

Colorado Mesa University
Grand Junction, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2024 and 2023



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We have completed the financial statement audit of Colorado Mesa University as of and for the year ended June 30, 2024. 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 the state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

Hinkle & Company, PC

Englewood, Colorado
December 4, 2024

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COLORADO MESA UNIVERSITY

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COLORADO MESA UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the years ended June 30, 2024 and 2023

Authority, Purpose, and Scope

The Office of the State Auditor of the State of Colorado engaged Hinkle & Company, PC to conduct a financial and compliance audit of Colorado Mesa University (the University) for the year ended June 30, 2024. Hinkle & Company, PC performed this 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 of America. We conducted our fieldwork from June through November 2024.

The purpose and scope of the audit were to:

- Express an opinion on the financial statements of the University as of and for the year ended June 30, 2024 and 2023. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2024 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Report Summary

We expressed an unmodified opinion on the University's financial statements as of and for the year ended June 30, 2024.

We issued a report on the University'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 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.

We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses.

COLORADO MESA UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the years ended June 30, 2024 and 2023

Audit Opinion and Report Summary (Continued)

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Summary of Findings and Recommendations

There were no reported findings or recommendations resulting from the audit of the University for the year ended June 30, 2024.

Summary of Progress in Implementing Prior Audit Findings

The University's audit report for the year ended June 30, 2023 did not include any findings or recommendations that were required to be implemented during the year ended June 30, 2024.

Colorado Mesa University
DESCRIPTION OF COLORADO MESA UNIVERSITY
As of and for the Year Ended June 30, 2024

Colorado Mesa University

Colorado Mesa University (the University) is a liberal arts university with graduate programs in athletic training, business administration, criminal justice, education, English, nursing, occupational therapy, physical therapy, physician assistant studies, social work, and sports management. Colorado Revised Statutes (C.R.S.) Section 23-53-101 provides that the University shall be a general baccalaureate institution with selective admission standards. The University is a regional educational provider approved to offer limited professional programs. The University shall also maintain a community college role and mission, including career and technical education programs.

Through June 30, 2003, the University was a member of the State Colleges in Colorado and, as such, was governed by the Board of Trustees of the Office of State Colleges. Effective July 1, 2003, the State Colleges in Colorado were dissolved in accordance with House Bill (HB) 03-1093 and each member became an independent entity. Also effective on July 1, 2003, Section 23-53-102 C.R.S established the composition of the Board of Trustees (the Board) of the University to serve as the University's governing board.

The Board has oversight and responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies. The Board consists of eleven voting and two non-voting members. The voting members are appointed by the Governor, confirmed by the Colorado State Senate, and serve four-year terms. The University faculty and student body each elect one non-voting member to serve two-year and one-year terms, respectively. The University president is appointed by the Board and is responsible for day-to-day management of the institution and its employees. The Board conducts its business at regularly scheduled and special meetings, all of which are open to the public. The Colorado Commission on Higher Education is the policy and coordinating board for the State's higher education system, including the University.

Full-time equivalent (FTE) student, faculty, and staff reported by the University for the last three fiscal years were as follows.

	2022	2023	2024
In-state students	6,180	6,268	6,486
Out-of-state students	1,227	1,181	1,109
Total FTE students	7,407	7,449	7,595
Undergraduate students	7,189	7,183	7,240
Graduate students	218	266	355
Total FTE students	7,407	7,449	7,595
Total staff and faculty FTE	830	863	931

Description of Colorado Mesa University Foundation

The Colorado Mesa University Foundation (the Foundation) was incorporated under the laws of the State of Colorado (the State) in August 1961. The Foundation is a separate non-profit 501(c)(3) corporation formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs.

Description of Colorado Mesa University Real Estate Foundation

The Colorado Mesa University Real Estate Foundation (CMUREF) was incorporated under the laws of the State in May 2006. The CMUREF is a separate non-profit 501(c)(3) corporation. The CMUREF's purpose is to receive, hold, invest, and administer real and personal property, borrow money, and to make expenditures to or for the benefit of the University.



**HINKLE &
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Strategic PC
Business Advisors

Independent Auditor's Report

Members of the Legislative Audit Committee
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity, and the aggregate discretely presented component units of the Colorado Mesa University (the University), an institution of higher education, in the State of Colorado, as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audits 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 activity, and the aggregate discretely presented component units of the University, an institution of higher education, in the State of Colorado, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation (the Foundations), discretely presented component units, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2024 and 2023, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose reports have been furnished to us, and our opinions, insofar as they related to the amounts included for the Foundations, are based solely on the reports of the other auditors. The financial statements of the Foundations were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Emphasis of Matter

As discussed in Note 1, the financial statements of the University, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate discretely presented component units of the State that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2024 and 2023, and the changes in its financial position, or, where applicable, its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Enterprise Revenue Bonds Schedules of Revenues and Expenditures (the Schedules) for the years ended June 30, 2024 and 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements.



Supplementary Information (Continued)

The Schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 University's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
December 4, 2024



COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

This section of the University's annual financial report presents management's discussion and analysis of the University's financial position and changes in its financial position as of and for the years ended June 30, 2024 and 2023 with comparative information presented as of and for the year ended June 30, 2022 (restated). It is intended to make the University's financial statements easier to understand and communicate financial position and changes in its financial position in an open and accountable manner. This discussion focuses on current activities and known facts and therefore should be read in conjunction with the financial statements and accompanying notes (Notes) to the financial statements. University management is responsible for the completeness and fairness of this discussion and analysis, as well as the underlying systems of internal controls.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help in readers' assessments of the University's financial activities. Because the information is reported in a summarized form, it should be read in conjunction with the financial statements, which include:

- **Statements of Net Position** report the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2024 and 2023. The purpose is to present a financial snapshot of the University and assist readers in determining the assets available for operations, amounts owed to employees, vendors, and other creditors, and the net position available for future on-going concerns of the University.
- **Statements of Revenues, Expenses and Changes in Net Position** present total revenues earned and expenses incurred for operating, non-operating, other, and capital-related purposes during the years ended June 30, 2024 and 2023. The purpose is to help readers assess the University's operating and non-operating activities.
- **Statements of Cash Flows** report the University's cash receipts and cash disbursements during the years ended June 30, 2024 and 2023. The purpose is to help readers assess the University's ability to generate cash flows sufficient to meet obligations as they become due.
- **Notes to the Financial Statements** present additional information to support the financial statements. The purpose is to clarify and further explain information in the financial statements.

The University has two discretely presented component units included in its financial statements, which is a required presentation in accordance with generally accepted accounting principles (GAAP). The Foundation is a separate non-profit 501(c)(3) corporation formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the Board. The Foundation's records are maintained separately from the University. The CMUREF is a separate non-profit 501(c)(3) corporation formed to acquire, manage, and dispose of properties in order to provide financial assistance to the University. CMUREF engages in activities that may be beyond the scope and control of the Board and its financial records are maintained separately from the University.

Required Supplementary Information (RSI)

The 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 the management's discussion and analysis as well as certain RSI required by 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*, including the:

- Schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund (SDTF) – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Colorado Public Employees' Retirement Association (PERA)
- Schedule of University Contributions to the SDTF – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by PERA

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

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- Schedule of the University's Proportionate Share of the Net Other Post-Employment Benefit Liability
 - Schedule of University Contributions to PERA Defined Other Post-Employment Benefit Plan (OPEB)

The financial statements of the University include all of the integral parts of the University's operations. The University applied the required criteria to determine whether an organization should be included in the University's reporting entity. Management of the University has considered the criteria described in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, paragraph 47 and has determined that the Foundation and the CMUREF have both met the criteria to be included in the University's financial statements as discretely presented component units. A full copy of the Foundation's and CMUREF's financial statements may be obtained from the Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, 1100 North Avenue, Grand Junction, CO 81501.

Financial Highlights

In Fiscal Year 2024, the University's net position increased by \$66.8 million to \$388.5 million. The 2023 to 2024 increase included a net operating gain of \$4.1 million, further increased by net non-operating revenues of \$28.8 million and other net revenues gain of \$33.9 million. The largest components of non-operating revenues include Federal Pell and other grants of \$16.6 million, investment and interest income gain of \$12.8 million, capital fees, net of scholarship allowances of \$1.5 million, and non-operating contributions of \$6.5 million. Net non-operating revenues were reduced by interest expense on capital debt of \$9.1 million and a gain on disposal of assets of \$16 thousand. Other revenues included state capital appropriations of \$2.4 million, federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding of \$34.2 million, and state emergency maintenance funding of \$239 thousand, which were offset by \$2.8 million of transfers to other institutions. Of this total, \$2.7 million was transferred to the CMU Foundation during Fiscal Year 2024.

In Fiscal Year 2023, the University's net position increased by \$32.4 million to \$321.7 million. The 2022 to 2023 increase included a net operating gain of \$1.6 million, further increased by net non-operating revenues of \$19.8 million and other net revenues gain of \$11.1 million. The largest components of non-operating revenues include Federal Pell and other grants of \$15.8 million, investment and interest income gain of \$4.0 million, capital fees, net of scholarship allowances of \$1.5 million, and non-operating contributions of \$7.9 million. Net non-operating revenues were reduced by interest expense on capital debt of \$9.0 million and a loss on disposal of assets of \$1.4 million. Other revenues included state capital appropriations of \$7.4 million, federal Coronavirus SLFRF funding of \$5.9 million, and state emergency maintenance funding of \$30 thousand, which were offset by \$2.3 million of transfers to other institutions.

Excluding the effects of GASB Statement Nos. 68 and 75, the University's net position continued to increase over the past three years, which is an indication of financial health. The University's increase in net position was \$63.5 million (2024), \$32.3 million (2023), and \$32.3 million (2022, restated) before considering the effects of GASB Statement Nos. 68 and 75.

Throughout the University's growth – capital assets before depreciation and amortization increased from \$691.1 million at June 30, 2023 to \$765 million at June 30, 2024 – the University has maintained current ratios of 4.38 (2024), 3.97 (2023), and 4.54 (2022, restated). The current ratio (current assets/current liabilities adjusted for current liabilities paid by restricted (non-current) cash) demonstrates the liquidity of assets and the relative availability of working capital to fund current operations. The decrease in the current ratio from Fiscal Year 2022 to Fiscal Year 2023 was driven by increased capital construction, leading to higher accounts payable at year end. The increase in the current ratio from Fiscal Year 2023 to Fiscal Year 2024 was driven by higher cash and investments balances at year end.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Net tuition and fees, Fee-For-Service (FFS), and auxiliary enterprises revenues, combined, increased by \$7.8 million for the year ended June 30, 2023 to the year ended June 30, 2024, and increased by \$10.9 million for the year ended June 30, 2022 to the year ended June 30, 2023. Undergraduate enrollments on a student FTE basis at the University decreased from 7,189 in the year ended June 30, 2022 to 7,183 in the year ended June 30, 2023 (-0.1%) then increased to 7,240 in the year ended June 30, 2024 (+0.8%). Graduate enrollment on a student FTE basis increased from 218 in the year ended June 30, 2022 to 266 in the year ended June 30, 2023 (+22.0%) to 355 in the year ended June 30, 2024 (+33.5%). Overall enrollments on a student FTE basis increased from 7,407 in the year ended June 30, 2022 to 7,449 in the year ended June 30, 2023 (+0.6%) to 7,595 in the year ended June 30, 2024 (+1.9%). Tuition revenue increased during Fiscal Year 2024 due to an increase in the College Opportunity Fund (COF) stipend amount to \$116 per credit hour, up from \$104 per credit hour in Fiscal Year 2023, increased tuition rates, higher student FTEs, and the ratio of graduate to undergraduate enrollments.

Statements of Net Position

The condensed statements of net position show the University has grown over the years. Increases or decreases in net position are one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities. Analyses of the University's capital assets and the University's debt are discussed below, while this section provides an analysis of the University's non-capital assets and non-debt liabilities.

Condensed Statements of Net Position as of June 30, 2024, 2023, and 2022 (restated) (in thousands)						
	2024	2023	Restated 2022	Increase (Decrease) 2024 vs. 2023		
				Amount	Percent	
Assets						
Current assets	\$ 137,111	\$ 126,020	\$ 106,872	\$ 11,091	8.8%	
Other non-capital assets	418	11,526	1,562	(11,108)	-96.4%	
Net capital assets	538,979	483,993	464,169	54,986	11.4%	
Total Assets	676,508	621,539	572,603	54,969	8.8%	
Total Deferred Outflows	10,830	13,868	9,422	(3,038)	-21.9%	
Liabilities						
Non-debt liabilities	25,141	23,965	16,634	1,176	4.9%	
Net pension and OPEB liabilities	45,537	52,578	36,656	(7,041)	-13.4%	
Debt liabilities	221,312	230,931	221,636	(9,619)	-4.2%	
Total Liabilities	291,990	307,474	274,926	(15,484)	-5.0%	
Total Deferred Inflows	6,835	6,268	17,882	567	9.0%	
Net Position						
Invested in capital assets	317,181	259,268	242,085	57,913	22.3%	
Restricted for other purposes	9,852	28,127	5,456	(18,275)	-65.0%	
Unrestricted net position (deficit)	61,480	34,270	41,676	27,210	79.4%	
Total Net Position	\$ 388,513	\$ 321,665	\$ 289,217	\$ 66,848	20.8%	

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Unrestricted cash and investments of \$125.5 million (2024), \$109.9 million (2023), and \$91.5 million (2022), and restricted cash of \$0 (2024), \$10.5 million (2023), and \$0 (2022) make up 91.3%, 87.5%, and 84.0% of the University's total non-capital assets as of June 30, 2024, 2023, and 2022, respectively. The increase in cash during the Fiscal Year 2024 was a result of positive financial results along with the reduction of restricted cash. Growth in investments from \$33.5 million (2023) to \$38.3 million (2024) was due to positive market returns during Fiscal Year 2024. Restricted cash of \$10.5 million (2023) represented bond proceeds to construct the Wingate Apartments (\$10.1 million) and for paying bond interest while this on-campus student housing project was being constructed (\$385 thousand). The construction of Wingate Apartments was completed during Fiscal Year 2024, therefore, there were no remaining unspent bond funds at June 30, 2024.

The University's non-debt liabilities include the following.

Non-debt Liabilities as of June 30, 2024, 2023, and 2022 (in thousands)						
	2024	2023	2022	Increase (Decrease) 2024 vs. 2023		
				Amount	Percent	
Payroll liabilities	\$ 6,312	\$ 4,214	\$ 4,789	\$ 2,098	49.8%	
Other accrued liabilities	3,652	2,895	2,127	757	26.1%	
Accounts payable	4,641	10,319	3,070	(5,678)	-55.0%	
Unearned revenues	5,791	2,141	2,036	3,650	170.5%	
Deposits	947	929	1,199	18	1.9%	
Compensated absences	3,798	3,467	3,413	331	9.5%	
Total Non-debt Liabilities	\$ 25,141	\$ 23,965	\$ 16,634	\$ 1,176	4.9%	

The increase in Payroll liabilities from Fiscal Year 2023 to Fiscal Year 2024 is due to higher staffing and wage levels. The decrease in Accounts payable from Fiscal Year 2023 to Fiscal Year 2024 is due to lower outstanding construction invoices at June 30, 2024. The increase in Unearned revenues from Fiscal Year 2023 to Fiscal Year 2024 is due to two grants that were funded in advance of incurring program expenses.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defines certain elements of the financial statements previously reported as assets or liabilities as deferred outflows or deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the entity that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the entity that is applicable to a future reporting period. Deferred outflows of resources represent unamortized book losses on certain bond refinancing transactions and certain defined benefit pension and OPEB related amounts recognized in accordance with GASB Statement Nos. 68 and 75. Deferred inflows of resources represent lease amounts where the University is the lessor and certain defined benefit pension and OPEB related amounts recognized in accordance with GASB Statement Nos. 68 and 75. See Notes 1, 10 and 11 to the financial statements for detailed information on the composition of the University's deferred outflows and deferred inflows.

Defined pension and OPEB benefit deferred outflows were \$5.9 million (2024), \$8.5 million (2023), and \$3.6 million (2022). The decrease in pension and OPEB benefit deferred outflows from Fiscal Year 2023 to Fiscal Year 2024 of \$2.6 million is primarily due to PERA changes in assumptions and other actuarial inputs. The increase in pension and OPEB benefit deferred outflows from Fiscal Year 2022 to Fiscal Year 2023 of \$4.9 million is primarily due to PERA changes in assumptions and actuarial other inputs. Defined pension and OPEB benefits deferred inflows were \$2.7 million (2024), \$1.6 million (2023), and \$12.8 million (2022). The increase in defined pension benefit deferred inflow from Fiscal Year 2023 to Fiscal Year 2024 of \$1.1 million is primarily due to PERA changes in assumptions and actuarial other inputs. The decrease in defined pension benefit deferred inflow from Fiscal Year 2022 to Fiscal Year 2023 of \$11.2 million is also primarily due to PERA changes in assumptions and other actuarial inputs (see Note 10 and Note 11).

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

As described in Note 10, GASB Statement No. 68 requires the University to report its proportionate share of the unfunded pension liability of \$44.5 million (2024), \$51.3 million (2023), and \$35.3 million (2022), respectively, of the net pension liability of the SDTF. The SDTF's net pension liability was measured as of December 31, 2023, 2022, and 2021 and the SDTF's total pension liability used to calculate the SDTF's net pension liability was determined by an actuarial valuation as of December 31, 2022, 2021, and 2020. Standard update procedures were used to roll forward the SDTF's total pension liability to December 31, 2023, 2022, and 2021. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years 2023, 2022, and 2021 relative to the total contributions of participating employers to the SDTF.

As described in Note 11, GASB Statement No. 75 requires the University to report its proportionate share of the unfunded OPEB liability of \$1.0 million (2024), \$1.2 million (2023), and \$1.3 million (2022). The OPEB liability was measured as of December 31, 2023, 2022, and 2021 and the total OPEB liability was determined by actuarial valuations as December 31, 2022, 2021, and 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023, 2022, and 2021. The University's proportion of the OPEB liability was based on the University's contributions to PERA's Health Care Trust Fund (HCTF) for the calendar year 2023, 2022, and 2021 relative to the total contributions of participating employees to the HCTF.

On June 30, 2024, the University's total net position was \$388.5 million compared to \$321.7 million and \$289.2 million on June 30, 2023 and 2022 (restated), respectively. The University's net position is shown in three categories on the statement of net position.

- Net investment in capital assets, which consists of amounts issued to fund the acquisition and construction of those assets and is the largest net position category with balances of \$317.2 million (2024), \$259.3 million (2023), and \$242.1 million (2022, restated). This category comprises 81.6%, 80.6%, and 83.7% of total net position as of June 30, 2024, 2023, and 2022 (restated), respectively and represents investments in campus facilities and equipment, net of related debt and accumulated depreciation.
- Restricted net position includes restrictions of \$9.9 million (2024), \$28.1 million (2023), and \$5.5 million (2022) for capital projects, loans, and other purposes. This category of net position represents amounts externally restricted for specific purposes and allows the University to fully expend those funds in accordance with the purposes identified by the entities providing the funds. Of this overall decrease, \$10.5 million is primarily due to the unspent bond funds to be used for the construction of Wingate Apartments as of June 30, 2023 that were utilized during the Fiscal Year ending June 30, 2024 and \$5.8 million decrease is due to a change in the calculation of funds restricted for auxiliary bonds. All of the University's restricted net position is expendable.
- Unrestricted net position was \$61.5 million (2024), \$34.3 million (2023), and \$41.7 million (2022) and represents the amount available for spending for any lawful purpose, at management's discretion. In some instances, the Board has placed internal designations on the use of these funds.
- The University does not expect to need to fund its share of the unfunded pension liability leaving the University with an unrestricted net position excluding pension and OPEB related amounts recognized under GASB Statement Nos. 68 and 75 of \$103.8 million (2024), \$80.0 million (2023), and \$87.6 million (2022), which is available for any lawful purposes under management's discretion.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position reports the results of operations for the year. Activities are reported as operating, non-operating, or other. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service, and related support services to an individual or entity separate from the University. Non-operating revenues and expenses are those other than operating and include, but are not limited to, non-operating grants and contracts, investment income and expenses, and interest expense on capital debt. Other revenues, expenditures, gains, losses, and transfers to other governing boards or institutions include state capital construction and controlled maintenance appropriations, transfers between funds and other organizations and agencies, and gains or losses from the disposal of assets.

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2024, 2023, and 2022 (restated) (in thousands)

	2024	2023	Restated 2022	Increase (Decrease) 2024 vs. 2023	
				Amount	Percent
Operating revenues	\$ 175,957	\$ 165,559	\$ 148,204	\$ 10,398	6.3%
Operating expenses	171,861	164,003	157,815	7,858	4.8%
Operating Income (Loss)	4,096	1,556	(9,611)	2,540	163.2%
Net non-operating revenues	28,799	19,838	33,226	8,961	45.2%
Income before Other Revenues or Expenses	32,895	21,394	23,615	11,501	53.8%
Other revenues, expenditures, gains, losses, and transfers	33,953	11,054	13,308	22,899	207.2%
Increase (Decrease) in Net Position	66,848	32,448	36,923	34,400	106.0%
Beginning net position	321,665	289,217	252,294	32,448	11.2%
Ending Net Position	\$ 388,513	\$ 321,665	\$ 289,217	\$ 66,848	20.8%

The University's operating revenues increased by \$10.4 million from \$165.6 million (2023) to \$176 million (2024) and net non-operating revenues increased by \$9 million from \$19.8 million (2023) to \$28.8 million (2024).

Operating and Net Non-operating Revenues for the Years Ended June 30, 2024, 2023, and 2022 (in thousands)

	2024	2023	2022	Increase (Decrease) 2024 vs. 2023	
				Amount	Percent
Operating Revenues					
Tuition and fees (net)	\$ 79,403	\$ 76,607	\$ 70,517	\$ 2,796	3.6%
Fee-for-service revenue	24,289	21,952	19,638	2,337	10.6%
Federal, state, private grants and contracts	21,721	20,117	13,809	1,604	8.0%
Auxiliary enterprise revenue (net)	46,800	44,137	41,605	2,663	6.0%
Other operating revenues	3,744	2,746	2,635	998	36.3%
Total Operating Revenues	\$ 175,957	\$ 165,559	\$ 148,204	\$ 10,398	6.3%
Net Non-operating Revenues					
Non-operating grants	\$ 16,596	\$ 15,838	\$ 39,094	\$ 758	4.8%
State support for pensions	71	936	367	(865)	-92.4%
Contributions	6,484	7,868	7,798	(1,384)	-17.6%
Capital fees (net)	1,467	1,473	1,592	(6)	-0.4%
Investment income (loss)	12,768	3,999	(7,405)	8,769	219.3%
Interest expense, capital debt	(9,065)	(8,985)	(8,358)	(80)	0.9%
Other net non-operating revenues	462	119	141	343	288.2%
Gain (loss) on disposal of assets	16	(1,410)	(3)	1,426	-101.1%
Non-operating Revenues	\$ 28,799	\$ 19,838	\$ 33,226	\$ 8,961	45.2%

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Operating Revenues

For the years ended June 30, tuition and fee revenues are reported net of scholarship allowances of \$23.9 million (2024), \$19.2 million (2023), and \$21.4 million (2022) and auxiliary enterprise revenues are reported net of scholarship allowances of \$89 thousand (2024), \$60 thousand (2023), and \$125 thousand (2022). Scholarship allowances are defined as the financial aid awarded to students by the University to pay for University charges. Tuition revenue grew during Fiscal Year 2024 due to an increase in the College Opportunity Fund (COF) stipend amount to \$116 per credit hour, up from \$104 per credit hour in Fiscal Year 2023, increased tuition rates, higher student FTEs, and the ratio of graduate to undergraduate enrollments.

The University received total COF funding of \$20.8 million (2024), \$18.3 million (2023), and \$16.3 million (2022). The increase in FFS revenue is a result of Fiscal Year 2024 legislative operating appropriations compared to Fiscal Year 2023.

The increase in auxiliary enterprise revenues is due to increased food service and bookstore sales, and stronger demand at the Hotel Maverick. The Hotel Maverick generated \$6.6 million (2024), \$6.2 million (2023), and \$5.7 million (2022) of auxiliary enterprise revenues. The Hotel Maverick is a 60-room boutique hotel built on campus to serve hospitality and culinary students as a learning laboratory, providing hands on mentoring, training, and support from experienced professional staff.

Net non-operating Revenues

For the years ended June 30, Federal Pell grant revenues were \$12.9 million (2024), \$11.7 million (2023), and \$12.1 million (2022). For the years ended June 30, other non-operating grants were \$3.7 million (2024), \$4.1 million (2023), and \$27.0 million (2022) and were primarily comprised of direct federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Appropriations Act (CRRSA), American Rescue Plan (ARP), and Colorado Amendment 50 gaming revenue funding as well as Build America Bond interest subsidies of \$1.4 million in 2024, and \$1.2 million in both 2023 and 2022 fiscal years. The University also received \$700 thousand (2024), \$700 thousand (2023), and \$700 thousand (2022) of local government grants to help fund the construction and debt service of building an academic classroom building on campus. The City of Grand Junction, Colorado and Mesa County, Colorado committed support in a combined amount of \$700 thousand per year beginning in Fiscal Year 2013.

For the years ended June 30, investment and income (loss) was \$12.8 million (2024), \$4.0 million (2023), and (\$7.4) million (2022). The increase from Fiscal Year 2022 to Fiscal Year 2023 is largely due to a recovery in University investments. The increase from Fiscal Year 2023 to Fiscal Year 2024 is largely due to improved interest rates and continued recovery in University investments.

Operating Expenses

Operating expenses totaled \$171.9 million (2024), \$164.0 million (2023), and \$157.8 million (2022, restated). The breakdown of expenses by reporting category is as follows.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Operating Expenses for Fiscal Years 2024, 2023, and 2022 (restated) (in thousands)

	2024	2023	Restated 2022	Increase (Decrease) 2024 vs. 2023	
				Amount	Percent
Instruction	\$ 50,759	\$ 48,991	\$ 44,208	\$ 1,768	3.6%
Research	616	677	778	(61)	-9.0%
Public service	147	39	44	108	276.9%
Academic support	5,077	5,473	4,673	(396)	-7.2%
Student services	17,295	16,184	23,723	1,111	6.9%
Institutional support	7,923	8,604	6,622	(681)	-7.9%
Operation and maintenance of plant	13,417	13,131	12,616	286	2.2%
Net scholarships and fellowships	23,835	22,637	19,361	1,198	5.3%
Auxiliary enterprises	31,272	29,149	27,439	2,123	7.3%
Lease component interest	209	307	167	(98)	-31.9%
Depreciation and amortization	21,311	18,811	18,184	2,500	13.3%
Total Operating Expenses	\$ 171,861	\$ 164,003	\$ 157,815	\$ 7,858	4.8%

Operating expenses before considering net pension and OPEB expenses were \$175.2 million in Fiscal Year 2024 and \$163.2 million in Fiscal Year 2023, an increase of \$12 million (+7.3%).

- The increase in Instruction expenses from Fiscal Year 2023 to Fiscal Year 2024 is largely due to increases in wages both from an increase in the wage rate and an increase in the number of instructional positions.
- The increase in Student services expenses from Fiscal Year 2023 to Fiscal Year 2024 is mostly attributable to increases in wages both from an increase in the wage rate and an increase in the number of administrative positions.
- The increase in Net scholarships and fellowships expenses from Fiscal Year 2023 to Fiscal Year 2024 is largely due to increased need-based grants disbursed from all sources, refer to Note 13.
- The increase in Auxiliary expenses from Fiscal Year 2023 to Fiscal Year 2024 is attributable to increased food services purchases and costs, increased bookstore purchases and costs, and an increase in the wage rate and an increase in the number of administrative positions.
- The increase in Depreciation and amortization arises from placing newly constructed buildings into service.
- Changes in PERA pension and OPEB funding assumptions largely accounted for the \$4.1 million in decreased expense offsets in Fiscal Year 2024 compared to Fiscal Year 2023. For more information, refer to Notes 10 and 11.

Scholarship expenses are reported net of total scholarship allowances of \$24.5 million (2024), \$19.7 million (2023), and \$22.0 million (2022); gross scholarship expense was \$54.4 million (2024), \$48.3 million (2023), and \$47.2 million (2022). Note 13 to the financial statements reports non-work-study scholarships from institutional sources totaled \$23.2 million (2024), \$20.0 million (2023), and \$20.3 million (2022) and overall non-loan student assistance from institutional sources was \$27.8 million (2024), \$24.5 million (2023), and \$24.7 million (2022). See Note 13 to the financial statements for detailed non-loan student financial assistance information.

Capital Assets

On June 30, 2024, the University had \$765.0 million invested in capital assets before total accumulated depreciation of \$226.0 million. The projects completed during Fiscal Year 2024 and projects in progress on June 30, 2024 are reported below. Fiscal Year 2024 property acquisitions include \$14.0 million in land and building transfers from the University's foundations.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Capital Asset Categories (before depreciation) as of June 30, 2024, 2023, and 2022 (restated) (in thousands)						
Description	2024	2023	Restated 2022	Increase (Decrease) 2024 vs. 2023		
				Amount	Percent	
Land	\$ 55,701	\$ 48,554	\$ 45,665	\$ 7,147	14.7%	
Construction in progress	55,672	53,777	38,762	1,895	3.5%	
Land and leasehold improvements	51,340	50,865	45,410	475	0.9%	
Buildings	547,739	486,146	471,582	61,593	12.7%	
Equipment, vehicles, and instructional aircraft	22,050	21,068	23,757	982	4.7%	
Library materials	17,765	17,130	16,470	635	3.7%	
Right-to-use asset	14,688	13,525	13,093	1,163	8.6%	
Total Gross Capital Assets	\$ 764,955	\$ 691,065	\$ 654,739	\$ 73,890	10.7%	

Significant capital additions (over \$1 million) completed in Fiscal Year 2024 and the resources funding the acquisitions includes the following.

Project Description (in thousands)	Amount
Kinesiology Renovation and Expansion, State-funded	\$ 23,051
Baseball Complex, University-funded	11,032
Wingate Apartments, University-funded	19,172
Total	\$ 53,255

Significant capital additions (over \$1 million) completed in Fiscal Year 2023 and the resources funding the acquisitions includes the following.

Project Description (in thousands)	Amount
St. Mary's SCL Health Medical Education Center, University-funded	\$ 12,416
Baseball Clubhouse, University-funded	1,766
UC Dining Hall Refresh, University-funded	1,068
Total	\$ 15,250

The following significant projects (over \$1 million) were in progress on June 30, 2024.

Project Description (in thousands)	Amount
Robinson Theatre-Performing Arts Center Renovation and Expansion, State-funded	\$ 50,284
Geo-Exchange Connection, State-funded	2,490
Total	\$ 52,774

The following significant projects (over \$1 million) were in progress on June 30, 2023.

Project Description (in thousands)	Amount
Kinesiology Renovation and Expansion, State-funded	\$ 22,996
Baseball Complex, University-funded	11,009
Robinson Theatre-Performing Arts Center Renovation and Expansion, State-funded	9,273
Wingate Apartments, University-funded	8,925
Total	\$ 52,203

In addition to the operating and non-operating revenues discussed above, the University received capital revenues in the amounts shown below. Capital donations in Fiscal Year 2022 are primarily cash and in-kind contributions from the University's foundations.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Capital Revenues for Fiscal Years 2024, 2023, and 2022 (in thousands)

	2024	2023	2022	Increase (Decrease) 2024 vs. 2023	
				Amount	Percent
Capital Revenues					
State appropriation, capital	\$ 2,386	\$ 7,403	\$ 13,140	\$ (5,017)	-67.8%
State appropriation, federal SLFRF ¹ funds	34,174	5,940		28,234	475.3%
State emergency maintenance funds	239	30	150	209	696.7%
State capital contributions	-	-	570	-	
Capital donations	-	-	332	-	
Total Capital Revenues	\$ 36,799	\$ 13,373	\$ 14,192	\$ 23,426	175.2%

¹-(Coronavirus) State and Local Fiscal Recovery Funds

Debt

The University had debt of \$221.3 million (2024), \$230.9 million (2023), and \$221.6 million (2022, restated). See Note 8 to the financial statements for detailed descriptions of the University's debt. In March 2022, the University issued Enterprise Refunding Bonds Series 2022ABC, which partially refunded Series 2012A, Series 2012B, Series 2013, and Series 2016. In December 2022, the University issued Enterprise Revenue Bonds Series 2022D to fund a student housing project. In May 2024, the University issued Enterprise Revenue Bonds Series 2024A in the amount of \$9.2 million refunding Series 2014A.

Capital Debt Categories as of June 30, 2024, 2023, and 2022 (restated) (in thousands)

	2024	2023	Restated 2022	Increase (Decrease) 2024 vs. 2023	
				Amount	Percent
Bonds payable	\$ 216,011	\$ 223,717	\$ 212,041	\$ (7,706)	-3.4%
Leases	5,280	7,178	9,547	(1,898)	-26.4%
Notes payable	21	36	48	(15)	-41.7%
Total Capital Debt	\$ 221,312	\$ 230,931	\$ 221,636	\$ (9,619)	-4.2%

Economic Outlook

The University continues to be attentive to the current economic climate as it relates to potential obstacles or barriers to current and future student enrollment, especially among low-income and first-generation students. While inflationary pressures on students, their families, and funding agencies have eased, in addition to modest cost-of-borrowing reductions, the University must continue to carefully consider the cost of higher education commensurate with future economic value post-graduation.

COVID-19 Funding: In response to the effects of the Coronavirus pandemic, the University received amounts to support response to and recovery from this public health emergency.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

American Rescue Plan Act:

- Coronavirus SLFRF

State Legislation	Description	Fiscal Year 2024	Fiscal Year 2023
House Bill 21-1330	Colorado Opportunity Scholarship - Finish What You Started	\$ 530	\$ 706
Senate Bill (SB) 21-137	Behavioral Health Workforce Development Program	1,019	221
SB 22-226	Healthcare Workforce: In-Demand Short Term Credentials	-	1,376
SB 22-213	Early Care Recruitment	47	-
HB 22-1220	Removing Barriers to Educator Preparation	594	725
HB 22-1329-CAPX	Mesa Replace Roof, Wubben/Science Building - 2019-098M22	312	13
HB 22-1329-CAPX	Mesa Replace HVAC, Fine Arts Building - 2023-082M22	117	52
HB 22-1329-CAPX	Mesa Upgrade HVAC, Wubben/Science Building- 2022-047M21	165	-
HB 22-1329-CAPX	Mesa Robinson Theater Replacement - 2023-026P22	33,580	5,874
		<u>\$ 36,365</u>	<u>\$ 8,967</u>

- Grants To States: Funding for Libraries in the amount of \$5 thousand and \$6 thousand for the years ended June 30, 2024 and 2023.

CARES Act:

- Higher Education Emergency Relief Fund: Student funding of \$0 and \$540 thousand for the years ended June 30, 2024 and 2023.
- Higher Education Emergency Relief Fund (HEERF): Strengthening Institutions Program funding of \$0 thousand and \$917 thousand for the years ended June 30, 2024 and 2023.

State Operating Funding: Long-bill appropriated state support actually received for COF and FFS for Fiscal Year 2024 was \$46.8 million. This compares to \$42.1 million of state support actually received in Fiscal Year 2023 and \$36.6 million of state support actually received in Fiscal Year 2022.

The University's Fiscal Year 2025 state operating appropriation is \$50.9 million, including \$20.5 million for COF, \$28.4 million in FFS revenues, plus an additional \$365 thousand in special purpose FFS revenues, and an estimated \$1.7 million for limited gaming tax revenues pursuant to C.R.S. Section 44-30-702 (3)(c)(I). These funds are a \$4.1 million or 8.8% increase from Fiscal Year 2024 state operating appropriations of \$46.8 million (see Note 14).

Capital Projects: The University continues to invest in facilities to expand programs in order to attract and retain students. Current projects include:

- Performing Arts Center – Asteria Theatre: The project constructs a new 51,000 square foot, 865 seat theater to replace the existing Robinson Theater within the Moss Performing Arts Center. The new theater will serve as the performing arts epicenter for western Colorado. The current construction phase is state funded. The completion date is September 2024.
- Campus-wide geo-exchange system: This project expands the number of on-campus buildings connected to the geo exchange infrastructure. The current system saves the University \$1.5 million in annual operating costs and reduces the University's carbon footprint by nearly 9,000 metric tons annually.

COLORADO MESA UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the years ended June 30, 2024, 2023, and 2022 (restated)

Debt Management: The University continues to look for opportunities to manage debt as the campus expands. In May 2024, the University issued Enterprise Revenue Bonds Series 2024A in the amount of \$9.2 million refunding Series 2014A.

Institutional Mission and Values

Colorado Mesa University aspires to be a Human Scale University that serves as a model of the world we want to create - a world where people find love, extend dignity, choose courage, demonstrate humility, practice resilience, celebrate curiosity, and use power for good. Our values serve as a road map to reach our destination. As a Human Scale University, our mission is to provide an affordable and accessible education and form meaningful and mutually enriching partnerships that support the wellbeing and vibrancy of our community.

Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the University Controller at Colorado Mesa University, 1100 North Avenue, Grand Junction, CO 81501.

Basic Financial Statements

COLORADO MESA UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 87,248	\$ 76,408
Investments	38,288	33,491
Student accounts receivable, net	4,253	4,323
Other accounts receivable, net	5,293	9,682
Lease receivable, current	277	305
Inventories	1,153	1,148
Prepaid expenses	599	663
<i>Total Current Assets</i>	<u>137,111</u>	<u>126,020</u>
Non-current Assets		
Non-capital non-current assets		
Restricted cash and cash equivalents	-	10,461
Lease receivable, non-current	418	695
Other non-current assets	-	370
<i>Total Non-capital Non-current Assets</i>	<u>418</u>	<u>11,526</u>
Non-depreciable capital assets, net		
Land and improvements	55,701	48,554
Construction in progress	55,672	53,777
<i>Total Non-depreciable Capital Assets</i>	<u>111,373</u>	<u>102,331</u>
Depreciable capital assets, net		
Land and leasehold improvements	24,342	26,173
Buildings	387,364	338,156
Equipment, vehicles, and instructional aircraft	4,635	4,909
Library materials	5,471	5,300
Right-to-use assets, net	5,794	7,124
<i>Total Depreciable Capital Assets, Net</i>	<u>427,606</u>	<u>381,662</u>
<i>Total Non-current Assets</i>	<u>539,397</u>	<u>495,519</u>
Total Assets	<u>\$ 676,508</u>	<u>\$ 621,539</u>
Deferred Outflows		
Loss on bond refunding, net	\$ 4,954	\$ 5,411
Pension related	5,742	8,271
Other post-employment benefits related	134	186
Total Deferred Outflows	<u>\$ 10,830</u>	<u>\$ 13,868</u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Liabilities		
Current Liabilities		
Accounts payable	\$ 4,641	\$ 10,319
Accrued liabilities	9,964	7,109
Unearned revenues	5,791	2,141
Deposits held for others	511	579
Student deposits	436	350
Bonds payable, current portion	7,810	8,045
Leases payable, current portion	1,631	2,677
Notes payable, current portion	14	14
Compensated absence liability, current portion	483	498
Total Current Liabilities	31,281	31,732
Non-current Liabilities		
Bonds payable	208,201	215,672
Leases payable	3,649	4,501
Notes payable	7	22
Compensated absence liability	3,315	2,969
Net pension liability	44,506	51,346
Net other post-employment benefit liability	1,031	1,232
Total Non-current Liabilities	260,709	275,742
Total Liabilities	\$ 291,990	\$ 307,474
Deferred Inflows		
Lease related	\$ 4,164	\$ 4,632
Pension related	2,213	1,080
Other post-employment benefits related	458	556
Total Deferred Inflows	\$ 6,835	\$ 6,268
Net Position		
Net investment in capital assets	\$ 317,181	\$ 259,268
Restricted for:		
Loans	-	49
Capital projects	-	10,461
Other purposes	9,852	17,617
Unrestricted net position	61,480	34,270
Total Net Position	\$ 388,513	\$ 321,665

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Operating Revenues		
Tuition and fees (fully pledged for bonds (2024 and 2023), net of scholarship allowances of \$23,933 (2024) and \$19,232 (2023))	\$ 79,403	\$ 76,607
Fee for service revenue	24,289	21,952
Federal, state, and private grants and contracts	21,721	20,117
Auxiliary enterprise revenue (including \$43,432 (2024) and \$42,201 (2023) pledged for bonds, net of scholarship allowances of \$89 (2024) and \$60 (2023))	46,800	44,137
Contributions (including \$788 (2024) and \$798 (2023) pledged for bonds)	2,207	1,262
Other operating revenues (including \$524 (2024) and \$520 (2023) pledged for bonds)	1,537	1,484
Total Operating Revenues	175,957	165,559
Operating Expenses		
Instruction (including (\$1,949) (2024) and \$334 (2023) of PERA non-cash retirement and OPEB expenses)	50,759	48,991
Research (including (\$3) (2024) and \$1 (2023) of PERA non-cash retirement and OPEB expenses)	616	677
Public service (including (\$9) (2024) and \$0 (2023) of PERA non-cash retirement and OPEB expenses)	147	39
Academic support (including (\$149) (2024) and \$61 (2023) of PERA non-cash retirement and OPEB expenses)	5,077	5,473
Student services (including (\$419) (2024) and \$122 (2023) and of PERA non-cash retirement and OPEB expenses)	17,295	16,184
Institutional support (including (\$128) (2024) and \$38 (2023) of PERA non-cash retirement and OPEB expenses)	7,923	8,604
Operation and maintenance of plant (including (\$426) (2024) and \$131 (2023) of PERA non-cash retirement and OPEB expenses)	13,417	13,131
Net scholarships and fellowships	23,835	22,637
Auxiliary enterprises (including (\$270) (2024) and \$81 (2023) of PERA non-cash retirement and OPEB expenses)	31,272	29,149
Lease component interest	209	307
Depreciation and amortization	21,311	18,811
Total Operating Expenses (including (\$3,353) (2024) and \$768 (2023) of PERA non-cash retirement and OPEB expenses)	171,861	164,003
Operating Income (Loss)	4,096	1,556
Non-operating Revenues and Expenses		
Federal Pell and other non-operating grants	16,596	15,838
State support for pensions	71	936
Contributions	6,484	7,868
Capital fees, net of scholarship allowances of \$485 (2024) and \$403 (2023)	1,467	1,473
Investment income (loss), net (including \$1,536 (2024) and \$681 (2023) pledged for bonds)	12,768	3,999
Interest expense on capital debt	(9,065)	(8,985)
Other net non-operating revenues (expenses)	462	119
Gain (loss) on disposal of assets	16	(1,410)
Net Non-operating Revenues	28,799	19,838
Income Before Other Revenues and Expenses	32,895	21,394

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Other Revenues, Expenses, Gains, Losses, and Transfers		
State appropriations, capital	2,386	7,403
State appropriations, SLFRF	34,174	5,940
Capital contributions from the State	239	30
Transfers to governing boards or other institutions	(2,846)	(2,319)
<i>Total Other Revenues, Expenses, Gains, Losses, and Transfers</i>	<u>33,953</u>	<u>11,054</u>
 <i>Increase in Net Position</i>	 66,848	 32,448
 Net Position - Beginning of Year	 <u>321,665</u>	 <u>289,217</u>
Net Position - End of Year	<u>\$ 388,513</u>	<u>\$ 321,665</u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Cash Flows from Operating Activities		
Tuition and fees	\$ 103,530	\$ 97,452
Sales of services	51,869	48,021
Sales of product	19,341	18,046
Grants, contracts, and gifts	27,641	21,379
Student loans collected	-	325
Other operating receipts (disbursements)	5,630	(463)
Payments to or for employees	(83,176)	(75,904)
Payments to suppliers	(47,293)	(44,848)
Scholarships disbursed	(48,342)	(42,131)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>29,200</u>	<u>21,877</u>
Cash Flows from Non-capital Financing Activities		
Gifts and grants for other than capital purposes	23,079	23,706
Other agency inflows	86,162	71,290
Other agency outflows	(85,567)	(71,308)
Transfers to other campuses, board, or institution	(2,846)	(2,318)
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>20,828</u>	<u>21,370</u>
Cash Flows from Capital and Related Financing Activities		
State appropriations, capital	36,560	13,343
Capital grants, contracts, and gifts	239	30
Capital student fees	1,952	1,473
Acquisition and construction of capital assets	(79,348)	(35,780)
Proceeds from capital debt	10,282	18,935
Bond issuance costs paid	(172)	(126)
Proceeds from sale of capital assets	20	28
Principal paid on capital debt	(18,210)	(7,455)
Interest on capital debt	(8,871)	(8,788)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(57,548)</u>	<u>(18,340)</u>
Cash Flows from Investing Activities		
Investment earnings (interest/dividends)	7,899	701
<i>Net Cash (Used for) Investing Activities</i>	<u>7,899</u>	<u>701</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	379	25,608
Cash and Cash Equivalents - Beginning of the Year	86,869	61,261
Cash and Cash Equivalents - End of the Year	<u>\$ 87,248</u>	<u>\$ 86,869</u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities		
Operating Income (Loss)	\$ 4,096	\$ 1,556
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Non-cash pension expense	(3,353)	767
Non-cash compensated absence liability	330	56
Non-cash lease and software agreement (revenue) and expense	(2,752)	(2,517)
Non-cash increase (decrease) in unearned revenue	3,649	-
Depreciation and amortization expense	21,311	18,811
Provision for uncollectible accounts	(845)	(842)
Increase in assets - operating portions	5,245	401
Increase in liabilities - operating portions	1,519	3,645
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ 29,200	\$ 21,877
Supplemental Disclosure of Noncash Investing and Financing Activities		
Additions to construction in progress included in accounts payable and accrued liabilities	\$ 5,455	\$ 3,834

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,002	\$ 3,717
Investments	17,993	13,216
Unconditional promise to give	924	1,598
Accounts receivable	16	35
Mineral interest	1,186	1,326
Inventory - land	40	40
Prepaid expenses	45	64
Property subject to life estate	508	508
<i>Total Current Assets</i>	<u>26,714</u>	<u>20,504</u>
Long Term		
Unconditional promise to give	1,255	853
Restricted		
Bank - raffle	19	-
Investments for future projects and scholarships	41,684	36,630
<i>Total Restricted Assets</i>	<u>41,703</u>	<u>36,630</u>
Total Assets	<u>\$ 69,672</u>	<u>\$ 57,987</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 129	\$ 173
<i>Total Current Liabilities</i>	<u>129</u>	<u>173</u>
Total Liabilities	<u>\$ 129</u>	<u>\$ 173</u>
Net Assets		
Without donor restrictions	1,464	1,359
With donor restrictions	68,079	56,455
<i>Total Net Assets</i>	<u>69,543</u>	<u>57,814</u>
Total Liabilities and Net Assets	<u>\$ 69,672</u>	<u>\$ 57,987</u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2024 *(in thousands)*

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 89	\$ 9,775	\$ 9,864
Support from the University	305	64	369
Special events	-	750	750
Less: cost of direct benefits to donors	-	(561)	(561)
Investment income (net of fees)	157	1,050	1,207
Realized gain (loss) on investment	-	16	16
Unrealized gain (loss) on investments	121	5,834	5,955
Royalties	-	123	123
University department and club collections	-	4,007	4,007
Other	3	(2)	1
Net assets released from restrictions	9,432	(9,432)	-
<i>Total Revenue and Support</i>	10,107	11,624	21,731
Expenses			
Program Expenses			
Scholarships	4,414	-	4,414
University building projects and expense	966	-	966
University department and club transfers	3,582	-	3,582
Other support for the University	555	-	555
<i>Total Program Expenses</i>	9,517	-	9,517
Supporting Services			
Management and general	132	-	132
Fundraising	353	-	353
<i>Total Supporting Expenses</i>	485	-	485
<i>Total Expenses</i>	10,002	-	10,002
<i>Increase (Decrease) in Net Assets</i>	105	11,624	11,729
Net Assets – Beginning of Year	1,359	56,455	57,814
Net Assets - End of Year	\$ 1,464	\$ 68,079	\$ 69,543

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2023 *(in thousands)*

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 168	\$ 6,374	\$ 6,542
Support from the University	325	39	364
Special events	-	347	347
Less: cost of direct benefits to donors	-	(418)	(418)
Investment income (net of fees)	42	887	929
Realized gain (loss) on investment	(5)	(225)	(230)
Unrealized gain (loss) on investments	88	4,002	4,090
Royalties	-	241	241
University department and club collections	-	5,474	5,474
Other	3	1	4
Net assets released from restrictions	10,116	(10,116)	-
<i>Total Revenue and Support</i>	10,737	6,606	17,343
Expenses			
Program Expenses			
Scholarships	4,018	-	4,018
University building projects and expense	869	-	869
University department and club transfers	4,605	-	4,605
Other support for the University	820	-	820
<i>Total Program Expenses</i>	10,312	-	10,312
Supporting Services			
Management and general	46	-	46
Fundraising	292	-	292
<i>Total Supporting Expenses</i>	338	-	338
<i>Total Expenses</i>	10,650	-	10,650
 <i>Increase (Decrease) in Net Assets</i>	 87	 6,606	 6,693
Net Assets – Beginning of Year	1,272	49,849	51,121
Net Assets - End of Year	\$ 1,359	\$ 56,455	\$ 57,814

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024 *(in thousands)*

	Program Services					Supporting Services		
	Scholarships	University Building Projects and Expansion	University Department and Club Transfers	Other Support of the University	Total Program Services	Management and General	Fundraising	Total
University building projects	\$ -	\$ 966	\$ -	\$ -	\$ 966	\$ -	\$ -	\$ 966
University student scholarships	4,404	-	-	-	4,404	-	-	4,404
Other scholarships	10	-	-	-	10	-	-	10
University transfers and expenses for departments and clubs	-	-	3,582	-	3,582	-	-	3,582
Computer maintenance and supplies	-	-	-	-	-	42	205	247
Donor cultivation, promotion, hospitality, and marketing	-	-	-	-	-	-	121	121
Insurance	-	-	-	-	-	13	-	13
In-kind transfers to the University	-	-	-	106	106	-	-	106
Other	-	-	-	306	306	17	3	326
Professional fees	-	-	-	7	7	35	17	59
Supplies	-	-	-	-	-	12	-	12
Travel	-	-	-	-	-	13	7	20
Workforce development and applied research	-	-	-	4	4	-	-	4
Depletion	-	-	-	139	139	-	-	139
Bad debt expense	-	-	-	(7)	(7)	-	-	(7)
<i>Total Expenses</i>	<i>\$ 4,414</i>	<i>\$ 966</i>	<i>\$ 3,582</i>	<i>\$ 555</i>	<i>\$ 9,517</i>	<i>\$ 132</i>	<i>\$ 353</i>	<i>\$10,002</i>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023 *(in thousands)*

	Program Services					Supporting Services		
	Scholarships	University Building Projects and Expansion	University Department and Club Transfers	Other Support of the University	Total Program Services	Management and General	Fundraising	Total
University building projects	\$ -	\$ 869	\$ -	\$ -	\$ 869	\$ -	\$ -	\$ 869
University student scholarships	3,996	-	-	-	3,996	-	-	3,996
Other scholarships	7	-	-	-	7	-	-	7
University transfers and expenses for departments and clubs	-	-	4,440	-	4,440	-	-	4,440
Computer maintenance and supplies	15	-	-	-	15	13	114	142
Donor cultivation, promotion, hospitality, and marketing	-	-	-	-	-	-	154	154
Insurance	-	-	-	-	-	11	-	11
In-kind transfers to the University	-	-	165	-	165	-	-	165
Other	-	-	-	411	411	4	9	424
Professional fees	-	-	-	14	14	10	8	32
Supplies	-	-	-	-	-	2	4	6
Travel	-	-	-	-	-	6	3	9
Workforce development and applied research	-	-	-	69	69	-	-	69
Depletion	-	-	-	356	356	-	-	356
Bad debt expense	-	-	-	(30)	(30)	-	-	(30)
<i>Total Expenses</i>	<i>\$ 4,018</i>	<i>\$ 869</i>	<i>\$ 4,605</i>	<i>\$ 820</i>	<i>\$ 10,312</i>	<i>\$ 46</i>	<i>\$ 292</i>	<i>\$ 10,650</i>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 11,729	\$ 6,694
Adjustment to reconcile increase (decrease) in net assets to net cash provided by		
Operating activities		
Non-cash donations included in contributions	(120)	(2,034)
Depletion	139	356
Unrealized (gains) losses on investments	(5,955)	(4,090)
Loss on disposal of property and equipment	-	-
(Increase) decrease in operating activities		
Unconditional promises to give	272	470
Accounts receivable	19	(32)
Prepaid program expenses	20	(64)
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(43)	(240)
Contributions restricted for long-term purpose		
Scholarships	(5,020)	(4,093)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>1,041</u>	<u>(3,033)</u>
Cash Flows from Investing Activities		
In-kind donations	106	165
Net sale of property held for investment	-	-
Proceeds from sale of long-term investments	(16)	236
Purchase of long-term investments	(3,846)	(2,907)
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(3,756)</u>	<u>(2,506)</u>
Cash Flows from Financing Activities		
Collections of contributions restricted for long-term purposes		
Scholarships	5,019	4,093
<i>Net Cash Provided (Used) by Financing Activities</i>	<u>5,019</u>	<u>4,093</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	2,304	(1,446)
Cash and Cash Equivalents - Beginning of the Year	3,717	5,163
Cash and Cash Equivalents - End of the Year	<u>\$ 6,021</u>	<u>\$ 3,717</u>
Supplemental Disclosures		
Cash	\$ 6,002	
Bank - raffle	19	
	<u>\$ 6,021</u>	
Noncash investing and financial activities: contribution of equipment	-	\$ 165

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 436	\$ 505
Accounts receivable from the University	6	22
Accounts receivable, net (net of allowance of \$16 for 2024 and \$22 for 2023)	16	26
<i>Total Current Assets</i>	<u>458</u>	<u>553</u>
Other Assets		
Property held for the University	-	6,343
Land held for investment	880	880
<i>Total Long-Term Investment</i>	<u>880</u>	<u>7,223</u>
Total Assets	<u><u>\$ 1,338</u></u>	<u><u>\$ 7,776</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ -	\$ 1
Prepaid rents	11	-
Security deposit	8	1
Deferred revenue – University support	-	6,343
<i>Total Current Liabilities</i>	<u>19</u>	<u>6,345</u>
Non-Current Liabilities		
Tenant deposits	32	32
<i>Total Non-Current Liabilities</i>	<u>32</u>	<u>32</u>
Total Liabilities	<u>51</u>	<u>6,377</u>
Net Assets		
Without donor restrictions	1,287	1,399
Total Net Assets	<u>1,287</u>	<u>1,399</u>
Total Liabilities and Net Assets	<u><u>\$ 1,338</u></u>	<u><u>\$ 7,776</u></u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Without Donor Restrictions		
Revenue and Support		
Real estate rental income, University share, common area maintenance, insurance	\$ 707	\$ 460
Management fee	206	127
<i>Total Revenue and Support</i>	<u>913</u>	<u>587</u>
Expenses		
Program Expenses		
Support for the University		
Real estate management expense	228	182
Supporting Services		
Management and general	78	85
<i>Total Expenses</i>	<u>306</u>	<u>267</u>
<i>Increase (Decrease) in Net Assets Without Donor Restrictions</i>	<u>607</u>	<u>320</u>
With Donor Restrictions		
Revenue and Support		
Support from the University	9,308	5,620
<i>Total Revenue and Support</i>	<u>9,308</u>	<u>5,620</u>
Expenses		
Program expenses		
Support for the University		
Real estate rental share	719	496
Purchase of real estate	9,308	5,620
<i>Total Program Expenses</i>	<u>10,027</u>	<u>6,116</u>
<i>Increase (Decrease) in Net Assets With Donor Restrictions</i>	<u>(719)</u>	<u>(496)</u>
<i>Increase (Decrease) in Net Assets</i>	<u>(112)</u>	<u>(176)</u>
Net Assets – Beginning of Year	<u>1,399</u>	<u>1,575</u>
Net Assets - End of Year	<u>\$ 1,287</u>	<u>\$ 1,399</u>

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023 *(in thousands)*

	2024	2023
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (112)	\$ (176)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities		
(Increase) decrease in operating activities		
Accounts receivable	26	(8)
Property held for the University	6,343	(1,745)
Increase (decrease) in operating liabilities		
Accounts payable	(1)	1
Note payable – University support	(6,343)	1,745
Prepaid rent	11	
Tenant deposits	7	5
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(69)</u>	<u>(178)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(69)	(178)
Cash and Cash Equivalents - Beginning of the Year	505	683
Cash and Cash Equivalents - End of the Year	<u>\$ 436</u>	<u>\$ 505</u>
Cash Detail		
Without donor restrictions	\$ 436	\$ 505
	<u>\$ 436</u>	<u>\$ 505</u>
Supplemental Disclosures		
Noncash investing and financing transactions		
Property and equipment transferred to the University	\$ 9,308	\$ 5,620

See accompanying Notes to Financial Statements.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

Section 23-53-102 C.R.S established the Board for the University to serve as the University's governing board. Eleven of the thirteen trustees are appointed by the Governor with the consent of the Senate. The remaining two members include a student representative elected by the student body and a faculty member elected by other members of the faculty. Both of these members are non-voting members. The Board has full authority and responsibility for control and governance of the University, including such areas as finance, resource management, academic programs, admissions, role and mission, personnel policies, etc. To assist them in meeting their responsibilities, the Board delegates authority to interpret and administer its policies in all areas of operation to the President of the University.

Reporting Entity

The accompanying financial statements reflect the financial activities of the University for the Fiscal Years ended June 30, 2024 and 2023. The University is a state institution of higher education. For financial reporting purposes, the University is included as part of the State's primary government. A copy of the State's Annual Comprehensive Financial Report may be obtained from the Office of the State Controller, Department of Personnel and Administration, Denver, Colorado.

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management of the University has considered the criteria described in GASB Statement No. 61, and GASB Statement No. 39, paragraph 47. Management of the University has determined that the Foundation and the CMUREF meet the criteria to be included in the University's financial statements as discretely presented component units.

Applying GASB Statement No. 61 criteria, the University has identified the Foundation and CMUREF as component units (see Note 12). Since the component units use a different reporting model (Financial Accounting Standards Board (FASB) Non-Profit), the required financial data is discretely presented on separate pages as allowed by GASB Statement No. 61. The Foundation is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the Board and its financial records are maintained separately from the University. CMUREF is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to acquire, manage, and dispose of properties in order to provide financial assistance to the University. CMUREF engages in activities that may be beyond the scope of the Board and its financial records are maintained separately from the University.

Adoption of Accounting Pronouncements

Per GASB guidance, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, in Fiscal Year 2023. GASB Statement No. 96 defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement No. 96 increases the usefulness of governmental financial statements by requiring recognition of a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. See Notes 5 and 8 for further information and disclosures.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

In accordance with GASB Statement No. 61 and GASB Statement No. 39, the discrete presentation of the Foundation's and CMUREF's financial statements appear on separate pages from the University. The Foundation and CMUREF warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the University. Please refer to Note 12 for additional discussion.

The financial statements of the Foundation and CMUREF are prepared on the accrual basis and follow FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

The Foundation and CMUREF use different GAAP reporting models and, following the GASB Statement No. 39 recommendation, their financial information is presented discretely after the University's financial statements. The separate financials include the statements of financial position, the statements of activities, the statements of functional expenses, and the statements of cash flows.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the Colorado State Treasurer (Treasurer), including unrealized gains and losses, and all highly liquid investments with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash balances.

Investments

Investments are stated at fair value, which, except for bonds, is determined based on quoted market prices. Unrealized gains and losses on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses, and Changes in Net Position. See Note 2.

Lease Receivable

In accordance with GASB Statement No. 87, *Leases*, a lessor recognizes a lease receivable at the commencement of the lease term measured at the present value of lease payments expected to be received during the lease term. Payments received by the University, less implicit interest revenue, reduces the lease receivable over the term of the lease. Lease receivable amounts are segregated between current and noncurrent. See Note 4.

Right-to-Use Asset

In accordance with GASB Statement No. 87, a lessee recognizes an intangible asset known as a right to use, at the commencement of the lease term measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The University amortizes the right-to-use asset over the shorter of the lease term or the useful life of the underlying asset. Such amortization expense is included with depreciation and amortization expense in the accompanying financial statements.

In accordance with GASB Statement No. 96, an intangible right-to-use asset is recognized at the commencement of the subscription term of the SBITA. The SBITA is measured as the present value of subscription payments expected to be made during the subscription term plus payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term and the capitalization of initial implementation costs less any SBITA vendor incentives. The University amortizes the SBITA over the shorter of the subscription term or useful life of the underlying IT assets.

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Inventories

Inventories are stated at the lower of cost or market. The bookstore inventory includes instructional materials and soft goods held for resale. It is valued using the first-in-first-out method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Annual revisions of the statement of values are performed for insurance purposes.

In Fiscal Year 2024, the University updated its capitalization threshold for all other capital assets from \$5 thousand to \$10 thousand. Therefore, the University uses a capitalization threshold of \$50 thousand for buildings and improvements other than buildings and \$10 thousand for all other capital assets. Depreciation is computed using the straight-line method over the estimated useful lives of assets with a half-year convention for asset additions. Estimated useful lives range from 25-40 years for buildings, 10-20 years for improvements other than buildings, and 3-20 years for equipment, vehicles, instructional aircraft, collections, and library materials.

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, defines the five elements that make up a statement of financial position to include the following.

- Assets – resources with a present service capacity under University control.
- Deferred Outflows of Resources – consumption of net assets by the University that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the University applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of financial position.

Effective June 30, 2018, the University adopted GASB Statement No. 75. The University changed its accounting policies with the implementation of this new accounting standard. Changes in accounting policies for OPEB are designed to improve information provided by state and local governments about financial support for OPEB that is provided by other entities. GASB Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This accounting policy change does not impact the University's funding requirements for OPEB.

See Notes 10 and 11 for detail of the composition of the University's pension and OPEB related deferred outflows and deferred inflows.

GASB Statement No. 87 became effective for reporting periods beginning after June 15, 2021. The University changed its accounting policies with the implementation of this new accounting standard. As required by GASB Statement No. 87, for leases in which the University is the lessor, the University records a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The University recognizes rental income, and a reduction of deferred inflows in equal amounts over the term of the lease. See Note 4.

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Unearned Revenues

Unearned revenues include student tuition and fees and advances on grants and contracts for which the University has not yet provided the associated services.

Lease Liabilities

In accordance with GASB Statement No. 87, for leases in which the University is a lessee, the University recognizes a lease liability at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The University reduces the lease liability as payments are made less explicit or implicit interest expense in accordance with the agreement. Leases payable amounts are segregated between current and noncurrent. See Note 8.

In accordance with GASB Statement No. 96, when a SBITA commences, the University recognizes a right-to-use subscription asset and a corresponding subscription liability. The subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the University's incremental borrowing rate. The amortization of the discount on the subscription liability is recognized as an outflow of resources in subsequent financial reporting periods.

Classification of Revenues and Expenses

The University has classified its revenues and expenses as operating, non-operating, or other, according to the following criteria.

- Operating revenues and expenses are from activities associated with providing goods and services for instruction, public service, or related support services to an individual or entity separate from the University.
- Non-operating revenues and expenditures do not meet the definition of operating revenues or operating expenses. Non-operating revenues include state operating appropriations, federal Pell grants, and other non-operating grants, gifts, investment income, interest expense, and insurance reimbursements. Non-operating expenses include interest expense on capital debt, bond issue cost expenses, gains and losses from disposal of assets, and certain other expenses that do not meet the definition of current expenses.
- Other revenues, expenses, gains, losses, and transfers include state capital and controlled maintenance appropriations, capital contributions and donations, and transfers between governing boards and other institutions.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees were \$23.9 million and \$19.2 million, scholarship allowances for auxiliary charges were \$89 thousand and \$60 thousand, and scholarship allowances for capital student fees were \$485 thousand and \$403 thousand for the years ended June 30, 2024 and 2023, respectively.

Application of Restricted and Unrestricted Resources

The University's policy is to first apply an expense against restricted resources then towards unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

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Financial Statement Presentation - Net Position

The University's net position is classified as net investment in capital assets, unrestricted net position, and restricted net position.

- Net investment in capital assets represents the University's total investment in capital assets, net of related outstanding debt obligations.
- Unrestricted net position is not subject to externally imposed stipulations, although these resources may be designated for specific purposes by the University's management or Board.
- Restricted net position is classified as expendable for loans, capital projects, and other purposes. Section 23-5-103 C.R.S. specifically restricts the residual funds of the bonded auxiliaries, in excess of those required for operations and current year debt service, for the direct benefit of the bonded auxiliaries. As of June 30, 2024 and 2023, the University had \$0 and \$10.5 million, respectively, in non-expendable investment in restricted net position.

The restricted net position of the bonded auxiliary operations was \$9.4 million and \$15.3 million at June 30, 2024 and 2023, respectively. Restricted net position also includes the net position of the Federal Perkins Loan (FPL) program and the University's sponsored program activities. FPL guidelines require that net program resources fund new loans, are written off in accordance with program guidelines or are refunded to the federal government. At June 30, 2024 and 2023, the restricted net position related to the FPL program totaled \$17 and \$49 thousand, respectively. The sponsored programs' net position was \$405 thousand and \$2.3 million at June 30, 2024 and 2023, respectively.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The University did not have any significant unrelated business taxable income in the years ended June 30, 2024 and 2023.

The Foundation and CMUREF are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than private foundations.

Use of Estimates

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

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NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The University deposits its cash with the Colorado State Treasurer. The Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1 C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. The University had \$12.7 million and \$59.9 million, including unrealized gains (losses) of (\$890) thousand and (\$4.5) million, on deposit with the Treasurer as of June 30, 2024 and 2023, which represented approximately 0.07% of the total \$18,095 million (2024) and 0.32% of the total \$18,811 million (2023) fair value of investments in the State Treasurer's Pool (the Pool). As of June 30, 2024, the Pool's resources included \$38.5 million of cash on hand and \$18,057 million of investments. As of June 30, 2023, the Pool's resources included \$35.0 million of cash on hand and \$18,776 million of investments. The University's June 30, 2024 balance with the Treasurer included no unspent bond proceeds and June 30, 2023 balance with the Treasurer included \$10.5 million of unspent bond proceeds, leaving \$12.7 million and \$49.4 million available for operations as of June 30, 2024 and 2023, respectively.

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

Additional information on investments of the Pool may be obtained in the State's Annual Comprehensive Financial Report for the years ended June 30, 2024 and 2023.

In addition to deposits with the Treasurer, the University also has cash and cash equivalent deposits with banks and Colorado Surplus Asset Fund Trust (CSAFE). As of June 30, the carrying amount of the University's cash and cash equivalents outside of the State Treasury was \$74.5 million (2024) and \$26.9 million (2023) and the balance within these institutions was \$76.8 million (2024) and \$28.4 million (2023). The difference between the University's amount reported by the various institutions and the carrying amount was \$2.3 million in 2024 and \$1.5 million in 2023. This difference is from the net outstanding checks and deposits in transit. All deposits at banks were covered by federal depository insurance and balances in excess of federal insurance levels were collateralized by PDPA as described below.

The Colorado Public Deposit Protection Act (PDPA) requires all units of state and local government to deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Investments

Section 23-53-103.3 C.R.S. authorized the Board to hold investments, unless externally restricted, in one or more consolidated funds in which the participation trusts or accounts have undivided interests. In accordance with the legislation, the Board approved the Colorado Mesa University Investment Policy and established an Investment Advisory Committee (IAC). The IAC is responsible for developing investment guidelines in support of the 'prudent investor' standard, providing liquidity, safety, and yield. In formulating investment guidelines, the IAC takes into account institutional cash flow analysis, diversification of investments, appropriate time horizons, and credit quality of investments to establish return benchmarks at acceptable levels of risk. Liquidity of assets invested shall at all times remain at a level sufficient to pay for all budgeted outstanding operational obligations and expenses occurring within any fiscal year.

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The University's investments were \$38.3 million (2024) and \$33.5 million (2023), including unrealized gains of \$5.8 million (2024) and \$1.4 million (2023). The University's investments included debt and equity securities, fixed income investments, short-term money market funds, and an alternative investment fund. All of the University's investments are registered in the University's name. The fair value of all investments, except for bonds, are based on the quoted market prices as of June 30, 2024 and 2023. The fair value of individual bond pricing, if applicable, was provided via Interactive Data Corporation fair value information services.

The fair values of investments by value level at year ended at June 30, 2024 are as follows (*in thousands*).

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value Total
U.S. Agency securities (not explicitly guaranteed)	\$ -	\$ -	\$ -	\$ -
U.S. Treasury notes/bonds	-	-	-	-
Corporate bonds	-	-	-	-
Money market mutual funds	515	-	-	515
Bond mutual funds	8,487	-	-	8,487
Asset-backed securities	-	-	-	-
Mortgage-backed securities	-	-	-	-
Corporate equities	12,671	-	-	12,671
Equity mutual funds	15,604	-	-	15,604
Other - equity exchange traded funds	456	-	-	456
Other - infrastructure fund	4	-	-	4
Other - international equity exchange traded funds	-	-	-	-
Other - bond exchange traded funds	528	-	-	528
Other - accrued income	23	-	-	23
Other - net due to broker for pending trades	-	-	-	-
	\$ 38,288	\$ -	\$ -	\$ 38,288

The fair values of investments by value level at year ended at June 30, 2023 are as follows (*in thousands*).

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value Total
U.S. Agency securities (not explicitly guaranteed)	\$ -	\$ -	\$ -	\$ -
U.S. Treasury notes/bonds	20	-	-	20
Corporate bonds	-	-	-	-
Money market mutual funds	1,451	-	-	1,451
Bond mutual funds	7,152	-	-	7,152
Asset-backed securities	-	-	-	-
Mortgage-backed securities	-	-	-	-
Corporate equities	8,814	-	-	8,814
Equity mutual funds	7,922	-	-	7,922
Other - equity exchange traded funds	396	-	-	396
Other - international equity mutual funds	6,918	-	-	6,918
Other - international equity exchange traded funds	-	-	-	-
Other - bond exchange traded funds	802	-	-	802
Other - accrued income	16	-	-	16
Other - net due to broker for pending trades	-	-	-	-
	\$ 33,491	\$ -	\$ -	\$ 33,491

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Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). To manage credit risk, the University's investment policy specifies investments of a single issuer, with the exception of the U.S. government and its agencies, may not exceed 5% of the total market value of the portfolio and no more than 10% of the portfolio may be invested in corporate debt securities rated below investment grade.

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. To mitigate interest rate risk, the investment portfolio should have an average duration of less than seven years and the University does not invest in instruments with a maturity date longer than fifteen years.

The change in the investment balance during the year ended at June 30, 2024 consisted of the following components *(in thousands)*.

Investments - cost	\$	32,127
Additional contributions		-
Net interest revenue		1
Dividend income		800
Net realized gain (loss)		(403)
Change in accrued income		7
Misc. disbursements		-
Investment fees		(80)
Investments - cost	\$	32,452
Unrealized gain (loss)		5,836
Investments - market	\$	38,288

The change in the investment balance during the year ended at June 30, 2023 consisted of the following components *(in thousands)*.

Investments - cost	\$	32,751
Additional contributions		-
Net interest revenue		-
Dividend income		669
Net realized gain (loss)		(1,224)
Change in accrued income		3
Misc. disbursements		-
Investment fees		(72)
Investments - cost	\$	32,127
Unrealized gain (loss)		1,364
Investments - market	\$	33,491

As of June 30, 2024, no individual bonds are held in the portfolio. The portfolio now consists entirely of exchanged-traded funds (ETF)s, mutual funds, and equities. The return on investments for the year ended June 30, 2024 was 14.58% gross of fees and 14.32% net of fees. The return on investments for the year ended June 30, 2023 was 11.18% gross of fees and 10.93% net of fees.

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NOTE 3 - ACCOUNTS AND LOANS RECEIVABLE

The following schedule shows the status of accounts and loans receivable and related allowance for doubtful accounts at June 30, 2024 and 2023 *(in thousands)*.

	June 30, 2024	June 30, 2023
Total accounts and loans receivable	\$ 13,456	\$ 18,684
Less: allowance for doubtful accounts	(3,910)	(4,679)
Net Accounts and Loans Receivable	\$ 9,546	\$ 14,005

Receivables reported on the Statements of Net Position may be aggregations of various components, such as balances from students, vendors, other governments, and employees.

NOTE 4 - LEASE RECEIVABLE AND LEASE RELATED DEFERRED INFLOWS

In accordance with GASB Statement No. 87, for leases in which the University is the lessor, the University recognizes a lease receivable at the commencement of the lease term measured at the present value of lease payments expected to be received during the lease term. Payments received by the University, less imputed interest revenue, reduces the lease receivable over the term of the lease.

Changes in lease receivables for the year ended June 30, 2024 were as follows *(in thousands)*.

Assets Leased to Others	Balance June 30, 2023	Additions	Principal Payments	Balance June 30, 2024	Current Portion	Non-current Portion	Interest Revenue
Building space	\$ 443	\$ -	\$ (148)	\$ 295	\$ 161	\$ 134	\$ 19
Land	557	-	(157)	400	116	284	27
Total	\$ 1,000	\$ -	\$ (305)	\$ 695	\$ 277	\$ 418	\$ 46

Lessor arrangements at June 30, 2024 meeting the reporting requirements of GASB Statement No. 87 include:

- Medical office space with payments received monthly through August 2026, increasing 3% annually.
- Restaurant space with payments received monthly through October 2025, increasing 2% annually.
- Land allowing cellular technology companies to place and operate equipment.
 - Agreement 1 with payments received annually through February 2024, with option to renew.
 - Agreement 2 with payments received annually through March 2025, with option to renew.
 - Agreement 3 with payments received annually through May 2026, with option to renew.
 - Agreement 4 with payments received monthly through December 2030, with option to renew.

Changes in lease receivables for the year ended June 30, 2023 were as follows *(in thousands)*.

Assets Leased to Others	Balance June 30, 2022	Additions	Principal Payments	Balance June 30, 2023	Current Portion	Non-current Portion	Interest Revenue
Building space	\$ 580	\$ -	\$ (137)	\$ 443	\$ 148	\$ 295	\$ 26
Land	657	-	(100)	557	157	400	35
Total	\$ 1,237	\$ -	\$ (237)	\$ 1,000	\$ 305	\$ 695	\$ 61

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Lessor arrangements at June 30, 2023 meeting the reporting requirements of GASB Statement No. 87 include:

- Medical office space with payments received monthly through August 2026, increasing 3% annually.
- Restaurant space with payments received monthly through October 2025, increasing 2% annually.
- Land allowing cellular technology companies to place and operate equipment.
 - Agreement 1 with payments received annually through February 2024, with option to renew.
 - Agreement 2 with payments received annually through March 2025, with option to renew.
 - Agreement 3 with payments received annually through May 2026, with option to renew.
 - Agreement 4 with payments received monthly through December 2030, with option to renew.

In Fiscal Year 2018, the University and EUREKA! McConnell Science Museum (EMSM), a separate 501(c)(3) organization, entered into an agreement where EMSM pre-paid the cost of constructing the museum of \$4.4 million. In return, EMSM will have use of the facility for thirty years and the University will recognize facilities rental income on a straight-line basis over the same period. However, with the implementation of GASB Statement No. 87 these EMSM unearned revenue amounts were reclassified to deferred inflows.

Changes in deferred inflows related to leases ended June 30, 2024 are as follows (*in thousands*).

	Balance June 30, 2023		Additions		Rental Income		Balance June 30, 2024
Assets Leased to Others							
Building space	\$ 407	\$	-	\$	(147)	\$	260
Land	567		-		(175)		392
EMSM	3,658		-		(146)		3,512
Total	\$ 4,632	\$	-	\$	(468)	\$	4,164

Changes in deferred inflows related to leases ended June 30, 2023 are as follows (*in thousands*).

	Balance June 30, 2022		Additions		Rental Income		Balance June 30, 2023
Assets Leased to Others							
Building space	\$ 553	\$	-	\$	(146)	\$	407
Land	700		-		(133)		567
EMSM	3,804		-		(146)		3,658
Total	\$ 5,057	\$	-	\$	(425)	\$	4,632

NOTE 5 - RIGHT-TO-USE ASSET

In accordance with GASB Statement No. 87, for leases in which the University is a lessee, the University recognizes an intangible asset known as right to use, at the commencement of the lease term measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The University amortizes the right-to-use asset over the shorter of the lease term or the useful life of the underlying asset.

Likewise, in accordance with GASB Statement No. 96, a SBITA recognizes a right-to-use subscription asset and a corresponding subscription liability. The subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the University's incremental borrowing rate. The amortization of the discount on the SBITA is recognized as an outflow of resources in subsequent financial reporting periods.

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Changes in right-to-use assets for the year ended June 30, 2024 were as follows (*in thousands*).

Asset Leased from Others	Balance June 30, 2023	Additions	Disposals	Amortization	Balance June 30, 2024
Classroom and laboratory space	\$ 1,693	\$ -	\$ -	\$ (376)	\$ 1,317
Building space	200	94	-	(146)	148
Office equipment	75	-	-	(60)	15
SBITAs	5,156	1,737	(668)	(1,911)	4,314
Total	\$ 7,124	\$ 1,831	\$ (668)	\$ (2,493)	\$ 5,794

Lessee arrangements at June 30, 2024 meeting the reporting requirements of GASB Statement No. 87 include:

- Classroom and laboratory space with payments made annually through May 2027.
- Building space with payments made monthly through September 2024, with an option to renew.
- Building space with payments made annually through July 2024, with an option to renew.
- Building space with payments made annually through April 2026, with an option to renew.
- Office technology equipment with payments made quarterly through July 2024.

Subscription asset arrangements at June 30, 2024 meeting the reporting requirements of GASB Statement No. 96 include:

- An enterprise resource planning system that is under contract through June 2027.
- A procurement software that is under agreement until Fiscal Year 2025.
- A communication services software that is under contract ending in Fiscal Year 2024.
- An admissions customer relationship management software package that is under contract until Fiscal Year 2026.
- A curricular management software that is under contract until Fiscal Year 2026.
- A data warehouse solution that is under contract until Fiscal Year 2029
- A payment gateway and merchant services software that is under contract until Fiscal Year 2027.
- A library network software that is under contract until Fiscal Year 2027.
- The University has twenty-two less significant subscription asset arrangements under contract with ending dates between Fiscal Year 2024 and Fiscal Year 2029.

Changes in right-to-use assets for the year ended June 30, 2023 were as follows (*in thousands*).

Asset Leased from Others	Balance June 30, 2022 (restated)	Additions	Amortization	Balance June 30, 2023
Classroom and laboratory space	\$ 2,069	\$ -	\$ (376)	\$ 1,693
Building space	312	-	(112)	200
Office equipment	135	-	(60)	75
SBITAs	6,896	432	(2,172)	5,156
Total	\$ 9,412	\$ 432	\$ (2,720)	\$ 7,124

Lessee arrangements at June 30, 2023 meeting the reporting requirements of GASB Statement No. 87 include:

- Classroom and laboratory space with payments made annually through May 2027.
- Building space with payments made monthly through September 2024, with an option to renew.
- Building space with payments made annually through July 2024, with an option to renew.
- Office technology equipment with payments made quarterly through July 2024.

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Subscription asset arrangements at June 30, 2023 meeting the reporting requirements of GASB Statement No. 96 include:

- An enterprise resource planning system that is under contract through June 2027.
- An online learning classroom software that is under contract until Fiscal Year 2024.
- A procurement software that is under agreement until Fiscal Year 2025.
- A communication services software that is under contract until Fiscal Year 2024.
- An admissions customer relationship management software package that is under contract until Fiscal Year 2026.
- A communications software that is under contract until Fiscal Year 2024.
- A curricular management software that is under contract until Fiscal Year 2026.
- A library network software that is under contract until Fiscal Year 2027.
- A document management software that is under contract until Fiscal Year 2024.
- The University has sixteen other less significant subscription asset arrangements under contract until Fiscal Year 2027.

NOTE 6 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation/amortization for the year ended June 30, 2024 (*in thousands*).

	Balance June 30, 2023	Additions	Transfers	Disposals	Balance June 30, 2024
Non-depreciable capital assets					
Land and improvements	\$ 48,554	\$ 7,147	\$ -	\$ -	\$ 55,701
Construction in progress	53,777	43,545	(41,650)	-	55,672
Total Non-depreciable Capital Assets	102,331	50,692	(41,650)	-	111,373
Depreciable capital assets					
Leasehold and land improvements	50,865	475	-	-	51,340
Buildings	486,146	20,229	41,650	(286)	547,739
Equipment, vehicles, and instructional aircraft	21,068	3,107	-	(2,125)	22,050
Library materials	17,130	660	-	(25)	17,765
Right-to-use asset	13,525	1,832	-	(669)	14,688
Total Depreciable Capital Assets	588,734	26,303	41,650	(3,105)	653,582
Less: accumulated depreciation/amortization					
Leasehold and land improvements	(24,692)	(2,306)	-	-	(26,998)
Buildings	(147,990)	(12,671)	-	286	(160,375)
Equipment, vehicles, and instructional aircraft	(16,159)	(3,377)	-	2,121	(17,415)
Library materials	(11,830)	(464)	-	-	(12,294)
Right-to-use asset	(6,401)	(2,493)	-	-	(8,894)
Total Accumulated Depreciation/Amortization	(207,072)	(21,311)	-	2,407	(225,976)
Net Depreciable Capital Assets	381,662	4,992	41,650	(698)	427,606
Capital Assets, Net	\$ 483,993	\$ 55,684	\$ -	\$ (698)	\$ 538,979

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The following presents changes in capital assets and accumulated depreciation/amortization for the year ended June 30, 2023 (*in thousands*).

	Balance June 30, 2022 (restated)	Additions	Transfers	Disposals	Balance June 30, 2023
Non-depreciable capital assets					
Land and improvements	\$ 45,665	\$ 2,889	\$ -	\$ -	\$ 48,554
Construction in progress	38,762	32,337	(17,322)	-	53,777
Total Non-depreciable Capital Assets	84,427	35,226	(17,322)	-	102,331
Depreciable capital assets					
Leasehold and land improvements	45,410	2,285	3,170	-	50,865
Buildings	471,582	412	14,152	-	486,146
Equipment, vehicles, and instructional aircraft	23,757	1,031	-	(3,720)	21,068
Library materials	16,470	681	-	(21)	17,130
Right-to-use asset	13,093	432	-	-	13,525
Total Depreciable Capital Assets	570,312	4,841	17,322	(3,741)	588,734
Less: accumulated depreciation/amortization					
Leasehold and land improvements	(22,528)	(2,164)	-	-	(24,692)
Buildings	(135,838)	(12,152)	-	-	(147,990)
Equipment, vehicles, and instructional aircraft	(17,139)	(1,329)	-	2,309	(16,159)
Library materials	(11,384)	(446)	-	-	(11,830)
Right-to-use asset	(3,681)	(2,720)	-	-	(6,401)
Total Accumulated Depreciation/Amortization	(190,570)	(18,811)	-	2,309	(207,072)
Net Depreciable Capital Assets	379,742	(13,970)	17,322	(1,432)	381,662
Capital Assets, Net	\$ 464,169	\$ 21,256	\$ -	\$ (1,432)	\$ 483,993

NOTE 7 - SHORT-TERM LIABILITIES

Year-end payables were as follows (*in thousands*).

	June 30, 2024	June 30, 2023
Accounts payable, vendors	\$ 4,641	\$ 10,319
Salaries and benefits payable	6,338	4,263
Leases payable, current portion	1,631	2,677
Bonds payable, current portion	7,810	8,045
Notes payable, current portion	14	14
Compensated absences, current portion	483	498
Construction contracts retainage payable	2,608	1,816
Accrued interest payable	1,018	1,030
Total Payables	\$ 24,543	\$ 28,662

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Unearned Revenues

Unearned revenues include unearned student tuition and fees (*in thousands*).

	June 30, 2024	June 30, 2023
Tuition and fees	\$ 2,077	\$ 2,141
Grants and contracts	3,714	
Total unearned revenues	\$ 5,791	\$ 2,141

NOTE 8 - LONG-TERM LIABILITIES

In Fiscal Year 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt*, including direct borrowings and direct placements. GASB Statement No. 88 increased disclosure requirements related to debt, especially direct borrowings and placements. The disclosures presented here conform to these requirements. Direct borrowings are loans with a lender for funding and direct placements are debt securities issued directly to an investor.

Changes in long-term debt for the year ended June 30, 2024 were as follows (*in thousands*).

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Non-current Portion
Revenue bonds	\$ 219,250	\$ 9,240	\$ (17,725)	\$ 210,765	\$ 7,810	\$ 202,955
Unamortized bond premiums/ discounts	4,467	1,042	(263)	5,246	-	5,246
Total revenue bonds	223,717	10,282	(17,988)	216,011	7,810	208,201
Leases, existing	1,557	-	(472)	1,085	265	820
Leases, GASB 87 and 96	5,621	1,832	(3,258)	4,195	1,366	2,829
Total leases	7,178	1,832	(3,730)	5,280	1,631	3,649
Notes payable	36	-	(15)	21	14	7
Total Bonds, Notes, and Leases Payable	\$ 230,931	\$ 12,114	\$ (21,733)	\$ 221,312	\$ 9,455	\$ 211,857

Changes in long-term debt for the year ended June 30, 2023 were as follows (*in thousands*).

	Balance June 30, 2022 (restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Non-current Portion
Revenue bonds	\$ 207,315	\$ 18,935	\$ (7,000)	\$ 219,250	\$ 8,045	\$ 211,205
Unamortized bond premiums/ discounts	4,726	-	(259)	4,467	-	4,467
Total revenue bonds	212,041	18,935	(7,259)	223,717	8,045	215,672
Leases, existing	2,000	-	(443)	1,557	472	1,085
Leases, GASB 87 and 96	7,547	432	(2,358)	5,621	2,205	3,416
Total leases	9,547	432	(2,801)	7,178	2,677	4,501
Notes payable	48	-	(12)	36	14	22
Total Bonds, Notes, and Leases Payable	\$ 221,636	\$ 19,367	\$ (10,072)	\$ 230,931	\$ 10,736	\$ 220,195

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Revenue Bonds Payable

Revenue bonds are secured by a pledge of all net revenues as defined by the bond documents. For the years ended June 30, 2024 and 2023, net pledged revenues and debt service coverage are shown on the Enterprise Revenue Bonds Schedules of Revenues and Expenditures. Annual debt service payments are made in November and May of each year and are detailed below. Net pledged revenues will continue to be pledged for the life of the associated revenue bonds.

If any default events occur as described in the master resolution, the owner of at least 25% of the outstanding Bonds (including any trustee) can take action against the University, the Board, and their agents, officers, and employees. They can do this to protect and enforce their rights through legal or equitable proceedings in any competent court. This includes appointing a receiver, enforcing specific performance of any agreement, or any other legal remedy. These actions can also prevent any unlawful acts or violations of Bond owners' rights. All legal proceedings will benefit all Bond owners equally. This is discussed more on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (<https://emma.msrb.org/#>).

The Series 2009B and Series 2010B qualify as Build America Bonds under the American Recovery and Reinvestment Act of 2009. The University expects to receive interest payment credits of 35%, referred to as Federal Direct Payments. Due to federal budget sequestrations in place since 2013, the University received 5.7% less in Fiscal Year 2024 and 2023. During the years ended June 30, 2024 and 2023 the University had credits of \$1.4 million and \$1.2 million, respectively, in Federal Direct Payments.

Revenue Bond Detail (in thousands)			
Issuance Description	Original Issuance Amount	Outstanding Balance 2024	Outstanding Balance 2023
Series 2024A (Non-Direct Placement) Issued tax-exempt Series 2024A to (a) finance the Series 2024A Refunding Project, which consists of the payment and cancellation of the Series 2014A Bonds; and (b) pay the costs of issuance. Debt service requirements and other amounts due in connection with Outstanding Prior Obligations listed below will be paid as first charge on Gross Revenues and therefore have priority in payment to the Series 2024A Bonds. The bond was issued with a \$1.0 million premium and interest is fixed at 5.00%, effecting a net interest rate of 3.76%. Debt service payments are made in May and November of each year beginning May 2025. Final payment is in May 2039.	\$ 9,240	\$ 9,240	N/A
Series 2022D (Direct Placement) Issued tax-exempt Series 2022D bonds to construct and equip a new residence hall and certain other campus improvements as are deemed necessary or desirable by the Board; pay capitalized interest on the Series 2022D bonds through May 15, 2023; and pay the costs of issuance related to the Series 2022D Bonds. The bond was issued with interest fixed for 15 years at 4.07%. Debt service payments are made in May and November of each year. Final payment is in May 2053.	18,935	18,220	18,935
Series 2022ABC (Direct Placement) Issued tax-exempt Series 2022A bonds to refund certain outstanding bonds by placing the bond proceeds and the Series 2012A and 2012B debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2012A and Series 2012B bonds. Issued taxable convertible to tax-exempt Series 2022B bonds to refund certain outstanding bonds by placing the bond proceeds and the Series 2013 debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2013 bonds. Issued taxable convertible to tax-exempt Series 2022C bonds to refund certain outstanding bonds by placing the bond proceeds and the Series 2016 debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2016 bonds. As such, the	33,330	30,250	31,860

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Revenue Bond Detail (in thousands)			
Issuance Description	Original Issuance Amount	Outstanding Balance 2024	Outstanding Balance 2023
trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The defeasance resulted in an economic gain of \$4.9 million and a book loss of \$1.7 million that is being amortized as an adjustment to interest expense over the life of the Series 2022ABC bonds. The 2022C bonds have not yet been converted to tax exempt. Interest rates range from 1.60% to 3.28%. Debt service payments are made in May and November of each year and the first principal payment is due in May 2023. The final payment is due in May 2045.			
2021 Bond with The Colorado Health Foundation The University received a \$5 million interest free loan from The Colorado Health Foundation to fund the University's physician assistant building. Interest was therefore imputed, resulting in a contribution of \$1.4 million during fiscal 2022. Debt service payments do not begin until January 2028 and then made annually with the final payment due November 2038.	5,000	5,000	5,000
Series 2020A (Direct Placement) Issued taxable convertible to tax-exempt Series 2020A bonds (Cinderella Bonds) to refund certain outstanding bonds by placing the bond proceeds and the Series 2012A and 2012B debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2012A and Series 2012B bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The defeasance resulted in an economic gain of \$1.0 million and a book loss of \$1.0 million that is being amortized as an adjustment to interest expense over the life of the Series 2020A bonds. The annual interest rate was 3.03% and converted to 2.38% on 2/15/2021. Debt service payments are made in May and November of each year and the first principal payment is due in May 2020. The final payment is due in May 2034.	11,250	11,070	11,130
Series 2019B (Non-Direct Placement) Issued tax-exempt Series 2019B bonds to construct and equip a new residence hall and certain other campus improvements as are deemed necessary or desirable by the Board; pay capitalized interest on the Series 2019B bonds through May 15, 2022; and pay the costs of issuance related to the Series 2019B Bonds. The bond was issued with a \$3.5 million premium and interest is fixed at 5.00%, effecting a net interest rate of 3.50%. Debt service payments are made in May and November of each year and the University will make interest-only payments until the first principal payment is due in May 2020. Final payment is in May 2049.	17,000	15,825	16,140
Series 2019A (Direct Placement) Issued tax-exempt Series 2019A bonds to advance refund all of the Series 2009A bonds by placing the bond proceeds and the Series 2009A debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2009A bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The defeasance resulted in an economic gain of \$1.9 million and a book loss of \$2.9 million that is being amortized as an adjustment to interest expense over the life of the Series 2019A bonds. Coupon rates are between 4.00% and 5.00%, effecting a net interest rate of 3.57%. Debt service payments are made in May and November of each year and the first principal payment is due in May 2020. The final payment is due in May 2033.	24,485	17,700	19,305

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Revenue Bond Detail <i>(in thousands)</i>			
Issuance Description	Original Issuance Amount	Outstanding Balance 2024	Outstanding Balance 2023
<p>Series 2017A (Direct Placement)</p> <p>Issued tax-exempt Series 2017A bonds to construct and equip a new Engineering Building and the John McConnell Math and Science Center and certain other campus improvements as are deemed necessary or desirable by the Board; and pay the costs of issuance related to the Series 2017A bonds. The interest rate for the Series 2017A was initially set at 2.3%. Beginning in 2027, on each May 15, the bond will adjust to an annual rate of the then-effective LIBOR rate plus 1.75%. The net effective interest rate shall not exceed 6% if issued as a fixed-rate obligation and shall not exceed 18% if issued as a variable rate obligation. Series 2017A bond proceeds were distributed to the University in predetermined amounts through February 2018. Principal and interest payments are made in May and November of each year and the final payment is due in May 2042.</p>	15,000	10,800	11,400
<p>Series 2016 (Non-Direct Placement)</p> <p>Issued tax-exempt Series 2016 bonds to construct and equip a new residence hall on the University campus, expand, renovate, and equip the Maverick Center located on the University campus and construct a portion of a new Engineering facility; pay capitalized interest; and pay the costs of issuance related to the Series 2016 bonds. Coupon rates are between 3.00% and 5.00%, effecting a net interest rate of 3.55%. Debt service payments are made in May and November of each year and the University will pay interest only until principal payments begin in May 2025. Final payment is in May 2045.</p>	26,575	19,350	19,350
<p>Series 2014C (Direct Placement)</p> <p>Issued tax-exempt Series 2014C bond to renovate and expand Tomlinson Library. Series 2014C is a non-bank qualified, drawdown, tax-exempt term loan in an amount not to exceed \$5.0 million with a 10-year maturity. The interest rate for the Series 2014C is 2.37%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2024.</p>	5,000	-	570
<p>Series 2014B (Direct Placement)</p> <p>Issued tax-exempt Series 2014B bond to advance refund all of the College Enterprise Revenue Bonds, Series 2007 by placing the bond proceeds in an irrevocable trust to provide for future debt payments on the Series 2007 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The Series 2007 bonds were paid in full in May 2017. The defeasance resulted in an economic gain of \$2.8 million and a book loss of \$1.8 million that is being amortized as an adjustment to interest expense over the life of the 2014B bond. The Series 2014B bond carries an interest rate of 2.96%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2037. Series 2014B bond has a mandatory purchase date of May 15, 2029 making it subject to market interest rates at settlement if not paid-in-full.</p>	19,005	16,090	16,925

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Revenue Bond Detail (in thousands)			
Issuance Description	Original Issuance Amount	Outstanding Balance 2024	Outstanding Balance 2023
<p>Series 2014A (Direct Placement)</p> <p>Issued tax-exempt Series 2014A bonds to construct and equip new housing facilities and make such additional capital improvements to the campus as may be designated by the Board; pay capitalized interest; and pay the costs of issuance related to the Series 2014A bonds. Interest is fixed at 2.73%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2039. Series 2014A bond has a mandatory purchase date of May 15, 2024 making it subject to market interest rates at settlement if not paid-in-full. As noted above, Series 2024A refunded Series 2014A.</p>	14,000	-	10,195
<p>Series 2013 (Non-Direct Placement)</p> <p>Issued tax-exempt Series 2013 bonds to construct and equip a new academic classroom building on campus, renovate and equip the campus library, and make such additional capital improvements to the campus as may be designated by the Board; pay capitalized interest; and pay the costs of issuance related to the Series 2013 bonds. Coupon rates are 4.00%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2025.</p>	19,900	765	1,500
<p>Series 2010B (Non-Direct Placement)</p> <p>Issued taxable (Build America Bonds – Direct Payment to Board) Series 2010B bonds to finance the costs of construction, acquisition, renovation, and equipping of certain housing, classroom and other University facilities; and to fund a deposit to the Series 2010 Capitalized Interest Fund to pay a portion of the interest on the Series 2010 bonds through May 2011. Coupon rates are between 5.581% and 6.746%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2042.</p>	30,670	26,455	26,940
<p>Series 2009B (Non-Direct Placement)</p> <p>Issued taxable Series 2009B bonds to finance the costs of construction, acquisition, renovation, and equipping of certain housing, University Center, parking, and other University facilities; and to fund a deposit to the Series 2009 Capitalized Interest Fund to pay a portion of the interest on the Series 2009 bonds through November 2010. Interest is fixed at 5.8%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2040.</p>	30,000	30,000	30,000
Total Amount of Revenue Bond Issuances	\$ 279,390		
Revenue Bonds Outstanding		\$ 210,765	\$ 219,250
Plus: net bond premiums and discounts		5,246	4,466
Revenue Bonds Outstanding Net of Premiums and Discounts		\$ 216,011	\$ 223,716

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The following is a schedule of future minimum bond payments as of June 30 (*in thousands*).

Year Ending June 30	Non-Direct Placements		Direct Placements		Total
	Principal	Interest	Principal	Interest	
2025	\$ 2,605	\$ 5,472	\$ 5,205	\$ 3,260	\$ 16,542
2026	1,925	5,353	6,170	3,079	16,527
2027	2,015	5,256	6,375	2,844	16,490
2028	2,105	5,149	6,820	2,650	16,724
2029	2,210	5,037	7,010	2,445	16,702
2030-2034	16,150	23,321	34,875	8,810	83,156
2035-2039	36,590	17,020	22,880	4,642	81,132
2040-2044	31,455	5,726	10,105	2,810	50,096
2045-2049	6,580	811	5,865	1,327	14,583
2050-2054	-	-	3,825	397	4,222
Total Future Minimum Payments	\$ 101,635	\$ 73,145	\$ 109,130	\$ 32,264	\$ 316,174

Reserve Fund Requirements

A Reserve Fund requirement was met for all bonds participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under C.R.S. Section 23-5-139, as amended, if the University cannot meet a scheduled payment of principal and interest, the Treasurer is required to forward the amount necessary to make the payment to the paying agent and will recover such amounts by withholding funds from the University's FFS contract with the Department of Higher Education.

Leases

In accordance with GASB Statement No. 87, for leases in which the University is the lessee, the University recognizes a lease liability at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced as payments are made and recognizes interest expense on the liability.

Likewise, in accordance with GASB Statement No. 96, when a SBITA commences, the University recognizes a right-to-use subscription asset and a corresponding subscription liability. The subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the University's incremental borrowing rate. The amortization of the discount on the subscription liability is recognized as an outflow of resources in subsequent financial reporting periods.

Changes in lease liabilities for the year ended June 30, 2024 were as follows (*in thousands*).

Asset Leased from Others	Balance	Additions	Principal	Balance	Current Portion	Non-current Portion
	June 30, 2023		Payments	June 30, 2024		
Wubben Hall expansion	\$ 1,298	\$ -	\$ (233)	\$ 1,065	\$ 245	\$ 820
Energy equipment	259	-	(238)	21	21	-
Building space	218	95	(151)	162	133	29
Office equipment	82	-	(66)	16	16	-
SBITAs	5,321	1,737	(3,042)	4,016	1,216	2,800
	\$ 7,178	\$ 1,832	\$ (3,730)	\$ 5,280	\$ 1,631	\$ 3,649

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Changes in lease liabilities for the year ended June 30, 2023 were as follows (*in thousands*).

Asset Leased from Others	Balance June 30, 2022 (restated)	Additions	Principal Payments	Balance June 30, 2023	Current Portion	Non-current Portion
Wubben Hall expansion	\$ 1,518	\$ -	\$ (220)	\$ 1,298	\$ 232	\$ 1,066
Energy equipment	482	-	(223)	259	240	19
Building space	331	-	(113)	218	120	98
Office equipment	143	-	(61)	82	64	18
SBITAs	7,073	432	(2,184)	5,321	2,021	3,300
	\$ 9,547	\$ 432	\$ (2,801)	\$ 7,178	\$ 2,677	\$ 4,501

The following shows a summary of future principal and interest requirements at June 30 (*in thousands*).

Years ending June 30	Principal	Interest	Total
2025	\$ 1,631	\$ 185	\$ 1,816
2026	1,668	154	1,822
2027	1,308	83	1,391
2028	495	25	520
2029	178	7	185
2030-2034	-	-	-
Total Future Minimum Payments	\$ 5,280	\$ 454	\$ 5,734

Wubben Hall Expansion: State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008: On November 6, 2008, the Treasurer entered a lease-purchase agreement under which a Trustee issued \$230.8 million of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COPs), Series 2008. The COPs were issued at a net premium of \$181 thousand and were a combination of serial and term maturities with the final maturity in November 2027. The COPs carry coupon rates ranging from 3.00% to 5.50% with a total interest cost of 5.38%.

The COPs's proceeds were used to fund renovations, additions, and new construction at twelve state institutions of higher education and are collateralized with existing properties at eleven of the twelve institutions. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to an average of \$16.2 million for the first ten years and \$16.8 million for the second ten years.

The legislation envisioned annual appropriations of Federal Mineral Lease Program (FML) revenues to fund the semi-annual lease payments required. Total lease payments anticipated from the FML source are \$325.5 million, and three institutions will make \$42.8 million of lease payments over the life of the COPs to fund the portion of their required project match that they elected to finance through the COPs.

Proceeds from the issuance of \$18.4 million were allocated to renovate and expand the Wubben Hall science building. Of that, \$3.7 million was financed by the University through a sublease with the Treasurer. The University was scheduled to make rental payments from April 2009 through October 2027 totaling \$5.9 million including interest of \$2.2 million. This sublease was evaluated against the criteria of GASB Statement No. 87, and it was determined that the sublease qualifies as a lease under GASB Statement No. 87 and is included in the disclosures in the leases section above. The University pledged the Fine Arts Building and the Tomlinson Library as collateral for the project.

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Energy Equipment Lease: During the year ended June 30, 2008, the University entered into a \$2.2 million lease purchase contract with an interest rate of 4.32% for the acquisition of equipment that will result in energy cost savings guarantees. Payments began in September 2009 and continue through August 2024. The contract provides that any commitments beyond the current year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available. It is reasonably assured that sufficient funds will be available for the full term of the contract and, therefore, are treated as non-cancelable for financial reporting purposes.

Building Space Lease: During the year ended June 30, 2001, the University agreed to lease property from the City of Montrose, Colorado. The University entered into first, second, third, and fourth amendments to the lease on June 30, 2004, June 25, 2009, May 12, 2010, and May 12, 2015 respectively, with the term of the fourth amendment ending on June 30, 2020. On August 6, 2020, the University agreed to a fifth amendment to the lease for an additional five-year renewal term ending June 30, 2025.

Building Space Lease: During 2014, the University agreed to lease gallery space through August 2019, with payments made monthly. The University renewed its lease in 2019 for another five years.

Building Space Lease: During 2023, the University agreed to lease a property in downtown Grand Junction to serve as an additional location of the campus bookstore through April 2026, with payments made monthly.

Building Equipment Lease: On September 18, 2020, the University entered into an agreement to provide lease copier equipment for the next four years with the term ending on October 1, 2024.

Subscription based assets leased from others include the following liability balance as of June 30, 2024:

- An enterprise resource planning system that is under contract through June 2027 and has a liability balance of \$2.1 million.
- A data warehouse solution that is under contract until June 2029 and has a liability balance of \$728 thousand.
- A payment service processor that is under contract until June 2026 and has a liability balance of \$215 thousand.
- A parking services management software that is under contract until April 2029 and has a liability balance of \$161 thousand.
- A procurement software that is under agreement through March 2026 and has a liability balance of \$154 thousand.
- An admissions customer relationship management software package that is under contract until July 2026 and has a liability balance of \$141 thousand.
- A document creation software that is under agreement until July 2025 and has a liability balance of \$81 thousand.
- The University has twenty-three other SBITAs under contract with ending dates between Fiscal Year 2024 and Fiscal Year 2029 carrying a total liability balance of \$431 thousand.

Subscription based assets leased from others include the following liability balance as of June 30, 2023:

- An enterprise resource planning system that is under contract through June 2027 and has a liability balance of \$3.7 million.
- An online learning classroom software that is under contract until Fiscal Year 2024 and has a liability balance of \$228 thousand.
- A procurement software that is under agreement until Fiscal Year 2026 and has a liability balance of \$292 thousand.

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- A communication services software that is under contract until Fiscal Year 2024 and has a liability balance of \$132 thousand.
 - An admissions customer relationship management software package that is under contract until Fiscal Year 2026 and has a liability balance of \$208 thousand.
 - A communications software that is under contract until Fiscal Year 2024 and has a liability balance of \$54 thousand.
 - A curricular management software that is under contract until Fiscal Year 2026 and has a liability balance of \$76 thousand.
 - A library resource software package under contract until Fiscal Year 2026 and has a liability balance of \$151 thousand.
 - A document management software is under contract until Fiscal Year 2024 and has a liability balance of \$158 thousand.
 - The University has fifteen other SBITAs under contract until Fiscal Year 2027. These have a liability balance of \$409 thousand.

Notes Payable (all notes are Direct Borrowings)

As part of its campus expansion program, in Fiscal Year 2006 the University acquired property by issuing a 20-year note payable. The principal balance was \$190 thousand, payable in semi-annual payments at 5% interest. The property is collateral for the debt and should the University default, the property would return to the noteholders.

The following is a schedule of payments of notes payable as of June 30 (*in thousands*).

Years Ending June 30,	Total Payments
2025	\$ 15
2026	7
Total Principal and Interest Payments	22
Less: interest included above	(1)
Total Principal Outstanding	21
Less: current portion of notes payable	(14)
Net Long-term Notes Payable	\$ 7

Compensated Absences

Employees accrue annual and sick leave based on the length of service and are subject to certain limitations on amounts paid upon termination and/or retirement. The changes in compensated absences balances are presented below (*in thousands*).

Compensated Absences	June 30, 2024	June 30, 2023
Beginning of the year	\$ 3,467	\$ 3,413
Additions/adjustments/reductions	331	54
End of the year	\$ 3,798	\$ 3,467
Current portion	\$ 483	\$ 498

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NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES

Amounts expended under the terms of certain grants and contracts are subject to audit and possible adjustment by governmental agencies. In management's opinion, adjustments, if required, will not have a material impact on the accompanying financial statements.

The University, in the course of conducting business, is a party to various litigation and other claims. Although the final outcome of these legal actions cannot be determined at this time, management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the University.

NOTE 10 - PENSION PLAN OBLIGATIONS

A. Colorado PERA Defined Benefit Pension Plan

1. Summary of Significant Accounting Policies

The University 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, and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Plan Description

Eligible employees of the University are provided with pensions through the SDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in C.R.S. Section 24-51, administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.copera.org/investments/pera-financial-reports.

3. 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. Section 24-51-602, 604, 1713, and 1714.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) pursuant C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. Section 24-51-413.

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

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

4. Contributions

Eligible employees of the University 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. Section 24-51-401, et seq. and Section 24-51-413. Employee contribution rates are summarized below.

	Fiscal Year 2024		Fiscal Year 2023	
	7-1-23 to 12-31-23	1-1-24 to 6-30-24	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Employee contribution rate	11.00%	11.00%	11.00%	11.00%

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

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The employer contribution requirements for all employees except Safety Officers are summarized in the table below.

	Fiscal Year 2024		Fiscal Year 2023	
	7-1-23 to 12-31-23	1-1-24 to 6-30-24	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Employer contribution rate	11.40%	11.40%	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SDTF	10.38%	10.38%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-415	0.17%	0.21%	0.10%	0.17%
Total employer contribution rate to the SDTF	20.55%	20.59%	20.48%	20.55%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. For the years ended June 30, employer contributions recognized by the SDTF from the University were \$3.6 million (2024) and \$4.3 million (2023), respectively.

For purposes of GASB Statement No. 68, paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225.0 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. Section 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225.0 million plus an additional amount of \$380.0 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35.0 million. Additionally, the newly added C.R.S. Section 24-51-414(9) provided compensatory payment of \$14.6 million for 2023 only.

5. Pension Liabilities, Pension Expense, 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, 2023 and 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 and 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2023 and 2022. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2023 and 2022 relative to the total contributions of participating employers and the State as a non-employer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2024 and 2023, the University reported a liability of \$44.5 million and \$51.3 million, respectively, for its proportionate share of the net pension liability.

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At December 31, 2023, the University's proportion of the net pension liability was 0.4401%, which was a decrease of 0.0322% compared to its proportion of 0.4723% measured as of December 31, 2022.

The University recognized net pension expense of \$451 thousand in Fiscal Year 2024 compared to a net pension expense of \$4.3 million in Fiscal Year 2023.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2024 and 2023 (*in thousands*).

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 728	\$ 236	\$ -	\$ 688
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	3,232	-	6,527	-
Change in proportionate share	-	-	-	-
Difference in total employer contribution and proportionate share	4	1,977	51	392
Contributions subsequent to the measurement date	1,778	-	1,693	-
Total	\$ 5,742	\$ 2,213	\$ 8,271	\$ 1,080

The \$1.8 million (2024) and \$1.7 million (2023) reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in thousands*).

Years Ended June 30	
2025	\$ (1,123)
2026	1,035
2027	2,717
2028	(878)
2029	-
Thereafter	-

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6. Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30% – 10.90%
Long-term investment rate of return, net of 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)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve

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

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

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than Safety officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows.

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

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

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

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of 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 the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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%.

7. Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and Denver Public Schools (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.

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- 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 fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB Statement No. 67, *Financial Reporting for Pension Plans*, projection test.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%. There was no change in the discount rate from the prior measurement date.

8. Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Proportionate Share of the Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2024	\$ 58,169	\$ 44,506	\$ 33,017
2023	65,640	51,346	39,322

9. Pension Plan Fiduciary Net Position

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

B. 401(k) Defined Contribution Pension Plans

1. Plan Description

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

2. Funding Policy

The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under C.R.S. Section 24-51-1402, as amended. The University does not match these contributions. Employees are immediately vested in their own contributions, any employer contributions and investment earnings. For the years ended June 30, program members contributed \$132 thousand (2023) and \$136 thousand (2024).

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C. Defined Contribution Retirement Plan (PERA DC Plan)

1. Plan Description

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

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing DC plan. C.R.S. Section 24-51-15, as amended, assigns the authority to establish plan provisions to the PERA Board. The PERA DC Plan is also included in PERA's Annual Comprehensive Financial Report as referred to above.

2. Funding Policy

All participating employees in the PERA DC Plan and the University 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 below.

	Fiscal Year 2024		Fiscal Year 2023	
	7-1-23 to 12-31-23	1-1-24 to 6-30-24	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Employee contribution rates	11.00%	11.00%	11.00%	11.00%
Employer contribution rates	10.15%	10.15%	10.15%	10.15%
Total contributions	21.15%	21.15%	21.15%	21.15%

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

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

	Fiscal Year 2024		Fiscal Year 2023	
	7-1-23 to 12-31-23	1-1-24 to 6-30-24	7-1-22 to 12-31-22	1-1-23 to 6-30-23
AED as specified in C.R.S. Section 24-51-411 ¹	5.00%	5.00%	5.00%	5.00%
SAED as specified in C.R.S. Section 24-51-411 ¹	5.00%	5.00%	5.00%	5.00%
AAP, as specified in C.R.S. Section 24-51-413 ¹	1.00%	1.00%	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. Section 24-51-1505 ¹	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-411 ¹	0.17%	0.21%	0.10%	0.17%
Total employer contribution rate to the SDTF ¹	11.42%	11.46%	11.35%	11.42%

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

Contribution requirements are established under C.R.S. Section 24-51-1505, as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board in accordance with C.R.S. Section 24-51-204. As a result, forfeitures do not reduce pension expenses.

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D. Deferred Compensation Plan (PERAPlus 457 Plan)

1. Plan Description

Employees of the University may voluntarily contribute to the PERAPlus 457 Plan, an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. C.R.S. Section 24-51-16, as amended, assigns the authority to establish the plan provisions to the PERA Board. The PERAPlus 457 Plan is also included in PERA's Annual Comprehensive Financial Report as referred to above.

2. Funding Policy

The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established C.R.S. Section 24-51-1603, as amended. For the years ended June 30, program members contributed \$138 thousand (2024) and \$141 thousand (2023).

E. Student Employee's Defined Contribution Pension Plan

Beginning in Fiscal Year 1993, in accordance with the provisions of C.R.S. Section 24-54.6 and as provided in Section 403(b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Pension Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5% contribution on the employee's part with no employer contribution. Total payroll covered by the plan for the Fiscal Year ended June 30, 2024 and June 30, 2023, was \$471 thousand and \$629 thousand, respectively, and employee contributions were \$35 thousand and \$47 thousand, respectively, or 7.5% of covered payroll.

F. Defined Contribution Pension Plan (DCPP)

The University offers a DCPP to its employees who may not be eligible to enroll in PERA or for employees who wish to make an irrevocable choice to enroll in the DCPP. When enrolled in the DCPP, the employee's retirement benefit is based on the total amount of the contributions made to his/her account and the return on investments of those contributions.

Employees enrolled in the DCPP are required to contribute 8% of their covered earnings to their DCPP account on a tax-deferred basis. The University currently contributes an amount equal to 12.4% of participating employees' covered earnings to their DCPP account, which is an increase from the 11.4% that was contributed in fiscal year 2023.

The University's contributions to the DCPP for Fiscal Years ending June 30, 2024 and 2023 were \$5.1 million and \$4.3 million, respectively. These contributions were equal to the required contributions for each year. All DCPP contributions are immediately invested in the employee's account. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their investment accounts.

The University also offers a voluntary 403(b) plan to employees. Beginning in Fiscal Year 2024 the University began matching participant contributions up to 1% of eligible wages. For the year ended June 30, 2024, the University contributed \$139 thousand as an employer match.

NOTE 11 - DEFINED BENEFIT OPEB PLAN

1. Summary of Significant Accounting Policies

The University participates in the HCTF, a cost-sharing multiple-employer defined benefit OPEB fund administered by 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, and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual

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basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

2. Plan Description

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

3. Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the 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. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

4. PERA Benefit Structure

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

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

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5. Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were \$167 thousand and \$158 thousand for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the University reported a liability of \$1.0 million and \$1.2 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022 and 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023 and 2022. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2023 and 2022, relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the University's proportion was 0.1445%, which was a decrease of 0.0064%, compared to its share of 0.1509% measured as of December 31, 2022.

For the year ended June 30, 2024 and 2023, the University recognized a net OPEB expense of negative \$80 thousand and negative \$40 thousand.

The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2024 and 2023 (*in thousands*).

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 211	\$ -	\$ 298
Changes of assumptions or other inputs	12	109	20	136
Net difference between projected and actual earnings on OPEB plan investments	32	-	75	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7	138	12	122
Contributions subsequent to the measurement date	83	-	79	-
Total	\$ 134	\$ 458	\$ 186	\$ 556

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The \$83 thousand (2024) and \$79 thousand (2023) 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (*in thousands*).

Years Ending June 30	Total
2025	\$ (165)
2026	(92)
2027	(50)
2028	(67)
2029	(26)
Thereafter	(8)

1. Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation (in aggregate)	3.30-10.90%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Participant Age	Annual Increase	Annual Increase
	(Male)	(Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	1,901	1,573	650	538	2,149	1,778
75	2,100	1,653	718	566	2,374	1,869

Sample Age	MAPD PPO #1 without Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,581
70	7,266	6,011	4,715	3,900	7,546	6,243
75	8,026	6,319	5,208	4,101	8,336	6,563

The 2023 Medicare Part A premium is \$506 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare and Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions use in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows.

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

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

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

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.

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- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 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.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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2. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates for the January 1, 2024 plan year (*in thousands*).

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 1,002	\$ 1,031	\$ 1,064

3. Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB Statement No. 74 projection test.
- As of the December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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4. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Proportionate Share of the Net OPEB Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2024	\$ 1,218	\$ 1,031	\$ 872
2023	1,428	1,232	1,064

5. OPEB Plan Fiduciary Net Position

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

NOTE 12 - COMPONENT UNITS

In accordance with the GASB Statement No. 61 and GASB Statement No. 39, the discrete presentation of the Foundation and CMUREF's financial statements appear on separate pages from the University. The Foundation and CMUREF warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the University.

The financial statements of the Foundation and CMUREF are prepared on the accrual basis and follow the FASB ASC Topic 958, *Not-for-Profit Entities*.

The Foundation and CMUREF use a different GAAP reporting model and following the GASB Statement No. 39 recommendation, their financial information is not presented on the same page as the University but is reported on separate pages after the University's financial statements. The separate financials include the statements of financial position and the statements of activities.

COLORADO MESA UNIVERSITY FOUNDATION

The Foundation is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the University Board of Trustees. The Foundation's financial records are maintained separately from the University.

The Foundation solicits and receives donations and other forms of support for the benefit of the University's intercollegiate athletic program as well as other academic programs and capital initiatives. During the years ended June 30, 2024 and 2023 total cash and in-kind donations received by the Foundation, totaled \$14.6 million and \$12.3 million respectively.

Programmatic expenditures of the Foundation consist of funds used to support the University. Expenditures consist of scholarships awarded, support for athletics, academic departments, student clubs and other capital projects. During the years ended June 30, 2024 and 2023, the Foundation totaled \$9.5 million and \$10.3 million in programmatic support of the University. Included in this amount was \$4.4 million, in fiscal year 2024 and \$4.0 million, in fiscal year 2023, in scholarship funds to University students. Accordingly, this amount is not included in the schedule of student financial assistance provided in Note 13.

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The following is an excerpt from the Foundation's Fiscal Year 2024 and 2023 independent annual financial reports.

FOUNDATION – INVESTMENTS – As of and for the Year Ended June 30, 2024

Investments are stated at fair value from quoted market prices and consist of the following (*in thousands*).

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and money markets	\$ 700	\$ 700	\$ -
Common stock	5,560	8,966	3,406
Equity funds	9,883	11,582	1,699
Private equity	237	588	351
Bonds	394	379	(15)
Bond funds	15,547	15,062	(485)
Indexed	17,119	20,937	3,818
Hedge funds	1,359	1,463	104
Total	\$ 50,799	\$ 59,677	\$ 8,878

The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2024 (*in thousands*).

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 159	\$ 1,153	\$ 1,312
Investment fees	(2)	(103)	(105)
Realized gain (loss)	-	16	16
Unrealized gain (loss)	121	5,834	5,955
Total	\$ 278	\$ 6,900	\$ 7,178

The following methods and assumptions were used by the Foundation in estimating the fair value of its other financial instruments.

Cash, Accounts Payable, and Debt

The carrying amount reported in the statement of financial position for cash, accounts payable, and debt approximates fair value because of the immediate or short-term maturities of these financial instruments.

Investments

Fair value measurements for assets reported at fair value on a recurring basis were determined based on the following (*in thousands*).

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-Term Investments				
Cash and money markets	\$ 700	\$ 700	\$ -	\$ -
Common stock	8,966	8,966	-	-
Equity funds	11,582	11,582	-	-
Private equity	588	-	588	-
Bonds	379	379	-	-
Bond funds	15,062	15,062	-	-
Indexed	20,937	20,937	-	-
Hedge funds	1,463	1,463	-	-
Total Long-Term Investments	\$ 59,677	\$ 59,089	\$ 588	\$ -

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
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The Foundation's policy for determining the timing of significant transfers between levels is at the end of the fiscal year.

The following is a description of valuation methodologies used for assets measured at fair value.

- Fixed – Value based on yields currently available on comparable bonds, with comparable durations, with similar credit ratings.
- Equity – Valued at the closing price as reported on the active market on which the stocks are traded. One stock was not traded on an active market; an outside firm was used to value the stock.
- Commodities – Valued by comparable terms and duration.
- Indexed – Valued by comparable terms duration.

FOUNDATION – INVESTMENTS – As of and for the Year Ended June 30, 2023

Investments are stated at fair value from quoted market prices and consist of the following (*in thousands*).

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and money markets	\$ 1,959	\$ 1,959	\$ -
Common stock	3,759	5,842	2,083
Equity funds	10,307	11,023	716
Private equity	237	466	229
Bonds	1,147	1,120	(27)
Bond funds	12,779	11,612	(1,166)
Indexed	15,514	16,613	1,099
Hedge funds	1,222	1,210	(11)
Total	\$ 46,923	\$ 49,846	\$ 2,923

The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2023 (*in thousands*).

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 44	\$ 983	\$ 1,027
Investment fees	(2)	(96)	(98)
Realized gain (loss)	(5)	(225)	(230)
Unrealized gain (loss)	88	4,002	4,090
Total	\$ 125	\$ 4,664	\$ 4,789

The following methods and assumptions were used by the Foundation in estimating the fair value of its other financial instruments.

Cash, Accounts Payable, and Debt

The carrying amount reported in the statement of financial position for cash, accounts payable, and debt approximates fair value because of the immediate or short-term maturities of these financial instruments.

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Investments

Fair value measurements for assets reported at fair value on a recurring basis were determined based on the following (*in thousands*).

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-Term Investments	Fair Value			
Cash and money markets	\$ 1,959	\$ 1,959	\$ -	\$ -
Common stock	5,843	5,842	-	-
Equity funds	11,023	11,023	-	-
Private equity	466	-	466	-
Bonds	1,120	1,120	-	-
Bond funds	11,612	11,612	-	-
Indexed	16,613	16,613	-	-
Hedge funds	1,210	1,210	-	-
Total Long-Term Investments	\$ 49,846	\$ 49,380	\$ 466	\$ -

The Foundation's policy for determining the timing of significant transfers between levels is at the end of the fiscal year.

The following is a description of valuation methodologies used for assets measured at fair value.

- Fixed – Value based on yields currently available on comparable bonds, with comparable durations, with similar credit ratings.
- Equity – Valued at the closing price as reported on the active market on which the stocks are traded. One stock was not traded on an active market; an outside firm was used to value the stock.
- Commodities – Valued by comparable terms and duration.
- Indexed – Valued by comparable terms duration.

FOUNDATION – ENDOWMENT – As of and for the Year Ended June 30, 2024

At June 30, 2024, the Foundation's endowment consisted of 317 individual funds, established for providing a future income stream for scholarships for University students, research, and other uses for certain University departments. Its endowment includes both donor-restricted endowment and Board designated funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as with donor restrictions (permanently restricted) net assets is classified as without donor restriction and is available for expenditure by the Foundation, in a manner consistent with the standards of prudence prescribed by UPMIFA.

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In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee of the Foundation is responsible for selecting managers and monitoring the asset mix for the investments to make sure they are within ranges outlined in the Board-approved investment policy.

The spending policy is to distribute 3% to 5% of the fair market value of the five-year rolling average of the endowment accounts each year, with the caveat that the Foundation's Board of Directors shall have the discretion to adjust the distribution rate for a given year. Adjustments may depend on the short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's investment policy.

Endowment Net Asset Composition by Type of Fund at year end is as follows (*in thousands*).

	Without Donor Restriction	With Donor Restriction	Endowment Net Assets
Donor-restricted endowment funds	\$ -	\$ 58,582	\$ 58,582
Board-designated endowment funds	1,189	-	1,189
Total	\$ 1,189	\$ 58,582	\$ 59,771

Changes in Endowment net assets for the year ended June 30, 2024 are as follows (*in thousands*).

Endowment net assets - beginning	\$ 1,046	\$ 48,555	\$ 49,601
Contributions and transfers	-	5,367	5,367
Investment income net	22	1,050	1,072
Net appreciation (depreciation)	122	5,850	5,972
Net assets released from restrictions:			
Amounts appropriated for expenditure	-	(2,241)	(2,241)
Endowment Net Assets - Ending	\$ 1,190	\$ 58,581	\$ 59,771

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

FOUNDATION – ENDOWMENT – As of and for the Year Ended June 30, 2023

At June 30, 2023, the Foundation's endowment consisted of 317 individual funds, established for providing a future income stream for scholarships for University students, research, and other uses for certain University departments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as with donor restrictions (permanently restricted) net assets is classified as without donor restriction and is available for expenditure by the Foundation, in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee of the Foundation is responsible for selecting managers and asset mix for the endowments of the Foundation, keeping within ranges outlined in the Board-approved investment policy.

The spending policy is to distribute 3% to 5% of the fair market value of the five-year rolling average of the endowment accounts each year, with the caveat that the Foundation's Board of Directors shall have the discretion to adjust the distribution rate for a given year, depending on short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's investment policy.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
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Endowment Net Asset Composition by Type of Fund at year end is as follows *(in thousands)*.

	Without Donor Restriction	With Donor Restriction	Endowment Net Assets
Donor-restricted endowment funds	\$ -	\$ 48,555	\$ 48,555
Board-designated endowment funds	1,046	-	1,046
Total	\$ 1,046	\$ 48,555	\$ 49,601

Changes in Endowment net assets for the year ended June 30, 2023 are as follows *(in thousands)*.

Endowment net assets - beginning	\$ 937	\$ 41,173	\$ 42,110
Contributions and transfers	20	4,266	4,286
Investment income net	20	887	907
Net appreciation (depreciation)	83	3,777	3,860
Net assets released from restrictions:			
Amounts appropriated for expenditure	(14)	(1,548)	(1,562)
Endowment Net Assets - Ending	\$ 1,046	\$ 48,555	\$ 49,601

FOUNDATION – CONCENTRATIONS

Amounts in excess of \$250 thousand in one bank account are not insured by the FDIC or related entity. The Foundation has one bank account which exceeds the FDIC insured amount but is fully collateralized by the bank with federal Ginnie Mae securities. Additionally, the Foundation has significant investments in stocks and bonds, which are subject to the risk of market value fluctuation.

As of and for the year ended June 30, 2024, sixteen donors gave 70% of all contributions, and 99% of the unconditional promises to give are from four donors.

As of and for the year ended June 30, 2023, sixteen donors gave 72% of all contributions, and 99% of the unconditional promises to give are from four donors.

FOUNDATION – PROMISES TO GIVE – As of and for the Year Ended June 30, 2024

Unconditional promises to give at year end consisted of the following *(in thousands)*.

With Donor Restrictions	
Colorado Mesa University building projects and expansion	\$ 1,638
Scholarships - endowments	372
Other (Master of Social Work Program)	500
Subtotal	\$ 2,510
Less discounts to net present value - discount rate 3.86%	(245)
Less allowance for uncollectible promises receivable	(86)
Total	\$ 2,179
Receivable in less than one year	\$ 924
Receivable in one to five years	1,255
Receivables after five years	-
Total	\$ 2,179

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

FOUNDATION – PROMISES TO GIVE – As of and for the Year Ended June 30, 2023

Unconditional promises to give at year end consisted of the following *(in thousands)*.

With Donor Restrictions	
Colorado Mesa University building projects and expansion	\$ 2,335
Scholarships - endowments	379
Subtotal	\$ 2,714
Less discounts to net present value - discount rate 3.86%	(170)
Less allowance for uncollectible promises receivable	(93)
Total	\$ 2,451
Receivable in less than one year	\$ 824
Receivable in one to five years	1,346
Receivables after five years	281
Total	\$ 2,451

FOUNDATION – RESTRICTIONS ON NET ASSETS – As of and for the Year Ended June 30, 2024

Net assets with donor restrictions at year end are as follows *(in thousands)*.

With donor restrictions – permanent endowment	
Student scholarship endowments	\$ 33,862
Research endowments	3,779
Department legacy endowments	4,043
Total	\$ 41,684
With donor restrictions – temporary	
Accumulated expendable portion of investment income from student scholarship endowments	\$ 16,898
Colorado Mesa University building projects and expansion	2,418
Colorado Mesa University departments and clubs	5,424
Various other student scholarships or grants	1,655
Total	\$ 26,395

FOUNDATION – RESTRICTIONS ON NET ASSETS – As of and for the Year Ended June 30, 2023

Net assets with donor restrictions at year end are as follows *(in thousands)*.

With donor restrictions – permanent endowment	
Student scholarship endowments	\$ 28,814
Research endowments	3,823
Department legacy endowments	4,004
Total	\$ 36,641
With donor restrictions – temporary	
Accumulated expendable portion of investment income from student scholarship endowments	\$ 11,913
Colorado Mesa University building projects and expansion	2,353
Colorado Mesa University departments and clubs	4,793
Various other student scholarships or grants	755
Total	\$ 19,814

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

FOUNDATION – CAMPUS EXPANSION

The University has plans to further expand the size of the campus and facilities. The Foundation is assisting in the expansion by purchasing real estate, collecting monies to purchase real estate needed for the expansion, or collecting funds to expand/construct facilities on campus. CMUREF is a nonprofit that manages real estate for the University also assists in the expansion. If the real estate closing is in the Foundation's name, the Foundation will quit claim the real estate to the University or CMUREF for the purchase of real estate or reimburse them for purchases that have already occurred. The Foundation transferred \$966 thousand (2024) and \$869 thousand (2023) to the University and CMUREF during the fiscal year for building projects and expansion.

FOUNDATION – RELATED PARTY

The University provides staff and office space for the Foundation. The value of this is not reflected in the statement of activities.

FOUNDATION – LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support with donor restrictions; such support has historically represented approximately 76% of annual program funding needs, with the remainder funded by investment income with donor restrictions and appropriated earnings from gifts without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, scholarship, and other programmatic expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles.

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term programmatic commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for management and general and fundraising expenses. Additionally, an amount that represents 50% of the anticipated programmatic expenses for the next year is made available.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

The table below presents financial assets available for general expenditures within one year at June 30, 2024 (*in thousands*).

Financial assets at year end	
Cash and cash equivalents	\$ 6,021
Investments	59,677
Unconditional promises to give	2,179
Accounts receivables	16
Mineral interest	1,186
Prepaid program expenses	45
Land	40
Property subject to life estate	508
Total Financial Assets	\$ 69,672
Less amounts not available for use within one year	
Unconditional promises to give non-current	1,255
Permanently restricted net assets	41,684
Property subject to life estate	508
Land	40
Private equity investment	588
Mineral interest	1,186
Total Financial Assets Not Available for Use within One Year	\$ 45,261
Total financial assets	
Expenditures within one year	\$ 24,411

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

The table below presents financial assets available for general expenditures within one year at June 30, 2023 (*in thousands*).

Financial assets at year end	
Cash and cash equivalents	\$ 3,717
Investments	49,846
Unconditional promises to give	2,451
Accounts receivables	35
Mineral interest	1,326
Prepaid program expenses	64
Land	40
Property subject to life estate	508
Total Financial Assets	\$ 57,987
Less amounts not available for use within one year	
Unconditional promises to give non-current	1,628
Permanently restricted net assets	36,642
Property subject to life estate	508
Land	40
Private equity investment	466
Mineral interest	1,326
Total Financial Assets Not Available for Use within One Year	\$ 40,610
Total financial assets	
Expenditures within one year	\$ 17,377

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

CMUREF is a separate 501(c)(3) corporation that was organized to receive, hold, invest, and administer real and personal property, borrow money, and to make expenditures to or for the benefit of the University. CMUREF may receive, hold, invest, and administer real and personal property, borrow money, and make expenditures to or for the benefit of the University. CMUREF may receive gifts of real and personal property that persons and entities wish to donate for the benefit of the University in support and furtherance of the University's educational purpose. CMUREF may hold, maintain, improve, leverage, manage, and lease such donated property in a manner consistent with donor intent until such time as CMUREF deems it advisable to convey, transfer, or otherwise dispose of the property and then donate to support the University.

The following is an excerpt from the CMUREF's Fiscal Year 2024 and 2023 independent annual financial reports.

CMUREF – LAND HELD FOR INVESTMENT AND OTHER LONG-TERM ASSETS

The University contributed a piece of land located in Mesa County in November of 2006. This land is to be developed in the future years by CMUREF to benefit the University. CMUREF has capitalized all of the development costs. A building is on the investment land and is being depreciated over a 6-year life. As of June 30, 2024, the building is fully depreciated. The cost of the land held for investments plus development costs is \$880 thousand.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

CMUREF – OPERATING LEASE COMMITMENTS

CMUREF leases four commercial spaces in Grand Junction from the University to tenants under non-cancelable operating leases with terms of five to ten years. CMUREF retains 20% of rental income as a management fee and the other 80% is remitted to the University.

CMUREF entered into a master lease with the University to rent six commercial spaces in the Lucero Housing complex. CMUREF retains, as a management fee, rental income over \$15 per square foot. Terms of the leases range from five to ten years and rents range from \$17 to \$22 per square foot.

CMUREF has agreements with the University to lease other properties that are owned by the University. CMUREF has non-cancelable operating leases on these properties with terms of five to ten years. CMUREF retains 20% of rental income as a management fee and the other 80% is paid to the University.

CMUREF also leases land and a building it owns in Grand Junction, to tenants under non-cancelable operating leases, with terms of one to five years. CMUREF retains 20% of rental income as a management fee and the other 80% is paid to the University.

The rental income for the years ended June 30, 2024 and 2023 was \$707 thousand and \$460 thousand, respectively, of which CMUREF retained \$206 thousand and \$127 thousand, respectively, as a management fee.

Future minimum rentals and expected management fees to CMUREF are as follows (*in thousands*).

For the Year Ending	Minimum Expected		
	Minimum Rentals	Management Fees	University Share
June 30, 2025	\$ 477	\$ 95	\$ 382
June 30, 2026	217	39	178
June 30, 2027	153	27	126
June 30, 2028	126	22	104
June 30, 2029	105	19	86
	\$ 1,078	\$ 202	\$ 876

CMUREF – CONCENTRATIONS AND RELATED PARTY

At various times during the year, CMUREF maintained significant amounts of cash in a checking account with one financial institution. Such concentrations of cash may exceed the federally insured limits provided on such accounts. Management is aware of such exposure and is willing to accept the risks associated with the potential losses involved.

Approximately 86% of the CMUREF's support was received from the University. During the years ended June 30, 2024 and 2023, CMUREF received \$9.3 million and \$5.6 million, respectively, from the University that was used to acquire real estate properties in the surrounding area of the University, in order to grow and expand. For the year ended June 30, 2024, ownership of the acquired properties was conveyed back to the University in the amount of \$9.3 million. For the year ended June 30, 2023, ownership of the acquired properties was conveyed back to the University in the amount of \$5.6 million.

The University provides staff and office space to perform the administrative functions of CMUREF; the value of these is not reflected on the Statement of Activities.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

CMUREF – LIQUIDITY AND AVAILABILITY

The CMUREF receives significant revenue with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the CMUREF receives management fees for servicing the rentals managed by the CMUREF; such support has historically represented the funding necessary to operate the general expenses of the CMUREF.

The CMUREF manages its cash available to meet general expenditures following three guiding principles.

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that future property purchases can be obtained.

The CMUREF's Board of Directors meets periodically to review leases, rents, and future needs of the University. Due to this timing, the CMUREF strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative and general expenses, plus an amount that represents any future purchase of property that is in process of closing.

The table below presents financial assets available for general expenditures within one year at June 30, 2024 (*in thousands*).

Financial assets at year end		
Cash and cash equivalents	\$	436
Rents receivable		22
Total Financial Assets Available within One Year	\$	458

The table below presents financial assets available for general expenditures within one year at June 30, 2023 (*in thousands*).

Financial assets at year end		
Cash and cash equivalents	\$	505
Rents receivable		48
Total Financial Assets Available within One Year	\$	553

NOTE 13 - STUDENT FINANCIAL ASSISTANCE

The University receives funds from and administers student financial assistance programs for various federal and state agencies. In addition, the University dedicates institutional resources to fund scholarships and work-study programs for students. The tables below reflect the student financial assistance activities for which the University received resources for and expended on behalf of students during the years ended June 30, 2024 and 2023. Student loans, external scholarships, grants, and other student financial assistance not recorded on the University's financial system are not included.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

A schedule of non-loan student assistance for the year ended June 30, 2024, follows *(in thousands)*.

	Institutional Sources	State Sources	Federal Sources	Total All Sources
Scholarships				
General institutional aid	\$ 21,569	\$ -	\$ -	\$ 21,569
Auxiliary	1,645	-	-	1,645
Grants				
Federal Pell	-	-	12,914	12,914
Colorado student	-	11,853	-	11,853
Federal SEOG	-	-	361	361
Other student aid	-	-	-	-
Subtotal non-loan student assistance	23,214	11,853	13,275	48,342
Scholarship allowance				(24,507)
Net scholarships and fellowships				23,835
Work study**	4,552	1,098	374	6,024
Total non-loan student assistance including Work study	\$ 27,766	\$ 12,951	\$ 13,649	\$ 54,366

**Includes University student assist work-study - not based on financial need.

A schedule of non-loan student assistance for the year ended June 30, 2023, follows *(in thousands)*.

	Institutional Sources	State Sources	Federal Sources	Total All Sources
Scholarships				
General institutional aid	\$ 18,405	\$ -	\$ -	\$ 18,405
Auxiliary	1,552	-	-	1,552
Grants				
Federal Pell	-	-	11,690	11,690
Colorado student	-	10,163	-	10,163
Federal SEOG	9	-	311	320
Other student aid	-	-	201	201
Subtotal non-loan student assistance	19,966	10,163	12,202	42,331
Scholarship allowance				(19,694)
Net scholarships and fellowships				22,637
Work study**	4,488	1,205	264	5,957
Total non-loan student assistance including Work study	\$ 24,454	\$ 11,368	\$ 12,466	\$ 48,288

**Includes University student assist work-study - not based on financial need.

NOTE 14 - LEGISLATIVE APPROPRIATIONS

The Colorado Legislature establishes spending authority for the Trustees of the University in its annual Long Appropriation Bill (the Long Bill). The Long Bill appropriated funds include an amount from the State of Colorado's COF. In prior years and for fiscal years beginning on or after July 1, 2016, the general assembly annual appropriation of general fund moneys bill includes certain cash revenues from the student share of tuition and fees.

For the years ended June 30, 2024 and 2023, appropriated expenses were within spending authority. For the years ended June 30, 2024 and 2023, long-bill appropriated state support was \$46.8 million and \$41.1 million, respectively.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

For the years ended June 30, 2024 and 2023, long-bill appropriated funds actually received included \$20.8 million and \$18.3 million, respectively, from students that qualified for stipends from COF, \$24.3 million and \$21.6 million, respectively, as FFS contract revenue, and \$1.7 million and \$1.8 million, respectively, from limited gaming tax revenues pursuant to C.R.S. Section 12-47-1-701.5(3)(c)(I). In Fiscal Year 2024 and 2023, appropriations from cash funds included \$82.2 million and \$76.9 million for the students' share of tuition and mandatory fees. All other revenues represent non-appropriated funds and are excluded from the annual appropriations bill.

Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues, and other revenue sources.

NOTE 15 - TABOR ENTERPRISE STATUS

In November 1992, the Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State of Colorado, including the University. On August 10, 2005, the Colorado State Auditor issued an opinion that the University meets the TABOR requirements and recommended that the Legislative Audit Committee approve them as a TABOR-exempt enterprise.

To qualify as a TABOR-exempt enterprise, a higher education institution needs to be a government-owned business authorized to issue its own revenue bonds that receive less than 10% of its revenue grants from all Colorado state and local governments combined. Designation is reviewed at the end of each year to determine that the colleges and universities continue to meet TABOR-exempt criteria. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

The schedule below shows the University's TABOR Enterprise state support calculation for Fiscal Year 2024 (*in thousands*).

State and local government grants		
State capital appropriation	\$	2,386
State emergency maintenance funding		239
State PERA support		71
State share –COPs		1,419
Local government grants		700
Total state and local government grants		4,815
Total revenues and state share of COPs (gross operating, non-operating and other revenues and state share of COPs)	\$	266,133
Ratio of State Grants to Total Revenues		1.81%

The schedule below shows the University's TABOR Enterprise state support calculation for Fiscal Year 2023 (*in thousands*).

State and local government grants		
State capital appropriation	\$	7,403
State emergency maintenance funding		30
State PERA support		936
State share –COPs		1,426
Local government grants		700
Total state and local government grants		10,495
Total revenues and state share of COPs (gross operating, non-operating and other revenues and state share of COPs)	\$	214,395
Ratio of State Grants to Total Revenues		4.90%

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

NOTE 16 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss from liability for accident, property damage, and personal injury. To mitigate these risks, the University has purchased the following insurance.

Coverage	Company	Limit	Deductible
General liability	Philadelphia	\$ 1,000,000 per occurrence 2,000,000 general aggregate	\$ -
School and educators legal liability (directors' and officers' liability)	Philadelphia	9,000,000 per occurrence 10,000,000 aggregate	50,000
Automobile liability	Philadelphia	1,000,000	1,000
Employment practices liability	Philadelphia	9,000,000 per occurrence 9,000,000 general aggregate	50,000
Employee benefits administration	Philadelphia	1,000,000 each employee 3,000,000 aggregate	-
Employee dishonesty (Fidelity)	Philadelphia	300,000	2,500
Student professional liability	Philadelphia	1,000,000 per occurrence 2,000,000 aggregate	10,000
Sexual misconduct or molestation liability	Philadelphia	1,000,000 per occurrence 2,000,000 general aggregate	-
Commercial excess liability	Philadelphia	8,000,000 each occurrence 8,000,000 general aggregate	-
Workers' compensation employer's liability	Pinnacol	1,000,000 each accident 1,000,000 disease each employee 1,000,000 disease policy limit	5,000
Boiler machinery breakdown	Philadelphia	678,102,582 property 3,000,000 - business income	25,000
Property - building	Philadelphia	603,565,272	25,000
Property - business personal property	Philadelphia	67,530,160	25,000

The University became fully insured through several insurance companies in 2012 and is insured for everything above its reserve and deductible. The coverage for the year ended June 30, 2024, is consistent with previous years and there have been no significant reductions in coverage or settlements exceeding coverage.

COLORADO MESA UNIVERSITY
NOTES TO THE FINANCIALS STATEMENTS
As of and for the years ended June 30, 2024 and 2023

NOTE 17 – COVID-19 FUNDING

In response to the effects of the Coronavirus pandemic, the University received appropriations to support its response to and recovery from the COVID-19 public health emergency.

American Rescue Plan Act

- Coronavirus SLFRF

State Legislation	Description	Fiscal Year 2024	Fiscal Year 2023
HB 21-1330	Colorado Opportunity Scholarship - Finish What You Started	\$ 530	\$ 706
SB 21-137	Behavioral Health Workforce Development Program	1,019	221
SB 22-226	Healthcare Workforce: In-Demand Short Term Credentials	-	1,376
SB 22-213	Early Care Recruitment	47	-
HB 22-1220	Removing Barriers to Educator Preparation	594	725
HB 22-1329-CAPX	Mesa Replace Roof, Wubben/Science Building - 2019-098M22	312	13
HB 22-1329-CAPX	Mesa Replace HVAC, Fine Arts Building - 2023-082M22	117	52
HB22-1329-CAPX	Mesa Upgrade HVAC, Wubben/Science Building - 2022-047M21	165	-
HB 22-1329-CAPX	Mesa Robinson Theater Replacement - 2023-026P22	33,580	5,874
		<u>\$ 36,365</u>	<u>\$ 8,967</u>

- Grants To States - Funding for Libraries in the amount of \$5 thousand and \$6 thousand for the years ended June 30, 2024 and 2023.

CARES Act

- Higher Education Emergency Relief Fund: Student funding of \$0 and \$540 thousand for the years ended June 30, 2024 and 2023.
- HEERF: Strengthening Institutions Program funding of \$0 and \$917 thousand for the years ended June 30, 2024 and 2023.

NOTE 18 – SUBSEQUENT EVENTS

In August 2024, the University welcomed its largest class of freshman students in school history, a 35% increase over last year and a 6% growth in total enrollment. Given the current housing scarcity and capacity in and around campus, the University is investigating the addition of a new on-campus student residence hall. The initial construction estimate is \$54 million with an anticipated bond issuance equal to construction costs. Pending State approval, negotiation of design, construction, and financing, the project is anticipated to be completed at the beginning of Spring semester, 2026.

Required Supplementary Information

COLORADO MESA UNIVERSITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE PERA NET PENSION LIABILITY
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.4401%	0.4723%	0.4789%	0.4776%	0.4724%	0.4834%	0.4929%	0.4926%	0.4905%	0.4917%
University's proportionate share of the net pension liability	\$ 44,505,750	\$ 51,345,836	\$ 35,315,844	\$ 45,299,621	\$ 45,845,522	\$ 55,004,497	\$ 98,661,537	\$ 90,474,883	\$ 51,652,554	\$ 46,250,520
University's covered payroll	\$ 17,858,515	\$ 17,462,804	\$ 15,431,003	\$ 14,711,251	\$ 14,547,380	\$ 14,524,040	\$ 14,384,933	\$ 13,187,958	\$ 12,658,750	\$ 12,549,395
University's proportionate share of the net pension liability as a percentage of its covered payroll	249.21%	294.03%	228.86%	307.93%	315.15%	378.71%	685.87%	686.04%	408.04%	368.55%
Plan fiduciary net position as a percentage of the total pension liability	64.37%	60.63%	73.05%	65.34%	62.24%	55.10%	43.20%	42.60%	56.10%	56.84%

The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 (the plan's measurement periods) occurring within the University's fiscal years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 in accordance with GASB Statement No. 68 and 82, *Pension Issues*.

COLORADO MESA UNIVERSITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO THE PERA DEFINED BENEFIT PENSION PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,471,245	\$ 3,313,189	\$ 3,633,500	\$ 3,112,829	\$ 2,892,585	\$ 2,935,354	\$ 2,873,141	\$ 2,815,953	\$ 2,506,149	\$ 2,372,914
Contributions in relation to the contractually required contribution	(3,471,245)	(3,313,189)	(3,633,500)	(3,112,829)	(2,892,585)	(2,935,354)	(2,873,141)	(2,815,953)	(2,506,149)	(2,372,914)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
University's covered payroll	\$ 17,858,515	\$ 17,462,804	\$ 15,655,520	\$ 15,011,488	\$ 14,179,340	\$ 14,198,998	\$ 14,559,702	\$ 13,410,752	\$ 12,786,325	\$ 12,537,485
Contributions as a percentage of covered payroll	19.44%	18.97%	23.21%	20.74%	20.40%	20.67%	19.73%	21.00%	19.60%	18.93%

COLORADO MESA UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
As of and for the Years Ended June 30, 2024 and 2023

Changes in assumptions or other inputs effective for the December 31, 2023 measurement period are as follows.

- SB 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 thousand direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of HB 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in Section 24-51-116 C.R.S., plus \$10 thousand from the General Fund, totaling \$15 thousand.
- SB 12-163, enacted and effective June 6, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purposes of determining their service retirement eligibility.
- As of the December 31, 2023 measurement date, the total pension liability recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

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

- HB 22-1029, effective upon enactment, required the State Treasurer to issue, in addition to the regularly scheduled \$225 thousand direct distribution, a warrant to PERA in the amount of \$380 thousand with reductions to future direct distributions. The July 1, 2023 direct distribution will be reduced by \$190 thousand to \$35 thousand. The July 1, 2024 direct distribution will not be reduced from \$225 thousand due to a negative investment return in 2022.

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

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision assessment, statutorily recognized July, 2021, and effective July 1, 2022
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase cap is lowered from 1.25% per year to 1.00% per year.
- The assumption used to value the automatic increase cap benefit provision was changed from 1.25% to 1.00%.

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

- HB 20-1379 enacted on June 29, 2020, suspended the \$225 thousand direct distribution payable on July 1, 2020 for the State's Fiscal Year 2021.
- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

COLORADO MESA UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
As of and for the Years Ended June 30, 2024 and 2023

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

- The following changes were made to the plan provision as part of Senate Bill 18-20:
 - Member contribution rates increased by 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - An annual direct distribution of \$225 thousand from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions.
 - Annual increase cap is lowered from 2.00% per year to 1.50% per year.
 - Initial annual increase waiting period is extended from one year after retirement to three years after retirement.
 - Annual increase payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020 increases from three to five years for the State, School, and DPS Divisions and increases from one to three years for the Judicial Division.
- SB 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision. The following changes reflect the anticipated adjustments resulting from the 2018 automatic adjustment provision, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increased by 0.50%.
 - Employer contribution rates increased by 0.50%.
 - Annual increase cap is lowered from 1.50% per year to 1.25% per year.
- The assumption used to value the annual increase cap benefit provision was changed from 1.50% to 1.25%.

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

- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

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

- The SEIR for the State Division was lowered from 5.26% to 4.72% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State and Judicial Divisions changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

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

- The investment return assumption was lowered from 7.5% to 7.25%.

COLORADO MESA UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
As of and for the Years Ended June 30, 2024 and 2023

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the State Division was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73% factor applied to ages below 80 and a 108% factor applied to age 80 and above, projected to 2018, for males, and a 78% factor applied to ages below 80 and a 109% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State Division was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

Changes in assumptions or other inputs effective for the December 31, 2015 measurement period are as follows.

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

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

COLORADO MESA UNIVERSITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE
NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018
University's proportion of the net OPEB liability	0.1445%	0.1509%	0.1553%	0.1592%	0.1579%	0.1647%	0.1687%
University's proportionate share of the net OPEB liability	\$ 1,031,359	\$ 1,231,712	\$ 1,339,519	\$ 1,513,014	\$ 1,774,888	\$ 2,240,739	\$ 2,192,392
University's covered payroll	\$ 15,968,329	\$ 15,308,390	\$ 15,431,003	\$ 14,711,251	\$ 14,697,292	\$ 14,673,712	\$ 14,729,991
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	8.05%	8.68%	10.28%	12.08%	15.27%	14.88%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018 in accordance with GASB Statement No. 75.

COLORADO MESA UNIVERSITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO OPEB DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 162,877	\$ 156,145	\$ 146,192	\$ 153,117	\$ 147,933	\$ 146,322	\$ 150,246
Contributions in relation to the contractually required contribution	(162,877)	(156,145)	(146,192)	(153,117)	(147,933)	(146,322)	(150,246)
Contribution deficiency (excess)	-	-	-	-	-	-	-
University's covered payroll	\$ 15,968,329	\$ 15,308,390	\$ 15,655,520	\$ 15,011,488	\$ 14,503,195	\$ 14,345,321	\$ 14,729,991
Contributions as a percentage of covered payroll	1.02%	1.02%	0.93%	1.02%	1.02%	1.02%	1.02%

COLORADO MESA UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
As of and for the Years Ended June 30, 2024 and 2023

There were no changes in assumptions or other inputs effective for the December 31, 2023 measurement period for OPEB.

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

- The timing of the retirement decrement was adjusted to middle-of-year.

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

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% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% 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.

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

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

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

Supplementary Information

COLORADO MESA UNIVERSITY
ENTERPRISE REVENUE BOND SCHEDULES OF REVENUES AND EXPENDITURES
As of and for the Years Ended June 30, *(in thousands)*

	2024	2023
Pledged Revenues		
Pledged tuition revenue	\$ 74,736	\$ 72,811
Residence halls and apartments	16,794	16,778
Food services	11,582	11,082
University center	3,633	3,256
Bookstore	4,539	4,122
Recreation center	2,536	2,347
Campus parking	1,029	947
Continuing education	224	250
MAVcard	273	202
Hotel revenues	6,232	6,232
Central services	3,837	2,987
Student fee revenue	2,021	1,720
Indirect Cost Recoveries	317	317
Math and Science Center pledge	-	-
<i>Total Pledged Revenues</i>	<u>\$ 127,753</u>	<u>\$ 123,051</u>
Operating Expenses		
Residence halls and apartments	6,551	7,108
Food services	6,823	6,703
University center	1,194	1,178
Bookstore	4,457	4,221
Recreation center	1,688	1,752
Campus parking	370	411
Continuing education	443	451
MAVcard	141	190
Hotel expenses	4,912	4,912
Central services	(784)	(1,264)
<i>Total Operating Expenses</i>	<u>25,795</u>	<u>25,662</u>
<i>Net Revenue Before Transfers</i>	<u>101,958</u>	<u>97,389</u>
Debt Service Coverage		
Net operating revenue	\$ 101,958	\$ 97,389
Maximum Annual Debt Service (MADS) Bond principal and interest (Senior Bonds)	14,126	14,247
<i>Excess of Net Operating Revenue Over Debt Service</i>	<u>\$ 87,832</u>	<u>\$ 83,142</u>
Senior Bonds Debt Service Coverage Ratio	722%	684%
Excess of Net Operating Revenue Over Debt Service	\$ 87,832	\$ 83,142
MADS Bond principal and interest (Subordinate 2024A Bonds)	-	-
Subordinate Bonds Debt Service Coverage Ratio	N/A	N/A



**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Members of the Legislative Audit Committee
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 and aggregate discretely presented component units of Colorado Mesa University (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 4, 2024. Our report includes a reference to other auditors who audited the financial statements of Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, discretely presented component units of the University, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that were reported on separately by those auditors. The financial statements of the discretely presented component units, Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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Internal Control over Financial Reporting (Continued)

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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether University'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.

Hick & Company, PC

Englewood, Colorado
December 4, 2024



Legislative Audit Committee Communications



**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

Legislative Audit Committee Communications

The Members of the Legislative Audit Committee
Colorado Mesa University Board of Trustees

We have audited the financial statements of the business-type activities of Colorado Mesa University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2024, and have issued our report thereon dated December 4, 2024. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation (the Foundations), discretely presented component units of the University, and the Foundations' financial statements were not audited in accordance with Government Auditing Standards. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated April 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates 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.

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The most sensitive estimates affecting the University's financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the University's proportionate share of the net pension liability as of December 31, 2023 and 2022 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 10 to the University's financial statements. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years ending December 31, 2023 and 2022 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2023 and 2022.
- Management's estimate of the net Other Post-Employment Benefits (OPEB) liability is based on the estimate of the University's proportionate share of the net OPEB liability as of December 31, 2023 and 2022 of the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA, as described in Note 11 to the University's financial statements. The University's proportion of the HCTF's net OPEB liability was based on the University's contributions to the HCTF for the calendar years ending December 31, 2023 and 2022 relative to the total contributions made to the HCTF by participating employers for the calendar years ending December 31, 2023 and 2022.
- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed no uncorrected adjustments to the financial statements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no corrected adjustments identified as a result of our audit procedures.



Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2024.

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 University's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund— a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of University contributions to the State Division Trust Fund— a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of the University's proportionate share of the net other post-employment benefit liability and the schedule of University Contributions to the PERA Defined Other Post-Employment Benefit Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



We were engaged to report on the Enterprise Revenue Bonds Schedules of Revenues and Expenditures which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Legislative Audit Committee, Office of the State Auditor of the State of Colorado, Board of Trustees, and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Hick & Company, PC

Englewood, Colorado
December 4, 2024

