include a variety of capital related items from grant funded accounts. A capital grant of $7.0 million related to the Navajo River Headwaters Forest Legacy contributed to the increase. Capital gifts decreased by $6.7 million in fiscal year 2021. Capital gifts received in fiscal year 2021 included $2.6 million for the Temple Grandin Equine Center, $2.5 million for the Helen and Arthur E. Johnson Family Equine Hospital, and $2.1 million for the Michael Smith Natural Resources Building. Capital gifts received in fiscal year 2020 included $7.6 million for the Helen and Arthur E. Johnson Family Equine Hospital and $3.1 million for Rawlings Field at CSU-Pueblo.

Operating Expenses by Functional Category

(Amounts expressed in thousands)

	Year Ended June 30		
	2021	2020	2019
Instruction	$ 335,110	346,538	349,738
Research	204,436	210,859	221,194
Public service	142,847	143,739	137,212
Academic support	101,288	102,069	96,053
Student services	60,005	62,418	62,561
Institutional support	76,985	71,060	64,479
Operation and maintenance of plant	66,033	66,250	62,137
Scholarships and fellowships	48,222	45,226	36,907
Auxiliary enterprises	110,330	143,333	148,167
Depreciation	107,657	105,639	101,864
Total operating expenses	**$ 1,252,913**	**1,297,131**	**1,280,312**

Fiscal year 2021 System operating expenses decreased $44.2 million from fiscal year 2020. This is due to decreases of $11.4 million in instruction, $6.4 million in research, $892 thousand in public service, $781 thousand in academic support, $2.4 million in student services, $217 thousand in operation and maintenance of plant, and $33.0 million in auxiliary enterprises, offset by increases in the following areas: $5.9 million in institutional support, $3.0 million in scholarships and fellowships, and $2.0 million in depreciation. GASB Statement No. 68 caused a $148.3 million decrease in total operating expenses in fiscal year 2021 from the recording of pension expense, while OPEB expense from GASB Statement No. 75 caused a decrease of $2.0 million.

Fiscal year 2020 System operating expenses increased $16.8 million from fiscal year 2019. This is due to increases of $6.5 million in public service, $6.0 million in academic support, $6.6 million in institutional support, $4.1 million in operation and maintenance of plant, $8.3 million in scholarships and fellowships, and $3.8 million in depreciation, offset by decreases in the following areas: $3.2 million in instruction, $10.3 million in research, $143 thousand in student services, and $4.8 million in auxiliary enterprises. GASB Statement No. 68 caused a $70.9 million decrease in total operating expenses in fiscal year 2020 from the recording of pension expense, while OPEB expense from GASB Statement No. 75 caused an increase of $28.6 million.

Capital Assets and Debt Administration

As of June 30, 2021, the System had approximately $2.1 billion of capital assets, net of accumulated depreciation of $1.3 billion. As of June 30, 2020, the System had approximately $2.0 billion invested in capital assets, net of accumulated depreciation of $1.2 billion. As of June 30, 2019, the System had approximately $1.9 billion invested in capital assets, net of accumulated depreciation of $1.2 billion.

Depreciation charges were $107.7 million, $105.6 million, and $101.9 million for the fiscal years ended June 30, 2021, 2020, and 2019, respectively.

During fiscal year 2021, the System received $118.1 million of state capital contributions for capital construction projects. Of this amount, $115.6 million was for the CSU campus and $2.5 million was for the CSU-Pueblo campus. At CSU, $43.1 million is related to the National Western Center Animal Health Building, $20.7 million is related to the Equine Veterinary Teaching Hospital, $20.3 million is related to the CSU Center at the National Western Center, and $12.4 million is related to the National Western Center Water Resource Center, with the remaining amount related to smaller campus projects. At CSU-Pueblo, $1.9 million is related to the Psychology Building Renovation and Addition and $525 thousand is related to replacement of campus water lines, with the remaining amount related to smaller campus projects.

A breakdown of assets by category, net of accumulated depreciation is provided below.

Capital Assets, Net of Accumulated Depreciation
(Amounts expressed in thousands)

		June 30	
	2021	**2020**	**2019**
Land	$ 65,028	51,473	46,957
Land improvements	70,041	52,497	53,197
Buildings and improvements	1,603,350	1,622,216	1,652,817
Leasehold improvements	1,740	1,743	536
Equipment and software	78,468	81,833	78,242
Collections	8,763	8,152	7,854
Library materials	5,530	6,132	6,746
Construction in progress	257,147	176,349	88,273
Total capital assets, net	**$ 2,090,067**	**2,000,395**	**1,934,622**

In fiscal year 2021, capital assets, net increased $89.7 million due to the construction and acquisition of capital assets, less increases in accumulated depreciation and the disposal of assets. The majority of the increase in construction in progress is attributable to additional expenses related to ongoing construction projects that are not yet finished and capitalized.

The major projects capitalized in fiscal year 2021 at CSU were $24.5 million – Center for Vector Borne Infectious Disease, $19.4 million – Geo Exchange System, $13.6 million – Navajo Rivers Headwaters Legacy Acquisition, $5.5 million – Temple Grandin Equine Center, $2.6 million – Moby Arena A Wing HVAC Renovation, and $2.1 million – Gifford CAHS Shared Research Space. The major capitalized projects at CSU-Pueblo included $13.8 million – Psychology Building Renovation and $2.1 million – Psychology Building Addition. There were many other smaller projects capitalized at both CSU and CSU-Pueblo.

In fiscal year 2020, capital assets, net increased $65.8 million due to the construction and acquisition of capital assets, less increases in accumulated depreciation and the disposal of assets. The majority of the decrease in buildings and improvements and increase in construction in progress is attributable to projects completed and capitalized during the fiscal year. The major projects capitalized in fiscal year 2020 were $15.5 million – National Resources Research Center – Building A, $10.7 million – Western Colorado Research Center Orchard Mesa Consolidation, $8.4 million - CSU-CU School of Medicine Branch Campus, $2.4 million – Lory Student Center West Lagoon Regional Stormwater Detention, $2.3 million – Bio-Hazard Research Building Mechanical Retrofit, $2.3 million - Picket Equine Center Repair, and $2.2 million – Eastern Colorado Research Center CSU High Plains Campus. The major capitalized projects at CSU-Pueblo included $1.2 million - technology infrastructure upgrades and $997 thousand - Thunderbowl track replacement. There were many other smaller projects capitalized at both CSU and CSU-Pueblo.

The System had capital construction commitments of $124.6 million as of June 30, 2021. CSU commitments included $56.0 million for the National Western Center Water Resources Center, $17.1 million for the National Western Center Animal Health Building, $2.7 million for the Mountain Campus Experiential Learning Center, $2.6 million for the Equine Veterinary Teaching Hospital, $1.3 million for the Cooperative Institute for Research in the Atmosphere (CIRA) New Conference and Seminar Facility, $1.1 million for the Bay Facility, and $1.0 million for the Rampart Roadway and Trail. The remaining capital construction commitments were for other small projects at the University.

The System had $1.4 billion of debt outstanding as of the fiscal year ended June 30, 2021 and $1.3 billion of debt outstanding as of the fiscal years ended June 30, 2020 and 2019.

Summary of Debt
(Amounts expressed in thousands)

		June 30	
	2021	2020	2019
Debt outstanding:			
Commercial paper	$ 49,690	32,500	49,200
Revenue bonds, certificates of participation, notes from direct placements	1,342,579	1,223,525	1,208,502
Capital lease obligations	14,875	16,877	18,260
Total Debt	**$ 1,407,144**	**1,272,902**	**1,275,962**

As of June 30, 2021, the commercial paper issued was $49.7 million, up from $32.5 million as of June 30, 2020. The $17.2 million increase was due to $19.0 million in additions related to the Geo Exchange project, offset by payment of $1.0 million on the JBS Global Food Innovation Center, $470 thousand on the Alumni Furniture, and $300 thousand on the Institute for Biological Translational Therapies. In fiscal year 2019, the Board of Governors authorized an increase in the aggregate principal amount to be issued of Commercial Paper Notes to $75.0 million from $50.0 million authorized the prior fiscal year, related to the Series A (tax-exempt) and Series B (taxable) issuance. The authorized increase to $75.0 million was effective beginning fiscal year 2020 however no action has been taken on the authorization as of June 30, 2021. The proceeds of Series A, B are used to finance certain projects, as determined by the Board, for any of the campuses for which the Board has spending authority. Series A and Series B bear an interest rate based on a 365/366-day year and actual number of days elapsed and shall mature on a business day within a period not exceeding two hundred seventy days from its respective date of issue, but in no event later than March 1, 2037.

In fiscal year 2020, on February 18, 2020, the System entered into a floating to fixed interest rate swap agreement (2015 A Swap Agreement) in connection with the Series 2015 A System Enterprise Revenue Bonds. The 2015 A Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 A Swap Agreement has a notional value of $108.7 million. In accordance with accounting standards, the System is required to separately disclose the change in the fair value of the interest rate swap in the Statements of Net Position, as appropriate. As of June 30, 2021, the outstanding swap had a fair value of negative $646 thousand. The fair value as of June 30, 2020 was negative $7.7 million. The 2015 A Swap Agreement has an effective date of March 1, 2025 and a termination date of March 1, 2055.

On January 16, 2018, the System entered into a floating to fixed interest rate swap agreement (2015 D Swap Agreement) in connection with the Series 2015 D System Enterprise Revenue Bonds (Notes from Direct Placements). The 2015 D Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 D Swap Agreement has a notional value of $66.7 million. In accordance with accounting standards, the System is required to separately disclose the change in the fair value of the interest rate swap in the Statements of Net Position, as appropriate. As of June 30, 2021, the outstanding swap had a fair value of negative $8.2 million. The fair value as of June 30, 2020 was negative $14.9 million. The 2015 D Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

In fiscal year 2021, the System issued $230.0 million in System Enterprise Revenue Refunding Bonds Series 2020 A (Notes from Direct Placements) to advance refund in full the Board's Series 2012 A Bonds, Series 2013 E Bonds, and Series 2015 F Bonds; to advance refund a portion of the Board's Series 2010 B Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 D Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 E-2 Bonds, Series 2016 A Bonds, Series 2016 B Bonds, Series 2017 A Bonds, Series 2017 B Bonds, Series 2017 D Bonds, Series 2017 E Bonds, Series 2017 F Bonds, Series 2018 A Bonds, Series 2019 A Bonds, and Series 2019 B Bonds; and to pay certain costs relating to the issuance of the Series 2020 A Bonds. On March 1, 2021, the System issued $230.0 million in System Enterprise Revenue Refunding Bonds Series 2021 A, B (Notes from Direct Placements) to advance refund in full the Board's Series 2020 A Bonds.

Prior to fiscal year 2021, in fiscal year 2020, the System issued $112.2 million in System Enterprise Revenue and Refunding Bonds, Series 2019 A and System Enterprise Revenue Refunding Bonds Taxable Series 2019 B. The proceeds were used to finance and refinance multiple construction projects as well as refund certain Commercial Paper Notes. These projects include the third floor of the Richardson Design Center, two new facilities on the Western Campus, a new facility on the High Plains Campus, acquisition and improvement of a new building in Fort Collins, construction of infrastructure for the veterinary medicine campus at CSU, the addition and renovation of the Shepardson Building, and construction of a new Animal Research Facility. Series 2019 A bears a 4.0-5.0 percent interest rate and matures in March 2039. The proceeds were also used to do an advance refunding of a portion of the Series 2012 A Bonds, Series 2015 C Bonds, Series 2015 E-1 Bonds, Series 2015 E-2 Bonds, and Series 2017 C Bonds. Series 2019 B bears a 1.6-2.6 percent interest rate and matures March 2034.

In fiscal year 2019, the System issued $30.4 million in taxable System Enterprise Revenue Bonds, Series 2018 A. The proceeds were used to finance the construction of the Center for Vector-borne Infectious Diseases on the Foothills Campus. The facility will include faculty and research infrastructure, functional research laboratories, insectary, and office space. The proceeds were also used to finance a portion of the JBS Global Food Innovation Center addition for Animal Sciences. Series 2018 A bears a 2.6-4.2 percent interest rate and matures in March 2033.

Net proceeds of the above-mentioned Series 2019 B, and Series 2017 A, C, D, E, and F, were placed in an escrow account to purchase U.S. governmental obligations. The principal and interest from the U.S. governmental obligations are being used to repay the refunded bonds which are considered to be defeased. The Escrow Agent will pay the debt service requirements on each of the remaining refunded bonds. Details of each of the outstanding bonds that were partially or fully refunded by these refunding bonds are listed below.

Outstanding Refunded Bonds by Series
(Amounts expressed in thousands)

Refunding Bond	Refunded Bond	Defeased Obligation	Call Date	Call Par Amount	Call Price (% of Par)
Series 2020 A	Series 2010 B	5,370	3/1/2026 - 3/1/2033	5,370	100
Series 2017 A, 2019 B, 2020 A	Series 2012 A	111,560	3/1/2022	111,560	100
Series 2020 A	Series 2012 B	13,460	3/1/2026 - 3/1/2035	13,460	100
Series 2020 A	Series 2013 A	4,870	3/1/2032 - 3/1/2033	4,870	100
Series 2017 B, 2017 D	Series 2013 C	18,610	3/1/2023	18,610	100
Series 2020 A	Series 2013 D	1,125	3/1/2023	1,125	100
Series 2017 C, 2020 A	Series 2013 E	124,235	3/1/2034 - 3/1/2038	124,235	100
Series 2017 D, 2017 F	Series 2015 A	26,675	3/1/2025	26,675	100
Series 2020 A	Series 2015 B	8,435	3/1/2025	8,435	100
Series 2019 B, 2020 A	Series 2015 C	12,125	3/1/2025	12,125	100
Series 2017 C, 2017 E, 2019 B	Series 2015 E-1	96,490	3/1/2025	96,490	100
Series 2017 C, 2019 B, 2020 A	Series 2015 E-2	33,505	3/1/2025	33,505	100
Series 2020 A	Series 2015 F	3,740	3/1/2025	3,740	100
Series 2020 A	Series 2016 A	1,455	3/1/2027	1,455	100
Series 2020 A	Series 2016 B	550	3/1/2027	550	100
Series 2020 A	Series 2017 A	3,420	9/1/2027	3,420	100
Series 2020 A	Series 2017 B	180	9/1/2027	180	100
Series 2019 B	Series 2017 C	13,965	3/1/2028	13,965	100
Series 2020 A	Series 2017 D	245	3/1/2028	245	100
Series 2020 A	Series 2017 E	205	3/1/2028	205	100
Series 2020 A	Series 2017 F	115	3/1/2028	115	100
Series 2020 A	Series 2018 A	1,200	3/1/2028	1,200	100
Series 2020 A	Series 2019 A	1,235	3/1/2030	1,235	100
Series 2020 A	Series 2019 B	1,640	3/1/2035 - 3/1/2049	1,640	100

Economic Outlook/Future of the Colorado State University System

The Colorado State University System is a group of higher education institutions in the State of Colorado run under one common leadership structure as previously identified.

The System receives revenues from numerous sources including students who receive a stipend from the State to cover a portion of their higher education expenses. In many states, this funding is appropriated directly to the institution. In Colorado, it is appropriated for use by the student (College Opportunity Fund stipends).

The Colorado State University System is authorized to receive $134.3 million in fee for service contract revenue and $50.4 million in student stipends in fiscal year 2022. The $184.7 million of anticipated fiscal year 2022 state support represents a $28.5 million increase in student stipends and an $83.6 million increase in fee for service, for a total $112.1 million increase in state support related to fee for service and College Opportunity Fund stipends. This significant increase is a result of the State lowering fee for service and College Opportunity Fund funding for higher education in fiscal year 2021 due to COVID-19 pandemic related budgetary issues, however for fiscal year 2022 the State has reinstated funding more in line to years prior to fiscal year 2021.

The System has received $1.8 million and $27.9 million in HEERF II and III funding that will be used in fiscal year 2022. The System does not anticipate receiving any additional federal and state flow thru funding related to the COVID-19 pandemic in fiscal year 2022. The System will continue monitoring all impacts of the COVID-19 pandemic and make adjustments as needed.

The State General Fund revenue is projected on a quarterly basis by the Governor's Office of State Planning and Budgeting. The most recent projection (September 2021) shows that revenue is expected to exceed the amount required to maintain the same level of appropriations in fiscal year 2021-2022. General fund revenue is expected to increase 6.1 percent over prior years due to the ongoing economic expansion from the COVID-19 recession. Per the September projection from the Governor's Office of State Planning and Budgeting, the State General Fund is currently estimated to end fiscal year 2020-2021 with $3.2 billion in a general fund reserve, or 28.7 percent of appropriations. The State's overall budgetary situation remains governed by the two constitutional budgetary provisions: The Taxpayer Bill of Rights (TABOR) and Amendment 23 requiring specified amounts in state support for K12 Education. The budgetary situation for higher education has changed with the implementation of the College Opportunity Fund in fiscal year 2006. As a result of legislation adopted in the 2004 session (S.B. 04-189), the State no longer provides direct State General Fund appropriation to the governing boards. Instead, the State provides stipends to qualified, resident undergraduate students, and institutions receive fee for service contracts from the Colorado Commission on Higher Education for the provision of other educational services. Finally, S.B. 04-189 also allows institutions of higher education to become TABOR enterprises through this new funding mechanism. Enterprise status eliminates institutional cash funds, such as tuition, from counting against the state's TABOR limitation. As a result of S.B. 04-189, the Colorado State University System became a qualified Tabor enterprise.

In fiscal year 2007, the System was designated a Single Enterprise providing it greater flexibility and expanded financial capabilities in a host of areas. This designation allows the System to raise revenues and finance projects outside of the revenue limits set for most governmental entities. With this TABOR status, the cash funds collected by the System's institutions no longer count toward the State's overall revenue limit. In addition, as enterprises, the institutions can consider issuing revenue bonds backed by student fees for academic buildings.

Total full-time equivalent enrollment at the System for fiscal year 2021 was 36,390. This includes 25,037 at CSU, 2,869 at CSU-Pueblo, and 8,484 enrolled at CSU-Global. Compared to fiscal year 2020, CSU enrollment dropped 5.1 percent, CSU-Pueblo enrollment dropped by 8.3 percent, and CSU-Global enrollment dropped 1.2 percent. Total enrollment at the System is anticipated to increase 5.7 percent in fiscal year 2022. This includes a 1.1 percent increase at CSU, a 9.6 percent decrease at CSU-Pueblo, and a 29.0 percent increase at CSU-Global.

Requests for Information

The financial report is designed to provide a general overview of the Colorado State University System's finances for all those with an interest in the System's finances and to demonstrate the System'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 Chief Financial Officer, Colorado State University System, 475 Seventeenth Street, Suite 1550, Denver, CO 80202.

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COLORADO STATE UNIVERSITY SYSTEM

Statements of Net Position

June 30, 2021 and 2020 (in thousands)

		2021		**2020 ***	
		University	***Component Units***	***University***	***Component Units***
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents (Note 4)	$	275,774	6,863	284,141	3,257
Investments (Note 5)		61,443	-	61,678	-
Accounts and loans receivable, net (Note 6)		253,221	54,337	177,360	61,709
Inventories		8,003	-	9,785	-
Assets held for resale (Note 3)		4,307	-	4,307	-
Other assets		10,777	224	9,834	135
Total Current Assets		**613,525**	**61,424**	**547,105**	**65,101**
Noncurrent Assets					
Restricted cash and cash equivalents (Note 4)		54,322	-	59,950	-
Investments, restricted and unrestricted (Note 5)		449,597	744,714	386,912	553,017
Student loans receivable, net (Note 6)		11,358	-	13,192	-
Other assets		2	3,950	2	3,656
Capital assest, net (Note 7)		2,090,067	494	2,000,395	562
Net other postemployment benefit assets (Note 20)		16,487	-	15,652	-
Total Noncurrent Assets		**2,621,833**	**749,158**	**2,476,103**	**557,235**
Total Assets	**$**	**3,235,358**	**810,582**	**3,023,208**	**622,336**
Deferred Outflows of Resources:					
Debt refundings (Note 12)	$	136,337	-	65,763	-
Pensions (Note 18)		62,084	-	37,084	-
Other postemployment benefits (Note 20)		7,275	-	6,580	-
Other		8,896	-	22,583	-
Total Deferred Outflows of Resources		**214,592**	**-**	**132,010**	**-**
Total Assets and Deferred Outflows of Resources	**$**	**3,449,950**	**810,582**	**3,155,218**	**622,336**
Liabilities and Deferred Inflows of Resources					
Current Liabilities					
Accounts payable	$	70,033	5,560	69,815	17,016
Accrued liabilities (Note 8)		35,975	434	50,264	291
Unearned revenue		94,573	-	137,518	-
Deposits held for others (Note 10)		8,209	-	7,174	-

*Reclassified

COLORADO STATE UNIVERSITY SYSTEM

Statements of Net Position

June 30, 2021 and 2020 (in thousands)

	2021		2020 *	
	University	*Component Units*	*University*	*Component Units*
Liabilities and Deferred Inflows of Resources				
Current Liabilities				
Commercial paper (Note 9)	49,690	-	32,500	-
Bonds, certificates of participation, and capital leases payable (Note 11, 14)	1,881	-	33,424	-
Compensated absences (Note 8)	4,162	-	3,770	-
Other liabilities (Note 10)	3,743	67	4,452	81
Total Current Liabilities	**268,266**	**6,061**	**338,917**	**17,388**
Noncurrent Liabilities				
Bonds, certificates of participation, and capital leases payable (Note 11, 14)	$ 1,355,573	-	1,206,978	-
Deposits held for others (Note 10)	32,288	17,499	24,573	13,844
Interest rate swap agreement (Note 11)	8,894	-	22,569	-
Compensated absences (Note 8)	61,558	-	56,827	-
Net pension liabilities (Note 18)	488,880	-	517,249	-
Net other postemployment benefit liabilities (Note 20)	22,139	-	25,123	-
Other liabilities (Note 10)	12,622	2,555	13,605	2,889
Total Noncurrent Liabilities	**1,981,954**	**20,054**	**1,866,924**	**16,733**
Total Liabilities	**$ 2,250,220**	**26,115**	**2,205,841**	**34,121**
Deferred Inflows of Resources				
Pensions (Note 18)	117,460	-	212,357	-
Other postemployment benefits (Note 20)	15,234	-	12,687	-
Other	2	-	2	-
Total Deferred Inflows of Resources	**132,696**	**-**	**225,046**	**-**
Total Liabilities and Deferred Inflows of Resources	**$ 2,382,916**	**26,115**	**2,430,887**	**34,121**
Net position				
Net investment in capital assets	$ 838,292	-	850,176	-
Restricted for nonexpendable purposes (Note 16)	32,902	-	28,680	-
Restricted for expendable purposes (Note 16)	63,546	-	51,032	-
With donor restrictions	-	707,914	-	558,939
Unrestricted	132,294	76,553	(205,557)	29,276
Total Net Position	**$ 1,067,034**	**784,467**	**724,331**	**588,215**

*Reclassified

See accompanying notes to basic financial statements.

COLORADO STATE UNIVERSITY SYSTEM

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2021 and 2020 (in thousands)

	2021		2020	
	University	***Component Units***	***University***	***Component Units***
Operating Revenues				
Student tuition and fees, (including $82,041 and $89,390 of revenues pledged for bonds in 2021 and 2020, respectively, and net of scholarship allowances of $134,041 and $146,249 for 2021 and 2020, respectively) (Note 13, 22)	$ 553,357	-	603,946	-
State fee for service revenue (Note 24)	52,661	-	121,961	-
Grants and contracts (including $62,297 and $59,471 of revenues pledged for bonds in 2021 and 2020, respectively) (Note 13)	370,494	-	366,017	-
Sales and services of educational activities	45,723	-	40,659	-
Auxiliary enterprises, (including $108,025 and $141,932 of revenues pledged for bonds in 2021 and 2020, respectively, and net of scholarship allowances of $7,972 and $6,027 for 2021 and 2020, respectively) (Note 13, 22)	128,388	-	166,354	-
Contributions	-	94,547	-	60,919
Other revenues	13,296	6,933	11,411	7,281
Total Operating Revenues	**1,163,919**	**101,480**	**1,310,348**	**68,200**
Operating Expenses				
Instruction	335,110	-	346,538	-
Research	204,436	-	210,859	-
Public service	142,847	-	143,739	-
Academic support	101,288	-	102,069	-
Student services	60,005	-	62,418	-
Institutional support	76,985	71,826	71,060	83,707
Operation and maintenance of plant	66,033	-	66,250	-
Scholarships and fellowships	48,222	-	45,226	-
Auxiliary enterprises	110,330	-	143,333	-
Depreciation (Note 7)	107,657	14	105,639	21
Total Operating Expenses	**1,252,913**	**71,840**	**1,297,131**	**83,728**
Operating Income (Loss)	**$ (88,994)**	**29,640**	**13,217**	**(15,528)**

COLORADO STATE UNIVERSITY SYSTEM

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2021 and 2020 (in thousands)

		2021		2020	
		University	***Component Units***	***University***	***Component Units***
Nonoperating Revenues (Expenses)					
State appropriations	$	2,940	-	5,155	-
Gifts		51,810	-	57,804	-
Investment income (including $1,140 and $1,669 revenues pledged for bonds in 2021 and 2020, respectively) (Note 13)		68,655	166,716	28,383	9,374
Interest expense on capital debt		(37,436)	-	(45,496)	-
Federal nonoperating grants and contracts (including $1,600 and $1,609 revenues pledged for bonds in 2021 and 2020, respectively) (Note 13)		158,124	-	76,420	-
State support for PERA pension		-	-	4,109	-
Other revenues (expenses)		9,874	(104)	23,350	(270)
Total Nonoperating Revenues		**253,967**	**166,612**	**149,725**	**9,104**
Income (Loss) before Other Revenues		**164,973**	**196,252**	**162,942**	**(6,424)**
Other Revenues					
Student facility fees, (including $15,670 and $16,718 of revenues pledged for bonds in 2021 and 2020, respectively, and net of scholarship allowances of $4,435 and $4,590 for 2021 and 2020, respectively) (Note 13, 22)		12,821	-	13,812	-
State capital contributions		118,096	-	34,903	-
Capital grants		13,648	-	3,658	-
Capital gifts		15,183	-	21,910	-
Payments from governing boards or other institutions		13,761	-	424	-
Additions to permanent endowments		4,221	-	831	-
Total Other Revenues		**177,730**	**-**	**75,538**	**-**
Change in net position		342,703	196,252	238,480	(6,424)
Net position, beginning of year		724,331	588,215	485,851	594,639
Net Position, End of Year	**$**	**1,067,034**	**784,467**	**724,331**	**588,215**

See accompanying notes to basic financial statements.

Colorado State University System Fiduciary Funds

Statements of Fiduciary Net Position

June 30, 2021 and 2020

(Amounts expressed in thousands)

	2021		2020	
	OPEB Trust	***Custodial Funds***	***OPEB Trust***	***Custodial Funds***
Assets				
Cash and deposits	$ -	2,766	-	(1,684)
Receivables:				
Contributions	-	-	161	-
Other	-	1,036	-	1,675
Total receivables	**-**	**1,036**	**161**	**1,675**
Investments:				
Money markets	601	-	157	-
Domestic equities	12,386	-	10,955	-
International equities	11,220	-	10,455	-
Fixed income	38,794	-	33,785	-
Private equity	6,002	-	4,340	-
Alternative investments	23,499	-	20,290	-
Real estate	4,644	-	4,481	-
Total investments	**97,146**	**-**	**84,463**	**-**
Other assets	-	19	-	3
Total Assets	**97,146**	**3,821**	**84,624**	**(6)**
Liabilities				
Payables:				
Benefits payable to members	89	-	97	-
Other	-	274	-	30
Total Payables	**89**	**274**	**97**	**30**
Total Liabilities	**89**	**274**	**97**	**30**
Net Position				
Restricted for postemployment benefits other than pensions	97,057	-	84,527	-
Restricted for individuals, organizations, and other governments	-	3,547	-	(36)
Total Net Position	**$ 97,057**	**3,547**	**84,527**	**(36)**

Colorado State University Fiduciary Funds

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2021 and 2020

(Amounts expressed in thousands)

	2021		2020	
	OPEB Trust	***Custodial Funds***	***OPEB Trust***	***Custodial Funds***
Additions				
Employer contributions	$ 135	-	137	-
Employee/Member contributions	1,950	-	1,811	-
Total contributions	**2,085**	**-**	**1,948**	**-**
Investment income:				
Net increase in fair value of investments	14,046	-	1,047	-
Interest and dividends	32	6	1,183	8
Less investment expense	(117)	-	(121)	-
Net investment income	**13,961**	**6**	**2,109**	**8**
Other revenue	-	16,136	-	21,724
Total Additions	16,046	16,142	4,057	21,732
Deductions				
Benefit payments	3,354	-	3,250	-
Administrative expense	162	-	234	-
Compensation	-	6,167	-	6,849
Scholarships and fellowships	-	5,167	-	13,782
Other expense	-	1,225	-	1,661
Total Deductions	3,516	12,559	3,484	22,292
Net Increase (Decrease) in Net Position	12,530	3,583	573	(560)
Net Position, beginning of year	84,527	(36)	83,954	524
Net Position, End of Year	$ 97,057	3,547	84,527	(36)

COLORADO STATE UNIVERSITY SYSTEM

Statements of Cash Flows

Years ended June 30, 2021 and 2020 (in thousands)

		2021	2020 *
		University	
Cash Flows from Operating Activities			
Cash received:			
Tuition and fees	$	553,526	591,919
Student loans collected		4,941	5,833
State fee for service revenue		52,661	121,961
Grants and contracts		325,165	380,313
Sales and services of educational activities		38,740	39,720
Auxiliary enterprises		125,535	166,932
Other operating receipts		13,033	11,069
Cash payments:			
Scholarships disbursed		(35,654)	(35,055)
Student loans disbursed		(2,760)	(409)
Payments to employees		(936,604)	(945,786)
Payments to suppliers		(331,887)	(323,751)
Net Cash Provided by (Used in) Operating Activities		**(193,304)**	**12,746**
Cash Flows from Noncapital Financing Activities			
State appropriations - noncapital		2,940	5,155
Gifts and grants for other than capital purposes		129,768	153,363
Federal Pell Grants		42,190	44,558
Agency (direct lending inflows)		232,400	268,601
Agency (direct lending outflows)		(232,622)	(268,178)
Other agency inflows		60,798	60,780
Other agency (outflows)		(50,712)	(58,901)
Payments from governing boards or other institutions		13,761	424
Other nonoperating revenues		10,563	24,159
Net Cash Provided by Noncapital Financing Activities		**209,086**	**229,961**
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital debt		19,206	45,130
State appropriations - capital		118,096	34,903
Capital grants, contracts, and gifts		25,792	20,253
Proceeds from sale of capital assets		-	214
Acquisition and construction of capital assets		(207,933)	(158,868)
Student Facility Fee		12,821	13,812
Principal paid on capital debt		(4,175)	(46,640)
Interest on capital debt		(4,063)	(49,850)
Net Cash Used in Capital and Related Financing Activities	**$**	**(40,256)**	**(141,046)**

*Reclassified

COLORADO STATE UNIVERSITY SYSTEM

Statements of Cash Flows

Years ended June 30, 2021 and 2020 (in thousands)

		2021	2020 *
		University	
Cash flows from Investing Activities			
Proceeds from sale and maturities of investments	$	14,200	41,962
Purchase of investments		(14,183)	(158,821)
Investment earnings		10,462	42,047
Net Cash Provided by (Used in) Investing Activities		**10,479**	**(74,812)**
Net Increase (Decrease) in Cash and Cash Equivalents		**(13,995)**	**26,849**
Cash and cash equivalents		284,141	273,208
Restricted cash and cash equivalents		59,950	44,034
Cash and Cash Equivalents, Beginning of the Year		**344,091**	**317,242**
Cash and cash equivalents		275,774	284,141
Restricted cash and cash equivalents		54,322	59,950
Cash and Cash Equivalents, End of the Year	**$**	**330,096**	**344,091**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	$	(88,994)	13,217
Adjustments:			
Depreciation expense		107,657	105,639
Noncash operating transactions		2,717	1,144
State support for PERA pensions		-	4,109
Decrease (increase) in assets:			
Receivables, net		(59,646)	878
Inventories and prepaids		839	1,075
Net other postemployment benefits assets		(835)	(386)
Deferred outflows pensions		(24,999)	60,485
Deferred outflows other postemployment benefits		(695)	814
Increase (decrease) in liabilities:			
Accounts payable		(12,776)	6,646
Accrued liabilities		(1,581)	10,290
Unearned revenue		4,246	9,542
Deposits held for others		1,035	361
Compensated absences liabilities		5,122	5,805
Net pension liabilities		(28,369)	(94,303)
Net other postemployment benefits liabilities		(2,984)	(2,341)
Deferred inflows pensions		(94,896)	(109,180)
Deferred inflows other postemployment benefits		2,546	3,924
Other liabilities		(1,691)	(4,973)
Net Cash Provided by (Used in) Operating Activities	**$**	**(193,304)**	**12,746**

*Reclassified

COLORADO STATE UNIVERSITY SYSTEM

Statements of Cash Flows

Years ended June 30, 2021 and 2020 (in thousands)

	2021	2020 *
	University	
Noncash Transactions		
Noncash gifts	$ 3,643	6,390
Noncash capital leases	362	1,167
Noncash additions to investments held by Foundation	3,655	344
Unrealized gains on investments	58,527	15,200
Capitalized interest	-	1,847
Capital debt refinanced, gain/loss	103,390	4,662
Noncash bond issuance costs	-	433
Amortization of bond premium	-	5,879
Retainage payable	1,408	(3,489)
Amortization of bond refunding	(32,815)	(3,828)
State support for PERA pensions	-	4,109

*Reclassified

See accompanying notes to basic financial statements.

(1) Governance and Reporting Entity

(a) Governance

The Colorado State University System (the System) is an institution of higher education of the State of Colorado. For financial reporting purposes, the System is included as part of the State of Colorado's primary government. The Board of Governors (the Board) is the governing board of the System. The Board consists of nine members appointed by the Governor of the State of Colorado and six nonvoting representatives from the institutions. In addition to these financial statements, the System's financial activity is also included in the basic financial statements of the State of Colorado.

(b) Reporting Entity

The accompanying financial statements present the operations of the System. The System conducts its operations through the following three institutions:

Colorado State University – (CSU)

Colorado State University – Pueblo (CSU-Pueblo)

Colorado State University – Global Campus (CSU-Global)

As the State's land grant institution, CSU includes the Agriculture Experiment Station, CSU Extension, and the Colorado State Forest Service. In addition, the accompanying financial statements contain the financial activity of the System offices.

As a higher education institution of the State of Colorado, the income of the System is generally exempt from income taxes as a governmental unit. However, income unrelated to the exempt purpose of the System would be subject to tax under IRC Section 511(a)(2)(B). The System had no material unrelated business income for the fiscal years ended June 30, 2021 and 2020.

(c) Discretely Presented Component Units

The System follows Governmental Accounting Standards Board (GASB) Statement No. 39, as amended. This statement provides guidance to determine whether certain organizations for which the System is not financially accountable should be reported as component units based on the nature and significance of their relationship with the System. The Colorado State University System Foundation (the CSUS Foundation), the Colorado State University Foundation (the CSU Foundation), and the Colorado State University – Pueblo Foundation (the CSU-Pueblo Foundation) have been determined to be component units of the System and have therefore been included as discretely presented component units in the System financial reporting entity. The Colorado State University Research Foundation does not meet the criteria to be reported as a component unit.

The CSUS Foundation

The CSUS Foundation, established in 2015, began operations in fiscal year 2016 as a Colorado nonprofit entity to support the System in accordance with Colorado law as authorized by the Board. The CSUS Foundation was created to accept transfers of intellectual property of the System, which in turn is then licensed to a wholly owned private corporate subsidiary, Beyond Campus Innovations (the Corporation), of the CSUS Foundation in exchange for ownership of the Corporation and a share of the revenues of the Corporation. The CSUS Foundation will distribute monies or make grants to the System in accordance with the rules and regulations of the internal revenue code. Uses of these distributions include funding innovation and System initiatives, investment in new technology for the benefit of the System, improvement of access and affordability for students of the System, and other purposes as determined by the Board.

The officers of the CSUS Foundation are appointed by the Board of Directors. The Board of Directors initially consists of seven Directors. Three members are designated as CSU Directors and four members are designated as Independent Directors. The Board shall elect the CSU Directors and the reigning Independent Directors shall elect future Independent Directors. The number of Directors is subject to change as determined by the Board of Directors.

The source of the CSUS Foundation's revenue is distributions from the Corporation. The sources for the Corporation's revenue are management services and curriculum development. The Corporation had income from one major customer which accounted for approximately 97 percent and 93 percent of total revenue for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, net income was $1.0 million and $502 thousand, respectively.

The CSU Foundation

The CSU Foundation is a legally separate, tax-exempt entity that was established to receive, manage and invest philanthropic gifts on behalf of CSU. The majority of resources or income thereon that the CSU Foundation holds and invests is restricted for use by, or for the benefit of CSU by the donors. The CSU Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including FASB ASC 958-205, *Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation requirements are different from GASB revenue recognition criteria and presentation requirements. No modifications have been made to the CSU Foundation's financial information in the System's financial reporting entity for these differences, as permitted by GASB Statement No. 39. The CSU Foundation fully discloses the nature of its endowment funds; both donor restricted endowment funds and board-designated endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The CSU Foundation was established in 1970 as an independent 501(c)(3) organization. The officers of the CSU Foundation are appointed by the Board of Directors. The Board of Directors consists of eleven voting members. Ten voting members are community members elected by the Board of Directors and the eleventh voting member is the President of the CSU Foundation. The four ex-officio, nonvoting members of the Board of Directors serve by virtue of title: President of Colorado State University, the CSU Vice President for University Advancement, the CSU Vice President for University Operations, and a member of the University's Board of Governors who holds the position of liaison to the Foundation. No person who is an employee of CSU is eligible to serve as an officer of the CSU Foundation or as a voting Board Member.

The CSU Foundation's major sources of revenue are net contributions and net investment income. The CSU Foundation had $103.7 million and $57.0 million in net contributions and $156.5 million and $7.7 million in net investment income for the fiscal years ended June 30, 2021 and 2020, respectively. The total support and revenue as of June 30, 2021 and 2020 was $262.2 million and $67.8 million, respectively.

The support provided by the CSU Foundation to CSU is intended to assist in the promotion, development, and enhancement of the facilities, and educational programs and opportunities of the faculty, students, and alumni of CSU. Additionally, the CSU Foundation provides receipts to contributors and invests philanthropic gifts. Approximately $60.4 million and $69.3 million was transferred to CSU for the fiscal years ended June 30, 2021 and 2020, respectively, in pursuit of the above stated objectives.

Endowments and the related expendable accounts of CSU are held by the CSU Foundation for investment safekeeping. These funds amounted to $17.5 million and $13.8 million as of June 30, 2021 and 2020, respectively, and are reported as deposits held in custody for CSU in the financial statements of the CSU Foundation.

Separately issued financial statements for the CSU Foundation are available at 300 University Services Center, Fort Collins, CO 80523.

The CSU-Pueblo Foundation

The CSU-Pueblo Foundation was established in 1954 as an independent 501(c)(3) nonprofit corporation. The affairs of the CSU-Pueblo Foundation are conducted by up to twenty-eight voting, elected Director-Trustees. In addition, the President of CSU-Pueblo, one member of the Board of Governors, and the President/CEO of the CSU-Pueblo Foundation serve as nonvoting, ex-officio members. The CSU-Pueblo Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including FASB ASC 958-205, *Presentation of Financial Statements.* As such, certain revenue recognition criteria and presentation requirements are different from GASB revenue recognition criteria and presentation requirements. No modifications have been made to the CSU-Pueblo Foundation's financial information in the System's financial reporting entity for these differences, as permitted by GASB Statement No. 39.

The CSU-Pueblo Foundation's major sources of revenue are contributions and fundraising revenues and net investment returns. The CSU-Pueblo Foundation had $26.3 million and $7.0 million in contributions and fundraising revenues and $10.2 million and $1.6 million in net investment returns for the fiscal years ended June 30, 2021 and 2020, respectively. The total revenue and support as of June 30, 2021 and 2020 was $36.7 million and $8.6 million, respectively.

The CSU-Pueblo Foundation was formed to advance and assist in the development, growth, and operation of CSU-Pueblo. The CSU-Pueblo Foundation recorded $3.9 million and $7.3 million in transfers of gifts and other assets to CSU-Pueblo during fiscal years ended June 30, 2021 and 2020, respectively, in pursuit of the above stated objectives.

Separately issued financial statements may be obtained from the CSU-Pueblo Foundation office at 2200 Bonforte Boulevard, Pueblo, CO 81001-4901.

(d) Colorado State University System Fiduciary Funds

The Colorado State University Other Postemployment Benefits Trust (Trust) was established June 27, 2014, as a single-employer other postemployment benefits (OPEB) plan, for the purpose of accumulating and investing assets to fund certain post-retirement medical benefits for retirees and disability income replacement for employees of CSU. The Trust, which is an entity separate from the University, is for the exclusive purpose of providing funds to pay benefits and for paying expenses of administering the Trust.

The Colorado State University OPEB Trust Administration Committee (Administration Committee) serves as the Trust Administrator, and a Trustee, Bank New York Mellon, has the authority over the management, disposition, and investment of Trust assets, as defined in the Trust Agreement. Members of the Administration Committee consist of the University's Chief Total Rewards Officer, the University's Chief Financial Officer, the University's Controller, the Colorado State University System's Treasurer, and the University's Executive Director of Human Resources, and any at-large members that may be appointed by the Administration Committee.

With the implementation of GASB Statement No. 84, *Fiduciary Activities*, the System separately reports the financial activities of the Colorado State University Other Postemployment Benefits Trust (Trust) and Custodial Funds in the Fiduciary Funds Statements. GASB Statement No. 84 establishes criteria for identifying fiduciary activities classified as fiduciary component units (i.e., Pensions and OPEB arrangements and other arrangements), Pension and OPEB arrangements that are not component units, or other fiduciary activities. Fiduciary activities are reported as pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, or custodial funds. The System has determined applicable fiduciary activities that are considered custodial funds to include assets controlled by the System and administrated through a qualifying trust, assets held for the benefit of individuals with no administrative or financial involvement, or assets held for the benefit of outside organizations including those related to extension services, external clubs, and conferences not part of the government's reporting entity.

(2) Basis of Presentation

For financial reporting purposes, the System is considered a special-purpose government engaged primarily in business-type activities. The System applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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

(3) Measurement Focus, Basis of Accounting, and Summary of Significant Accounting Policies

As a special purpose government engaged primarily in business type activities, the basic financial statements of the System 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. All significant intra agency transactions have been eliminated.

(a) Cash and Cash Equivalents

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. Investments in mutual funds and money market funds and securities are presented as investments.

(b) Investments

With the implementation of GASB Statement No. 72, *Fair Value Measurement and Application,* the System now provides additional fair value measurements. Investments are reported in the financial statements at fair value, which is determined primarily based on quoted market prices as of fiscal year end. Contract value is used for the guaranteed investment agreement. The System's investment policy permits investments in fixed-income and equity securities. The policy is implemented using individual securities and mutual funds.

Discretely presented component units – CSU Foundation and CSU-Pueblo Foundation investments are accounted for at fair value, which is determined by one of the following: quoted prices in active markets for identical assets (level 1), inputs other than quoted prices that are observable directly or indirectly (level 2), significant unobservable inputs where level 1 and 2 inputs are unavailable (level 3), or net asset value practical expedients not within the fair value hierarchy (NAV).

Colorado State University System Fiduciary Funds – Trust investments are accounted for at fair value, which is determined by one of the following: quoted prices in active markets for identical assets (level 1), inputs other than quoted prices that are observable directly or indirectly (level 2), or significant unobservable inputs where level 1 and 2 inputs are unavailable (level 3).

(c) Inventories

Inventories, consisting of livestock; facilities and housing maintenance supplies; medical, pharmaceutical, and laboratory supplies; food supplies; books; and soft goods are stated at the lower of cost or market. Cost is determined either on the first in/first out, average cost, weighted average-cost, specific identification, or on the retail method. Livestock inventories have been recorded at the lower of cost or market using unit livestock costing methods.

(d) Restricted Cash and Cash Equivalents and Restricted Investments

Assets are reported as restricted when restrictions on asset use change the nature or normal understanding of the availability of the assets. For the System, examples of restricted cash and cash equivalents and restricted investments include self-insurance funds, unexpended bond proceeds, and endowment funds.

(e) Capital Assets

Land, land improvements, buildings and improvements, leasehold improvements, library materials, collections, and equipment are recorded at cost at the date of acquisition or estimated acquisition value at the date of donation in the case of gifts. Capitalization limits vary at the three institutions ranging from $5 thousand to $50 thousand. At CSU, library materials are valued at average acquisition cost. At CSU-Pueblo, library materials are valued at actual cost.

Depreciation and amortization are computed using the straight-line with the half-year convention method over the estimated useful lives of the assets or intangible assets, generally 3 to 70 years for buildings, 5 to 30 years for land improvements, 10 to 15 years for library materials, 2 to 12 years for equipment, 5 years for software, and 3 to 25 years for leasehold improvements. Depreciation expense was not allocated among functional categories.

Renovations to buildings and other improvements that significantly increase the value and extend the useful life of the structure or includes a conversion of the use of the space, are capitalized. Routine repairs and maintenance are charged to expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

With the early implementation in fiscal year 2021 of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* interest is recognized as an expense in the period incurred. Capitalized interest incurred prior to June 30, 2020 will be added to the acquisition cost of the asset.

The System has capitalized collections such as works of art and historical artifacts. The nature of certain collections is such that the value and usefulness of the collection does not change over time. These collections have not been depreciated in the System’s financial statements.

Assets under capital leases are recorded at the present value of the future minimum lease payments and are amortized using the straight-line with the half-year convention method over the estimated useful life of the asset being leased.

The System evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Capital assets are generally considered impaired if a decline in service utility occurs, the impairment is material, and the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the System are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the System are measured using the method that best reflects the diminished service utility of the capital asset. If evidence is available to demonstrate that impairment will be temporary, the capital asset is not written down. There were no material impairments of capital assets for fiscal year ended June 30, 2021. Hughes Stadium land held a book value of $6 thousand and the demolition of Hughes Stadium held a construction in progress balance of $4.3 million that were moved to assets held for resale for fiscal year ended June 30, 2019. As these assets have not been sold, they remain as assets held for resale as of June 30, 2021.

(f) Deferred Outflows and Inflows of Resources

With the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the System now carries a deferred outflow of resources related to the loss on bond refundings as well as the mark to market valuation of the System's Swap Agreement. For refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported on the Statements of Net Position and amortized as a component of interest expense over the lesser of the remaining life of the old debt or the life of the new debt. With the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*, the System now carries a deferred outflow of resources related to assets which have not been fully depreciated that may incur future remediation costs. With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27,* the System now carries a deferred outflow of resources and deferred inflow of resources related to pensions. With the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the System now carries a deferred outflow of resources and deferred inflow of resources related to OPEB. As applicable, the difference between expected and actual experiences, the difference between projected and actual earnings on pension or OPEB plan investments, the impact on the net pension liability, net OPEB liability, or net OPEB asset resulting from changes in plan related assumptions, the changes in the System's proportionate share of the net pension or OPEB liability, the difference between the proportionate share of the collective contributions and the actual contributions, and contributions paid to PERA and the Trust subsequent to the plan's measurement date are all reported on the Statements of Net Position in relation to a net pension liability, net OPEB liability, or net OPEB asset. All the above-mentioned deferrals are amortized as a component of pension and OPEB expense over varying amounts of time with the exception of contributions paid to PERA and the Trust subsequent to the plan's measurement date which are a component of pension and OPEB expense in the current year.

(g) Compensated Absences Liabilities

Employees accrue and vest in annual and sick leave earnings based on their hire date and length of service. Compensated absences and related personnel expenses are recognized based on estimated balances due to employees as of fiscal year end. The value of annual leave liability is computed as the lesser of total days earned but not taken or the maximum amount of days allowed to be paid out based on employment type and university policy, multiplied by the salary rate as well as an additional amount for the State's share of PERA and Medicare as applicable. The value of sick leave liability is computed as the lesser of total days earned but not taken or the maximum amount of days allowed to be paid out based on employment type and university policy, multiplied by the salary rate and the State's estimated retirement rate as well as an additional amount for the State's share of PERA and Medicare as applicable. The amount of compensated absence liabilities that are recorded as a current liability on the Statements of Net Position are a three-year rolling average of actual payouts. The remaining balance of the compensated absence liabilities is recorded as a noncurrent liability on the Statements of Net Position.

(h) Net Position

Net position of the System is classified as follows:

Net investment in capital assets – This represents the total investment in capital assets, net of accumulated depreciation and outstanding debt obligations 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.

Restricted net position – expendable – Restricted expendable net position includes resources in which the System is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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 the System and may be used to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position may be designated by actions of the Board.

Discretely presented component units – Net assets of the CSUS Foundation, the CSU Foundation, and the CSU-Pueblo Foundation and the changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Colorado State University System Fiduciary Funds – Net position of the Trust is classified as restricted for postemployment benefits other than pensions. Net position of Custodial Funds are classified as restricted for individuals, organizations, and other governments.

(i) Classification of Revenues

The System has classified revenues as either operating or nonoperating according to the following criteria:

Operating revenues consist of services and sales related to teaching, research, and public service, along with auxiliary activities of student, faculty, and staff support. These revenues primarily include: 1) tuition and fees from students (after reduction for scholarship allowances provided with institutional funds); 2) state fee for service revenues; 3) grants and contracts from federal, state, and local governments, and private sources including businesses, individuals, and foundations; 4) sales and services of the Veterinary Teaching Hospital and Diagnostic Laboratory; and 5) fees for goods and services of auxiliary operations such as student housing and dining, student center retail stores, health services, and athletics. Revenues from exchange transactions are recognized when they are earned and measurable.

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.

Nonoperating revenues are those not included as operating revenues or other revenues. Nonoperating revenues consist primarily of gifts from grantors and donors, and investment income that are relied upon and budgeted for support of operating expenses. Also included in nonoperating revenues are State appropriations and Federal grants including Pell, CARES, and bond subsidies. Nonoperating expenses are those not included as operating expenses or other expenses. Nonoperating expenses include interest expense on capital debt.

Other revenues include student facility fees, state capital construction and controlled maintenance appropriations, capital gifts, and grants primarily designated for capital purposes. This classification also includes payments from (to) governing boards or other institutions as well as additions (reductions) to permanent endowments.

(j) Summer Session Revenue and Related Expenses

The System prorates the summer session revenues and expenses based on the number of days between the first day of the summer session and the last day of the summer session which falls before or after June 30.

(k) 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.

(l) 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.

(m) Reclassifications

Certain balances as of June 30, 2020 have been reclassified to conform to the presentation of fiscal year 2021 due to the implementation of GASB Statement No. 84. The System now separately reports the financial activities of the Trust and Custodial Funds in the Fiduciary Funds Statements. As a result, there was no impact to the beginning net position of the System’s financial statements and no significant impact to the beginning net position of the Fiduciary Funds Statements.

(4) Cash and Cash Equivalents

The System deposits a portion of its cash and cash equivalents with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized 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, 2021, the System had cash on deposit with the State Treasurer of $282.2 million which represented approximately 1.6 percent of the total $17.7 billion fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2020, the System had cash on deposit with the State Treasurer of $300.4 million which represented approximately 3.2 percent of the total $9.6 billion fair value of deposits in the Pool. As of June 30, 2021, the Pool's resources included $36.1 million of cash on hand and $17.7 billion of investments.

On the basis of the System's participation in the Pool, the System 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.

The difference between the System's cash carrying value, deposits with the State Treasurer and balances at other banks is due to outstanding checks and deposits in transit. Interest earned on deposits with the State Treasurer for the fiscal years ended June 30, 2021 and 2020 was approximately $3.8 million and $5.6 million, respectively. These amounts reflect increases in cash and cash equivalents and increases in investment income. The System also records unrealized gains or losses on deposits with the State Treasurer. The System reflected an unrealized gain on cash and cash equivalents on deposit with the State Treasurer for the fiscal years ended June 30, 2021 and 2020 of $1.7 million and $8.8 million, respectively. The unrealized loss on investment income for the fiscal year ended June 30, 2021 was $7.1 million and the unrealized gain on investment income for the fiscal year ended June 30, 2020 was $7.5 million.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System'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 percent 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 the System's name. Deposits held in money market funds are not PDPA eligible deposits.

As of June 30, 2021 and 2020, the System's book value of cash not on deposit with the State Treasurer was $47.9 million and $43.7 million, respectively. Cash not on deposit included petty cash/change funds and bank account balances of $104 thousand and $47.8 million as of June 30, 2021 and $108 thousand and $43.6 million as of June 30, 2020, respectively. Bank account balances per the bank as of June 30, 2021 and 2020 were $56.4 million and $51.0 million, respectively. Of the June 30, 2021 deposits, $819 thousand were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $55.6 million were collateralized with securities held by the pledging institution's trust department or agent in the System's name. Of the June 30, 2020 deposits, $775 thousand were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $50.3 million were collateralized with securities held by the pledging institution's trust department or agent in the System's name.

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government.

In June 2008, House Bill 08-1002 authorized the System to establish its own Treasury function, withdrawing funds from the State Treasurer's Pool to invest its operating portfolio internally. In February 2015, the Board approved the formation of the Colorado State University System Treasury. The Board authorized the System to execute investment transactions within the parameters set out in the System's Operating Portfolio Investment Policy Statement in May 2018.

As of June 30, 2021 and 2020, the System had withdrawn $380.0 million from the Pool for both years.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Colorado State University System Fiduciary Funds – As of June 30, 2021 and 2020, the System's Custodial Funds cash and deposits were $2.8 million and negative $1.7 million, respectively.

(5) Investments

As of June 30, 2021 and 2020, the System's investments had a fair value of $511.0 million and $448.6 million, respectively. Of the $511.0 million and $448.6 million, $31.7 million and $41.3 million were restricted and $479.3 million and $407.3 million were unrestricted, respectively. Restricted investments consist of treasury bills, a guaranteed investment contract, and investments held with the CSU Foundation. Unrestricted investments consist of investments held by the CSU System. Investment earnings consist of land fund interest and unrealized gains/losses, income/loss from investments held by the CSU Foundation, and dividends and gains/losses on investments held by the CSU System, net of expenses. For the fiscal years ended June 30, 2021 and 2020 there was a net investment gain of $75.8 million and $14.9 million, respectively.

With the implementation of GASB Statement No. 72, Fair Value Measurement and Application, the System reports investments using the fair value hierarchy. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Valuation techniques are used to determine fair value by maximizing the use of relevant observable inputs and minimize the use of unobservable inputs. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices for identical assets in an active market.

Level 2 – quoted prices for similar assets in active markets, or identical or similar assets in markets that are not active, or inputs other than quoted prices that are observable for the asset such as interest rates.

Level 3 – unobservable inputs. In these situations, the organization develops inputs using the best information available in the circumstances. The System's interest in investments held at the CSU Foundation fair value is determined by the Foundation as a proportionate share of total investments at fiscal year end.

(Amounts expressed in thousands)

The following details the hierarchy of each major category of the System's investments at fair value as of June 30, 2021 and 2020:

Table 5.1.1 Investment Fair Value

		June 30, 2021			
		Level 1	**Level 2**	**Level 3**	**Total**
U.S. Treasury bills	$	14,198	-	-	14,198
Investments held by the CSU System:					
Money markets		61,917	-	-	61,917
Equity mutual funds		238,616	-	-	238,616
Bond mutual funds		119,815	-	-	119,815
Corporate bonds		-	20,666	-	20,666
Asset backed bonds		-	20,674	-	20,674
Mortgage backed bonds		-	4,137	-	4,137
Municipal bonds		-	759	-	759
U.S. Treasuries		12,759	-	-	12,759
		433,107	46,236	-	479,343
Interest in investments held by CSU Foundation:					
Alternative investments		-	-	17,499	17,499
Total	**$**	**447,305**	**46,236**	**17,499**	**511,040**

(Amounts expressed in thousands)

Table 5.1.2 Investment Fair Value

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. Treasury bills	$ 14,196	-	-	14,196
Guaranteed investment contracts	13,251	-	-	13,251
Investments held by the CSU System:				
Money markets	61,901	-	-	61,901
Equity mutual funds	167,741	-	-	167,741
Bond mutual funds	120,305	-	-	120,305
Corporate bonds		22,164	-	22,164
Asset backed bonds	-	20,167	-	20,167
Mortgage backed bonds	-	3,040	-	3,040
Municipal bonds	-	518		518
U.S. Treasuries	11,463	-	-	11,463
	361,410	45,889	-	407,299
Interest in investments held by CSU Foundation:				
Alternative investments	-	-	13,844	13,844
Total	**$ 388,857**	**45,889**	**13,844**	**448,590**

Donor restricted endowment disbursements of the net appreciation (realized and unrealized) of investments are permitted by C.R.S. § 15-1-1104, except where a donor has specified otherwise. The amount of net appreciation available for spending by the University is authorized by the President of CSU and disclosed to the Board. The amount of net appreciation available for spending by the CSU Foundation is based on a spending rate set by the CSU Foundation Board on an annual basis. For the fiscal years ended June 30, 2021 and 2020, there was $4.2 million and $737 thousand, respectively, in net appreciation of investments available for authorization for expenditure as reported in restricted for nonexpendable purposes and restricted for expendable purposes-other net position.

(Amounts expressed in thousands)

The following details the quality ratings of the fixed income assets as of June 30, 2021 and 2020:

Table 5.2.1 Fixed Income Quality Ratings

June 30, 2021					
Investment Type	**Moody's Rating**	**Fair Value**	**Standard & Poor's Rating**	**Fair Value**	**Unrated Fair Value**
Corporate bonds		$ -	AA	2,646	-
		-	A	5,737	-
		-	BBB	8,878	-
		-	BB	1,250	-
		-	B	287	-
		-		-	1,868
Municipal bonds	Aa	156		-	-
	A	603		-	-
Money market mutual funds	Aaa	61,917		-	-
Bond mutual funds	Aa	119,815		-	-
Asset backed securities		-	AAA	7,369	-
		-	AA	611	-
		-	A	4,548	-
		-	BBB	134	-
		-		-	8,012
Mortgage backed securities		-	AAA	560	-
		-	BB	371	-
		-		-	3,206
Total		**$ 182,491**		**32,391**	**13,086**

(Amounts expressed in thousands)

Table 5.2.2 Fixed Income Quality Ratings

June 30, 2020					
Investment Type	**Moody's Rating**	**Fair Value**	**Standard & Poor's Rating**	**Fair Value**	**Unrated Fair Value**
Corporate bonds		$ -	AA	4,007	-
		-	A	7,893	-
		-	BBB	8,501	-
		-	B	262	-
		-		-	1,501
Municipal bonds	Aa	154		-	-
	A	364		-	-
Money market mutual funds		-	AAA	61,901	-
Bond mutual funds	Aa	120,305		-	-
Asset backed securities		-	AAA	7,443	-
		-	A	4,047	-
		-	BBB	160	-
		-		-	-
Mortgage backed securities	Aaa	1,638		-	8,517
		-		-	1,402
Guaranteed investment contracts		-		-	13,251
Total		**$ 122,461**		**94,214**	**24,671**

(Amounts expressed in thousands)

As of June 30, 2021, the following System investments were subject to interest rate risk:

Table 5.3.1 Interest Rate Risk

Type of Investment	Fair Value	Weighted Average Maturity (in years)
	$	
U.S. Treasury bills	14,198	0.27
Investments held by CSU System:		
U.S. Treasury notes/bonds	12,759	0.94
Corporate bonds	20,666	0.93
Municipal bonds	759	0.03
Money market mutual funds	61,917	0.10
Bond mutual funds	119,815	8.60
Asset backed securities	20,674	3.89
Mortgage backed securities	4,137	0.40
Total	$ 254,925	

As of June 30, 2020, the following System investments were subject to interest rate risk:

Table 5.3.2 Interest Rate Risk

Type of Investment	Fair Value	Weighted Average Maturity (in years)
	$	
U.S. Treasury bills	14,196	0.32
Guaranteed investment contracts	13,251	0.50
Investments held by CSU System:		
U.S. Treasury notes/bonds	11,463	0.67
Corporate bonds	22,164	1.22
Municipal bonds	518	0.05
Money market mutual funds	61,901	0.11
Bond mutual funds	120,305	8.40
Asset backed securities	20,167	4.05
Mortgage backed securities	3,040	0.48
Total	$ 267,005	

(Amounts expressed in thousands)

The System's U.S. Treasury obligations are invested in accordance with Colorado Revised Statute 23-31-504. This statute requires these investments relating to the CSU land grant fund to be invested in specific types of investments, which includes U.S. Treasury obligations. The System does not have a specific policy relating to the management of interest rate risk.

Discretely presented component units – As of June 30, 2021, investments consisted of various securities carried at fair value as determined by quoted market prices on national exchanges. Some categories, including alternative investments, are valued at the net asset value (NAV) provided by the investment manager. This NAV is computed based on dealer quotations on the fair value of underlying securities, the vast majority of which are traded on national exchanges.

The following details each major category of the CSU Foundation's investments at fair value as of June 30, 2021 and 2020:

Table 5.4.1 Investment Fair Value

	June 30 2021				
	Market	**Student Funds**	**Adjusted Market**	**Adjusted Market Percent**	**DHIC (Deposits Held in Custody)**
Public equities					
U.S. equitites	$ 165,042	-	165,042	23.78%	4,161
International equities	45,542	-	45,542	6.56%	1,148
Emerging market equities	40,268	-	40,268	5.80%	1,015
Global equities	88,112	-	88,112	12.69%	2,221
Fixed income	96,478	-	96,478	13.90%	2,432
Alternatives					
Hedge funds	24,977	-	24,977	3.60%	630
Private markets	184,919	-	184,919	26.64%	4,662
Student-managed investments	1,568	(1,568)	-	0.00%	-
Cash	48,818	-	48,818	7.03%	1,230
Total	**$ 695,724**	**(1,568)**	**694,156**	**100.00%**	**17,499**

(Amounts expressed in thousands)

Table 5.4.2 Investment Fair Value

	June 30 2020				
	Market	Student Funds	Adjusted Market	Adjusted Market Percent	DHIC (Deposits Held in Custody)
Public equities					
U.S. equitites	$ 94,054	-	94,054	18.43%	2,551
International equities	38,880	-	38,880	7.62%	1,054
Emerging market equities	37,750	-	37,750	7.40%	1,024
Global equities	96,397	-	96,397	18.88%	2,614
Fixed income	50,863	-	50,863	9.96%	1,379
Other/Global asset allocation	1,868	-	1,868	0.37%	51
Alternatives					
Hedge funds	41,864	-	41,864	8.20%	1,135
Private markets	118,207	-	118,207	23.14%	3,205
Opportunistic investments	9,647	-	9,647	1.89%	262
Short duration	7,401	-	7,401	1.45%	201
Student-managed investments	1,266	(1,266)	-	0.00%	-
Cash	13,587	-	13,587	2.66%	368
Total	**$ 511,784**	**(1,266)**	**510,518**	**100.00%**	**13,844**

(Amounts expressed in thousands)

The following details the hierarchy of each major category of the CSU Foundation's investments at fair value as of June 30, 2021 and 2020:

Table 5.5.1 Investment Fair Value

	June 30, 2021				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Cash and cash equivalents subject to investment management direction	$ 48,818	-	-	-	48,818
Public equities:					
United States	16,031	-	-	149,011	165,042
International	-	-	-	45,542	45,542
Emerging markets	26,766	-	-	13,502	40,268
Global	60,014	-	-	28,098	88,112
Fixed income	31,511	-	-	64,967	96,478
Alternative investments:					
Hedge funds	-	-	-	24,977	24,977
Private markets	-	-	-	184,919	184,919
Student-managed investments	1,568	-	-	-	1,568
Total	**$ 184,708**	**-**	**-**	**511,016**	**695,724**

(Amounts expressed in thousands)

Table 5.5.2 Investment Fair Value

	June 30, 2020				
	Level 1	Level 2	Level 3	Net Asset Value	Total
Cash and cash equivalents subject					
to investment management direction	$ 13,587	-	-	-	13,587
Public equities:					
United States	94,054	-	-	-	94,054
International	-	-	-	38,880	38,880
Emerging markets	22,654	-	-	15,096	37,750
Global	67,656	-	-	28,741	96,397
Fixed income	33,356	-	-	17,507	50,863
Other/global asset allocation	1,868	-	-	-	1,868
Alternative investments:					
Hedge funds	-	-	-	41,864	41,864
Private markets	-	-	-	118,207	118,207
Short duration	7,401	-	-	-	7,401
Opportunistic investments	-	-	-	9,647	9,647
Student-managed investments	1,266	-	-	-	1,266
Total	**$ 241,842**	**-**	**-**	**269,942**	**511,784**

(Amounts expressed in thousands)

CSU Foundation investments in certain entities that calculate net asset value per share consisted of the following for the fiscal years ended June 30, 2021 and 2020:

Table 5.6 Net Asset Value Investments

Fund Description		June 30, 2021 Fair Value	June 30, 2020 Fair Value	June 30, 2021 Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public Equities	$	236,153	82,717	-	Daily, monthly	1-30 days
Fixed Income		64,967	17,507	22,500	Daily, monthly	1-2 days
Hedge Funds (Multi-Strategy)		24,977	41,864	-	N/A, quarterly	45-90 days
Private Equity		120,632	57,721	87,928	N/A	N/A
Private Debt		55,380	48,925	27,781	N/A, quarterly*	N/A, 90 days*
Venture Capital		-	11,561	-	N/A	N/A
Private Real Assets		8,907	-	18,859	N/A	N/A
Opportunistic Investments		-	9,647	-	Monthly	30 days
Total	**$**	**511,016**	**269,942**	**157,068**		

*after three year lock-up

Net investment earnings of the CSU Foundation consisted of the following for the fiscal years ended June 30, 2021 and 2020:

Table 5.7 Net Investment Earnings

		June 30 2021	June 30 2020
Interest, dividends, and other income	$	5,829	6,473
Net unrealized and realized gain on investments		164,172	6,277
Less investment management fees		(9,274)	(4,496)
		160,727	8,254
Less net investment income on deposits held in custody for CSU		(4,202)	(528)
Total	**$**	**156,525**	**7,726**

(Amounts expressed in thousands)

The following details the hierarchy of each major category of the CSU-Pueblo Foundation's investments at fair value as of June 30, 2021 and 2020:

Table 5.8.1 Investment Fair Value

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Marketable equity securities:				
Domestic emphasis	$ 25,477	-	-	25,477
International emphasis	8,087	-	-	8,087
Marketable debt securities:				
Domestic emphasis	15,147	-	-	15,147
Cash with brokerage	7	-	-	7
Beneficial interest in charitable trusts held by others	-	-	272	272
Total	**$ 48,718**	**-**	**272**	**48,990**

Table 5.8.2 Investment Fair Value

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Marketable equity securities:				
Domestic emphasis	$ 16,232	-	-	16,232
International emphasis	5,047	-	-	5,047
Marketable debt securities:				
Domestic emphasis	10,616	-	-	10,616
Cash with brokerage	9,113	-	-	9,113
Beneficial interest in charitable trusts held by others	-	-	225	225
Total	**$ 41,008**	**-**	**225**	**41,233**

(Amounts expressed in thousands)

Net investment return of the CSU-Pueblo Foundation consisted of the following for the fiscal years ended June 30, 2021 and 2020:

Table 5.9.1 Net Investment Return

	June 30, 2021 Without Donor Restrictions	With Donor Restrictions	Total
Dividend income	$ 316	1,623	1,939
Interest income	-	1	1
Realized gains - securities	30	157	187
Unrealized gains	1,329	6,822	8,151
Net rental income	3	17	20
Investment expenses	(17)	(90)	(107)
Total	**$ 1,661**	**8,530**	**10,191**

Table 5.9.2 Net Investment Return

	June 30, 2020 Without Donor Restrictions	With Donor Restrictions	Total
Dividend income	$ 287	1,523	1,810
Interest income	-	2	2
Realized (loss) - securities	(103)	(549)	(652)
Unrealized gains	92	489	581
Investment expenses	(15)	(78)	(93)
Total	**$ 261**	**1,387**	**1,648**

Colorado State University System Fiduciary Funds - With the implementation of GASB Statement No. 72, *Fair Value Measurement and Application,* the Trust reports investments using the fair value hierarchy. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Valuation techniques are used to determine fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(Amounts expressed in thousands)

The following details the hierarchy of each major category of the Trust's investments at fair value as of June 30, 2021 and 2020:

Table 5.10.1 Investment Fair Value

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 4,570	-	-	4,570
Corporate bonds	-	13,135	-	13,135
Municipal bonds	-	1,431	-	1,431
Asset backed securities	-	374	-	374
Mortgage backed securities	-	6,917	-	6,917
Bond mutual funds	11,271	-	-	11,271
Money market mututal funds	1,697	-	-	1,697
Equity mutual funds	28,139	-	-	28,139
Private equities	-	-	6,002	6,002
Hedge funds	-	-	10,022	10,022
Alternative investments	-	-	13,588	13,588
Total	**$ 45,677**	**21,857**	**29,612**	**97,146**

Table 5.10.2 Investment Fair Value

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 3,947	-	-	3,947
Corporate bonds	-	10,820	-	10,820
Municipal bonds	-	2,103	-	2,103
Asset backed securities	-	1,013	-	1,013
Mortgage backed securities	-	6,270	-	6,270
Bond mutual funds	9,244	-	-	9,244
Money market mututal funds	545	-	-	545
Equity mutual funds	25,050	-	-	25,050
Private equities	-	-	4,340	4,340
Hedge funds	-	-	8,801	8,801
Alternative investments	-	-	12,330	12,330
Total	**$ 38,786**	**20,206**	**25,471**	**84,463**

(Amounts expressed in thousands)

The following details the quality ratings of the fixed income assets of the Trust as of June 30, 2021 and 2020:

Table 5.11.1 Fixed Income Quality Ratings

June 30, 2021						
Investment Type	**Moody's Rating**		**Fair Value**	**Standard & Poor's Rating**	**Fair Value**	**Unrated Fair Value**
Corporate bonds	Aaa	$	531		-	-
	Aa		1,767		-	-
	A		6,455		-	-
	Baa		4,217		-	-
			-		-	165
Municipal bonds	Aaa		571		-	-
	Aa		746		-	-
	A		114		-	-
Money market mutual funds	Aaa		1,697		-	-
Bond mutual funds			-		-	11,271
Asset backed securities			-	AAA	155	-
			-	BBB	76	-
			-		-	143
Mortgage backed securities			-	AA	6,917	-
Total		**$**	**16,098**		**7,148**	**11,579**

(Amounts expressed in thousands)

Table 5.11.2 Fixed Income Quality Ratings

June 30, 2020						
Investment Type	**Moody's Rating**		**Fair Value**	**Standard & Poor's Rating**	**Fair Value**	**Unrated Fair Value**
Corporate bonds	Aaa	$	343		-	-
	Aa		869		-	-
	A		5,883		-	-
	Baa		3,725		-	-
Municipal bonds	Aaa		570		-	-
	Aa		1,257		-	-
	A		276		-	-
Money market mutual funds	Aaa		545		-	-
Bond mutual funds	-		-		-	9,244
Asset backed securities	-		-	AAA	468	-
			-	AA	227	-
			-	A	129	-
			-		-	189
Mortgage backed securities	Aaa		6,270		-	-
Total		**$**	**19,738**		**824**	**9,433**

The following details the effective weighted average maturity of fixed income investments of the Trust as of June 30, 2021 and 2020:

Table 5.12.1 Investment Weighted Average Maturity

	June 30, 2021			
		Fair Value Amount	**Weighted Average Maturity (in years)**	**Percent of Fixed Income Assets**
U.S. government securities	$	4,570	2.5	11.6%
Corporate bonds		13,135	3.7	33.3%
Municipal bonds		1,431	0.4	3.6%
Money market mutual funds		1,697	0.0	4.3%
Asset backed securities		374	0.1	1.0%
Bond mutual funds		11,271	4.0	28.6%
Mortgage backed securities		6,917	4.7	17.6%
Total	**$**	**39,395**		**100.0%**

(Amounts expressed in thousands)

Table 5.12.2 Investment Weighted Average Maturity

	June 30, 2020		
	Fair Value Amount	**Weighted Average Maturity (in years)**	**Percent of Fixed Income Assets**
U.S. government securities	$ 3,947	1.6	11.6%
Corporate bonds	10,820	2.9	31.9%
Municipal bonds	2,103	0.5	6.2%
Money market mutual funds	545	0	1.6%
Asset backed securities	1,013	0.1	3.0%
Bond mutual funds	9,244	4.3	27.2%
Mortgage backed securities	6,270	0.8	18.5%
Total	**$ 33,942**		**100.0%**

(Amounts expressed in thousands)

(6) Accounts Receivable

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying Statements of Net Position.

Table 6.1.1 Accounts Receivable

		June 30	
		2021	**2020 ***
Student accounts receivable:	$	77,886	74,630
Less allowance for doubtful accounts		(19,602)	(19,339)
Student accounts receivable, net	**$**	**58,284**	**55,291**
Student loans receivable:	$	17,263	19,396
Less allowance for doubtful accounts		(2,091)	(2,419)
Student loans receivable, net		15,172	16,977
Less current portion		(3,814)	(3,785)
Noncurrent student loans receivable, net	**$**	**11,358**	**13,192**
Grant and other accounts receivable:			
Sponsored programs	$	137,038	83,108
Commercial receivables		6,853	6,309
Conferences and summer programs		744	116
Insurance trust fund		89	97
Receivables from Foundation		5,299	16,714
Athletics		1,184	1,442
Capital construction - due from state		27,789	1,340
Self-funded operations		2,495	1,900
Other		16,984	12,337
Total grant and other accounts receivable		198,475	123,363
Less allowance for doubtful accounts		(7,352)	(5,079)
Grant and other accounts receivable, net	**$**	**191,123**	**118,284**

*Reclassified

Discretely presented component unit – As of June 30, 2021 and 2020, the CSUS Foundation’s receivables are recorded at cost and provisions for doubtful accounts have not been established as all receivables are deemed collectible. For the fiscal year ended June 30, 2021 and 2020, accounts receivable was $23 thousand and $152 thousand, respectively. One customer of the Corporation represented approximately 58 percent and 69 percent of the balance as of June 30, 2021 and 2020, respectively.

Discretely presented component unit – As of June 30, 2021 and 2020, the CSU Foundation’s pledges receivable consisted of the following:

(Amounts expressed in thousands)

Table 6.1.2 CSU Foundation Pledges Receivable

		June 30	
		2021	**2020**
Receivables due in less than one year	$	8,672	11,282
Receivables due in one to five years		20,102	43,361
Receivables due in more than five years		4,662	9,047
		33,436	63,690
Less allowance for uncollectible pledges		(836)	(1,592)
Less present value discounting		(732)	(2,489)
Total	**$**	**31,868**	**59,609**

Unconditional promises to give (pledges receivable) are from various entities including foundations, corporations, and individuals. The discount factor utilized in the present value calculation is the five-year U.S. Treasury note rate as of June 30 of the fiscal year in which the commitment is made.

During the year ended June 30, 2021, a donor notified the Foundation of their intent to restructure multiple pledge receivable agreements, resulting in the write-off of approximately $34.0 million of pledge receivable balances.

Pledges receivable from two donors as of June 30, 2021 represented approximately 47 percent of net pledges receivable. Pledges receivable from three donors as of June 30, 2020 represented approximately 66 percent of net pledges receivable.

Discretely presented component unit – As of June 30, 2021 and 2020, the CSU-Pueblo Foundation's cash unconditional promises to give consisted of the following:

Table 6.1.3 CSU-Pueblo Foundation Pledges Receivable

		June 30	
		2021	**2020**
Restricted for scholarships or other particular purposes	$	2,590	2,065
Less allowance for uncollectible unconditional promises to give		(99)	(54)
Gross unconditional promises to give		2,491	2,011
Less unamortized discount		(30)	(63)
Total	**$**	**2,461**	**1,948**
Amounts due in:			
Less than one year	$	1,844	746
One to five years		617	1,202
Total	**$**	**2,461**	**1,948**

The allowance for uncollectible unconditional promises to give was arrived at by identifying specific donors that have failed to keep their promises and by applying a historical percentage of two percent to the remaining amount.

Unamortized discount was arrived at by discounting amounts to be received in the future by the average market rate earned on investments of two percent.

In addition to the cash unconditional promises to give, there were in-kind unconditional promises to give of $19.8 million and accounts receivable of $142 thousand as of June 30, 2021. The in-kind unconditional promise to give is for the donation of the CSU Pueblo ThunderBowl transferred in July 2021. There were no in-kind unconditional promises to give or accounts receivable as of June 30, 2020.

Colorado State University System Fiduciary Funds – There were no receivables for the Trust as of June 30, 2021. Total receivables for the Trust as of June 30, 2020 were $161 thousand. Total receivables for the System's Custodial Funds as of June 30, 2021 and 2020 were $1.0 million and $1.7 million, respectively.

(Amounts expressed in thousands)

(7) Capital Assets

Following are the changes in capital assets for the fiscal year ended June 30, 2021:

Table 7.1.1 Capital Assets

	Balance June 30, 2020	Additions	Transfers	Deletions	Balance June 30, 2021
Nondepreciable capital assets:					
Land	$ 49,152	6,405	7,150	-	62,707
Land improvements	2,321	-	-	-	2,321
Construction in progress	176,349	172,593	(91,795)	-	257,147
Collections	8,152	611	-	-	8,763
Total nondepreciable capital assets	235,974	179,609	(84,645)	-	330,938
Depreciable capital assets:					
Land and leasehold improvements	123,303	-	22,651	-	145,954
Buildings and improvements	2,397,055	-	58,748	(5)	2,455,798
Software	62,147	317	-	(45,551)	16,913
Equipment	338,879	18,317	3,246	(11,538)	348,904
Library materials	91,326	477	-	(3)	91,800
Total depreciable capital assets	3,012,710	19,111	84,645	(57,097)	3,059,369
Less accumulated depreciation:					
Land and leasehold improvements	69,063	5,110	-	-	74,173
Buildings and improvements	774,839	77,614	-	(5)	852,448
Software	57,708	1,316	-	(45,545)	13,479
Equipment	261,485	22,538	-	(10,153)	273,870
Library materials	85,194	1,079	-	(3)	86,270
Total accumulated depreciation	1,248,289	107,657	-	(55,706)	1,300,240
Net depreciable capital assets	1,764,421	(88,546)	84,645	(1,391)	1,759,129
Total	**$ 2,000,395**	**91,063**	**-**	**(1,391)**	**2,090,067**

Land includes the following conservation easements:	
Catspaw Conservation Easement	$ 3,155
Snow Mountain Conservation Easement	5,000
Elmgreen Conservation Easement	515
Ben Delatour Forest Legacy Conservation Easement	4,000
S. Boulder/Toll Family Conservation Easement	5,070
Sawtooth Mountain Conservation Easement	2,995
Navajo River Headwaters Conservation Easement	13,555
Total	**$ 34,290**

(Amounts expressed in thousands)

Following are the changes in capital assets for the fiscal year ended June 30, 2020:

Table 7.1.2 Capital Assets

		Balance June 30, 2019	Additions	Transfers	Deletions	Balance June 30, 2020
Nondepreciable capital assets:						
Land	$	44,636	2,564	1,952	-	49,152
Land improvements		2,321	-	-	-	2,321
Construction in progress		88,273	134,231	(46,155)	-	176,349
Collections		7,854	298	-	-	8,152
Total nondepreciable capital assets		143,084	137,093	(44,203)	-	235,974
Depreciable capital assets:						
Land and leasehold improvements		118,975	-	5,252	(924)	123,303
Buildings and improvements		2,356,591	12,964	33,574	(6,074)	2,397,055
Software		63,705	464	2,284	(4,306)	62,147
Equipment		321,401	21,883	3,093	(7,498)	338,879
Library materials		91,247	561	-	(482)	91,326
Total depreciable capital assets		2,951,919	35,872	44,203	(19,284)	3,012,710
Less accumulated depreciation:						
Land and leasehold improvements		65,242	4,744	-	(923)	69,063
Buildings and improvements		703,774	75,954	-	(4,889)	774,839
Software		60,697	1,301	-	(4,290)	57,708
Equipment		246,167	22,465	-	(7,147)	261,485
Library materials		84,501	1,175	-	(482)	85,194
Total accumulated depreciation		1,160,381	105,639	-	(17,731)	1,248,289
Net depreciable capital assets		1,791,538	(69,767)	44,203	(1,553)	1,764,421
Total	**$**	**1,934,622**	**67,326**	**-**	**(1,553)**	**2,000,395**

Land includes the following conservation easements:		
Catspaw Conservation Easement	$	3,155
Snow Mountain Conservation Easement		5,000
Elmgreen Conservation Easement		515
Ben Delatour Forest Legacy Conservation Easement		4,000
S. Boulder/Toll Family Conservation Easement		5,070
Sawtooth Mountain Conservation Easement		2,995
Total	**$**	**20,735**

There was no interest expense capitalized, net of related interest income, for the System for the fiscal year ended June 30, 2021 due to the early implementation of GASB Statement No. 89. Interest expense capitalized, net of related interest income, for the System was $1.8 million for the fiscal year ended June 30, 2020.

(Amounts expressed in thousands)

(8) Accrued Liabilities

The current accrued liabilities balance as of June 30, 2021 and 2020 were comprised of:

Table 8.1 Accrued Liabilities

		June 30	
		2021	**2020 ***
Accrued payroll and benefits	$	28,551	31,058
Accrued interest payable		573	15,625
Other liabilities		6,851	3,581
Total	**$**	**35,975**	**50,264**

*Reclassified

The changes in compensated absences as of June 30, 2021 and 2020 were comprised of:

Table 8.2 Compensated Absences

		June 30	
		2021	**2020**
Beginning of year	$	60,597	54,794
Additions		28,638	30,646
Reductions		(23,515)	(24,843)
End of year	$	65,720	60,597
Current compensated absences		**4,162**	**3,770**

(9) Short-Term Obligations

On June 20, 2018, the Board of Governors of the Colorado State University System authorized the issuance of Commercial Paper Notes (Notes) in the aggregate principal amount not to exceed $50.0 million as part of the Series A (tax-exempt) and Series B (taxable) issuance. The maturity date of any Notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from net revenues paid in portions by both CSU and CSU-Pueblo, as defined in the bond agreement. The Notes are being used to finance certain projects, as determined by the Board, for any of the campuses for which the Board has spending authority. Projects financed by the Notes are detailed below.

In May 2019, the Board of Governors of the Colorado State University System approved the first amendment to the twelfth supplemental resolution, increasing the aggregate principal amount authorized to be issued from $50.0 million to $75.0 million. This increase became effective beginning fiscal year 2020. As of June 30, 2021, no action has been taken on the authorized increase of $25.0 million.

(Amounts expressed in thousands)

Short-term obligation activity for the year ended June 30, 2021 was as follows:

Table 9.1 Short Term Obligations

		Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Commercial paper by project:					
JBS Global Food Innovation Center	$	11,000	(1,000)	(1,040)	8,960
Alumni Furniture		700	-	(470)	230
Institute for Biological Translational Therapies		20,800	-	(300)	20,500
GeoExchange		-	19,000	-	19,000
Temple Grandin Equine Center		-	1,000	-	1,000
Total	**$**	**32,500**	**19,000**	**(1,810)**	**49,690**

Short-term obligation activity for the year ended June 30, 2020 was as follows:

Table 9.2 Short Term Obligations

		Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Commercial paper by project:					
JBS Global Food Innovation Center	$	11,000	-	-	11,000
Alumni Furniture		700	-	-	700
Richardson Design Center		2,500	-	(2,500)	-
Semester at Sea Building		9,200	-	(9,200)	-
Institute for Biological Translational Therapies		20,800	-	-	20,800
WCRC Orchard Mesa		5,000	-	(5,000)	-
Total	**$**	**49,200**	**-**	**(16,700)**	**32,500**

(10) Other Liabilities

Other liability activity for the fiscal year ended June 30, 2021 was as follows:

Table 10.1 Other Liabilities

		Balance June 30, 2020 *	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Deposits held for others		31,747	190,881	(182,131)	40,497	8,209
Other		18,057	6,141	(7,833)	16,365	3,743
Total	**$**	**49,804**	**197,022**	**(189,964)**	**56,862**	**11,952**

* Reclassified

(Amounts expressed in thousands)

Other liability activity for the fiscal year ended June 30, 2020 was as follows:

Table 10.2 Other Liabilities

		Balance June 30, 2019 *	Additions *	Reductions *	Balance June 30, 2020 *	Amounts Due Within One Year *
Deposits held for others		29,525	206,554	(204,332)	31,747	7,174
Other		23,690	4,987	(10,620)	18,057	4,452
Total	**$**	**53,215**	**211,541**	**(214,952)**	**49,804**	**11,626**

* Reclassified

Deposits held for others are funds held by the System on behalf of third parties for which the System has not yet provided goods or services. These monies are not the property of the System and therefore are recorded as liabilities on the Statements of Net Position. The major activity comprising deposits held for others is self-insurance plans discussed in Note 19, for which the System's liability was $32.3 million and $24.5 million as of June 30, 2021 and 2020, respectively. In addition, deposits held for others included funds for housing, student accounts, health services, and other campus deposits of $8.2 million and $7.2 million as of June 30, 2021 and 2020, respectively.

Other noncurrent liabilities are comprised of a severance accrual, workers' compensation and insurance claims discussed in Note 19, and the major activities described below.

With the expiration of the authority of institutions to disburse Perkins loans, the System is required to return the Federal share of funds to the Department of Education. The Perkins Loan Revolving Fund will be liquidated as funds are collected from the loan recipients. For award year 2020-21, the System returned $3.4 million in Federal funds. For award year 2019-20, the System returned $4.9 million in Federal funds. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the System carries a liability on the Statements of Net Position. As of June 30, 2021 and 2020, the System's liabilities were $9.2 million and $12.5 million, respectively.

With the discontinuation of the federal Perkins Loan Program, CSU has established the CSU Ram Institutional Loan Program to offer low-interest lending to eligible students beginning in fiscal year 2022. CSU has entered into an agreement with the CSU Foundation effective January 1, 2021 to borrow funds to build the principal of the Program to a self-sustaining level. The CSU Foundation will make annual loan distributions and CSU will be responsible for repaying the loan, with interest. As of June 30, 2021 the System's liability was $2.5 million.

With the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*, the System carries a liability related to the obligations that will be incurred during the retirement of assets with complex environmental impacts. The System has three types of obligations which include radiation detection, radiation sources and laboratory equipment utilized with radiation. These items are regulated by the State of Colorado Department of Public Health and Environment, as well as the Federal Nuclear Regulatory Commission that covers all radioactive materials. The System is in compliance with State regulations and has estimated decommissioning costs in its last financial assurance. The methods and assumptions for estimating the liability are based on calculations for closing laboratories, decontaminating laboratories, and decommissioning equipment. All assets related to the liability are fully depreciated, except for one asset that has a remaining useful life of six months and is recorded as deferred outflows of resources on the Statements of Net Position. As of June 30, 2021 and 2020, the System's liabilities were $1.8 million and $1.5 million, respectively.

(11) Revenue Bonds, Certificates of Participation (COPs), SWAP Agreement

The revenue bonds and notes from direct placements consist of multiple issues to finance the acquisition, construction, repair, and equipping of various academic, auxiliary, and research facilities of the System. Debt service payments on the revenue bonds and notes from direct placements are payable semiannually and monthly, have serial maturities, may contain sinking fund requirements, and certain bonds contain optional redemption provisions. The optional redemption provisions allow the System to redeem at various dates, portions of the outstanding revenue bonds at 100 percent of the principal amount of the revenue bonds redeemed. Payment of the principal and interest on certain bonds and notes from direct placements is either insured by various financial guarantee insurance policies or qualifies for payment under the State Intercept Program, which provides payment by the State Treasurer if payment is not made by the due date.

On July 16, 2020, the System issued $230.0 million in System Enterprise Revenue Refunding Bonds Series 2020 A (Notes from Direct Placements) to advance refund in full the Board’s Series 2012 A Bonds, Series 2013 E Bonds, and Series 2015 F Bonds; to advance refund a portion of the Board’s Series 2010 B Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 D Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 E-2 Bonds, Series 2016 A Bonds, Series 2016 B Bonds, Series 2017 A Bonds, Series 2017 B Bonds, Series 2017 D Bonds, Series 2017 E Bonds, Series 2017 F Bonds, Series 2018 A Bonds, Series 2019 A Bonds, and Series 2019 B Bonds; and to pay certain costs relating to the issuance of the Series 2020 A Bonds.

On March 1, 2021, the System issued $230.0 million in System Enterprise Revenue Refunding Bonds Series 2021 A, B (Notes from Direct Placements) to advance refund in full the Board’s Series 2020 A Bonds.

On November 7, 2019, the System issued $112.2 million in System Enterprise Revenue and Refunding Bonds Series 2019 A and System Enterprise Revenue Refunding Bonds Taxable Series 2019 B to finance and refinance (through refunding certain Commercial Paper Notes) certain improvements as determined by the Board, including, but not limited to completion of interior construction of the third floor of the Richardson Design Center, construction of two new facilities (12,800 gsf and 5,500 gsf) on the Western Campus, Orchard Mesa, Colorado, construction of a new facility (6,733 gsf) on the High Plains Campus, Rocky Ford, Colorado, acquire and improve a three-story building (33,000 gsf) at 2243 Centre Avenue, Fort Collins, Colorado, construction of infrastructure (utilities, roads, buildings, animal waste management facilities, etc.) in support of the veterinary medicine campus on the South Campus, Fort Collins, Colorado, and provide a portion of the funds to construct an addition to and renovation of the Shepardson Building on the Main Campus, Fort Collins, Colorado; advance refund a portion of the Board’s Series 2012 A Bonds, Series 2015 C Bonds, Series 2015 E-1 Bonds, Series 2015 E-2 Bonds, and Series 2017 C Bonds; construct a new Animal Research Facility (10,000-12,000 gsf) on the South Campus, Fort Collins, Colorado; and to pay certain costs relating to the issuance of the Series 2019 A, B Bonds.

(Amounts expressed in thousands)

Bonds, COPs, and notes payable activity for the fiscal year ended June 30, 2021 was as follows:

Table 11.1.1 Bonds, COPs, and notes payable

		Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Revenue bonds and COPs payable	$	1,156,870	-	(110,896)	1,045,974	160
Notes from direct placements		66,655	459,900	(229,950)	296,605	-
Total		**1,223,525**	**459,900**	**(340,846)**	**1,342,579**	**160**

Bonds, COPs, and notes payable activity for the fiscal year ended June 30, 2020 was as follows:

Table 11.1.2 Bonds, COPs, and notes payable

		Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Revenue bonds and COPs payable	$	1,141,847	118,817	(103,794)	1,156,870	31,282
Notes from direct placements		66,655	-	-	66,655	-
Total		**1,208,502**	**118,817**	**(103,794)**	**1,223,525**	**31,282**

(Amounts expressed in thousands)

Detailed below is a general description of each revenue bond, COP, and note from direct placement issue, original issuance amount, and interest range. The amounts outstanding as of June 30, 2021 and 2020 were as follows:

Table 11.2 Revenue Bond and COP Detail

			June 30	
	Interest Range		**2021**	**2020**
Colorado State University System Enterprise Revenue Bonds of 2010 B, issued in the original amount of $40.3 million and mature in varying annual amounts to March 2033. $7.9 million advance refunded on 2020 A.	4.900%-5.957%	$	32,415	40,335
Colorado State University System Enterprise Revenue Bonds of 2010 C, issued in the original amount of $33.3 million and mature in varying annual amounts to March 2040.	6.057%		33,250	33,250
Colorado State University System Enterprise Revenue Bonds of 2012 A, issued in the original amount of $126.2 million and mature in varying annual amounts to March 2044. $102.1 million advance refunded on 2017 A, $6.5 million advance refunded on 2019 B, and $5.8 million advance refunded on 2020 A.	2.000%-5.000%		-	5,815
Colorado State University System Enterprise Revenue Refunding Bonds of 2012 B, issued in the original amount of $54.1 million and mature in varying annual amounts to March 2035. $19.7 million advance refunded on 2020 A.	2.000%-5.000%		25,480	45,140
Colorado State University System Enterprise Revenue and Revenue Refunding Bonds of 2013 A, issued in the original amount of $182.0 million and mature in varying annual amounts to March 2043. $6.5 million advance refunded on 2020 A.	1.000%-5.000%		142,475	148,995

(Amounts expressed in thousands)

Table 11.2 Revenue Bond and COP Detail

	Interest Range	June 30 2021	June 30 2020
Colorado State University System Enterprise Revenue Bonds of 2013 D, issued in the original amount of $7.9 million and mature in varying annual amounts to March 2028. $1.7 million advance refunded on 2020 A.	0.963%-5.251%	3,330	4,985
Colorado State University System Enterprise Revenue Bonds of 2013 E, issued in the original amount of $138.7 million and mature in varying annual amounts to March 2045. $117.9 million advance refunded on 2017 C and $9.3 million advance refunded on 2020 A.	3.000%-5.000%	-	9,315
Colorado State University System Enterprise Revenue Bonds of 2015 A, issued in the original amount of $134.7 million and mature in varying annual amounts to March 2055. $9.4 million advance refunded on 2017 D and $17.3 million advance refunded on 2017 F.	4.000%-5.000%	108,055	108,055
Colorado State University System Enterprise Revenue Bonds of 2015 B, issued in the original amount of $32.8 million and mature in varying annual amounts to March 2030. $12.5 million advance refunded on 2020 A.	2.688%-4.081%	20,335	32,815
Colorado State University System Enterprise Revenue Refunding Bonds of 2015 C, issued in the original amount of $67.7 million and mature in varying annual amounts to March 2038. $7.1 million advance refunded on 2019 B and $8.1 million advance refunded on 2020 A.	2.000%-5.000%	49,795	57,850
Colorado State University System Enterprise Revenue Bonds of 2015 D, issued in the original amount of $66.7 million and mature in varying annual amounts to March 2047.	Variable	66,655	66,655
Colorado State University System Enterprise Revenue Bonds of 2015 E-2, issued in the original amount of $42.1 million and mature in varying annual amounts to March 2033. $30.3 million advance refunded on 2017 C, $2.2 million advance refunded on 2019 B, and $1.0 million advance refunded on 2020 A.	5.000%	8,620	9,585

(Amounts expressed in thousands)

Table 11.2 Revenue Bond and COP Detail

	Interest Range	June 30 2021	June 30 2020
Colorado State University System Enterprise Revenue Bonds of 2015 F, issued in the original amount of $17.7 million and mature in varying annual amounts to March 2023. $6.9 million advance refunded on 2020 A.	1.750%-5.000%	-	6,860
Colorado State University System Enterprise Revenue Bonds of 2016 A, issued in the original amount of $5.2 million and mature in varying annual amounts to March 2025. $2.2 million advance refunded on 2020 A.	1.500%-3.400%	940	3,095
Colorado State University System Enterprise Revenue and Refunding Bonds of 2016 B, issued in the original amount of $65.0 million and mature in varying annual amounts to March 2046. $1.5 million advance refunded on 2020 A.	3.000%-5.000%	56,970	58,505
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 A, issued in the original amount of $103.8 million and mature in varying annual amounts to March 2044. $3.6 million advance refunded on 2020 A.	2.000%-5.000%	99,405	102,990
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 B, issued in the original amount of $13.8 million and mature in varying annual amounts to March 2044. $265 thousand advance refunded on 2020 A.	2.000%-5.000%	13,280	13,545
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 C, issued in the original amount of $185.2 million and mature in varying annual amounts to March 2047. $14.0 million advance refunded on 2019 B.	2.500%-5.000%	168,525	168,525
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 D, issued in the original amount of $19.5 million and mature in varying annual amounts to March 2039. $360 thousand advance refunded on 2020 A.	2.000%-5.000%	18,610	18,970

(Amounts expressed in thousands)

Table 11.2 Revenue Bond and COP Detail

	Interest Range	June 30 2021	2020
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 E, issued in the orginal amount of $35.8 million and mature in varying annual amounts to March 2043. $300 thousand advance refunded on 2020 A.	2.000%-5.000%	34,770	35,070
Colorado State University System Enterprise Revenue Refunding Bonds of 2017 F, issued in the original amount of $19.7 million and mature in varying annual amounts to March 2045. $170 thousand advance refunded on 2020 A.	2.000%-5.000%	19,140	19,310
Colorado State University System Enterprise Revenue Bonds of 2018 A, issued in the original amount of $30.4 million and mature in varying annual amounts to March 2033. $1.8 million advance refunded on 2020 A.	2.610%-4.232%	26,840	28,615
Colorado State University System Enterprise Revenue and Refunding Bonds of 2019 A, issued in the original amount of $33.1 million and mature in varying annual amounts to March 2039. $1.8 million advance refunded on 2020 A.	4.000%-5.000%	31,085	32,905
Colorado State University System Enterprise Revenue Refunding Bonds of 2019 B, issued in the original amount of $79.1 million and mature in varying annual amounts to March 2034. $2.4 million advance refunded on 2020 A.	1.636%-2.644%	75,825	78,270
Colorado State University System Enterprise Revenue Refunding Bonds of 2021 A, issued in the original amount of $115.0 million and mature in varying annual amounts to March 2024.	0.720%	114,975	-

(Amounts expressed in thousands)

Table 11.2 Revenue Bond and COP Detail

	Interest Range		June 30 2021	2020
Colorado State University System Enterprise Revenue Refunding Bonds of 2021 B, issued in the original amount of $115.0 million and mature in varying annual amounts to March 2024.	0.720%		114,975	-
Unamortized bond premium/discount			75,514	92,603
Total Bonds			1,341,264	1,222,058
Colorado State University - Pueblo: Portion of the State of Colorado Certificate of Participation to remodel the Academic Resource Center (Library). Payable annually with a final maturity in 2029.	5.100%		1,315	1,467
Total		**$**	**1,342,579**	**1,223,525**

The scheduled maturities of the revenue bonds, COPs and notes from direct placements as of June 30, 2021 are as follows:

Figure 11.3 Scheduled Maturities

		Bonds and COPs		Notes from Direct Placements		Total	Total
		Principal	Interest	Principal	Interest	Principal	Interest
2022	$	160	68	-	3,265	160	3,333
2023		1,868	61	-	3,265	1,868	3,326
2024		33,588	42,964	230,955	3,258	264,543	46,222
2025		35,152	41,393	1,005	1,579	36,157	42,972
2026		35,423	37,815	1,000	1,554	36,423	39,369
2027-2031		191,484	162,257	12,980	7,108	204,464	169,365
2032-2036		229,550	114,067	17,910	4,955	247,460	119,022
2037-2041		201,140	64,795	13,510	3,240	214,650	68,035
2042-2046		140,740	27,459	15,785	1,489	156,525	28,948
2047-2051		57,285	8,787	3,460	56	60,745	8,843
2052-2056		44,070	2,337	-	-	44,070	2,337
Total debt service maturities		**970,460**	**502,003**	**296,605**	**29,769**	**1,267,065**	**531,772**
Unamortized bond premum/discount		75,514	-	-	-	75,514	-
Total	**$**	**1,045,974**	**502,003**	**296,605**	**29,769**	**1,342,579**	**531,772**

The System Enterprise Revenue Bonds and Notes from Direct Placements are secured by a pledge of 10 percent of all net tuition revenues derived at the System from charges to students for the provision of general instruction by the System, CSU facilities fees ($18.75 of the total $20.75 credit hour fee), CSU-Pueblo facilities fees ($24.40 of the total $26.50 credit hour fee), net revenues derived from the operation of the auxiliary pledged facilities, and net revenues of the CSU Research Building Revolving Fund (RBRF) enterprise. Revenues from the RBRF enterprise include all revenues derived by CSU from the operation of the pledged facilities including allocated recoveries on research contracts and grants performed under the auspices of CSU. Investment earnings from revenue sources and federal bond subsidies are also included. See Note 13 for more information regarding these pledged revenues. The Revenue Bonds and Notes from Direct Placements are special limited obligations of the Board of Governors and do not constitute a general obligation of the Board or the System.

There were no material events regarding rating changes to report for the fiscal years ended June 30, 2021 and 2020.

State of Colorado Certificates of Participation

In fiscal year ended 2008, State of Colorado Senate Bill 08-218 made Federal Mineral Leasing (FML) monies available for capital construction at institutions of higher education. FML money is derived from ongoing leasing and production activities on federal lands within Colorado, and approximately half of these payments go to the State of Colorado. The State used part of this money on November 6, 2008 and issued Certificates of Participation (COPs) to support some higher education construction and maintenance projects. The System received $2.0 million for renovations to the Clark Building in Fort Collins, $22.0 million for renovations to the library building in Pueblo, and $554 thousand for security upgrades in Pueblo. The State of Colorado is responsible for making the principal and interest payments on the COPs.

On March 22, 2018, the State issued State of Colorado National Western Center Lease Purchase Financing Program Certificates of Participation, Series 2018 A (Tax-Exempt) and Series 2018 B (Taxable) with a par amount of $50.7 million and $81.4 million, respectively. The 2018 A certificates have an interest rate of 5.0 percent and mature in September 2033. The 2018 B certificates have interest rates ranging from 2.332 to 4.047 percent and mature in September 2038. Annual lease payments are made by the State and are subject to annual appropriations by the Legislature. As a result, this liability is recognized by the State and not included in the System's financial statements.

On October 14, 2020, the State issued State of Colorado National Western Center Lease Purchase Financing Program Certificates of Participation, Series 2020 A (Tax-Exempt) and Series 2020 B (Taxable) with a par amount of $68.7 million and $44.2 million, respectively. The 2020 A certificates have an interest rate of 5.0 percent and mature in September 2033. The 2020 B certificates have interest rates ranging from 2.427 to 2.959 percent and mature in September 2038. Annual lease payments are made by the State and are subject to annual appropriations by the Legislature. As a result, this liability is recognized by the State and not included in the System's financial statements

The certificates are secured by the buildings or equipment acquired with the lease proceeds and any unexpended lease proceeds. The proceeds are being used to fund various projects at the National Western Center in Denver, Colorado (CSU Water Resource Center, CSU Center, and Animal Health Building), and affiliated facilities for the System at the Fort Collins campus (Equine Veterinary Teaching Hospital and Institute for Biological and Translational Therapies). The underlying capitalized assets will be contributed to the System from the State. The System has started construction of the buildings at the National Western Center in Denver, Colorado and at the Fort Collins campus, and has completed and capitalized $29.7 million and has $131.9 million capitalized as work in progress as of fiscal year ended June 30, 2021.

In fiscal year 2017, State of Colorado Senate Bill 17-267 made monies available for capital construction projects. The State is authorized to issue Certificates of Participation up to a maximum $2.0 billion, in $500.0 million increments over a four-year period starting in fiscal year 2019.
Pursuant to Senate Bill 17-267, on September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018 A with a par value of $500.0 million. These Certificates of Participation are secured by eligible state buildings. The System received $2.2 million for the repair or replacement of the Moby Arena HVAC system in Fort Collins, $2.0 million to replace/repair walls at Pickett Equine Center in Fort Collins, $2.0 million to repair the exterior enclosure on the Industrial Sciences Building in Fort Collins, $1.2 million to upgrade campus fire systems in Pueblo, $1.1 million to replace obsolete building automation control centers (multiple buildings) in Fort Collins, $1.0 million to replace electrical services at the Foothills Campus, $890 thousand to install a campus security system in Pueblo, $828 thousand to replace the roof on the Glover Building in Fort Collins, and $1.6 million for other small projects. The State of Colorado is responsible for making the principal and interest payments on the COPs.

Pursuant to Senate Bill 17-267, on June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020 A with a par value of $500.0 million. These Certificates of Participation are secured by eligible state buildings. Appropriations to the System became effective on July 10, 2020, when the Governor signed House Bill 20-1408. The System received $872 thousand to replace the roof of the A Wing of the Clark Building in Fort Collins, $635 thousand to replace campus fire alarm control panels in Fort Collins, and $620 thousand to replace electric service to ERC at the Foothills Campus. The State of Colorado is responsible for making the principal and interest payments on the COPs.

In fiscal year 2021, State of Colorado Senate Bill 20-219 made monies available for capital construction projects. On February 24, 2021, the State issued State of Colorado Higher Education Lease Purchase Financing Program Certificates of Participation, Series 2020 with a par value of $64.3 million. These Certificates of Participation are secured by the buildings or equipment acquired with the lease proceeds and any unexpended lease proceeds. The System received $17.1 million in additional funding to construct an addition to and renovation of the Shepardson Building in Fort Collins. The State of Colorado is responsible for making the principal and interest payments on the COPs.

Interest Rate Swap Agreement

On January 16, 2018, the System entered into a floating to fixed interest rate swap agreement (2015 D Swap Agreement) in connection with the Series 2015 D System Enterprise Revenue Bonds (Notes from Direct Placements). The 2015 D Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $8.2 million as of June 30, 2021. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $14.9 million as of June 30, 2020. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 D Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The 2015 D Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91390 percent payable by the System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 D Swap Agreement, determined the fair value as of June 30, 2021 using a discounted forecasted cash flow.

(Amounts expressed in thousands)

On February 18, 2020, the System entered into a floating to fixed interest rate swap agreement (2015 A Swap Agreement) in connection with the Series 2015 A System Enterprise Revenue Bonds. The 2015 A Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $646 thousand as of June 30, 2021. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $7.7 million as of June 30, 2020. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 A Swap Agreement has an effective date of March 1, 2025 and a termination date of March 1, 2055.

The 2015 A Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.74250 percent payable by the System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 A Swap Agreement, determined the fair value as of June 30, 2021 using a discounted forecasted cash flow.

Interest rate swap agreement activity for the fiscal year ended June 30, 2021 was as follows:

Table 11.4.1 Interest rate swap agreement

		Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Interest rate swap agreement	$	22,569	-	(13,675)	8,894	-

Interest rate swap agreement activity for the fiscal year ended June 30, 2020 was as follows:

Table 11.4.2 Interest rate swap agreement

		Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Interest rate swap agreement	$	5,029	17,540	-	22,569	-

There can be risks inherent to interest rate swaps that the System addressed and monitors pursuant to entering into interest rate Swap Agreements:

Termination Risk

Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the System. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the System, either through receipt of a payment from a termination, or if a termination payment is made by the System, a conversion to a more beneficial debt instrument or credit relationship.

Credit Risk

Credit Risk is the risk that the counterparty will not fulfill its obligations. The System considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2021, RBC's credit rating is rated Aa2 by Moody's, AA- by S&P, and AA by Fitch.

(Amounts expressed in thousands)

The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $25.0 million at both parties' current credit rating or $10.0 million if the parties' credit rating falls to A3/A -.

Basis Index Risk

Basis Index Risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the System. Basis Index Risk can also result from the use of floating, but different, indices.

As of June 30, 2021, the aggregate revenue bonds and notes from direct placements payments and net swap cash payments, assuming current interest rates remain the same, for their term are reflected below:

Table 11.5 Future revenue bonds and net swap minimum payments

Year Ending June 30		Principal	Interest	Support Fee	Total Debt Service
2022	$	-	1,276	333	1,609
2023		-	1,276	333	1,609
2024		1,005	5,782	332	7,119
2025		1,005	5,762	327	7,094
2026		1,375	3,780	322	5,477
2027-2031		14,970	18,237	1,472	34,679
2032-2036		25,610	16,091	1,026	42,727
2037-2041		26,040	13,793	671	40,504
2042-2046		21,155	11,247	309	32,711
2047-2051		44,750	7,779	12	52,541
2052-2056		39,485	2,337	-	41,822
Total	**$**	**175,395**	**87,360**	**5,137**	**267,892**

(12) Defeased Obligations

On July 16, 2020, the System issued $230.0 million in System Enterprise Revenue Refunding Bonds Taxable Series 2020 A, with an average interest rate of 2.7 percent. The Bonds partially refunded $7.9 million of the System Enterprise Revenue Bonds, Series 2010 B BABS Taxable; fully refunded $5.8 million of the System Enterprise Revenue Bonds, Series 2012 A; partially refunded $19.7 million of the System Enterprise Revenue Refunding Bonds, Series 2012 B; partially refunded $6.5 million of the System Enterprise Revenue Refunding Bonds, Series 2013 A; partially refunded $1.7 million of the System Enterprise Revenue Bonds, Series 2013 D; fully refunded $9.3 million of the System Enterprise Revenue Bonds, Series 2013 E; partially refunded $12.5 million of the System Enterprise Revenue Bonds, Series 2015 B; partially refunded $8.1 million of the System Enterprise Revenue Refunding Bonds, Series 2015 C; partially refunded $1.0 million of the System Enterprise Revenue Bonds, Series 2015 E-2; fully refunded $6.9 million of the System Enterprise Revenue Bonds, Series 2015 F; partially refunded $2.2 million of the System Enterprise Revenue Bonds, Series 2016 A; partially refunded $1.5 million of the System Enterprise Revenue Bonds, Series 2016 B; partially refunded $3.6 million of the System Enterprise Revenue Refunding Bonds, Series 2017 A; partially refunded $265 thousand of the System Enterprise Revenue Refunding Bonds, Series 2017 B; partially refunded $360 thousand of the System Enterprise Revenue Refunding Bonds, Series 2017 D; partially refunded $300 thousand of the System Enterprise Revenue Refunding Bonds, Series 2017 E; partially refunded $170 thousand of the System Enterprise Revenue

Refunding Bonds, Series 2017 F; partially refunded $1.8 million of the System Enterprise Revenue Bonds, Series 2018 A; partially refunded $1.8 million of the System Enterprise Revenue Refunding Bonds, Series 2019 A; and partially refunded $2.4 million of the System Enterprise Revenue Refunding Bonds, Series 2019 B, with an average interest rate of 4.2 percent. Net proceeds of $230.0 million were deposited with an escrow agent. The System completed the Series 2020 A refunding to defray the costs of financing for the next 2 years. While ensuring resources are available to meet University needs in the current economic climate, the refunding resulted in an economic loss (difference between the present value of the debt service payments on the old debt and new debt) of $34.8 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $103.4 million. This difference is reported in the accompanying financial statements as a deferred outflow and is being amortized through fiscal year 2024.

On March 1, 2021, the System issued $115.0 million in System Enterprise Revenue Refunding Bonds Taxable Series 2021 A, with an average interest rate of 0.7 percent. The Bonds partially refunded $115.0 million of the System Enterprise Revenue Refunding Bonds, Series 2020 A, with an average interest rate of 0.5 percent. Net proceeds of $115.0 million were used to partially redeem System Enterprise Revenue Refunding Bonds, Series 2020 A. The System completed the Series 2021 A refunding to reduce its total debt service payments over the next 2 years by $1.9 million and obtain an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $2.4 million. The refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt.

On March 1, 2021, the System issued $115.0 million in System Enterprise Revenue Refunding Bonds Taxable Series 2021 B, with an average interest rate of 0.7 percent. The Bonds fully refunded $115.0 million of the System Enterprise Revenue Refunding Bonds, Series 2020 A, with an average interest rate of 0.5 percent. Net proceeds of $115.0 million were used to redeem System Enterprise Revenue Refunding Bonds, Series 2020 A in full. The System completed the Series 2021 B refunding to reduce its total debt service payments over the next 2 years by $1.9 million and obtain an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $2.4 million. The refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt.

The following bonds related to defeased obligations remaining as of June 30, 2021, were issued by the System prior to fiscal year 2021: System Enterprise Revenue Refunding Bonds, Taxable Series 2019 B (partially refunded System Enterprise Revenue Bonds, Series 2012 A; partially refunded System Enterprise Revenue Refunding Bonds, Series 2015 C; fully refunded System Enterprise Revenue Bonds, Series 2015 E-1; partially refunded System Enterprise Revenue Bonds, Series 2015 E-2; and partially refunded System Enterprise Revenue Refunding Bonds, Series 2017 C) in fiscal year 2020; System Enterprise Revenue Refunding Bonds, Series 2017 A (partially refunded System Enterprise Revenue Bonds, Series 2012 A) in fiscal year 2018; System Enterprise Revenue Refunding Bonds, Series 2017 C (partially refunded System Enterprise Revenue Bonds, Series 2013 E; partially refunded System Enterprise Revenue Bonds, Series 2015 E-1; and partially refunded System Enterprise Revenue Bonds, Series 2015 E-2) in fiscal year 2018; System Enterprise Revenue Refunding Bonds, Series 2017 D (fully refunded System Enterprise Revenue Bonds, Series 2013 C; and System Enterprise Revenue Bonds, Series 2015 A) in fiscal year 2018; System Enterprise Revenue Refunding Bonds, Series 2017 E (partially refunded System Enterprise Revenue Bonds, Series 2015 E-1) in fiscal year 2018; and System Enterprise Revenue Refunding Bonds, Series 2017 F (partially refunded System Enterprise Revenue Bonds, Series 2015 A) in fiscal year 2018. The escrow deposits from Series 2019 B, and Series 2017 A, C, D, E, and F are being used to purchase certain U.S. governmental obligations. The principal and interest from the U.S. governmental obligations will be sufficient to enable the escrow agent to make all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds is no longer reflected in the Statements of Net Position.

(Amounts expressed in thousands)

The following bonds were included in the refundings and have been fully redeemed in the current fiscal year: System Enterprise Revenue Refunding Bonds, Series 2020 A (partially refunded on System Enterprise Revenue Refunding Bonds, Taxable Series 2021 A and fully refunded on System Enterprise Revenue Refunding Bonds, Taxable Series 2021 B).

Remaining defeased obligations as of June 30, 2021 are as follows:

Table 12.1 Defeased Obligations

	Original Amount Refunded	Balance June 30, 2021
CSU Sys Ent Rev Bonds, Series 2010 B BABS Taxable	7,920	5,370
CSU Sys Ent Rev Bonds, Series 2012 A	114,440	111,560
CSU Sys Ent Rev Refunding Bonds, Series 2012 B	19,660	13,460
CSU Sys Ent Rev Refunding Bonds, Series 2013 A	6,520	4,870
CSU Sys Ent Rev Bonds, Series 2013 C	18,610	18,610
CSU Sys Ent Rev Bonds, Series 2013 D	1,655	1,125
CSU Sys Ent Rev Bonds, Series 2013 E	127,185	124,235
CSU Sys Ent Rev Bonds, Series 2015 A	26,675	26,675
CSU Sys Ent Rev Bonds, Series 2015 B	12,480	8,435
CSU Sys Ent Rev Refunding Bonds, Series 2015 C	15,165	12,125
CSU Sys Ent Rev Bonds, Series 2015 E-1	96,490	96,490
CSU Sys Ent Rev Bonds, Series 2015 E-2	33,505	33,505
CSU Sys Ent Rev Bonds, Series 2015 F	6,860	3,740
CSU Sys Ent Rev Bonds, Series 2016 A	2,155	1,455
CSU Sys Ent Rev Bonds, Series 2016 B	1,535	550
CSU Sys Ent Rev & Rev Refunding Bonds, Series 2017 A	3,585	3,420
CSU Sys Ent Rev & Rev Refunding Bonds, Series 2017 B	265	180
CSU Sys Ent Rev Refunding Bonds, Series 2017 C	13,965	13,965
CSU Sys Ent Rev & Rev Refunding Bonds, Series 2017 D	360	245
CSU Sys Ent Rev Refunding Bonds, Series 2017 E	300	205
CSU Sys Ent Rev Refunding Bonds, Series 2017 F	170	115
CSU Sys Ent Rev Bonds, Series 2018 A	1,775	1,200
CSU Sys Ent Rev & Rev Refunding Bonds, Series 2019 A	1,820	1,235
CSU Sys Ent Rev & Rev Refunding Bonds, Series 2019 B	2,445	1,640
Total	**$ 515,540**	**484,410**

(13) Pledged Revenues and Related Expenses

CSU and CSU-Pueblo are required to pledge certain revenues and report related expenses in accordance with the various bond resolutions. The System Enterprise Revenue Bonds, Revenue Refunding Bonds, Notes from Direct Placements, and Commercial Paper are pledged by ten percent of System tuition revenues, CSU facilities fees ($18.75 of the total $20.75 credit hour fee), CSU-Pueblo facilities fees ($24.40

(Amounts expressed in thousands)

of the total $26.50 credit hour fee), CSU Research Building Revolving Fund revenues, revenues derived from auxiliaries as defined by bond resolutions, including Canvas Stadium, and federal bond subsidies. The pledged revenues and related expenses were as follows:

Table 13.1 Pledged Revenues and Related Expenses

		June 30	
		2021	**2020 ***
Gross auxiliary facility and student fee revenue	$	153,549	189,947
Less auxiliary facility and student fee operating expenses		111,760	141,268
Net auxiliary facility and student fee revenue		41,789	48,679
Other pledged revenue:			
10% of tuition	$	48,526	54,709
Indirect cost recoveries		62,297	59,471
Research facilities		3,661	3,383
Less research facilities expenses		207	49
Net research facilities revenue		3,454	3,334
Investment income		1,140	1,669
Bond subsidies		1,600	1,609
Net other pledged revenue		117,017	120,792
Total	**$**	**158,806**	**169,471**

* Reclassified

These debt obligations contain provisions to establish and maintain reasonable fees, rates, and other charges to ensure gross revenues are sufficient for debt service coverage. The System is also required to comply with various other covenants while the debt is outstanding. Management of the two institutions believe the universities have met all debt service coverage ratios and have complied with all bond covenants.

(14) Capital Lease Obligations

The following is a schedule of the System's future minimum lease payments for obligations under capital leases for each of the five subsequent fiscal years and for five-year increments thereafter.

Table 14.1 Capital Lease Obligations

Fiscal year ending June 30:		**Total**
2022	$	2,064
2023		1,822
2024		1,548
2025		1,266
2026		1,021
2027-2031		9,147
Minimum future lease payments		16,868
Less amount representing interest		1,993
Total	**$**	**14,875**

(Amounts expressed in thousands)

Table 14.2 Capital Leases Payable

		Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due Within One Year
Capital leases payable	$	16,877	346	(2,348)	14,875	1,721

Table 14.3 Capital Leases Payable

		Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due Within One Year
Capital leases payable	$	18,260	1,174	(2,557)	16,877	2,142

Capital lease agreements have been utilized to provide for the use of property and equipment. As of June 30, 2021 and 2020, respectively, the System had capital lease obligations in effect with capitalized asset costs of $21.3 million and $22.1 million; accumulated depreciation of $8.3 million and $8.9 million; and related outstanding liabilities of $14.9 million and $16.9 million.

(15) Operating Leases

The following is a schedule of the System's aggregate minimum rental commitments for operating leases of real and personal property for each of the five subsequent fiscal years and for five-year increments thereafter.

Table 15.1 Operating Leases

Fiscal year ending June 30:		Total
2022	$	2,804
2023		2,376
2024		2,090
2025		1,960
2026		1,218
2027-2031		4,899
2032-2036		274
Total	**$**	**15,621**

Rent expense was $2.7 million for the fiscal year ended June 30, 2021 and $3.9 million for the fiscal year ended June 30, 2020.

CSU-Pueblo leases a football stadium from a non-profit organization. The lease expires June 12, 2028 and is renewable subject to CSU-Pueblo meeting certain requirements as specified in the lease terms. The annual rent of the lease is $100; however, CSU-Pueblo pays the annual costs of maintenance and upkeep for the lease premises.

(16) Net Position

The System is subject to multiple constraints, including those imposed by Colorado Constitutional and related legislative actions, State of Colorado statutes, and external third parties.

Under the 1862 Morrill Act, the System holds endowments related to the land granted by the federal government. These funds, including proceeds from the sale of the land and income earned on the assets, are therefore restricted for use under this Act. These amounts are reported as restricted for nonexpendable purposes and restricted for expendable purposes - other on the basic financial statements.

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. The state match money is restricted by the Colorado Commission on Higher Education policy for student loan programs. These amounts are reported as restricted for expendable purposes - other on the basic financial statements.

Gift funds are restricted based on donor requirements. Available funds include those transferred from the Foundations and not yet spent and those transferred to capital construction projects not yet complete and capitalized. These amounts are reported as restricted for expendable purposes - other on the basic financial statements.

Colorado Revised Statute Section 23-31-118 requires a support fee to be annually assessed to cooperative state or accountable students in the System’s professional veterinary medicine program. The statute specifies that this fee must be credited to a reserve account and used for renovation projects and for the acquisition or replacement of equipment. Other State legislations restrict the use of certain professional veterinary medicine program funds such as pari-mutuel receipts and expenses related to horse racing. Part 10 of Colorado Revised Statute Article 23-31 enacted the Veterinary Education Loan Repayment Program. The program repays educational loans on behalf of select veterinarians practicing in rural areas where veterinary needs are not currently being met. These amounts are reported as restricted for expendable purposes - other on the basic financial statements.

The Forest Restoration Project and Healthy Forest-Vibrant Communities sub funds receive funding via State legislation for use in relation to wildfire risk mitigation and long-term ecological restoration. These amounts are reported as restricted for expendable purposes - other on the basic financial statements.

OPEB net assets recorded under GASB Statement No. 75 are related specifically to Other Postemployment Benefit activities and the funding of benefit plans. These amounts are reported as restricted for expendable purposes on the basic financial statements.

(Amounts expressed in thousands)

Total restricted net position was as follows:

Table 16.1 Restricted Net Position

		June 30	
		2021	**2020**
Restricted for nonexpendable purposes:			
Scholarships, research and other	$	17,356	13,622
Endowment/Land grant		15,546	15,058
Total	**$**	**32,902**	**28,680**
Restricted for expendable purposes:			
Endowment/Land grant	$	2,198	2,121
Student loans		15,073	14,295
Colorado Water Institute		314	317
Sponsored programs		687	230
Gifts		1,513	1,585
Plant fund transfers not capitalized		429	4,523
PVM federal and state restrictions		1,127	998
Colorado State Forest Service legislative funds		24,187	10,554
Reserves required by third party		1,004	556
OPEB net assets		16,487	15,653
Other		527	200
Total	**$**	**63,546**	**51,032**

Although other amounts reflected in unrestricted net position are not externally restricted, they may be internally designated by the System's administration for various purposes.

Discretely presented component unit – In regard to the net position of the CSUS Foundation, all net position is classified as unrestricted. As of June 30, 2021 and 2020, the CSUS Foundation had unrestricted net position of $3.0 million and $1.9 million, respectively.

Discretely presented component unit – The CSU Foundation's net assets without donor restriction consist of undesignated and board designated funds. The board designated net assets are comprised of a securities reserve, charitable gift annuity reserve and quasi-endowments. The CSU Foundation's net assets with donor restrictions are restricted for use by CSU colleges and programs and for a permanent source of income. As of June 30, 2021 and 2020, the CSU Foundation's Board had designated $8.8 million and $16.0 million, respectively, of the net assets without donor restrictions to be used for board designated endowments.

Discretely presented component unit – The CSU-Pueblo Foundation's net assets without donor restriction consist of undesignated and board-designated funds. As of June 30, 2021 and 2020, the CSU-Pueblo Foundation's Board had designated $2.4 million and $2.1 million, respectively, of these funds to be used for an operating reserve for subsequent years' expense, designated operating reserve, special project awards, and University personnel discretionary funds. The CSU-Pueblo Foundation's net assets with donor restrictions consist of funds subject to expenditure for a specified purpose or time, namely related to academic support and scholarships, and endowments subject to the CSU-Pueblo Foundation endowment spending policy and appropriation.

(Amounts expressed in thousands)

Colorado State University System Fiduciary Funds – In regard to the net position of the Trust, all net position is classified as restricted for postemployment benefits other than pensions. As of June 30, 2021 and 2020, the Trust's net position restricted for postemployment benefits other than pensions were $97.1 million and $84.5 million, respectively. In regard to the net position of the Custodial Funds, all net position is classified as restricted for individuals, organizations, and other governments. As of June 30, 2021 and 2020, the System's Custodial Funds net position restricted for individuals, organizations, and other governments were $3.5 million and negative $36 thousand, respectively.

(17) Commitments

Outstanding purchase order commitments against future funds not reflected in the financial statements as of June 30, 2021 were $212.1 million. These outstanding purchase order commitments included $124.6 million of CSU capital construction commitments. These outstanding purchase order commitments included approximately $56.0 million for the National Western Center Water Resources Center, $17.1 million for the National Western Center Animal Health Building, $2.7 million for the Mountain Campus Experiential Learning Center, $2.6 million for the Equine Veterinary Teaching Hospital, $1.3 million for the Cooperative Institute for Research in the Atmosphere (CIRA) New Conference and Seminar Facility, $1.1 million for the Bay Facility, and $1.0 million for the Rampart Roadway and Trail. The remaining capital construction commitments were for other small projects at CSU and CSU-Pueblo. Of the remaining noncapital purchase order commitments, approximately $43.8 million were related to CSU sponsored contracts and grants.

In addition to purchase order commitments, CSU has contracted obligations of $40.3 million at June 30, 2021 related to employment hiring incentives and shared costs on long-term federal contracts. The hiring incentives arise in recruiting faculty and research scientists whereby the University commits to pay for various laboratory remodeling, equipment, and other costs that are important to the person in accepting the position. This obligation is binding on the University upon acceptance of the employment offer. The shared cost obligations arise in connection with federal contracts and grants in which the University agrees to pay for certain costs beyond what would otherwise be reimbursed by the sponsor under the contract or grant. Although the University can exercise cancellation clauses to avoid these shared cost obligations, the University has not used that option to avoid such obligations, and such obligation are considered highly probable. In both cases, settlement of the obligation involves payments to third parties, generally within three years.

Table 17.1 Outstanding Commitments

		June 30, 2021
Purchase order commitments	$	212,141
Shared cost obligations on long-term revenue contracts		13,621
Obligations under accepted employment offers		26,718
Total	**$**	**252,480**

(18) Employment Benefits

Employees of the System, eligible for retirement benefits, participate in one of three retirement plans. Eligible student employees participate in a Student Employee Retirement Plan (SERP), which is funded solely by student contributions. The SERP is a defined contribution plan administered by a consortium of institutions of higher education in the state. All other eligible employees of the System participate in one of two additional plans, the State Division Trust Fund (SDTF), a defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA) or an Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP), subject to eligibility criteria defined by PERA and the University for each separate governing entity.

The System's total payroll for the fiscal years ended June 30, 2021 and 2020, was approximately $734.7 million and $737.9 million, respectively. Payroll for employees covered by the SDTF plan, the DCP plan, and the SERP plan was approximately $160.3 million, $478.6 million, and $15.8 million, respectively, for the fiscal year ended June 30, 2021, and $167.6 million, $473.3 million, and $17.5 million, respectively, for the fiscal year ended June 30, 2020. The remaining employees were not eligible for participation in any of the System's plans.

(a) PERA Defined Benefit Pension Plan

Summary of Significant Accounting Policies

The System participates in the SDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Plan Description

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

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.

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

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

(Amounts expressed in thousands)

- The value of the retiring employee's member contribution account plus a 100.0 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100.0 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50.0 percent or 100.0 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10.0 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability.

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

Contributions

Eligible employees of the System and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates are summarized in the table below:

Table 18.1 Employee Contribution Rates

	Fiscal Year 2020	Fiscal Year 2021	
	CY20	CY21	
	1/1 to 6/30	7/1 to 12/31	1/1 to 6/30
Employee contribution	8.75%	10.00%	10.00%

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

(Amounts expressed in thousands)

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

Table 18.2 Employer Contribution Requirements

	Fiscal Year 2020	Fiscal Year 2021	
	CY20	CY21	
	1/1 to 6/30	7/1 to 12/31	1/1 to 6/30
Employer contribution rate	10.40%	10.90%	10.90%
Apportioned to the Health Care Trust Fund[1]	-1.02%	-1.02%	-1.02%
Apportioned to the SDTF	9.38%	9.88%	9.88%
Amortization Equalization Disbursement (AED)[2]	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED)[2]	5.00%	5.00%	5.00%
Defined Contribution Supplement[3]	N/A	N/A	0.05%
Total employer contribution rate to the SDTF	**19.38%**	**19.88%**	**19.93%**

[1]As specified in C.R.S. § 24-51-208(1)(f).

[2]As specified in C.R.S. § 24-51-411.

[3]As specified in C.R.S. § 24-51-415.

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225.0 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools (DPS) Division Trust Fund. House Bill (HB) 20-1379 suspended the $225.0 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the System is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the System were $32.8 million and $37.3 million for the fiscal years ended June 30, 2021 and 2020, respectively.

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

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

As of fiscal years ended June 30, 2021 and 2020, the System reported a liability of $488.9 million and $517.3 million, respectively, for its proportionate share of the net pension liability.

At December 31, 2020, the System proportion was 5.15 percent, which was a decrease of 0.18 percent from its proportion measured as of December 31, 2019.

(Amounts expressed in thousands)

The System has no legal obligation to fund this liability, nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly.

For the fiscal years ended June 30, 2021 and 2020, the System recognized pension expense of negative $115.5 million and negative $105.8 million, respectively. Due to the suspension of the State of Colorado's direct distribution payment to PERA, there was no State support for PERA pension included for the fiscal year ended June 30, 2021. There was $4.1 million included for the fiscal year ended June 30, 2020.

The System reported deferred outflows of resources related to pensions from the following sources:

Table 18.3 Deferred Outflows of Resources Related to Pensions

		June 30	
		2021	**2020**
Difference between expected and actual experience	$	12,082	19,325
Changes of assumptions or other inputs		33,196	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions		810	1,363
Contributions subsequent to the measurement date		15,996	16,396
Total	**$**	**62,084**	**37,084**

The System reported deferred inflows of resources related to pensions from the following sources:

Table 18.4 Deferred Inflows of Resources Related to Pensions

		June 30	
		2021	**2020**
Changes of assumptions or other inputs	$	-	148,358
Net difference between projected and actual earnings on pension plan investments		100,061	55,728
Changes in proportion and differences between contributions recognized and proportionate share of contributions		17,399	8,271
Total	**$**	**117,460**	**212,357**

$16.0 million 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 during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 18.5 Future Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Fiscal year ending June 30		**Total**
2022	$	(14,034)
2023		(7,637)
2024		(34,020)
2025		(15,681)
Total	**$**	**(71,372)**

(Amounts expressed in thousands)

Actuarial Assumptions

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

Table 18.6 Actuarial Assumptions

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.17%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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 70.0 percent factor applied to male rates and a 55.0 percent factor applied to female rates.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73.0 percent factor applied to rates for ages less than 80, a 108.0 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 78.0 percent factor applied to rates for ages less than 80, a 109.0 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90.0 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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

(Amounts expressed in thousands)

Table 18.7 Actuarial Assumptions

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30% – 10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

- Males: 94.0 percent of the rates prior to age 80 and 90.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87.0 percent of the rates prior to age 80 and 107.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

- Males: 97.0 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105.0 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members were based upon the PubNS-2010 Disabled Retiree Table using 99.0 percent of the rates for all ages with generational projection using scale MP-2019.

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

(Amounts expressed in thousands)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020 PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

Table 18.8 Target Allocation and Expected Real Rate of Return

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

[1] The Opportunity Fund's name changed to Alternatives, effective Juanuary 1, 2020.

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.0 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103.0 percent, at which point the AED and SAED will each drop 0.5 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225.0 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225.0 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

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

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

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

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

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

(Amounts expressed in thousands)

Table 18.9 Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 646,803	488,880	356,282

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The System reported a payable of $2.5 million and $2.7 million for the outstanding amount of contributions to the PERA SDTF required for the fiscal year ended June 30, 2021 and 2020, respectively.

(b) Other Retirement Plans

Voluntary Investment Program (PERAPlus 401(K) Plan)

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the fiscal years ended June 30, 2021 and 2020, program members contributed $1.6 million in both years for the Voluntary Investment Program.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description

Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

(Amounts expressed in thousands)

Funding Policy

All participating employees in the PERA DC Plan and the System are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates are summarized in the tables below:

Table 18.10 Employee and Employer Contribution Rates

	Fiscal Year 2020	Fiscal Year 2021	
	CY20	CY21	
	1/1 to 6/30	7/1 to 12/31	1/1 to 6/30
Employee Contribution Rates:			
Employee Contribution	8.75%	10.00%	10.00%
Employer Contribution Rates:			
On behalf of all employees	10.15%	10.15%	10.15%

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

Table 18.11 Additional Employer Contribution Requirements

	Fiscal Year 2020	Fiscal Year 2021	
	CY20	CY21	
	1/1 to 6/30	7/1 to 12/31	1/1 to 6/30
Amortization Equalization Disbursement (AED)[1]	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED)[1]	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP)[2]	N/A	0.50%	0.50%
Defined Contribution Statutory[3]	0.25%	0.25%	0.25%
Defined Contribution Supplement[4]	N/A	N/A	0.05%
Total employer contribution rate to the SDTF[5]	**10.25%**	**10.75%**	**10.80%**

[1]As specified in C.R.S. § 24-51-411.

[2]As specified in C.R.S. § 24-51-413.

[3]As specified in C.R.S. § 24-51-1505.

[4]As specified in C.R.S. § 24-51-415.

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50.0 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10.0 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC

Plan contributed $42 thousand and the System recognized contributions of $43 thousand, respectively, for the PERA DC Plan. For the calendar year ended December 31, 2020, participating employees in the PERA DC Plan contributed $29 thousand and the System recognized contributions of $33 thousand, respectively, for the PERA DC Plan.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009, as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2020, participants were allowed to make contributions of up to 100.0 percent of their annual gross salary (reduced by the percentage of their PERA contribution) to a maximum of $19,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,500 contribution in 2020. Special 457(B) catch-up contributions allow a participant for three years prior to the normal retirement age to contribute the lesser of (1) twice the annual limit ($38,000 in 2019, and $39,000 in 2020), or (2) the basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions). Contributions and earnings are tax deferred. At December 31, 2020, the Plan had 307 participants and 280 participants at December 31, 2019.

(c) Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under each University's optional retirement plan, all Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the 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 three investment companies as follows:

1. Fidelity Investments / MetLife (eligible Faculty/Staff at CSU-Pueblo do not have access to this investment company)
2. Teachers Insurance and Annuity Association (TIAA)
3. AIG Retirement Services (AIG)

The defined contribution retirement plans are established pursuant to state statute (C.R.S. § 24-54.5-101 to 24-54.5-107). The CSU plan was adopted by the Board of Governors in December 1992 and the CSU-Pueblo plan was adopted in April 1993. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU and CSU-Pueblo are the Plan Sponsors. All participants contribute the required 8.0 percent of eligible salary. As required, CSU provides a matching contribution of 12.0 percent of eligible salary for all "permanent" appointees (those with regular, special and continuing appointments at half time or greater) and for temporary appointees with appointments of half time or greater for the second and subsequent consecutive year(s). CSU-Pueblo provides a matching contribution of 11.1 percent, 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. The System's aggregate contribution to the above three vendors was equal to 11.5 percent of covered payroll or approximately $55.2 million for the fiscal year ended June 30, 2021 and $54.4 million for the fiscal year ended June 30, 2020. The employee aggregate contribution to the above three vendors was equal to 8.0 percent of covered payroll or approximately $38.3 million for the fiscal year ended June 30, 2021 and $37.9 million for the fiscal year ended June 30, 2020.

The Board of Governors approved deferred compensation payments of $250 thousand for the Chancellor and $100 thousand for the Chief Educational Innovation Officer of the Colorado State University System, for the fiscal year ended June 30, 2021.

The Federal retirement system covers a very limited number of employees at CSU Extension. The System's contribution to this plan was approximately $48 thousand for the fiscal year ended June 30, 2021 and $50 thousand for the fiscal year ended June 30, 2020.

(d) Student Employee Retirement Program

Eligible student employees contribute 7.5 percent of covered payroll to the student employee retirement program (SERP). The SERP is funded entirely through employee contributions with no employer match. The SERP is a mandatory plan for all student employees who are enrolled at CSU but are not classified as a half time student or greater. The SERP was established pursuant to state statute (C.R.S. § 24-54.6-101 through 24-54.6-106) as a mandatory nonqualified plan under 403(b) of the IRC in lieu of mandatory old age, survivors, and disability insurance (OASDI) coverage. The student retirement plan is a defined contribution plan administered by the individual agencies that make up the System, as applicable. All contributions are vested immediately and are participant directed within the funds available through the sole investment company, TIAA CREF. The contribution by student employees for the fiscal years ended June 30, 2021 and 2020 was approximately $1.2 million and $1.3 million, respectively.

(e) Health Insurance Programs

The System's contribution to the various third-party health insurance programs was approximately $24.5 million and $24.9 million for the fiscal years ended June 30, 2021 and 2020, respectively.

(19) Risk Financing and Insurance Related Activities

CSU manages a combination of self-insured and fully-insured property and casualty insurance programs to best protect the University's assets. At CSU, separate accounts currently make up the self-insured program: workers' compensation, liability, auto comprehensive/collision and property. CSU contracts various day-to-day operations of the self-funded benefit plan, including claims processing, to third-party administrators. CSU carries excess insurance for liability and workers' compensation claims over $500 thousand per occurrence, including claims arising from employment practices. CSU's excess liability limits for this insurance are $25.0 million per occurrence. CSU self-insures for property insurance claims less than $100 thousand per occurrence with a $1 thousand deductible per occurrence paid by the university department incurring the loss. CSU purchases property insurance with limits of $1.0 billion. In addition to this, CSU carries auto insurance for out-of-state vehicles and workers' compensation for out-of-state employees, student intern professional liability, professional liability insurance (Architects & Engineers), crime insurance, foreign liability insurance, Cyber Liability, Aviation Liability, Unmanned Aerial Vehicles Liability, TULIP (Tenant User Liability Insurance Program), and self-insures for in-state auto insurance. As of March 1, 2016, CSU purchased liability, professional liability, and pollution liability for The Center for Environmental Management Military Lands (CEMML) operations, including their prescribed burn operations. This insurance included a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. In October 2017, after Board approval, additional limits were purchased so that CEMML could manage, and otherwise supervise prescribed burn activities. This resulted in insurance placed with total limits of liability equaling $50.0 million for CEMML.

In addition to the above, CSU is self-insured for various other risks of loss. At CSU, separate accounts currently make up the self-insured program: healthcare, dental, short-term disability, and an unallocated reserve fund. CSU contracts various day-to-day operations of the self-funded benefit plans, including claims processing, to third-party administrators. Program funding is derived from a combination of premiums paid by benefit plan participants and various institutional match amounts. The self-funded benefit plans are fully self-insured except for healthcare coverage, which is reinsured for claims expenses above $350 thousand per covered employee per year. The Unallocated Reserve Account is a general contingency reserve fund for miscellaneous and unanticipated expenses of the other health related accounts.

(Amounts expressed in thousands)

The amount of claims and administrative costs for the self-funded plans for the fiscal years ended June 30, 2021 and 2020 did not exceed plan revenues and reserves. Eligible faculty and nonclassified staff employees may select from various benefit plans and may elect to make premium contributions in the form of a pre-tax salary reduction.

The above health related programs had estimated claim liabilities of $44.0 million and $33.6 million at June 30, 2021 and 2020, respectively, which include incurred but not reported claims (IBNR) along with known claims at year end. These estimates are made through a combination of analyzing payments in early months of the subsequent year, historical trends, industry guidelines, and underwriting advice from our third-party administrator and benefits consultant.

In addition to these claims, workers' compensation had estimated claim liabilities of $2.4 million and $3.1 million at June 30, 2021 and 2020, respectively. Liability self-insurance had estimated claim liabilities of $386 thousand and $406 thousand at June 30, 2021 and 2020, respectively. These estimates are based on current data and actuarial reports. Property self-insurance had no estimated claim liabilities at June 30, 2021 and 2020.

The changes in the balance of claim liabilities were as follows:

Table 19.1 Claim Liabilities

		June 30	
		2021	**2020**
Claim liabilities, beginning of year	$	37,074	34,975
Incurred claims (including IBNR)		69,799	62,264
Claim payments		(60,088)	(60,165)
Claim liabilities, end of year	**$**	**46,785**	**37,074**

Claims liabilities are recorded in accrued liabilities, deposits held for others, and other noncurrent liabilities on the Statements of Net Position.

(20) Postemployment Healthcare and Life Insurance Benefits

(a) PERA Postemployment Healthcare Plan

Summary of Significant Accounting Policies

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

Plan Description

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

Benefits Provided

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the healthcare 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 are eligible for a premium subsidy, if enrolled in a healthcare plan under PERACare.

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

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5.0 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

(Amounts expressed in thousands)

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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the System is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the System were $1.6 million and $1.7 million for the fiscal years ended June 30, 2021 and 2020, respectively.

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

As of fiscal years ended June 30, 2021 and 2020, the System reported a liability of $16.9 million and $20.6 million, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The System's proportion of the net OPEB liability was based on the System's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the System's proportion was 1.78 percent, which was a decrease of 0.06 percent from its proportion measured as of December 31, 2019.

The System has no legal obligation to fund this shortfall, nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly.

For the fiscal years ended June 30, 2021 and 2020, the System recognized OPEB expense of $95 thousand and $1.1 million, respectively.

The System reported deferred outflows of resources related to OPEB from the following sources:

Table 20.1 Deferred Outflows of Resources Related to OPEB

		June 30	
		2021	**2020**
Difference between expected and actual experience	$	45	69
Changes of assumptions or other inputs		127	171
Changes in proportion and differences between contributions recognized and proportionate share of contributions		81	84
Contributions subsequent to the measurement date		795	842
Total	**$**	**1,048**	**1,166**

(Amounts expressed in thousands)

The System reported deferred inflows of resources related to OPEB from the following sources:

Table 20.2 Deferred Inflows of Resources Related to OPEB

		June 30	
		2021	**2020**
Difference between expected and actual experience	$	3,721	3,466
Changes of assumptions or other inputs		1,038	-
Net difference between projected and actual earnings on OPEB plan investments		692	344
Changes in proportion and differences between contributions recognized and proportionate share of contributions		1,393	993
Total	**$**	**6,844**	**4,803**

$795 thousand reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Table 20.3 Future Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Fiscal year ending June 30:		**Total**
2022	$	(1,542)
2023		(1,445)
2024		(1,577)
2025		(1,420)
2026		(570)
Thereafter		(37)
Total	**$**	**(6,591)**

(Amounts expressed in thousands)

Actuarial Assumptions

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

Table 20.4 Actuarial Assumptions

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Healthcare cost trend rates	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029

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

Table 20.5 Monthly Costs/Premiums

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$ 588	227	550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

Healthcare 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, healthcare 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.

Healthcare cost trend rates for the PERA benefit structure are based on published annual healthcare inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare &

(Amounts expressed in thousands)

Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the healthcare cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Table 20.6 PERA Healthcare Cost Trend Rates Measuring Total OPEB Liability

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

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below 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 70.0 percent factor applied to male rates and a 55.0 percent factor applied to female rates.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73.0 percent factor applied to rates for ages less than 80, a 108.0 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 78.0 percent factor applied to rates for ages less than 80, a 109.0 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93.0 percent factor applied to rates for ages less than 80, a 113.0 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

(Amounts expressed in thousands)

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68.0 percent factor applied to rates for ages less than 80, a 106.0 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90.0 percent of the RP-2014 Disabled Retiree Mortality Table.

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

Based on the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period of January 1, 2016 through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019 to December 31, 2020.

Table 20.7 Assumptions Reflected in the Total OPEB Liability Roll Forward Calculation

	Trust Fund			
	State Division	**School Division**	**Local Government Division**	**Judicial Division**
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%[1]	N/A

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

- Males: 94.0 percent of the rates prior to age 80 and 90.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87.0 percent of the rates prior to age 80 and 107.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

- Males: 112.0 percent of the rates prior to age 80 and 94.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 83.0 percent of the rates prior to age 80 and 106.0 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

- Males: 97.0 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105.0 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumption for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99.0 percent of the rates for all ages with generational projection using scale MP-2019.

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

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

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

- Initial per capita healthcare costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

- The healthcare cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020 PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

(Amounts expressed in thousands)

Table 20.8 Target Asset Allocation and Expected Real Rate of Return

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global equity	54.00%	5.60%
Fixed income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

[1]The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

Table 20.9 Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB liability	**$ 16,491**	**16,928**	**17,437**

Discount Rate

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

- Updated healthcare cost trend rates for Medicare Part A premiums as of the December 31, 2020 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 3.0 percent.

(Amounts expressed in thousands)

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

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

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

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

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

Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Table 20.10 Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$	19,391	16,928	14,823

OPEB Plan Fiduciary Net Position

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

Payables to the PERA Health Care Trust Fund

The System reported a payable of $125 thousand and $137 thousand for the outstanding amount of contributions to the PERA HCTF required for the fiscal year ended June 30, 2021 and 2020, respectively.

(Amounts expressed in thousands)

(b) Other Postemployment Benefits (OPEB) – CSU

Summary of Significant Accounting Policies

The net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the OPEB Trust have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of healthcare participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements for the irrevocable trust, included in the basic financial statements section, have been prepared using the accrual basis of accounting. The irrevocable trust does not issue separate financial statements. Plan members' contributions will be recognized in the period in which the contributions are due. Employee contributions to each plan will be recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair market value and administrative costs are direct expenditures of the plan. The plan's fiscal year end is June 30, 2021.

Plan Descriptions

CSU contributes to three single-employer defined benefit healthcare plans: CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy). Each plan provides premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending the benefit coverage of those in the PERA Medicare supplement plan to their spouses and dependents that elect to participate. CSU also has a self-insured Long-Term Disability Plan (LTD or LTD Income Replacement). This plan provides income replacement after the 91st consecutive calendar day of total disability. Benefit provisions for each of the plans are established and amended through the Board of Governors of the Colorado State University System.

Membership of each plan consisted of the following as of June 30, 2021:

Table 20.11 Membership of Plans

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Active plan members	4,983	113	113	5,677
Former employees receiving income replacement	-	-	-	29
Retirees receiving a subsidy	683	469	370	-
Retirees eligible for a subsidy but not yet receiving one	61	162	58	-
Total	**5,727**	**744**	**541**	**5,706**

CSU Retiree Medical Premium Refund Plan for DCP Participants

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with 5 or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $200 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between 5 and 20 years. DCP

Refund plan participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in the DCP Refund plan at the time of appointment. DCP Refund plan participants also include certain employees hired prior to April 1, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join the DCP Refund plan. The DCP Refund plan is administered by HealthSmart.

On an annual basis, funds equal to the actuarially determined contribution (ADC), provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $53.7 million and $47.3 million, respectively, for the fiscal years ended June 30, 2021 and 2020. No funds were provided for the benefit of the program for the fiscal years ended June 30, 2021 and 2020. Total amounts paid to retirees for this healthcare subsidy were $1.3 million and $1.2 million for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the DCP Refund plan had a total OPEB liability of $42.8 million and $39.8 million, respectively, a fiduciary net position of $53.7 million and $47.3 million, respectively, and a net OPEB asset of $10.9 million and $7.5 million, respectively. The fiduciary net position as a percentage of the total OPEB liability was 125.5 percent and 118.8 percent for the fiscal years ended June 30, 2021 and 2020, respectively.

CSU Retiree Medical Premium Subsidy for PERA Participants

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $27.6 million and $24.5 million for the fiscal years ended June 30, 2021 and 2020, respectively. No funds were contributed to the plan for the fiscal years ended June 30, 2021 and 2020. The benefits paid by the University were $922 thousand and $900 thousand for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the PERA Subsidy plan had a total OPEB liability of $19.0 million and $19.3 million, respectively, a fiduciary net position of $27.6 million and $24.5 million, respectively, and a net OPEB asset of $8.6 million and $5.2 million, respectively. The fiduciary net position as a percentage of the total OPEB liability was 145.3 percent and 127.0 percent for the fiscal years ended June 30, 2021 and 2020, respectively.

CSU Retiree Umbrella Rx Plan for PERA Participants

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare supplement plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The Umbrella Rx plan reimburses the retiree for the complete cost of the prescription copay less a $10 copay for retail and a $20 copay for mail-order drugs. Spouses and dependents of retirees enrolled in the plan can be covered with the payment of $44 per month for those enrolled in Medicare or $99 per month for those not enrolled in Medicare. The plan is administered by Employee Benefit Management Services, Inc.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds contributed to the plan for the fiscal years ended June 30, 2021 and 2020 were $158 thousand and $160 thousand, respectively. These funds, along with the amounts paid in by participants of $23 thousand in fiscal year 2021, and the related interest income, have resulted in total funds available of $1.3 million and $1.1 million as of fiscal years ended June 30, 2021 and 2020, respectively, for this plan. Plan members were reimbursed $91 thousand and $75 thousand for prescription claims for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the Rx Subsidy plan had a total OPEB liability of $2.7 million and $2.6 million, respectively, a fiduciary net position of $1.3 million and $1.1 million, respectively, and a net OPEB liability of $1.4 million and $1.5 million, respectively. The fiduciary net position as a percentage of the total OPEB liability was 47.2 percent and 40.8 percent for the fiscal years ended June 30, 2021 and 2020, respectively.

CSU Long-Term Disability Plan

The University contributes to the LTD Income Replacement plan. This plan provides a monthly income replacement benefit which begins on the 91st consecutive calendar day of total disability. The LTD coverage provides the eligible PERA or Federal Retirement Plan participants with up to 60.0 percent of pre-disability covered monthly salary, not to exceed $22,500 per month, or up to 69.0 percent of covered monthly salary, not to exceed $25,875 per month for DCP participants. The income replacement benefit will increase 3.0 percent annually. The plan is offset by any other benefits or earnings received or eligible to be received from other sources such as PERA, Federal Retirement, Social Security, or Workers' Compensation. The minimum income replacement benefit is $50 per month. Employees are eligible to receive benefits until one of the following circumstances occur: recovery, death, age 65 if disabled when less than 60, four and three-fourths years if disabled between the ages of 60 and 65, or age 70 if disabled between the ages of 65 and 68 ¾. This plan is administered by SunLife Financial.

CSU funds the LTD Income Replacement plan by providing an allowance to each employee and then deducting the cost of the premium. The premiums collected are transferred to the irrevocable trust as an employee contribution. The funds contributed to the plan for the fiscal years ended June 30, 2021 and 2020 were $1.9 million and $1.8 million, respectively. These funds, which include those previously set aside and the related interest income, have resulted in total funds available of $14.5 million and $11.7 million as of the fiscal years ended June 30, 2021 and 2020, respectively. Plan members received $1.0 million and $1.1 million in benefits for the fiscal years ended June 30, 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the LTD Income Replacement plan had a total OPEB liability of $17.7 million and $15.3 million, respectively, a fiduciary net position of $14.5 million and $11.7 million, respectively, and a net OPEB liability of $3.2 million and $3.6 million, respectively. The fiduciary net position as a percentage of the total OPEB liability was 81.9 percent and 76.7 percent for the fiscal years ended June 30, 2021 and 2020, respectively.

(Amounts expressed in thousands)

Contributions

CSU funds the plans using the ADC amount, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43, which referred to it as annual required contribution. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. CSU's related information for each plan for the fiscal year ended June 30, 2021 are as follows:

Table 20.12 Contribution Rates

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Contribution rates:				
CSU	Based on ADC	Based on ADC	Based on ADC	Based on ADC
Participants	N/A	N/A	$0-$99 / month based on eligibility	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the ADC of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedules of contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information comparing actuarially determined contributions, and the methods and assumptions used to calculate them, to actual contributions.

Net OPEB (Asset) Liability

The net OPEB (asset) liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation based on census data as of January 1, 2021, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

Actuarial Methods and Assumptions

The total OPEB (asset) liability in the fiscal year ended June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

(Amounts expressed in thousands)

Table 20.13 Actuarial Assumptions

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Valuation date	1/1/2021	1/1/2021	1/1/2021	1/1/2021
Measurement date	1/1/2021	1/1/2021	1/1/2021	1/1/2021
Actuarial cost method	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay
Amortization method	30 Years Open	30 Years Closed	30 Years Closed	30 Years Open
Remaining amortization period	30 Years	17 Years	17 Years	30 Years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	4.33%	4.33%	4.33%	4.33%
Inflation rate	2.50%	2.50%	2.50%	2.50%
Salary increase rate	N/A	N/A	N/A	6.00%
Healthcare cost trend rate	6.25% initial, 5.00% ultimate	6.25% initial, 5.00% ultimate	6.25% initial, 5.00% ultimate	N/A

Participant mortality was determined by separate mortality rates for non-annuitants and annuitants. Non-annuitants' mortality was based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale BB, and annuitants mortality was based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale BB. For the LTD Income Replacement plan, the long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

The actuarial assumptions used in the January 1, 2021 valuation for retirement rates, non-retirement termination rates, salary scale, and participation assumptions were based on an experience study conducted in 2019.

The CSU OPEB Trust Investment Committee, in conjunction with Innovest Portfolio Solutions, LLC, developed a forward looking, five to 10-year outlook for the overall global economy along with individual asset classes. The process was iterative where preliminary return, risk, and correlation values are chosen for each asset class and entered into an optimization program. The resulting optimal portfolios were subjected to a careful examination and the return, risk, and correlation values were adjusted until portfolios produced were appropriately diversified and reasonable considering the current and expected economic conditions and were consistent with the tenets of modern portfolio theory. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the fiscal year ended June 30, 2021:

(Amounts expressed in thousands)

Table 20.14 Target Allocation and Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	9.00%	6.00%
Small/mid cap equity	4.00%	6.50%
International equity	9.00%	6.75%
Emerging market equity	3.00%	7.75%
Domestic fixed income	41.00%	1.25%
Floating rate corp loans	9.00%	4.50%
Low correlated hedge	10.00%	4.75%
Private equity	5.00%	9.00%
Other real assets - midstream	5.00%	11.25%
Real estate	5.00%	5.75%
	100.00%	

The annual money-weighted rate of return net of expenses for the OPEB Trust was 16.5 percent and 2.5 percent for the fiscal years ended June 30, 2021 and 2020, respectively.

Discount Rate

The discount rate used to measure the total OPEB (asset) liability was as follows for each of the plans as of the fiscal year ended June 30, 2021:

Table 20.15 Discount Rate

Plan	Discount Rate
DCP Refund	4.33%
PERA Subsidy	4.33%
Rx Subsidy	4.33%
LTD Income Replacement	4.01%

The projection of cash flows used to determine the discount rate assumed that the contributions were made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB (asset) liability.

The discount rate is equal to the investment rate of return for the DCP Refund, PERA Subsidy, and Rx Subsidy plans in the fiscal years ended June 30, 2021 and 2020. The investment rate of return for the DCP Refund, PERA Subsidy, and Rx Subsidy plans for the fiscal years ended June 30, 2021 and 2020 was 4.33 percent and 4.47 percent, respectively. The LTD Income Replacement plan's discount rate for the fiscal years ended June 30, 2021 and 2020 was 4.01 percent and 4.25 percent, respectively, and the fiscal years ended June 30, 2021 and 2020 incorporated a municipal bond rate, which was obtained from the Bond Buyer 20-Bond General Obligation Index for both years. The LTD Income Replacement plan's municipal bond rate for the fiscal years ended June 30, 2021 and 2020 was 2.12 percent and 2.74 percent, respectively.

(Amounts expressed in thousands)

Changes in the Net OPEB (Asset) Liability

Changes in the net OPEB asset are a combination of the DCP Refund and PERA Subsidy plans. The total of the two plans as of fiscal year ended June 30, 2021 are as follows:

Table 20.16.1 Changes in Net OPEB Asset

		Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Measurement period beginning balance, January 1, 2020	$	58,134	73,786	(15,652)
Changes for the year:				
Service cost		1,546	-	1,546
Interest		2,621	-	2,621
Differences between expected and actual experience		727	-	727
Change in assumptions		(36)	-	(36)
Net investment income		-	5,780	(5,780)
Benefit payments		(2,141)	(2,141)	-
Administrative expense		-	(87)	87
Net changes		2,717	3,552	(835)
Measurement period ending balance, December 31, 2020	**$**	**60,851**	**77,338**	**(16,487)**

(Amounts expressed in thousands)

Changes in the net OPEB liability are a combination of the Rx Subsidy and LTD Income Replacement plans. The total of the two plans as of fiscal year ended June 30, 2021 are as follows:

Table 20.16.2 Changes in Net OPEB Liability

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Measurement period beginning balance, January 1, 2020	$ 17,167	12,670	4,497
Changes for the year:			
Service cost	1,827	-	1,827
Interest	788	-	788
Differences between expected and actual experience	947	-	947
Change in assumptions	169	-	169
Contributions-employer	-	2,048	(2,048)
Net investment income	-	1,042	(1,042)
Benefit payments	(1,142)	(1,142)	-
Administrative expense	-	(73)	73
Net changes	2,589	1,875	714
Measurement period ending balance, December 31, 2020	**$ 19,756**	**14,545**	**5,211**

The net other postemployment benefit assets and net other postemployment benefit liabilities as of June 30, 2021 are reported on the Statements of Net Position.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of fiscal year ended June 30, 2021:

Table 20.17.1 Sensitivity of the DCP Refund's Net OPEB Asset to Changes in the Discount Rate

	1% Decrease (3.33%)	Current Discount Rate (4.33%)	1% Increase (5.33%)
Net OPEB asset	$ (3,067)	(9,133)	(14,115)

Table 20.17.2 Sensitivity of the PERA Subsidy's Net OPEB Asset to Changes in the Discount Rate

	1% Decrease (3.33%)	Current Discount Rate (4.33%)	1% Increase (5.33%)
Net OPEB asset	$ (4,778)	(7,354)	(9,472)

(Amounts expressed in thousands)

Table 20.17.3 Sensitivity of the Rx Subsidy's Net OPEB Liability to Changes in the Discount Rate

		1% Decrease (3.33%)	Current Discount Rate (4.33%)	1% Increase (5.33%)
Net OPEB liability	$	1,841	1,532	1,274

Table 20.17.4 Sensitivity of the LTD Income Replacement's Net OPEB Liability to Changes in the Discount Rate

		1% Decrease (3.01%)	Current Discount Rate (4.01%)	1% Increase (5.01%)
Net OPEB liability	$	4,839	3,679	2,605

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) 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 as of fiscal year ended June 30, 2021:

Table 20.18.1 Sensitivity of the DCP Refund's Net OPEB Asset to Changes in the Healthcare Costs Trend Rates

		1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB asset	$	(9,151)	(9,133)	(9,119)

Table 20.18.2 Sensitivity of the PERA Subsidy's Net OPEB Asset to Changes in the Healthcare Costs Trend Rates

		1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB asset	$	(9,932)	(7,354)	(4,283)

Table 20.18.3 Sensitivity of the Rx Subsidy's Net OPEB Liability to Changes in the Healthcare Costs Trend Rates

		1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability	$	1,276	1,532	1,836

(Amounts expressed in thousands)

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

For the fiscal years ended June 30, 2021 and 2020, CSU recognized the following OPEB expenses:

Table 20.19 OPEB Expenses

		June 30	
		2021	2020
DCP Refund	$	424	98
PERA Subsidy		(694)	103
Rx Subsidy		113	45
LTD Income Replacement		1,791	4,294
Total	**$**	**1,634**	**4,540**

At June 30, 2021, CSU reported deferred outflows of resources related to OPEB from the following sources:

Table 20.20 Deferred Outflows of Resources Related to OPEB

		June 30	
		2021	2020
Differences between expected and actual experience	$	1,216	345
Changes of assumptions or other inputs		3,969	4,042
Contributions subsequent to measurement date		1,042	1,027
Total	**$**	**6,227**	**5,414**

At June 30, 2021, CSU reported deferred inflows of resources related to OPEB from the following sources:

Table 20.21 Deferred Inflows of Resources Related to OPEB

		June 30	
		2021	2020
Differences between expected and actual experience	$	1,817	2,165
Changes of assumptions or other inputs		3,023	4,443
Net difference between projected and actual earnings on OPEB plan investments		3,550	1,276
Total	**$**	**8,390**	**7,884**

$1.0 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB (asset) liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Amounts expressed in thousands)

Table 20.22 Future Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Fiscal year ending June 30		Total
2022	$	(1,139)
2023		(849)
2024		(951)
2025		(465)
2026		(105)
Thereafter		304
Total	**$**	**(3,205)**

Payable to the OPEB Plan

For the fiscal year ended June 30, 2021, CSU reported no payable as there was no outstanding amount of contributions due to the Trust. For the fiscal year ended June 30, 2020, CSU reported a payable of $161 thousand for the outstanding amount of contributions due to the Trust.

(c) Life Insurance Program

During the fiscal years ended June 30, 2021 and 2020, PERA provided its members with access to a group decreasing term life insurance plan offered by Unum Provident. Active members may join the Unum Provident Plan and continue coverage into retirement. PERA retirees are not eligible to enroll in the insurance program. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

(21) Direct Student Financial Aid Reporting

During fiscal years ended June 30, 2021 and 2020, CSU, CSU-Global and CSU-Pueblo 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, CSU-Global and CSU-Pueblo help students obtain these loans, none of the Universities are a party to the loans and are not responsible for collection of monies owed or for defaults by borrowers.

The gross amounts of Direct Loans disbursed during fiscal years ended June 30, 2021 and 2020 were $232.6 million and $268.2 million, respectively.

(Amounts expressed in thousands)

(22) Scholarship Allowance

Tuition, fees, and auxiliary revenues and the related scholarship allowances for the year ended June 30, 2021 were as follows:

Table 22.1 Scholarship Allowance

		June 30, 2021			
		Tuition and Fees	Auxiliary Revenues	Facility Fee Revenues	Total
Gross revenue	$	687,398	136,360	17,256	841,014
Scholarship allowances:					
Federal		36,587	1,784	1,262	39,633
State		16,151	1,100	539	17,790
Private		94	25	5	124
Institutional		81,209	5,063	2,629	88,901
Total allowances		134,041	7,972	4,435	146,448
Net revenue	**$**	**553,357**	**128,388**	**12,821**	**694,566**

Tuition, fees, and auxiliary revenues and the related scholarship allowances for the year ended June 30, 2020 were as follows:

Table 22.2 Scholarship Allowance

		June 30, 2020			
		Tuition and Fees	Auxiliary Revenues	Facility Fee Revenues	Total
Gross revenue	$	750,195	172,381	18,402	940,978
Scholarship allowances:					
Federal		36,043	1,213	1,177	38,433
State		17,870	929	575	19,374
Private		115	29	5	149
Institutional		92,221	3,856	2,833	98,910
Total allowances		146,249	6,027	4,590	156,866
Net revenue	**$**	**603,946**	**166,354**	**13,812**	**784,112**

(23) System Foundations and Endowments

(a) Colorado State University Research Foundation (CSURF)

CSURF is a private, nonprofit Colorado corporation established in 1941 to aid and assist the institutions governed by the Board of the System in their research and educational efforts. CSURF officers are appointed annually by the Board of Trustees. The Board of Trustees consists of five voting members and two nonvoting members. No person who is an employee of CSU, CSU-Pueblo, or CSU-Global is eligible to serve as an officer of CSURF or as a voting member of the Board.

(Amounts expressed in thousands)

CSURF de Mexico, Association Civil (CSURF AC) is a wholly owned subsidiary of CSURF. CSURF AC operates the campus in Todos Santos, Mexico which aids CSU in its mission of teaching, research, and outreach. Education abroad opportunities for CSU students are available in wildlife ecology and conservation, agriculture, hospitality, nutrition, ecology, human development and family studies, the arts and more.

CSURF was a member in a Joint Venture, INTO-CSU, LLC. The purpose of the Joint Venture was to create an avenue for international students to attend CSU in a number of undergraduate and graduate Pathways Programs. INTO-CSU, LLC helped students integrate into classes as well as housing on campus. CSURF's primary role was to financially support the Joint Venture. INTO-CSU, LLC was dissolved on May 14, 2021.

As of June 30, 2021 and 2020 the assets of CSURF consisted of the following:

Table 23.1 CSURF Assets

		June 30		
		2021	**2020**	
Cash and current assets	$	13,966	11,790	*
Property and equipment		42,619	44,821	
Other assets		22,269	23,066	*
Total	**$**	**78,854**	**79,677**	

* Certain reclassifications of amounts previously reported have been made to the consolidated financial statements of CSURF to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Other assets of CSURF include assets held for the University of $13.4 million and $12.7 million as of June 30, 2021 and 2020, respectively.

The major sources of CSURF revenues are property rentals, royalties, and administration fees. During the fiscal years ended June 30, 2021 and 2020, revenues from property rentals equaled $6.2 million and $6.4 million, respectively, royalties equaled $3.8 million and $2.1 million, respectively, and administration fees equaled $4.5 million and $4.5 million, respectively. The support provided by CSURF to the universities includes patent and licensing management, equipment leasing, municipal lease administration, debt financing through mortgage debt service, and land acquisition, development, and management. Total operating expenses for the fiscal years ended June 30, 2021 and 2020 were $15.7 million and $14.0 million, respectively.

Audited financial statements of CSURF are available at P.O. Box 483, Fort Collins, CO 80522.

(b) CSU-Pueblo Board Designated Funds

CSU-Pueblo manages two board designated funds. Both funds retain 20 percent of earnings each year to build the corpus of the fund and transfer 80 percent of the annual earnings to CSU-Pueblo as designated by the Board. The first fund was established in 1994 with the proceeds from the sale of land in the Walking Stick Development adjacent to the university campus. The sale of excess land provides resources that support the academic mission of CSU-Pueblo. To date, CSU-Pueblo has sold 16 parcels of land. On June 30, 2000, CSU-Pueblo sold the KTSC TV television license and certain related assets, establishing the second fund. The proceeds provide support for the maintenance of the Buell Communication Center building, telecommunications equipment associated with the Mass Communications program of CSU-Pueblo, and scholarships.

In December 2018, the Board of Governors approved the withdrawal and use of the principal of the Walking Stick Quasi-Endowment and the principal of the KTSC Quasi-Endowment to cover operational deficits at CSU-Pueblo. The Walking Stick Fund held no assets as of fiscal years ended June 30, 2021 and 2020. The KTSC Fund held no assets as of fiscal years ended June 30, 2021 and 2020.

(c) INTO-CSU, LLC

INTO-CSU, LLC was a limited liability company in which CSURF and INTO USA, LLC were members. CSURF and INTO-USA, LLC each owned 50 percent of the common units. INTO-CSU, LLC had entered into a service agreement with Colorado State University and INTO University Partnerships Limited (IUP) whereby INTO-CSU, LLC would manage an international student center, located on campus and, in connection with the services of IUP, be the exclusive provider of marketing and student recruitment services for the INTO-CSU programs.

As part of the LLC Agreement, CSURF agreed to loan the Joint Venture up to $1.5 million. The promissory note was to mature February 2027 with monthly interest payments of five percent due beginning March 2017. In connection with the agreement for CSURF to loan funds to INTO-CSU, LLC, Colorado State University had agreed to reimburse CSURF for net funds loaned to the Joint Venture. As of June 30, 2020, the University had booked a receivable for $1.2 million due from CSURF relating to amounts that had been loaned to the Joint Venture by CSURF and established a bad debt reserve for $1.2 million. As of June 30, 2020, the University had also booked a receivable for $302 thousand due from CSURF relating to unpaid interest and established a bad debt reserve of $302 thousand. The CSURF payment to the University was contingent upon CSURF receiving payments from INTO USA, LLC; however, no payments had been received as of June 30, 2020. INTO-CSU, LLC was dissolved in the year ended June 30, 2021, therefore both the asset and liability were extinguished by CSURF as of June 30, 2021. CSU also extinguished the receivables due from CSURF and the related bad debt reserves as of June 30, 2021.

(24) State Support

In fiscal year 2006 state support for higher education changed with the implementation of the College Opportunity Fund. As a result of this legislation, which was adopted in S.B. 04-189 passed in the 2004 state legislative session, the State no longer provides a direct state general fund appropriation to the System. Instead, state support is provided to the System in the form of fee for service contracts with the State for the delivery of special programs, graduate programs, and high cost/high demand programs. In the fiscal years ended June 30, 2021 and 2020, the System received $52.7 million and $122.0 million, respectively, in state fee for service contract revenue.

State support was also provided to the System in the form of student tuition stipends provided to students by the state College Opportunity Fund. In the fiscal years ended June 30, 2021 and 2020, stipends were provided to students attending classes at Colorado State University and Colorado State University-Pueblo in the amount of $20.0 million and $50.4 million, respectively.

(25) Contingencies

Contingencies include those in which the System is a defendant in several lawsuits including various claims related to activities or employees of the System. The System believes that final resolution of matters not covered by insurance will not materially or adversely affect its financial condition or operations.

During fiscal year 2020, a student brought a class action suit against CSU on behalf of a class of similarly situated students who paid tuition and fees to CSU during the Spring 2020 semester. The dispute centers around CSU's transition to remote delivery of educational services for the latter portion of the Spring 2020 semester in response to the COVID-19 pandemic. The Plaintiff claims that CSU's actions, including canceling campus events and closing or limiting access to certain buildings, breached its contract with students. CSU filed a motion to dismiss the class action, and the District Court dismissed the Plaintiff's breach of contract claims and the unjust enrichment claims are allowed to move forward. CSU will be filing a motion for summary judgment to dismiss those remaining claims. If there was an adverse determination, it would not have a material impact upon the System's financial condition.

Financial Awards from Federal and State Agencies

The System receives significant financial awards from federal and state agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the System. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition or operations of the System.

(26) Subsequent Event Footnote

On October 5, 2021, Colorado State University System issued $27.7 million in System Enterprise Revenue Refunding Bond Taxable Convertible to Tax-Exempt Series 2021 E. The 2021 E Bond will be used to refund a portion of the Series 2015 C Bonds and to pay certain costs relating to the issuance of the 2021 E Bond.

On November 10, 2021, Colorado State University System issued $38.6 million in System Enterprise Revenue and Revenue Refunding Bonds Series 2021 C and $28.9 million in System Enterprise Revenue Refunding Bonds Taxable Series 2021 D-2. The proceeds from the sale of the Series 2021 C Bonds will be used to finance the Lory Student Center Phase three revitalization, Adult Learner Center, and other capital projects as may be designated and approved by the Board, current refund certain Commercial Paper Notes issued to finance a portion of the Geo-Exchange System in the recreation fields south of Moby Arena, mechanical upgrades to the Moby complex, and pay certain costs relating to the issuance of the Series 2021 C Bonds. The proceeds from the sale of the Series D-2 Bonds will be used to refund in full the Series 2013 D Bonds, refund a portion of the Series 2016 B Bonds, and pay certain costs relating to the issuance of the Series 2021 D-2 Bonds.

On December 30, 2021, Colorado State University System issued $46.0 million in System Enterprise Revenue Refunding Bonds Taxable Series 2021 D-1. The 2021 D-1 Bonds will be used to refund a portion of the Series 2015 C Bonds, Series 2017 C Bonds, and Series 2018 A Bonds, and pay certain costs relating to the issuance of the Series 2021 D-1 Bonds.

REQUIRED SUPPLEMENTAL INFORMATION

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information

Schedule of Proportionate Share of the PERA State Division Trust Fund Net Pension Liability

June 30, 2021

(Unaudited)

(Amounts expressed in thousands)

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within the System's fiscal year.

Schedule of Proportionate Share of the PERA State Division Trust Fund Net Pension Liability

Calendar Year	Proportion of the Net Pension Liability (A)	Proportionate Share of the Net Pension Liability (B)	Covered Payroll (C)	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (B/C)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
CY2020	5.2%	$ 488,880	$ 173,081	282.5%	65.3%
CY2019	5.3%	517,249	172,006	300.7%	62.2%
CY2018	5.4%	611,552	165,909	368.6%	55.1%
CY2017	5.4%	1,084,746	161,545	671.5%	43.2%
CY2016	5.4%	992,336	156,234	635.2%	42.6%
CY2015	5.5%	578,718	154,327	375.0%	56.1%
CY2014	5.6%	524,663	152,106	344.9%	59.8%
CY2013	5.6%	500,698	146,046	342.8%	61.1%

Notes to Schedule of Proportionate Share of the PERA State Division Trust Fund Net Pension Liability

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 94.00 percent of the rates prior to age 80 and 90.00 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87.00 percent of the rates prior to age 80 and 107.00 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99.00 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

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

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

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

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

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

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.

- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50 percent to 5.26 percent.

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

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

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

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

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information

Schedule of PERA State Division Trust Fund Pension Contributions

June 30, 2021

(Unaudited)

(Amounts expressed in thousands)

The amounts presented are the contributions and payroll for each fiscal year (FY).

Schedule of PERA State Division Trust Fund Pension Contributions

Fiscal Year End	Contractually Required Contributions (A)	Contributions in Relation to Contractually Required Contribution (B)	Contribution Deficiency (Excess) (A-B)	Covered Payroll (C)	Contributions as a Percentage of Covered Payroll (B/C)
FY2021	$ 32,781	$ 32,781	-	$ 169,073	19.4%
FY2020	37,251	37,251	-	174,644	21.3%
FY2019	35,957	35,957	-	168,821	21.3%
FY2018	30,949	30,949	-	164,511	18.8%
FY2017	28,826	28,826	-	156,756	18.4%
FY2016	27,295	27,295	-	155,689	17.5%
FY2015	25,498	25,498	-	152,974	16.7%
FY2014	23,760	23,760	-	150,398	15.8%

(Amounts expressed in thousands)

Schedule of Proportionate Share of the PERA Health Care Trust Fund Net OPEB Liability

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within the System's fiscal year.

Calendar Year	Proportion of the Net OPEB Liability (A)	Proportionate Share of the Net OPEB Liability (B)	Covered Payroll (C)	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll (B/C)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
CY2020	1.8%	$ 16,928	164,741	10.3%	32.8%
CY2019	1.8%	20,626	165,000	12.5%	24.5%
CY2018	1.9%	25,735	160,119	16.1%	17.0%
CY2017	1.9%	25,008	156,229	16.0%	17.5%
CY2016	1.9%	24,904	151,664	16.4%	16.7%

Notes to Schedule of Proportionate Share of the PERA Health Care Trust Fund Net OPEB Liability

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

The following changes in assumptions or other inputs were effective for the December 31, 2020 measurement period for OPEB compared to the prior year:

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

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

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

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

COLORADO STATE UNIVERSITY SYSTEM
Required Supplemental Information
Schedule of PERA Health Care Trust Fund OPEB Contributions
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of PERA Health Care Trust Fund OPEB Contributions

The amounts presented are the contributions and payroll for each fiscal year (FY).

Fiscal Year End	Contractually Required Contributions (A)	Contributions in Relation to Contractually Required Contribution (B)	Contribution Deficiency (Excess) (A-B)	Covered Payroll (C)	Contributions as a Percentage of Covered Payroll (B/C)
FY2021	$ 1,634	1,634	-	160,164	1.02%
FY2020	1,702	1,702	-	167,015	1.02%
FY2019	1,659	1,659	-	162,682	1.02%
FY2018	1,621	1,621	-	158,896	1.02%
FY2017	1,549	1,549	-	151,819	1.02%

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information
Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for DCP Participants

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2020	CY2019	CY2018	CY2017	CY2016
Total OPEB liability:						
Service cost	$	1,461	1,148	1,743	1,648	N/A
Interest		1,776	1,775	1,913	1,815	N/A
Differences between expected and actual experience		268	(50)	377	(243)	N/A
Changes of assumptions		759	3,858	(6,817)	285	N/A
Benefit payments		(1,232)	(1,136)	(1,032)	(903)	N/A
Net change in total OPEB liability		3,032	5,595	(3,816)	2,602	N/A
Total OPEB liability - beginning		38,872	33,277	37,093	34,491	N/A
Total OPEB liability - ending (a)	**$**	**41,904**	**38,872**	**33,277**	**37,093**	**34,491**
Plan fiduciary net position:						
Contributions-employer	$	-	-	-	1,850	N/A
Net investment income		3,810	5,699	(1,486)	3,114	N/A
Benefit payments		(1,232)	(1,136)	(1,032)	(903)	N/A
Administrative expense		(55)	(52)	(35)	(47)	N/A
Net change in plan fiduciary net position		2,523	4,511	(2,553)	4,014	N/A
Plan fiduciary net position - beginning		48,514	44,003	46,556	42,542	N/A
Plan fiduciary net position - ending (b)	**$**	**51,037**	**48,514**	**44,003**	**46,556**	**42,542**
Net OPEB (asset) liability - ending (a)-(b)	**$**	**(9,133)**	**(9,642)**	**(10,726)**	**(9,463)**	**(8,051)**
Plan fiduciary net position as a percentage of the total OPEB liability		121.8%	124.8%	132.2%	125.5%	123.3%
Covered-employee payroll	$	433,860	413,252	391,638	370,767	348,547
Net OPEB (asset) liability as a percentage of covered-employee payroll		-2.1%	-2.3%	-2.7%	-2.6%	-2.3%

Notes to Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for DCP Participants

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

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

- The discount rate/investment return assumption was updated from 4.47 percent to 4.33 percent.
- The medical cost inflation assumption was updated from 6.25 percent for 2020 declining 0.25 percent per year to 5.00 percent for 2025 and after to 6.25 percent for 2021 declining 0.25 percent per year to 5.00 percent for 2026 and after.

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

- The discount rate/investment rate of return assumption was updated to 4.47 percent.
- The mortality assumption used the Pri-2012 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.24 percent.
- The mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.23 percent.
- The mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.33 percent.
- The mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios

June 30, 2021

(Unaudited)

(Amounts expressed in thousands)

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for PERA Participants

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2020	CY2019	CY2018	CY2017	CY2016
Total OPEB liability:						
Service cost	$	85	79	320	376	N/A
Interest		845	970	2,349	2,332	N/A
Differences between expected and actual experience		459	-	(6,950)	(90)	N/A
Changes of assumptions		(795)	232	(20,963)	119	N/A
Benefit payments		(909)	(904)	(1,562)	(1,569)	N/A
Net change in total OPEB liability		(315)	377	(26,806)	1,168	N/A
Total OPEB liability - beginning		19,262	18,885	45,691	44,523	N/A
Total OPEB liability - ending (a)	**$**	**18,947**	**19,262**	**18,885**	**45,691**	**44,523**
Plan fiduciary net position:						
Contributions-employer	$	-	-	952	2,011	N/A
Net investment income		1,970	3,045	(802)	1,628	N/A
Benefit payments		(909)	(904)	(1,562)	(1,569)	N/A
Administrative expense		(32)	(52)	(25)	(34)	N/A
Net change in plan fiduciary net position		1,029	2,089	(1,437)	2,036	N/A
Plan fiduciary net position - beginning		25,272	23,183	24,620	22,584	N/A
Plan fiduciary net position - ending (b)	**$**	**26,301**	**25,272**	**23,183**	**24,620**	**22,584**
Net OPEB (asset) liability - ending (a)-(b)	**$**	**(7,354)**	**(6,010)**	**(4,298)**	**21,071**	**21,939**
Plan fiduciary net position as a percentage of the total OPEB liability		138.8%	131.2%	122.8%	53.9%	50.7%
Covered-employee payroll	$	11,879	12,247	13,638	15,721	17,415
Net OPEB (asset) liability as a percentage of covered-employee payroll		-61.9%	-49.1%	-31.5%	134.0%	126.0%

Notes to Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for PERA Participants

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

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

- The discount rate/investment return assumption was updated from 4.47 percent to 4.33 percent.
- The medical cost inflation assumption was updated from 6.25 percent for 2020 declining 0.25 percent per year to 5.00 percent for 2025 and after to 6.25 percent for 2021 declining 0.25 percent per year to 5.00 percent for 2026 and after.

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

- The discount rate/investment rate of return assumption was updated to 4.47 percent.
- The mortality assumption used the Pri-2012 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.24 percent.
- The mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.23 percent.
- The mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.33 percent.
- The mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios

June 30, 2021

(Unaudited)

(Amounts expressed in thousands)

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Umbrella Prescription Plan PERA Participants

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2020	CY2019	CY2018	CY2017	CY2016
Total OPEB liability:						
Service cost	$	13	13	24	28	N/A
Interest		117	138	179	182	N/A
Differences between expected and actual experience		101	(147)	(466)	(147)	N/A
Changes of assumptions		(96)	40	(488)	4	N/A
Benefit payments		(55)	(47)	(53)	(65)	N/A
Net change in total OPEB liability		80	(3)	(804)	2	N/A
Total OPEB liability - beginning		2,644	2,647	3,451	3,449	N/A
Total OPEB liability - ending (a)	**$**	**2,724**	**2,644**	**2,647**	**3,451**	**3,449**
Plan fiduciary net position:						
Contributions-employer	$	124	133	274	234	N/A
Net investment income		87	116	(28)	38	N/A
Benefit payments		(55)	(47)	(53)	(65)	N/A
Administrative expense		(34)	(50)	(34)	(46)	N/A
Net change in plan fiduciary net position		122	152	159	161	N/A
Plan fiduciary net position - beginning		1,070	918	759	598	N/A
Plan fiduciary net position - ending (b)	**$**	**1,192**	**1,070**	**918**	**759**	**598**
Net OPEB (asset) liability - ending (a)-(b)	**$**	**1,532**	**1,574**	**1,729**	**2,692**	**2,851**
Plan fiduciary net position as a percentage of the total OPEB liability		43.8%	40.5%	34.7%	22.0%	17.3%
Covered-employee payroll	$	11,879	12,247	13,638	15,721	17,415
Net OPEB (asset) liability as a percentage of covered-employee payroll		12.9%	12.9%	12.7%	17.1%	16.4%

Notes to Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Retiree Umbrella Prescription Plan PERA Participants

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

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

- The discount rate/investment return assumption was updated from 4.47 percent to 4.33 percent.
- The medical cost inflation assumption was updated from 6.25 percent for 2020 declining 0.25 percent per year to 5.00 percent for 2025 and after to 6.25 percent for 2021 declining 0.25 percent per year to 5.00 percent for 2026 and after.

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

- The discount rate/investment rate of return assumption was updated to 4.47 percent.
- The mortality assumption used the Pri-2012 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.24 percent.
- The mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.23 percent.
- The mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate/investment rate of return assumption was updated to 5.33 percent.
- The mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

COLORADO STATE UNIVERSITY SYSTEM

Required Supplemental Information
Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Long-Term Disability Income Replacement Plan

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2020	CY2019	CY2018	CY2017	CY2016
Total OPEB liability:						
Service cost	$	1,814	1,294	1,476	1,407	N/A
Interest		671	540	530	499	N/A
Changes of benefit terms		-	3,174	-	-	N/A
Differences between expected and actual experience		846	134	(2,400)	(221)	N/A
Changes of assumptions		265	851	(466)	69	N/A
Benefit payments		(1,087)	(946)	(916)	(855)	N/A
Net change in total OPEB liability		2,509	5,047	(1,776)	899	N/A
Total OPEB liability - beginning		14,523	9,476	11,252	10,353	N/A
Total OPEB liability - ending (a)	**$**	**17,032**	**14,523**	**9,476**	**11,252**	**10,353**
Plan fiduciary net position:						
Contributions-employee/member	$	1,924	1,642	1,580	1,515	N/A
Net investment income		955	1,238	(312)	601	N/A
Benefit payments		(1,087)	(946)	(916)	(855)	N/A
Administrative expense		(39)	(53)	(46)	(68)	N/A
Net change in plan fiduciary net position		1,753	1,881	306	1,193	N/A
Plan fiduciary net position - beginning		11,600	9,719	9,413	8,220	N/A
Plan fiduciary net position - ending (b)	**$**	**13,353**	**11,600**	**9,719**	**9,413**	**8,220**
Net OPEB (asset) liability - ending (a)-(b)	**$**	**3,679**	**2,923**	**(243)**	**1,839**	**2,133**
Plan fiduciary net position as a percentage of the total OPEB liability		78.4%	79.9%	102.6%	83.7%	79.4%
Covered-employee payroll	$	475,490	454,311	432,046	411,443	389,965
Net OPEB (asset) liability as a percentage of covered-employee payroll		0.8%	0.6%	-0.1%	0.4%	0.5%

Notes to Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Long-Term Disability Income Replacement Plan

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actual Information

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

- The discount rate assumption was updated from 4.25 percent to 4.01 percent.
- The investment return assumption was updated from 4.47 percent to 4.33 percent.

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

- The discount rate was updated to 4.25 percent.
- The investment rate of return assumption was updated to 4.47 percent.
- The mortality assumption used the Pri-2012 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate was updated to 5.24 percent.
- The investment rate of return assumption was updated to 5.24 percent.
- The mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate was updated to 4.91 percent.
- The investment rate of return assumption was updated to 5.23 percent.
- The mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

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

- The discount rate was updated to 5.03 percent.
- The investment rate of return assumption was updated to 5.33 percent.
- The mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

COLORADO STATE UNIVERSITY SYSTEM
Required Supplemental Information
Schedule of OPEB Contributions
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of OPEB Contributions

Retiree Medical Subsidy for DCP Participants

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2021	$ 1,102	-	1,102	435,013	0.0%
FY2020	1,140	-	1,140	427,749	0.0%
FY2019	790	-	790	400,207	0.0%
FY2018	1,340	-	1,340	381,584	0.0%
FY2017	1,296	4,070	(2,774)	359,213	1.1%

Notes To Required Supplementary Information

Valuation date	The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2021, the valuation date was January 1, 2021.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open
Amortization period	30 years
Asset valuation method	Market value
Inflation	Starting in fiscal year ended June 30, 2019, inflation became 2.50 percent. In prior years, inflation was 3.00 percent.
Investment rate of return	4.33%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	6.25 percent decreasing by 0.25 percent per year to 5.00 percent in 2026 and later.
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2019, the mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

COLORADO STATE UNIVERSITY SYSTEM
Required Supplemental Information
Schedule of OPEB Contributions
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of OPEB Contributions

Retiree Medical Subsidy for PERA Participants

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2021	$ -	-	-	10,741	0.0%
FY2020	-	-	-	12,095	0.0%
FY2019	-	-	-	12,573	0.0%
FY2018	1,942	1,942	-	14,903	13.0%
FY2017	1,981	1,981	-	16,396	12.1%

Notes To Required Supplementary Information

Valuation date: The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2021, the valuation date was January 1, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed
Amortization period	17 years
Asset valuation method	Market value
Inflation	Starting in fiscal year ended June 30, 2019, inflation became 2.50 percent. In prior years, inflation was 3.00 percent.
Investment rate of return	4.33%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	6.25 percent decreasing by 0.25 percent per year to 5.00 percent in 2026 and later.
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2019, the mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

(Amounts expressed in thousands)

Schedule of OPEB Contributions

Retiree Umbrella Prescription Plan PERA Participants

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2021	$ 135	135	-	10,741	1.3%
FY2020	136	136	-	12,095	1.1%
FY2019	151	151	-	12,573	1.2%
FY2018	232	232	-	14,903	1.6%
FY2017	240	240	-	16,396	1.5%

Notes To Required Supplementary Information

Valuation date	The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2021, the valuation date was January 1, 2021.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed
Amortization period	17 years
Asset valuation method	Market value
Inflation	Starting in fiscal year ended June 30, 2019, inflation became 2.50 percent. In prior years, inflation was 3.00 percent.
Investment rate of return	4.33%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	6.25 percent decreasing by 0.25 percent per year to 5.00 percent in 2026 and later.
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2019, the mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

(Amounts expressed in thousands)

Schedule of OPEB Contributions

Long-Term Disability Income Replacement Plan

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2021	$ 1,900	1,927	(27)	476,139	0.4%
FY2020	1,869	1,787	82	469,535	0.4%
FY2019	1,286	1,610	(324)	440,686	0.4%
FY2018	1,426	1,550	(124)	421,858	0.4%
FY2017	1,373	1,478	(105)	400,340	0.4%

Notes To Required Supplementary Information

Valuation date	The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2021, the valuation date was January 1, 2021.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open
Amortization period	30 years
Asset valuation method	Market value
Inflation	Starting in fiscal year ended June 30, 2019, inflation became 2.50 percent. In prior years, inflation was 3.00 percent.
Investment rate of return	4.33%
Salary increases	6.00%
Cost-of-living adjustments	3.00%
Healthcare cost trend rates	N/A
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2019, the mortality assumption used the RP-2018 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.
	Long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

COLORADO STATE UNIVERSITY SYSTEM OTHER POSTEMPLOYMENT BENEFITS

Required Supplemental Information
Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for DCP Participants

The amounts presented are for each fiscal year.

	FY2021	FY2020	FY2019	FY2018	FY2017
Total OPEB liability:					
Service cost	$ 1,505	1,182	1,689	1,681	N/A
Interest	1,815	1,819	2,059	1,873	N/A
Demographics losses (gains)	240	(116)	357	(284)	N/A
Assumption changes	770	3,936	(7,105)	290	N/A
Benefit payments	(1,319)	(1,181)	(1,090)	(966)	N/A
Net change in total OPEB liability	3,011	5,640	(4,090)	2,594	N/A
Total OPEB liability - beginning	39,767	34,127	38,217	35,623	N/A
Total OPEB liability - ending	**$ 42,778**	**39,767**	**34,127**	**38,217**	**35,623**
Plan fiduciary net position:					
Net investment income	$ 7,806	1,188	2,455	1,639	N/A
Benefit payments	(1,319)	(1,181)	(1,090)	(966)	N/A
Administrative expense	(48)	(72)	(39)	(37)	N/A
Net change in plan fiduciary net position	6,439	(65)	1,326	636	N/A
Plan fiduciary net position - beginning	47,260	47,325	45,999	45,363	N/A
Plan fiduciary net position - ending	**$ 53,699**	**47,260**	**47,325**	**45,999**	**45,363**
Net OPEB (asset) liability - ending	**$(10,921)**	**(7,493)**	**(13,198)**	**(7,782)**	**(9,740)**
Plan fiduciary net position as a percentage of the total OPEB liability	125.5%	118.8%	138.7%	120.4%	127.3%

Fiscal year ended June 30, 2017 was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB (asset) liability, resulting in the rest being noted as not applicable, per the actuaries.

COLORADO STATE UNIVERSITY SYSTEM OTHER POSTEMPLOYMENT BENEFITS
Required Supplemental Information
Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
Retiree Medical Subsidy for PERA Participants

The amounts presented are for each fiscal year.

	FY2021	FY2020	FY2019	FY2018	FY2017
Total OPEB liability:					
Service cost	$ 83	73	285	323	N/A
Interest	845	974	2,382	2,359	N/A
Demographics losses (gains)	472	1	(7,123)	(399)	N/A
Assumption changes	(785)	175	(21,232)	125	N/A
Benefit payments	(922)	(900)	(1,239)	(1,563)	N/A
Net change in total OPEB liability	(307)	323	(26,927)	845	N/A
Total OPEB liability - beginning	19,279	18,956	45,883	45,038	N/A
Total OPEB liability - ending	**$ 18,972**	**19,279**	**18,956**	**45,883**	**45,038**
Plan fiduciary net position:					
Contributions-employer	$ -	-	-	1,942	N/A
Net investment income	4,044	626	1,322	849	N/A
Benefit payments	(922)	(900)	(1,239)	(1,563)	N/A
Administrative expense	(37)	(53)	(33)	(24)	N/A
Net change in plan fiduciary net position	3,085	(327)	50	1,204	N/A
Plan fiduciary net position - beginning	24,479	24,806	24,756	23,552	N/A
Plan fiduciary net position - ending	**$ 27,564**	**24,479**	**24,806**	**24,756**	**23,552**
Net OPEB (asset) liability - ending	**$ (8,592)**	**(5,200)**	**(5,850)**	**21,127**	**21,486**
Plan fiduciary net position as a percentage of the total OPEB liability	145.3%	127.0%	130.9%	54.0%	52.3%

Fiscal year ended June 30, 2017 was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB (asset) liability, resulting in the rest being noted as not applicable, per the actuaries.

COLORADO STATE UNIVERSITY SYSTEM OTHER POSTEMPLOYMENT BENEFITS

Required Supplemental Information
Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
June 30, 2021
(Unaudited)
(Amounts expressed in thousands)

Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
Retiree Umbrella Prescription Plan PERA Participants

The amounts presented are for each fiscal year.

		FY2021	FY2020	FY2019	FY2018	FY2017
Total OPEB liability:						
Service cost	$	12	11	21	24	N/A
Interest		116	137	179	181	N/A
Demographics losses (gains)		111	(138)	(469)	(159)	N/A
Assumption changes		(94)	32	(495)	4	N/A
Benefit payments		(91)	(75)	(80)	(83)	N/A
Contributions-employee/member		23	24	26	28	N/A
Net change in total OPEB liability		77	(9)	(818)	(5)	N/A
Total OPEB liability - beginning		2,617	2,626	3,444	3,449	N/A
Total OPEB liability - ending	**$**	**2,694**	**2,617**	**2,626**	**3,444**	**3,449**
Plan fiduciary net position:						
Contributions-employer	$	135	136	151	232	N/A
Contributions-employee/member		23	24	26	28	N/A
Net investment income		177	22	52	22	N/A
Benefit payments		(91)	(75)	(80)	(83)	N/A
Administrative expense		(39)	(51)	(37)	(37)	N/A
Net change in plan fiduciary net position		205	56	112	162	N/A
Plan fiduciary net position - beginning		1,067	1,011	899	737	N/A
Plan fiduciary net position - ending	**$**	**1,272**	**1,067**	**1,011**	**899**	**737**
Net OPEB (asset) liability - ending	**$**	**1,422**	**1,550**	**1,615**	**2,545**	**2,712**
Plan fiduciary net position as a percentage of the total OPEB liability		47.2%	40.8%	38.5%	26.1%	21.4%

Fiscal year ended June 30, 2017 was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB (asset) liability, resulting in the rest being noted as not applicable, per the actuaries.

(Amounts expressed in thousands)

Schedule of Changes in the OPEB (Asset) Liability and Related Ratios
Long-Term Disability Income Replacement Plan

The amounts presented are for each fiscal year.

	FY2021	FY2020	FY2019	FY2018	FY2017
Total OPEB liability:					
Service cost	$ 1,884	1,332	1,424	1,440	N/A
Interest	692	564	630	514	N/A
Plan amendments	-	3,174	-	-	N/A
Demographics losses (gains)	744	135	(2,405)	(188)	N/A
Assumption changes	159	1,189	(410)	(13)	N/A
Benefit payments	(1,022)	(1,094)	(896)	(907)	N/A
Net change in total OPEB liability	2,457	5,300	(1,657)	846	N/A
Total OPEB liability - beginning	15,272	9,972	11,629	10,783	N/A
Total OPEB liability - ending	**$ 17,729**	**15,272**	**9,972**	**11,629**	**10,783**
Plan fiduciary net position:					
Contributions-employee/member	$ 1,927	1,787	1,610	1,550	N/A
Net investment income	1,934	272	522	318	N/A
Benefit payments	(1,022)	(1,094)	(896)	(907)	N/A
Administrative expense	(38)	(57)	(40)	(60)	N/A
Net change in plan fiduciary net position	2,801	908	1,196	901	N/A
Plan fiduciary net position - beginning	11,721	10,813	9,617	8,716	N/A
Plan fiduciary net position - ending	**$ 14,522**	**11,721**	**10,813**	**9,617**	**8,716**
Net OPEB (asset) liability - ending	**$ 3,207**	**3,551**	**(841)**	**2,012**	**2,067**
Plan fiduciary net position as a percentage of the total OPEB liability	81.9%	76.7%	108.4%	82.7%	80.8%

Fiscal year ended June 30, 2017 was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB (asset) liability, resulting in the rest being noted as not applicable, per the actuaries.

(Amounts expressed in thousands)

Schedule of Investment Returns

The amounts presented are for each fiscal year.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
FY2021	16.5%
FY2020	2.5%
FY2019	7.5%
FY2018	3.6%
FY2017	3.4%

COLORADO STATE UNIVERSITY SYSTEM

Revenue Bonds' Earnings Requirements Schedules

June 30, 2021

Colorado State University (CSU) System Enterprise Revenue and Refunding Bonds

The following information is presented in accordance with the bond resolutions of System Enterprise Revenue and Refunding Bonds: Series 2010 B, C; 2012 A; 2012 B; 2013 A; 2013 D; 2013 E; 2015 A, B, C, D; 2015 E2, F; 2016 A, B; 2017 A, B, C, D, E, F; 2018 A; 2019 A, B; 2020 A; 2021 A, B; and Commercial Paper Notes Series A, B. Below is the calculation of the earnings requirement, which includes the earnings of 10 percent tuition, CSU facilities fees ($18.75 of the total $20.75 credit hour fee), CSU-Pueblo facilities fees ($24.40 of the total $26.50 credit hour fee), CSU Research Building Revolving Fund, auxiliary, and bond subsidy pledged revenues.

For the purposes of determining compliance with the bond resolutions, System Enterprise Revenue earnings for the fiscal year ended June 30, 2021 are computed as follows:

		Tuition and Facilities Fee	Research Building Revolving Fund	Auxiliary	Bond Subsidy	Total
Pledged revenues	$	48,526	65,958	104,364	1,600	220,448
Pledged fee revenues		15,670	-	33,515	-	49,185
Pledged investment income		220	95	825	-	1,140
		64,416	66,053	138,704	1,600	270,773
Operating expenses		11	207	111,749	-	111,967
Pledged revenue, net of operating expenses		64,405	65,846	26,955	1,600	158,806

Net income required under the bond resolution:		
Current year principal and interest payments	$	5,322
Minimum earnings ratio required by bond resolution		100%
Net income required under the bond resolution	$	5,322

The net income to meet the earnings requirement under the bond resolution shown above exceeds the required amount.

See accompanying independent auditors' report on Bond Compliance.

Please Note: This is System level data and as such contains both Fort Collins and Pueblo.

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITOR'S REPORT ON BOND COMPLIANCE

Members of the Legislative Audit Committee:

We have audited, 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 financial statements of the business-type activities, aggregate discretely presented component units, and the aggregate remaining fund information of the Colorado State University System (the System), a higher education institution of the State of Colorado, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of the Colorado State University Foundation, Colorado State University Pueblo Foundation and CSUS Foundation which were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on a separately by those auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply with the terms, covenants, provisions, or conditions of the respective Authorizing Bond Resolutions and the Official Statements (collectively, bond resolutions) insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the System's noncompliance with the above-referenced terms, covenants, provision, or conditions of the bond resolutions, insofar as they relate to accounting matters.

In accordance with the respective bond resolutions discussed above, revenue bonds' earnings requirement schedules (the Schedules) are shown on page 153. We have not audited the Schedules and express no opinion on them.

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the Colorado University System Board of Governors, the Colorado State University System's management, 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

Greenwood Village, Colorado
January 31, 2022

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 System
Denver, 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, the aggregate discretely presented component units, and the aggregate remaining fund information of the Colorado State University System (the System), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of the Colorado State University Foundation, the Colorado State University Pueblo Foundation and the Colorado State University System Foundation which were not audited in accordance with *Government Auditing Standards*, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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. We did identify a certain deficiency in internal controls over financial reporting, described on page 8 of the report, that we consider to be a significant deficiency.

Legislative Audit Committee & Board of Governors
Colorado State University System

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 31, 2022

CliftonLarsonAllen LLP
CLAconnect.com

Legislative Audit Committee & Board of Governors
Colorado State University System
Denver, Colorado

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Colorado State University System (the System), as of and for the year ended June 30, 2021, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Colorado State University Foundation (the CSU Foundation), the Colorado State University Pueblo (CSU-Pueblo Foundation) and the Colorado State University System Foundation (CSUS Foundation) which are discretely presented component units and were not audited in accordance with *Government Auditing Standards*. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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

<u>Accounting policies</u>

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 3 to the financial statements.

As described in Note 1. D., the System implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* during the fiscal year ending June 30, 2021. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result of the implementation of this standard, the System separately reports the financial activities of the Colorado State University Other Postemployment Benefits Trust (Trust) and the custodial funds in the Fiduciary Funds Statements.

As described in Note 1. E. the System implemented GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period,* during the fiscal year ending June 30, 2021. As a result of the implementation of this standard, the System recognizes interest expense in the period that it is incurred.

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

Accounting estimates

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

- Management's estimate of the allowance for doubtful accounts is based on historical collection rates. 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.
- Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 70 years. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- 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 liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- 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.
- Summer session tuition unearned revenue is the estimate of the number of days of summer courses that were incurred subsequent to fiscal year-end, but for which tuition was charged and collected prior to fiscal year-end.
- Management's estimate of the claims liability, including incurred but not reported (IBNR), is based on outstanding claims reserves as of year-end and historically claims IBNR data. We evaluated the key factors and assumptions used to develop the claims liability and IBNR in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the compensated absences liability is based on a three or five year rolling average of actual payouts. We evaluated the key factors and assumptions used to develop the compensated absences liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the asset retirement obligation liability is based on estimates of costs to retire certain assets in the future. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

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

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

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

Corrected misstatements

The schedule on page 161 summarizes all 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 certain representations from management that are included in the management representation letter dated January 31, 2022.

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.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

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 the System prepares, 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 Legislative Audit Committee of the State of Colorado, the Board of Governors, the Office of the State Auditor of Colorado, and management of the Colorado State University System 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

Greenwood Village, Colorado
January 31, 2022

COLORADO STATE UNIVERSITY SYSTEM
SUMMARY OF CORRECTED MISSTATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

CORRECTED MISSTATEMENTS

AJE #1
To reverse monthly interest income accrual entries

	Debits	Credits
Investment Income	$ 903,000	$ -
Grants and Other Accounts Receivable, Net		903,000
Total	$ 903,000	$ 903,000

AJE #2
To properly record transactions related to HEERF II student disbursements

	Debits	Credits
Grants and Other Accounts Receivable, Net	$ 1,150,000	$
Federal Nonoperating Grants and Contracts		1,150,000
Accrued Liabilities		1,150,000
Scholarships and Fellowships	1,150,000	
Total	$ 2,300,000	$ 2,300,000

AJE #3
To correct the year end balance recorded within Cash and Accounts Receivable

	Debits	Credits
Cash and Cash Equivalents	$ 6,071,059	$
Grants and Other Accounts Receivable, Net		6,071,059
	$ 6,071,059	$ 6,071,059

AJE #4
To correct Pell Grant Revenue

	Debits	Credits
Grants and Other Accounts Receivable, Net	$ 744,622	$ -
Federal Nonoperating Grants and Contracts		744,622
	$ 744,622	$ 744,622