Colorado School of Mines
Financial Statements and Independent Auditor's Reports

Financial Audit
Years Ended June 30, 2021 and 2020

Compliance Audit
Year Ended June 30, 2021

LEGISLATIVE AUDIT COMMITTEE

OFFICE OF THE STATE AUDITOR

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CliftonLarsonAllen LLP
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The Members of the Legislative Audit Committee
Colorado School of Mines Board of Trustees

We have completed the financial state audit of the Colorado School of Mines as of and for the year ended June 30, 2021. 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 Audited Standards*, issued by the Comptroller General of the United States.

We are engaged to conduct our audit pursuant to Section 2-3-103, C.R.C., 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 have issued as a result of this engagement are set forth in the table of contents which follows.

CliftonLarsonAllen LLP

Denver, Colorado
January 31, 2022

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Colorado School of Mines
Report Summary
Year Ended June 30, 2021

Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged CliftonLarsonAllen, LLP to conduct a financial and compliance audit of the Colorado School of Mines (the University) for the year ended June 30, 2021. CliftonLarsonAllen 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. We conducted the related fieldwork from June 2021 to January 2022.

The purpose and scope of our audit were to:

- Express opinions on the financial statements of the University as of and for the years ended June 30, 2021 and 2020. 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.

- Issue a report on the University's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters based on our audits of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2021.

- Evaluate progress in implementing prior audit findings and recommendations.

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, 2021 Statewide Single Audit Report issued under separate cover.

Audit Opinions and Reports

We expressed unmodified opinions on the University's financial statements as of and for the years ended June 30, 2021 and 2020.

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 internal control over financial reporting and its operation that we consider to be material weaknesses.

Audit Opinions and Reports (Continued)

In addition to issuing a report on the University's compliance with internal control over financial reporting, we also performed procedures in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) over major federal programs as determined by the Office of the State Auditor. The purpose of our procedures was not to issue an opinion over the University's compliance with the federal programs tested, but rather to provide the results of testing on those major programs at the University to the Office of the State Auditor to support an opinion on those programs for the State of Colorado, which will be included in the Statewide Single Audit report. The major federal programs audited at the University were Federal Student Financial Aid (SFA), and the Coronavirus Relief Fund (CRF). We noted one instance of noncompliance and an internal control over noncompliance deficiency during these procedures, which we consider to be a material weakness.

Audit Adjustment

There was one proposed audit adjustment as a result of our audit procedures, which is shown on page 91.

Summary of Audit Findings and Recommendations

There was one finding and recommendation related to Federal Student Financial Aid enrollment reporting for the year ended June 30, 2021.

Summary of Progress in Implementing Prior Year Audit Recommendations

There were no findings or recommendations reported under *Governmental Auditing Standards* for the fiscal year ended June 30, 2020.

Summary of Audit Findings

Noncompliance and Internal Controls Over Compliance - Internal Controls Over Student Financial Aid Cluster Compliance Enrollment Reporting

We found that the Colorado School of Mines did not report the correct date of the enrollment status change for 9 of the 40 (23 percent) students tested. Additionally, the Colorado School of Mines did not report status changes timely to NSLDS for 6 the 40 (15 percent) students tested, ranging from 2 to 10 days past the 60-day requirement. There was an overlap of the previously mentioned exceptions - 3 of the 9 students whose dates were improperly reported were also not reported timely.

Recommendation and Response

The Colorado School of Mines should strengthen its internal controls over reporting Student Financial Aid Pell grants and Direct Loan Program enrollment to the National Student Loan Data System (NSLDS) by:

a. Implementing a review process that ensures the date of the student enrollment change included in NSLDS student roster files agrees to the institution's records.
b. Ensuring that information is uploaded and posted to NSLDS within 60 days of the enrollment status change, as required by federal regulations.

Colorado School of Mines

Report Summary

Year Ended June 30, 2021

Auditor’s Communication to Legislative Audit Committee

The auditor’s communication to the Legislative Audit Committee describes the auditor’s responsibility under auditing standards generally accepted in the United States of America and significant management judgments and estimates. This communication is located on page 87.

Colorado School of Mines
Recommendation Locator
Year Ended June 30, 2021

Recommendation Locator	Page Number	Recommendation Summary	University Response	Implementation Date
1	6	The Colorado School of Mines should strengthen its internal controls over reporting Student Financial Aid Pell grants and Direct Loan Program enrollment to the National Student Loan Data System (NSLDS) by: a. Implementing a review process that ensures the date of the student enrollment change included in NSLDS student roster files agrees to the institution's records. b. Ensuring that information is uploaded and posted to NSLDS within 60 days of the enrollment status change, as required by federal regulations.	Agree	December 31, 2021

Description of the Colorado School of Mines (Unaudited)

Year Ended June 30, 2021

The Colorado School of Mines (the University) was founded on February 9, 1874. The University came under State control with statehood in 1876. The first diploma was granted in 1882. The authority under which the University operates is Article 41 of Title 23, C.R.S.

The Board of Trustees is the governing body of the University and is composed of seven members appointed by the Governor, with consent of the Senate, for four-year terms and two non-voting members, representing the faculty and students of the University, voted in by the respective constituents.

Financial support comes from student tuition and fees and from the State through a fee-for-service contract and student stipends. Funds are augmented by government and privately sponsored research, private support from alumni and support from industry and friends through the Colorado School of Mines Foundation, Incorporated (the Foundation).

The primary emphasis of the Colorado School of Mines is engineering and science education and research. The full-time equivalent (FTE) for student enrollment of the University for the past three fiscal years has been as follows:

Fiscal Year	Resident	Nonresident	Total
2021	3,738	2,822	6,560
2020	3,607	2,797	6,404
2019	3,333	2,538	5,871

Full-time equivalent employees, funded by the State of Colorado, reported by the University for the last three fiscal years are as follows:

Fiscal Year	Faculty	Staff	Total
2021	537	699	1,236
2020	505	695	1,200
2019	536	640	1,176

Internal Controls Over Student Financial Aid Cluster Compliance Enrollment Reporting

The federal Department of Education (USDE) requires institutions of higher education who receive Student Financial Aid funds to report enrollment information within specified timeframes to the USDE through its central database for student aid, the National Student Loan Data System (NSLDS). Enrollment reporting, including submission of student roster files and enrollment status changes, assists the federal government in management of the Pell grant and Direct Loan programs, which are both part of Student Financial Aid.

In accordance with federal requirements, the Colorado School of Mines submits student roster files to NSLDS via a third-party servicer, the National Student Clearinghouse (Clearinghouse) or directly to NSLDS. The Colorado School of Mines Registrars' Office compiles the roster file to report details about students, such as the campus-level enrollment and program attendance for the students who have received Title IV aid at the institution. The Colorado School of Mines performs an initial review of participating students' enrollment information during the census, typically during the second week of the semester, for reporting to NSLDS. After the census date, student roster files of enrollment status are prepared monthly by the Registrar's Office through a manual comparison of applicable students' enrollment status at the census date to the current enrollment status per the institution's reporting system.

During Fiscal Year 2021, the Colorado School of Mines issued approximately $36.7 million in federal Student Financial Aid during the year, which included approximately $3.4 million and $32.6 million of Pell grants and Direct Loan funding, respectively.

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

The purpose of our audit work was to determine whether the Colorado School of Mines complied with enrollment reporting requirements regarding student attendance status changes for Pell grants and Direct Loan programs during Fiscal Year 2021.

We reviewed a random sample of 40 students whose attendance information was required to be reported to NSLDS during Fiscal Year 2021 per federal reporting requirements. For each student in our sample, we compared information within the Colorado School of Mines Financial Aid system to information contained on the NSLDS website for the specific enrollment status change selected, such as a withdrawal from the institution or a change in enrolled credit hours, to determine if the information was reported accurately and within federal timeliness requirements.

How were the results of the audit work measured?

Under the federal Pell grant and Direct Loan program requirements [34 CFR 690.83(b)(2) and 685.309], an institution must report any enrollment status changes, including the date of the change per the institution's reporting system, to NSLDS for participating students within 60 days of the change. An institution must report a change in a student's enrollment status to NSLDS when there is a (a) reduction or increase in the student's attendance levels, (b) graduation, (c) withdrawal, and/or (d) student who has been accepted for enrollment but never attended. Institutions are responsible for timely reporting whether they report directly or via a third-party servicer. We measured the results of our testing against a 60-day timeframe of submitted roster files.

What problems did the audit work identify?

We found that the Colorado School of Mines did not report the correct date of the enrollment status change for 9 of the 40 (23 percent) students tested. Additionally, the Colorado School of Mines did not report status changes timely to NSLDS for 6 of the 40 (15 percent) students tested, ranging from 2 to 10 days past the 60-day requirement. There was an overlap of the previously mentioned exceptions - 3 of the 9 students whose dates were improperly reported were also not reported timely.

Why did these problems occur?

The Colorado School of Mines did not have adequate internal controls in place to ensure that it fully complied with federal student enrollment reporting requirements. Specifically, we found that the institution does not have a review that ensures the date of the enrollment status change per the institution's reporting system agrees to the date included in the institution's student roster file submitted to NSLDS after the census date. Additionally, we found that the Colorado School of Mines changed the frequency of its submission of student roster files to NSLDS after the census date from bi-weekly to monthly, resulting in certain enrollment status changes not being posted to NSLDS within the required timeframe.

Why does this problem matter?

Enrollment reporting assists lenders in the determination of whether a borrower should be moved into loan repayment status or if they are eligible for an in-school deferment. Thus, if the Colorado School of Mines fails to meet the required reporting timelines or submits inaccurate information to NSLDS, the borrowers' repayment responsibilities may be reported incorrectly and result in either a lack of timely repayments by the borrower or the student being inappropriately moved into loan repayment status.

Recommendation

The Colorado School of Mines should strengthen its internal controls over reporting Student Financial Aid Pell grants and Direct Loan Program enrollment to the National Student Loan Data System (NSLDS) by:

a. Implementing a review process that ensures the date of the student enrollment change included in NSLDS student roster files agrees to the institution's records.
b. Ensuring that information is uploaded and posted to NSLDS within 60 days of the enrollment status change, as required by federal regulations.

Classification: Material Weakness

Management's Response:

a. Agree. Implementation Date: August 2021

   The issue occurred due to staff utilizing the date of the clean up in the space for the effective date, not the status change date.

   Now we utilize two additional forms in our information system to ensure the correct date is recorded. We also have a report that will be run and reviewed prior to submission to ensure the dates match the status date change.

b. Agree. Implementation Date: August 2021

   We have changed the frequency of reporting from monthly to bi-weekly (every 2 weeks). Increasing the frequency of reporting will help us ensure that we are reporting status changes in a timely manner.

Independent Auditors' Report

Members of the Legislative Audit Committee and Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Colorado School of Mines (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Colorado School of Mines Foundation, Inc. (the Foundation), a discretely presented component unit, discussed in Note 1 to the financial statements, for the years ended June 30, 2021 and 2020. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Colorado School of Mines as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Colorado School of Mines – a portion of the business-type activities of the State of Colorado

As discussed in Note 1, the financial statements of the University, an institution of higher education of the 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 discretely presented component unit of the State of Colorado 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, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the defined benefit pension plan schedules and other post-employment benefit schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 description of the Colorado School of Mines is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The description of the Colorado School of Mines as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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.

CliftonLarsonAllen LLP

Denver, Colorado
January 31, 2022

Management is pleased to present this financial discussion and analysis of the Colorado School of Mines (University). It is intended to make the University's financial statements easier to understand and communicate the University's financial situation in an open and accountable manner. It provides an objective analysis of the University's financial position (Statements of Net Position) and results of operations (Statements of Revenues, Expenses, and Changes in Net Position) as of and for the years ended June 30, 2021 and 2020 (Fiscal Years 2021 and 2020, respectively) with comparative information for Fiscal Year 2019. University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements, as well as the underlying system of internal controls.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help your assessment of the University's financial activities. Since the presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following six parts:

- **Independent Auditors' Report** presents unmodified opinions prepared by our auditors, an independent certified public accounting firm, on the fairness, in all material respects, of our financial statements.
- **Statements of Net Position** present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time. Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors and creditors; and a picture of net positions and their availability for expenditure by the University.
- **Statements of Revenues, Expenses and Changes in Net Position** present the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time. Their purpose is to assess the University's operating and nonoperating activities.
- **Statements of Cash Flows** present the cash receipts and disbursements of the University during a period of time. Their purpose is to assess the University's ability to generate net cash flows to meet its obligations as they come due.
- **Notes to the Financial Statements** present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion and analysis to indicate where details of the financial highlights may be found.
- **Required Supplementary Information (RSI)** presents additional information that differs from the basic financial statements. In this report, the RSI includes schedules on the University's proportionate share of the Public Employees Retirement Association (PERA) pension and other post-employment benefit (OPEB) liabilities and related information.

We recommend that you combine this financial discussion and analysis with relevant nonfinancial indicators to assess the overall health of the University. Examples of nonfinancial indicators include trend and quality of student applicants and commitments, student retention, graduation rates, building condition, and campus safety. Information about nonfinancial indicators is not included in this discussion and analysis but may be obtained from the University's Office of Communications and Marketing. It should be noted that the University's financial statements include the presentation of a discretely presented component unit, the Colorado School of Mines Foundation, Incorporated (the Foundation), which is a required presentation by accounting standards. The Foundation is not included in this financial discussion and analysis.

Financial Highlights

Selected financial highlights for Fiscal Year 2021 include:

- Total University assets increased by 5.2 percent, total University liabilities decreased by 3.2 percent and total net position increased by 327.7 percent. The increase in net position is primarily the result of decreases in the University's proportionate share of the net pension and OPEB liabilities and net increases in capital assets.
- Operating revenues decreased by 5.0 percent while operating expenses increased by 2.1 percent. The decrease in operating revenue is primarily attributed to decreases in support from the State of Colorado. To offset the decrease, in Fiscal Year 2021 Mines received direct federal support under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) through the Higher Education Emergency Relief Fund (HEERF) of $13,000, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of $3,145,000, the American Rescue Plan (ARP) of $1,620,000 and the Coronavirus Relief Fund (CRF) of $13,427,000, in response to the impacts of the COVID-19 pandemic. Revenue received under the HEERF programs and CRF program provided both direct and indirect emergency student relief, support for safety, testing, lost revenue, enhanced enrollment efforts, and other expenses to address the impacts of the pandemic; see Note 18 for additional information. Operating expenses increased primarily due to additional research activity and depreciation expense. The increase was offset with decreases in salary and benefits and expenses related to construction projects across campus.

The following sections provide further explanations of the University's financial health.

Statements of Net Position

Table 1 - Condensed Statements of Net Position presents a financial snapshot of the University and serves, over time, as a useful indicator of the strength of the University's financial position. It presents the fiscal resources (assets), claims against those resources (liabilities), and residual net position available for future operations (net position). Analysis of the University's deferred outflows and inflows of resources, capital assets, and related debt is included in the section titled Capital Assets and Debt Management, while this section provides analysis of the University's noncapital assets and liabilities.

Colorado School of Mines
Management Discussion and Analysis
(unaudited)

Table 1 - Condensed Statements of Net Position as of June 30, 2021, 2020, and 2019 *(in thousands)*

				2021 vs 2020		2020 vs 0219	
	2021	2020	2019	Amount	Percent	Amount	Percent
Assets							
Cash and Restricted Cash	$ 162,207	183,329	204,462	(21,122)	(11.5%)	(21,133)	(10.3%)
Other Noncapital Assets	84,173	59,577	64,588	24,596	41.3%	(5,011)	(7.8%)
Net Capital Assets	528,333	493,432	444,237	34,901	7.1%	49,195	11.1%
Total Assets	**$ 774,713**	**736,338**	**713,287**	**38,375**	**5.2%**	**23,051**	**3.2%**
Deferred Outflows of Resources	**$ 41,311**	**33,165**	**61,041**	**8,146**	**24.6%**	**(27,876)**	**(45.7%)**
Liabilities							
Non-debt Liabilities	$ 326,157	331,388	369,758	(5,231)	(1.6%)	(38,370)	(10.4%)
Debt Liabilities	277,102	291,659	301,732	(14,557)	(5.0%)	(10,073)	(3.3%)
Total Liabilities	**$ 603,259**	**623,047**	**671,490**	**(19,788)**	**(3.2%)**	**(48,348)**	**(7.2%)**
Deferred Inflows of Resources	**$ 70,392**	**113,167**	**173,907**	**(42,775)**	**(37.8%)**	**(60,740)**	**(34.9%)**
Net Position							
Net Investment in Capital Assets	$ 226,300	235,121	236,820	(8,821)	(3.8)%	(1,699)	(0.7%)
Restricted:							
Nonexpendable Purposes	7,302	6,243	6,384	1,059	17.0%	(141)	(2.2%)
Expendable Purposes	28,136	18,250	17,212	9,886	54.2%	1,038	5.5%
Unrestricted	(119,365)	(226,325)	(331,485)	106,960	(47.3%)	105,160	31.7%
Total Net Position	**$ 142,373**	**33,289**	**(71,069)**	**109,084**	**327.7%**	**104,358**	**146.7%**

Assets

Cash and restricted cash comprises of approximately 65.1 percent and 75.5 percent of the University's total noncapital assets as of June 30, 2021 and 2020, respectively. Restricted cash of $36,068,000 and $59,350,000, as of June 30, 2021 and 2020, respectively, primarily consists of unspent revenue bond proceeds that will be used for capital related activity as well as unspent gifts, grants, and contract revenues. Total cash and restricted cash decreased during Fiscal Year 2021 due to spending bond proceeds from debt issued in prior years for various capital projects including a parking garage, new residence hall, operations building, and campus improvements and infrastructure projects. The Statements of Cash Flows provide additional information on where cash is received and how it is used by the University.

Non-Debt Liabilities

The University's non-debt related liabilities totaling $326,157,000 and $331,388,000 as of June 30, 2021 and 2020, respectively, comprise 54.3 percent and 53.2 percent, respectively, of the total liabilities. The University entered into a $44,250,000, 30-year capital lease in Fiscal Year 2021 for a new residence hall, 1750 Jackson Street. The noncurrent lease liability comprises 13.0 percent of the total non-debt related liability.

The net pension liability comprises 65.8 percent and 73.4 percent, respectively, of total non-debt related liabilities. Each year, the University records its share of the statewide net pension liability. The University's net pension liability decreased 11.1 percent from 2020 to 2021 and 17.0 percent from 2019 to 2020. The decrease in Fiscal Year 2021 is primarily attributed to the University's decrease in proportionate share of the unfunded net PERA liability. PERA operates on a calendar year, PERA's net pension liability for the years ending December 31, 2020 and 2019 was $9,484,793,000 and $9,703,804,000, respectively. Mines portion of

PERA's liability for the Fiscal Years ending June 30, 2021 and 2020 was $216,330,000 and $243,370,000, respectively. Pursuant to GASB 68, the University is required to record its percent of the statewide net pension liability, and is under no obligation to fund the liability, nor does the University have any ability to affect funding, benefit, or annual required contribution decisions of the plan. The Public Employees Retirement Association of Colorado (PERA) and the State's General Assembly control those decisions. See Note 12 of the accompanying financial statements for more information related to the net pension liability.

As a result of implementing Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations (ARO)*, in Fiscal Year 2019, the University recorded a liability and a deferred outflow, net of amortization expense, for the future costs associated with the disposal of assets requiring remediation. The University has a recorded liability of $192,000 which includes $2,000 for a new asset added in Fiscal Year 2021. As of June 30, 2021, there remains a deferred outflow of $149,000. See Note 11 for additional information related the asset retirement obligation.

In Fiscal Year 2018, as a result of implementing Governmental Accounting Standards Board Statement No. 75, *Reporting for Other Post-Employment Benefits Other Than Pensions (OPEB)*, the University recorded as a liability, its proportionate share of the PERA retiree healthcare costs. PERA subsidizes a portion of a PERA retiree's healthcare costs and it is this subsidy that is categorized as an OPEB liability. Colorado PERA's unfunded liability for OPEB as of December 31, 2020 and 2019 was $950,225,000 and $1,123,998,000 respectively and Mines share of that liability is $7,444,000 and $9,616,000 respectively. See Note 13 of the accompanying financial statements for more information related to the OPEB liability.

Unearned revenue is comprised of tuition and fees that represents cash collected for the summer term that extends beyond the end of the fiscal year and sponsored project amounts paid by grantors and contractors for which the University has not yet met all of the requirements for revenue recognition. Unearned revenue decreased 40.4 percent from prior year due to the use in 2021 of Coronavirus Relief Funds (CRF) received by the University in 2020 and offset by an increase due to the recognition requirements for the third award of Higher Education Emergency Relief Funds (HEERF III). Unearned revenue amounts will be recognized as revenue in future periods after all requirements have been satisfied. See Note 8 for additional information on the University's unearned revenues.

The non-debt related liabilities decreased from 2020 to 2021 is due mainly to the decrease in net pension liability of $27,040,000 and from 2019 to 2020 with the decrease in net pension liability of $49,750,000.

Net Position

A portion of the University's net position has restrictions imposed by external parties, such as donors, or are invested in capital assets (property, plant, and equipment) and are therefore not immediately available to spend. To help understand these restrictions, the University's net position is shown in four categories.

- The largest category of net position relates to the University's net investment in capital assets. This consists of the University's capital assets less accumulated depreciation and related debt issued to fund the purchase or construction of those assets. This amount represents the University's investments in campus facilities and equipment that is necessary to carry out the teaching, research, and student-centered mission of the University. The decrease in Fiscal Year 2021 occurred due to a hold on projects while the impact of COVID was realized, the prior two years reflect the University's commitment to improving the students on campus experience through new and renovated student and academic facilities along with various infrastructure improvements. Additional discussion on the University's capital activity is included in the Capital Assets and Debt Management section of this discussion and analysis.

- Net position restricted for nonexpendable purposes represents gift funds received from donors whereby the donor has specified the original principal be set aside for perpetual investment (endowment) with a set amount of spendable distribution based on University policy. The majority of the endowment assets benefiting the University are managed by the Foundation, which is a discretely presented component unit. See Note 14 for additional information.

- Net position restricted for expendable purposes represents funds received for specific purposes, but for which the University is allowed to fully expend those funds in accordance with the purposes identified by the individual or entity providing the funds. This includes spendable distributions and accumulated undistributed earnings from the University's endowments.

- Unrestricted net position represents the amount available for spending for any appropriate and necessary purpose and are at the full discretion of management. In some instances, management or the Board has placed internal designations on the use of these funds. As discussed above, the negative unrestricted net position reflects the recording of the University's proportionate share of the statewide net pension and OPEB liabilities and the associated pension expenses beyond the University's annual required contributions. Table 2 – Unrestricted Net Position reflects the impact on the University's unrestricted net position of recording the net pension and OPEB liabilities and associated deferred outflows and inflows of resources.

Table 2 – Unrestricted Net Position *(in thousands)*

	6/30/21	6/30/20	6/30/19
Unrestricted Net Position with Pension Impact	$(119,365)	(226,325)	(331,485)
Cumulative effect on Unrestricted Net Position associated with the net pension liability and OPEB	266,349	349,197	432,368
Unrestricted Net Position without Pension & OPEB	$ 146,984	122,872	100,883

Because the University is not required, and has no plans, to fund the net pension or OPEB liabilities, the unrestricted net position without the pension and OPEB impact is used for budgetary and operational purposes.

Statements of Revenues, Expenses and Changes in Net Position

Table 3 - Condensed Statements of Revenues, Expenses and Changes in Net Position presents the financial activity of the University during the fiscal year. A key component of these statements is the differentiation between operating and nonoperating activities. Operating revenues, such as tuition and auxiliary operations, are earned primarily by providing services to the students and various constituencies of the University. Operating expenses are incurred to provide services, primarily instruction and research, or acquire goods necessary to carry out the mission of the University for which the University earns operating revenues. Nonoperating revenues are received when goods or services are not directly provided and include

contributions, certain state appropriations and support, investment income or loss, federal interest subsidies, and Pell grant revenue. Nonoperating expenses include interest on long-term debt, bond issuance costs, and gains/losses on disposals of assets.

Table 3 - Condensed Statements of Revenues, Expenses and Changes in Net Position for Years Ended June 30, 2021, 2020, and 2019 (in thousands)

					Increase (Decrease)			
					2021 vs 2020		2020 vs 2019	
		2021	2020	2019	Amount	Percent	Amount	Percent
Operating Revenues	$	258,980	272,579	253,643	(13,599)	(5.0%)	18,936	7.5%
Operating Expenses		216,562	212,164	228,511	4,398	2.1%	(16,347)	(7.2%)
Operating Income		42,418	60,415	25,132	(17,997)	(29.8%)	35,283	140.4%
Net Nonoperating Revenues		48,558	35,220	27,822	13,338	37.9%	7,398	26.6%
Income Before Other Revenues		90,976	95,635	52,954	(4,659)	(4.9%)	42,681	80.6%
Other Revenues		18,108	8,547	16,681	9,561	111.9%	(8,134)	(48.8%)
Increase in Net Position		109,084	104,182	69,635	4,902	4.7%	34,547	49.6%
Net Position, Beginning of Year		33,289	(71,069)	(140,704)	104,358	(146.8%)	69,635	(49.5%)
Adjustment for change in accounting principle		-	176	-	(176)	(100.0%)	176	100.0%
Net Position, End of Year	**$**	**142,373**	**33,289**	**(71,069)**	**109,084**	**327.7%**	**104,358**	**(146.8)%**

Table 4 - Operating and Nonoperating Revenues for the Years Ended June 30, 2021, 2020, and 2019 provides gross operating and nonoperating (noncapital) revenues by major sources. As Table 4 shows, the University's total operating revenues decreased 5.0 percent and increased 7.5 percent for Fiscal Years 2021 and 2020, respectively, and total revenues increased 0.9 percent over last fiscal year and 8.8 percent from Fiscal Years 2019 to 2020.

Table 4 - Operating and Nonoperating Revenues for Years Ended June 30, 2021, 2020, and 2019 *(in thousands)*

					Increase (Decrease)			
					2021 vs 2020		2020 vs 2019	
		2021	2020	2019	Amount	Percent	Amount	Percent
Operating Revenues								
Student Tuition and Fees, net	$	139,096	146,383	135,714	(7,287)	(5.0%)	10,669	7.9%
Grants and Contracts		80,791	76,711	67,788	4,080	5.3%	8,923	13.2%
Fee for Service		7,233	17,314	15,731	(10,081)	(58.2%)	1,583	10.1%
Auxiliary Enterprises, net		26,330	25,142	27,453	1,188	4.7%	(2,311)	(8.4%)
Other Operating		5,530	7,029	6,957	(1,499)	(21.3%)	72	1.0%
Total Operating Revenues	$	258,980	272,579	253,643	(13,599)	(5.0%)	18,936	7.5%
Nonoperating Revenues								
State Appropriations	$	4,234	3,606	3,099	628	17.4%	507	16.4%
State Support for Pensions		-	1,933	2,022	(1,933)	(100.0%)	(89)	(4.4%)
Contributions		22,370	23,798	20,949	(1,428)	(6.0%)	2,849	13.6%
Investment Income, net		8,972	7,490	7,299	1,482	19.8%	191	2.6%
Federal Nonoperating		25,878	8,076	4,625	17,802	220.4%	3,451	74.6%
Other Nonoperating, net		191	137	183	54	39.4%	(46)	(25.1%)
Total Nonoperating Revenues	$	61,645	45,040	38,177	16,605	36.9%	6,863	18.0%
Total Revenues (noncapital)	**$**	**320,625**	**317,619**	**291,820**	**3,006**	**0.9%**	**25,799**	**8.8%**

The University has experienced decreases in several sources of operating revenue in Fiscal Year 2021, in contrast with increases in most sources the prior two years. Student Tuition and Fees (net of scholarship allowance) decreased 5.0 percent from Fiscal Year 2020 due to an increase in scholarship allowance and decrease in state support through the Colorado Opportunity Fund (COF) from the decrease of $54 in the per credit hour rate. The majority of the University's financial aid resources are applied to the students' accounts, and is recorded as a scholarship allowance, net of tuition and fee revenue. The University's total financial aid resources benefiting students were $46,588,000, $42,994,000, and $39,832,000, in Fiscal Years 2021, 2020, and 2019, respectively. Comparatively, gross tuition decreased $5,118,000 in 2020 from 2019 and increased $12,776,000 in 2020 from 2019.

Grants and Contracts revenue for Fiscal Year 2021 increased 5.3 percent over Fiscal Year 2020. The University remains committed to increasing its focus and national role as a research institution. In Fiscal Year 2021, the University secured restricted research awards of $101,422,000, which included $13,540,000 of Higher Education Emergency Relief Funds, compared to $95,216,000 in Fiscal Year 2020 and $83,456,000 in Fiscal Year 2019. The University continues to focus on securing funding from both federal and private industry sources as additional resources are focused towards research. Revenue from the Federal Government represents approximately 76.8 percent and 73.3 percent of total grants and contracts revenue for Fiscal Years 2021 and 2020, respectively. Grants and contracts generally allow for reimbursement of a portion of any related administrative and facility overhead costs. In Fiscal Years 2021 and 2020, the University received reimbursements of approximately $17,089,000 and $16,052,000, respectively.

The University receives funding from the State of Colorado in two ways; (1) fee-for-service contracts with the Colorado Department of Higher Education and (2) stipends to qualified undergraduate students used to pay a portion of tuition. In Fiscal Year 2021 our fee-for-service contact decreased by $10,081,000 and increased by $1,583,000 in Fiscal Year 2020. The level of funding received from the State is dependent on the State's budgetary process and decisions.

The anticipated funding related to student stipends is incorporated into the University's student tuition rates. Table 5 – College Opportunity Fund (COF) – Undergraduate Student Stipends reflects the amount of COF stipends applied toward student accounts, the per credit hour stipend allotted per student approved by the State Legislature, and the total number of stipend eligible hours that students applied for during the past three years.

Table 5 – College Opportunity Fund –Undergraduate Student Stipends

	2021	2020	2019
Student stipends	$ 3,423,000	$ 8,057,000	$ 7,143,000
Stipend allotment	40/hour	94/hour	85/hour
Stipend eligible hours	85,577	85,718	84,185

Nonoperating revenues fluctuate from year to year due to the types of revenues being recognized. Over the past three fiscal years, contribution revenues, received primarily from the Foundation, have remained flat. The University has experienced fluctuations in investment income over the last three fiscal years due to continued volatility in the financial markets that impact the fair market value of the University's investments held by the Foundation and amounts held by the State Treasurer. The University experienced unrealized gains in Fiscal Years 2021, 2020, and 2019 of $7,201,000, $3,592,000, and $2,187,000, respectively. The realized investment income was $2,227,000, $4,371,000, and $5,577,000, respectively, for the same periods. Federal nonoperating revenues consist of interest subsidies received for taxable Build America Bonds (BAB) issued by the University, financial aid received under the Pell program and the revenue earned under the various CARES Act programs. The University received $890,000, $1,128,000, and $1,136,000 in federal interest subsidies in Fiscal Years 2021, 2020, and 2019, respectively. The amount of federal subsidies received is tied to the interest payments being made on the bonds. The decrease in revenue experienced during the past three years reflects the decrease in interest payments being made on the bonds. Revenues from the Pell program for Fiscal Years

2021, 2020, and 2019 were $3,428,000, $3,530,000, and $3,489,000, respectively. Revenues fluctuate based on student activity in the Pell program. The federal government provided relief from the effects of COVID-19 through the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan. The University received funding under the CARES Act from the Higher Education Emergency Relief Fund (HEERF) of $4,790,000, the Coronavirus Relief Fund (CRF) of $13,427,000, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of $1,723,000, the American Rescue Plan (ARP) of $1,620,000 for Fiscal Year 2021 and CARES Act from the Higher Education Emergency Relief Fund (HEERF) of $1,709,000 in Fiscal Year 2020.

The programmatic and natural classification uses of University resources are displayed in Table 6 –Operating Expenses by Function and Natural Classifications.

Table 6 - Operating Expenses by Function and Natural Classifications for Years Ended June 30, 2021, 2020, and 2019 *(in thousands)*

					Increase (Decrease)			
					2021 vs 2020		2020 vs 2019	
By Functional Expense		**2021**	**2020**	**2019**	**Amount**	**Percent**	**Amount**	**Percent**
Education and General								
Instruction	$	50,130	54,426	64,038	(4,296)	(7.9%)	(9,612)	(15.0%)
Research		46,890	43,461	49,369	3,429	7.9%	(5,908)	(12.0%)
Public Service		238	410	925	(172)	(42.0%)	(515)	(55.7%)
Academic Support		13,722	13,994	17,387	(272)	(1.9%)	(3,393)	(19.5%)
Student Services		10,018	9,955	7,557	63	0.6%	2,398	31.7%
Institutional Support		18,085	18,613	18,988	(528)	(2.8%)	(375)	(2.0%)
Operation and Maintenance of Plar		20,462	21,519	22,078	(1,057)	(4.9%)	(559)	(2.5%)
Scholarships and Fellowships		7,050	5,256	889	1,794	34.1%	4,367	491.2%
Total Education and General		166,595	167,634	181,231	(1,039)	(0.6%)	(13,597)	(7.5%)
Auxiliary Enterprises		23,649	22,995	26,570	654	2.8%	(3,575)	(13.5%)
Depreciation and amortization		26,318	21,535	20,710	4,783	22.2%	825	4.0%
Total Operating Expenses	**$**	**216,562**	**212,164**	**228,511**	**4,398**	**2.1%**	**(16,347)**	**(7.2%)**
By Natural Classification								
Salaries and Benefits	$	110,147	110,169	132,657	(22)	(0.0%)	(22,488)	(17.0%)
Operating Expenses		80,097	80,461	75,144	(364)	(0.5%)	5,317	7.1%
Depreciation		26,318	21,534	20,710	4,784	22.2%	824	4.0%
Total Operating Expenses	**$**	**216,562**	**212,164**	**228,511**	**4,398**	**2.1%**	**(16,347)**	**(7.2%)**

Total operating expenses increased 2.1 percent from Fiscal Year 2020 to 2021 and decreased 7.2 percent from Fiscal Year 2019 to 2020. The increase in Fiscal Year 2021 is primarily due to greater research activity and higher depreciation costs combined with an increase in scholarship awards to students. The prior year decrease is primarily due to the reduction in benefit related expenses impacted by the State's contribution to the unfunded pension liability. The University reported total pension and OPEB expenses of ($82,848,000) for Fiscal Year 2021 compared to ($81,238,000) for Fiscal Year 2020. These pension and OPEB related expenses impact most of the functional expense categories.

Excluding the impact of recording pension and OPEB expenses related to the net pension and OPEB liabilities described above, total operating expenses increased by 1.9 percent from Fiscal Year 2020 to Fiscal Year 2021 and 6.2 percent from Fiscal Year 2019 to Fiscal Year 2020. Increases in depreciation expense, and scholarship and fellowship expense from Fiscal Year 2020 to Fiscal Year 2021 are the primary contributors to the increase in operating expense.

Depreciation expense increased by $4,783,000 as the University continues its investment in new buildings and improved infrastructure.

The amounts reported for scholarships and fellowships reflect the actual resources dedicated to student aid from University resources. Additionally, the University provides financial aid resources to students for certain non-tuition and fee charges such as housing and dining; that expense is recorded under Operating Expense as Scholarship and Fellowships and was $7,050,000 and $5,256,000 in Fiscal Year 2021 and 2020, respectively.

Capital Assets and Debt Management

As indicated in Table 7 - Capital Asset Categories, the University's capital assets consist of land, works of art, construction in progress, land improvements, buildings and improvements, software, equipment, library materials, and intangible assets with a gross book value of $828,887,000, $769,506,000, and $703,090,000 at June 30, 2021, 2020 and 2019, respectively. Accumulated depreciation on depreciable assets totaled $300,554,000, $276,074,000 and $258,853,000, respectively. The University continues to invest in academic and auxiliary facilities to enhance the educational and campus experience for students. During the construction of a project, costs are accumulated in construction in progress. Upon completion of the project, the costs are moved out of construction in progress into the appropriate asset classification.

Table 7 - Capital Asset Categories (before depreciation) as of June 30, 2021, 2020, and 2019 *(in thousands)*

				Increase (Decrease)			
				2021 vs 2020		2020 vs 2019	
	2021	2020	2019	Amount	Percent	Amount	Percent
Land	$ 14,103	13,210	12,366	893	6.8%	844	6.8%
Works of Art	234	202	202	32	15.8%	-	0%
Construction in Progress	10,323	114,671	63,510	(104,348)	(91.0%)	51,161	80.6%
Land Improvements	36,122	28,429	26,002	7,693	27.1%	2,427	9.3%
Buildings & Improvements	655,224	511,242	503,653	143,982	28.2%	7,589	1.5%
Software	2,257	2,249	2,374	8	0.4%	(125)	(5.3%)
Equipment	96,693	85,737	81,465	10,956	12.8%	4,272	5.2%
Library materials	13,331	13,166	12,918	165	1.3%	248	1.9%
Intangible	600	600	600	-	0.0%	-	0.0%
Total Capital Assets	**$ 828,887**	**769,506**	**703,090**	**59,381**	**7.7%**	**66,416**	**9.4%**
Accumulated Depreciation	**$ 300,554**	**276,074**	**258,853**	**24,480**	**8.9%**	**17,221**	**6.7%**

During the past three years, the University has completed or began construction on the following capital projects:

Active Projects

- Labriola Innovation Complex. This $23,900,000, 32,000 GSF Innovation Complex provides state-of-the-art maker spaces and hands on learning spaces where students will cultivate teamwork, innovation and successful engineering outcomes through spaces built for education, design, prototype builds and testing.

- Venture Center. $33,000,000 project creates new space that fosters entrepreneurial and innovative ideas to grow. This building will connect all academic departments at the University and entrepreneurs with the infrastructure, resources and funding needed to achieve their goals of developing sustainable and successful commercial entities based on either Mines-derived or individual-derived technologies in a nearly 21,000 sq. foot building.

- Enterprise Resource Planning (ERP) Modernization. This multi-phase, four-year $12,738,000 system modernization project will create streamlined processes throughout the University. The first phase will include Human Capital Management, Finance and Payroll. The second phase of the project will include Student Information Systems.

- 1600 Jackson Street Renovation. This $3,665,000 renovation will upgrade mechanical and electrical systems including replacing large HVAC air handlers, temperature controls and electrical distribution. Also included is the replacement of windows, changes to the 2nd floor offices and break room, and the addition of modular work stations.

Completed Projects

- Charles and Ida Green Center (Green Center) Roof Replacement. This $17,000,000 project is a complete removal and replacement of the approximately 44,000 square foot roof on the Green Center, including asbestos abatement, along with replacement of the major mechanical equipment in the building. The School of Mines has received a capital appropriation from the State of Colorado for 50% of the project costs. This project was completed in Fiscal Year 2021.

- Charles and Ida Green Center (Green Center) Chiller. This $8,900,000 project is to replace failing chillers and provide added capacity to the campus chilled water system. This project was completed in Fiscal Year 2021.

- Spruce Hall. $43,155,000 project allowed for the construction of a residence hall of approximately 400 beds that was opened in August 2020. Spruce Hall furthers the University's housing expansion supporting the goal of housing all freshmen and sophomore students on the University campus. It provides single occupancy (20%) and double occupancy (80%) for primarily freshmen students. The building was completed in Fiscal Year 2021.

- Parking Garage and McNeil Hall. This $30,715,000 project allowed for the construction of a parking garage with a capacity of approximately 750 parking spaces and an attached 20,000 gross square foot building that provides office and classrooms space. As the University continues to add new buildings, surface level parking on campus has decreased. In addition, changes in parking restrictions around the campus have further reduced available parking for the campus community. Both projects were completed in Fiscal Year 2021.

- 14th Street Extension. This new roadway is intended to provide direct access to the new parking garage by connecting Illinois street to Maple street on the east side of the garage. The roadway was opened in October 2020.

- Campus Utility Infrastructure. This $6,000,000 project allowed for the University to upgrade its steam and chilled water distribution to service growing needs. Upgrading the campus utility infrastructure will provide additional capacity for campus growth. This project was completed in Fiscal Year 2021.

A list of the larger on-going or planned capital projects is detailed in Table 8 – Current Capital Construction Projects. Further detail regarding capital asset activity can be found in Note 4.

Table 8 – Current Capital Construction Projects *(in thousands)*

Project Description	**Financing Sources**	**Budget**
Venture Center	University resources	$ 33,000
Labriola Innovation Complex	University resources	23,900
ERP Modernization	State appropriation, University resources	12,738
1600 Jackson Street Renovation	University resources	3,665

In addition to operating and nonoperating revenues, the University received capital revenues in the amount shown in Table 9 – Capital Revenues. Year to year Capital Appropriations from the State are varied as they are based on the level of approved funding by the State for a respective project. In Fiscal Year 2021 the University completed capital projects funded by the State; during the closeout process the University reverted $2,000 for unearned appropriation. In Fiscal Year 2020, $1,217,000 of revenue is related to the planning efforts of a proposed building focusing on our Subsurface Frontiers initiative. Within Capital Grants and Gifts, in Fiscal Year 2021, the University received gifts provided by donations to fund the Labriola Innovation Complex and the CoorsTek Center for Applied Science and Engineering building and the debt service on the 2016 bonds used for initial funding on that project.

Table 9 – Capital Revenues for the Years Ended June 30, 2021, 2020, and 2019 *(in thousands)*

				Increase (Decrease)			
				2021 vs 2020		**2020 vs 2019**	
Revenue Classification	**2021**	**2020**	**2019**	**Amount**	**Percent**	**Amount**	**Percent**
Capital appropriations and contributions from the State	$ (2)	1,217	7,260	(1,219)	(100.2%)	(6,043)	(83.2%)
Capital grants and gifts	16,562	7,330	9,419	9,232	125.9%	(2,089)	(22.2%)
Total Capital Revenues	**$ 16,560**	**8,547**	**16,679**	**8,013**	**93.8%**	**(8,132)**	**(48.8%)**

Table 10 – Deferred Outflows/Inflows of Resources represent the consumption and acquisition of net position of certain activities representing the change in fair value. These deferred outflows and inflows of resources are amortized to expense over a period of years depending on the specific type. See Notes 5 and 12 and the Required Supplementary Information for additional information.

Table 10 – Deferred Outflows/Inflows of Resources at June 30, 2021, 2020, and 2019 *(in thousands)*

				Increase (Decrease)			
				2021 vs 2020		2020 vs 2019	
Type	**2021**	**2020**	**2019**	**Amount**	**Percent**	**Amount**	**Percent**
Loss on bond refunding	$ 9,072	10,159	11,314	(1,087)	(10.7%)	(1,155)	(10.2%)
Components of pension liability	27,320	16,418	46,222	10,902	66.4%	(29,804)	(64.5%)
Compenents of OPEB	497	538	636	(41)	(7.6%)	(98)	(15.4%)
SWAP valuation	4,273	5,900	2,716	(1,627)	(27.6%)	3,184	117.2%
Components of ARO	149	150	153	(1)	(0.7%)	(3)	(2.0%)
Total Deferred Outflows of Resource	**$ 41,311**	**33,165**	**61,041**	**8,146**	**24.6%**	**(27,876)**	**(45.7%)**
Components of pension liability	66,050	109,830	172,468	(43,780)	(39.9%)	(62,638)	(36.3%)
Compenents of OPEB	4,342	3,337	1,439	1,005	30.1%	1,898	131.9%
Total Deferred Inflows or Resources	**$ 70,392**	**113,167**	**173,907**	**(42,775)**	**(37.8%)**	**(60,740)**	**(34.9%)**

In accordance with accounting standards, the University is required to separately disclose the change in the fair market value of the interest rate swap. As of June 30, 2021, 2020, and 2019, the outstanding swap had a fair market value of ($9,645,000), ($12,838,000), and ($9,164,000), respectively.

The University's long-term obligations, both current and noncurrent portions, as shown in Table 11 – Long-Term Debt Categories, are comprised principally of various revenue bonds issued to finance construction of the capital assets discussed above. As of June 30, 2021, 2020, and 2019, bonds and capital leases payable of $319,894,000, $291,659,000, and $301,732,000, respectively, were outstanding.

Table 11 – Long-Term Debt Categories at June 30, 2021, 2020, and 2019 *(in thousands)*

				Increase (Decrease)			
				2021 vs 2020		2020 vs 2019	
Debt Type	**2021**	**2020**	**2019**	**Amount**	**Percent**	**Amount**	**Percent**
Revenue bonds	$ 276,357	291,659	301,732	(15,302)	(5.2%)	(10,073)	(3.3%)
Capital leases	43,537	-	-	43,537	100.0%	-	0.0%
Total Long-Term Debt	**$ 319,894**	**291,659**	**301,732**	**28,235**	**9.7%**	**(10,073)**	**(3.3%)**

Two of the University's outstanding bond issues qualify as Build America Bonds and one qualifies as a Qualified Energy Conservation Bond (QECB). As such, the University expects to receive a cash subsidy payment from the United States Treasury, referred to as Federal Direct Payments, equal to a percentage of the interest payable on the bonds on or around each interest payment date.

Factors Impacting Future Periods

In Fiscal Year 2020 the onset of the global pandemic - novel coronavirus (COVID-19) and the related health impacts, the State of Colorado Governor Jared Polis issued a statewide stay-at-home order in March 2020 necessitating that the University act swiftly to transition the remaining educational delivery of the spring 2020 semester and operations of the University to predominantly remote. The University's educational delivery remained fully remote until the beginning of Fiscal Year 2021 when several summer courses and the fall semester were conducted both in-person and remote.

In Fiscal Year 2021 the University remained able to maintain and improve the quality of academic programs, undertake new strategic initiatives, and meet its core mission and ongoing operational needs. This flexibility is impacted by many factors, principally by student enrollment and the resulting tuition and fees revenue, research volume, the level of state support, and the University's largest expense, compensation costs. COVID-19 affected the University's impact and planning for each of these factors.

After keeping resident tuition flat for three consecutive years and slight increases to non-resident tuition each year, the University has determined the need for slight increases for the Academic Year 2021-2022 of 3.1 percent to resident tuition rates and 3.0 percent to non-resident tuition rates. This compares to Fiscal Year 2021 resident and non-resident rates remained flat and Fiscal Years 2020 and 2019 by flat tuition for residents and 3.0 percent for non-resident and 3.0 percent for both resident and non-resident, respectively. Table 12 – Full Time Tuition and Room and Board Charges per Year provides a trend of tuition and room and board charges for the academic years 2019 to 2022.

Table 12 - Full Time Tuition and Room and Board Charges per Year

Academic Year	Annual Full-time Undergraduate Tuition Rates		Annual Room and Board (avg.)		
	Residents*	Non-residents	Double	Single	Meal Plan
2022	$ 17,160	38,460	8,800	10,920	6,120
2021	16,650	37,350	8,800	10,920	6,120
2020	16,650	37,350	8,462	10,500	5,960
2019	16,650	36,270	7,694	9,546	5,678

* Reported net of student stipends

Even with the impacts on our community from COVID-19, Fall 2021 total enrollment increased 6.2 percent from Fall 2020. This increase was primarily due to our strong retention rate and new enrollment in both undergraduate and graduate degree programs.

Table 13 - Fall Enrollment Trends

Academic Year	Undergraduate Students			Graduate Students			Total		
	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents	Total
2021	3,029	2,414	5,443	907	822	1,729	3,936	3,236	7,172
2020	2,903	2,308	5,211	867	676	1,543	3,770	2,984	6,754
2019	2,824	2,331	5,155	774	678	1,452	3,598	3,009	6,607

Table 14 – Fall Semester Undergraduate Admissions Trends highlights the University's ability to attract freshmen students and transfer students. As demonstrated by Tables 13 and 14, the University continues to be successful in attracting new students.

Table 14 - Fall Semester Undergraduate Admissions Trends

Fall of Year	Number of Applicants	Number Accepted	Percent Accepted	Number Committed	Percent Committed
2021	12,674	7,100	56.0%	1,570	22.1%
2020	12,682	6,964	54.9%	1,338	19.2%
2019	12,333	6,592	53.5%	1,469	22.3%

Due to the financial impacts of COVID-19 on the State of Colorado, the state's allocation of the budget for higher education has fluctuated significantly over the last three years. For Fiscal Year 2022 the University's share of the state's higher education budget is $16,921,000 higher than the prior year's allocation. In Fiscal Year 2021 the University's share of the state's reduction was $14,715,000. Table 15 - State Operating Support shows the trend in State Support for the Fiscal Years 2019 to 2022.

Table 15 – State Operating Support *(in thousands)*

Fiscal Year	State Support *	Total Operating Revenues **	% of Total State Operating Support to Total Operating Revenues
2022	$ 27,577	390,108	7.1%
2021	10,656	258,980	4.1%
2020	25,371	272,579	9.3%
2019	22,874	253,643	9.0%

*State support includes student stipends and a fee-for-service contract funded from the College Opportunity Fund.
**Fiscal Year 2022 Amount of State Support is based on amounts included in the State's Long Appropriation Act (Long Bill). Total Operating Revenues is based on the University's Fiscal Year 2022 projected revenues.

In May, 2020 Governor Polis allocated to Higher Education $450,000,000 of the State of Colorado allocation of the $1,700,000,000 Federal CARES Act to backfill the Fiscal Year 2021 state reduction for a one-year time period. The University's portion of the state allocation was $13,427,000, which was fully recognized in Fiscal Year 2021.

The State is currently in their budget process for Fiscal Year 2023 and at this time it is unknown what funding will be allocated to Higher Education and specifically the University.

Financial Sustainability:

In 2016, the University developed a strategic plan, Mines@150, which charts out a path to enhance its distinction and excellence. The plan focuses on a signature experience for our students, entrepreneurship and innovation, growing the scale and impact of our research, and attracting private partners. We are well underway in our implementation of the plan which includes growth and diversification of our revenue stream. As part of the revenue diversification, in fiscal year 2018 we developed an online platform in order to offer certain graduate degrees and certificates to students around the world. We have seen growth in enrollment of online students driven from newly created online graduate degree and certificate programs. Additionally, in fall 2020, we announced our fundraising campaign "A Campaign for Mines@150". The intent of this campaign is to garner private support for the initiatives that are represented in the strategic plan.

The University continues to look at ways to control increases in operating costs. In the spring of 2020 when we transitioned to remote education delivery to protect our campus from the pandemic health impacts, we significantly reduced costs and continue to maintain most of those cost reductions in the fall semester of 2020. The University continually evaluates administrative processes and develops processes for streamlining services and providing efficiencies and value-added services. As a result of one of these initiatives, the University implemented an administrative shared services model in Fiscal Year 2019. The shared services model consolidates procurement, travel, accounts payable, payroll services, and accounting services mitigating the need for duplicative processes across the organization.

In January 2017, the University began offering an alternative retirement plan for newly hired academic and administrative faculty. As of July 1, 2021, the employer contribution to the Mines Defined Contribution Plan (MDCP) is 12 percent compared to the combined 20.95 percent required retirement contribution to PERA; the PERA rate will increase .5 percent to 21.0 percent on January 1, 2022. All academic and administrative faculty hired starting January 1, 2017 that do not have at least one year of prior PERA service credit are enrolled in the MDCP. All academic and administrative faculty hired starting January 1, 2017 that have at least one year of prior PERA service credit have a one-time irrevocable option to either stay in PERA or enroll in the MDCP. The financial savings to the University have exceed $2,000,000 since inception and are expected to increase significantly in future years as the workforce turns over and a larger percentage of academic and administrative faculty are part of the MDCP.

As the University looks forward, it must ensure that the human capital, physical infrastructure, and financial aid resources accommodates student academic and social needs and expectations, optimizes the professional opportunities for its faculty, fosters growth in research, and enhances business process, all with a single focus of being a world-class institution. The University's Fiscal Year 2021 budget was developed to devote resources to all of these strategic areas as well as to respond to the possible impacts that the pandemic could continue to have on the University.

Future Capital Projects

Due to the current economic uncertainty around the pandemic, the University is taking a measured approach on executing its capital plans and has put some projects on hold. We are however, continuing our planning efforts on three projects that will either be fully or primarily funded by existing student fees, external gifts and or grants, and state appropriations. Continuation of these critical projects will improve the University's infrastructure and enhance the student experience in alignment with our strategic plan, Mines@150. The planning projects that we are moving forward with are:

Minerals and Energy Resources Building. The University in collaboration with the United States Geological Survey (USGS) Minerals and Energy divisions are planning a shared facility that fosters the respective organizations collaboration on science matters related to minerals and energy resources. The current estimate for the 194,000 GSF building is $220,000,000.

Early Childhood Education Center. The University is planning for an early childhood education center providing service to Mines employees and graduate students. The current plan includes a 18,000+ GSF, $15,525,000 building providing educational opportunities to infants, toddlers, pre-k students, with space for school aged children during vacation periods.

Mines Park Redevelopment. The University is partnering with a development team through a Public-Private-Partnership arrangement to redevelop Mines Park into a unique and sustainable residential village for upper level undergraduate and graduate students. This redevelopment will create 760 new and 267 renovated beds that include a mix of studio, 1, 2, and 4-bedroom apartments. Mines has entered into a pre-development agreement in Fiscal Year 2022.

Economic Outlook

Despite the increased economic volatility and continued uncertainty arising from the pandemic, the University believes it is well-positioned financially. The University continues to make strategic decisions when operating expense increases outpace operating revenue increases. Enrollment remains strong and is growing in both the undergraduate and graduate student space. The University has been deliberate in keeping tuition rates flat for the last few academic years, in academic year 2021-2022 the university made the decision to increase tuition revenue by 3.1 percent for resident students and 3.0 percent for non-resident students. The University has continued to experience strong enrollment, over the last few academic years Mines has increased total enrollment from fall 2019 to fall 2021 by 8.6 percent. We are also experiencing continued growth in sponsored research from federal and industry sponsors. Lastly, philanthropic support remained robust as we are fully engaged in the Campaign for Mines@150.

Requests for Information

This financial report is designed to provide a general overview of the University's finances for all those with an interest in the University's finances. Questions concerning any other information provided in this report or requests for additional financial information should be addressed to the Department of Finance and Administration, 1500 Illinois Street, Golden, Colorado 80401-1887

Colorado School of Mines

Statements of Net Position

Years Ended June 30, 2021 and 2020 *(in thousands)*

	2021			2020		
		University	Component Unit		University	Component Unit
Assets						
Current Assets						
Cash and cash equivalents	$	126,139	18,856	$	123,979	14,488
Accounts and loans receivable, net		39,858	30,461		22,743	7,415
Other assets		1,933	-		1,907	-
Total Current Assets	$	**167,930**	**49,317**	$	**148,629**	**21,903**
Noncurrent Assets						
Restricted cash and cash equivalents	$	36,068	-	$	59,350	90
Investments		39,993	431,562		31,317	320,840
Accounts and loans receivable		2,389	16,932		3,610	42,284
Other assets		-	205		-	268
Capital assets, net		528,333	100		493,432	1,742
Total Noncurrent Assets	$	**606,783**	**448,799**	$	**587,709**	**365,224**
Total Assets	$	**774,713**	**498,116**	$	**736,338**	**387,127**
Deferred Outflows of Resources						
Loss on bond refundings	$	9,072	-	$	10,159	-
SWAP Valuation		4,273	-		5,900	-
Pension related		27,320	-		16,418	-
OPEB related		497	-		538	-
Asset retirement obligation		149	-		150	-
Total Deferred Outflows of Resources	$	**41,311**	-	$	**33,165**	-
Liabilities						
Current Liabilities						
Accounts payable and accrued liabilities	$	18,056	3,168	$	19,294	1,937
Accrued compensated absences		787	-		672	-
Unearned revenue		18,765	-		31,477	-
Bonds and leases payable		7,230	-		9,045	-
Other liabilities		1,155	-		2,624	-
Total Current Liabilities	$	**45,993**	**3,168**	$	**63,112**	**1,937**
Noncurrent Liabilities						
Accrued compensated absences	$	8,449	-	$	7,991	-
Bonds and leases payable		269,872	-		282,614	-
Interest rate swap agreement		9,645	-		12,838	-
Capital leases payable		42,792	-		-	-
Net pension liability		216,330	-		243,370	-
Net OPEB liability		7,444	-		9,616	-
Other liabilities		2,734	46,463		3,506	39,562
Total Noncurrent Liabilities	$	**557,266**	**46,463**	$	**559,935**	**39,562**
Total Liabilities	$	**603,259**	**49,631**	$	**623,047**	**41,499**
Deferred Inflows of Resources						
Pension related	$	66,050	-	$	109,830	-
OPEB related		4,342	-		3,337	-
Total Deferred Inflows of Resources	$	**70,392**	-	$	**113,167**	-
Net Position						
Net investment in capital assets	$	226,300	-	$	235,121	-
Restricted for nonexpendable purposes						
Instruction	$	3,360	-	$	3,360	-
Scholarships and fellowships		2,051	126,851		2,051	95,204
Other		1,891	116,683		832	86,713
Total restricted for nonexpendable purposes	$	7,302	243,534	$	6,243	181,917
Restricted for expendable purposes						
Scholarships and fellowships	$	6,809	65,008	$	5,085	46,853
Loans		1,611	1,465		1,537	1,703
Research		7,196	2,431		5,899	1,901
Capital projects		7,991	7,906		2,680	5,415
Other		4,529	82,387		3,049	80,113
Total restricted for expendable purposes	$	28,136	159,197	$	18,250	135,985
Unrestricted	$	(119,365)	45,754	$	(226,325)	27,726
Total Net Position	$	**142,373**	**448,485**	$	**33,289**	**345,628**

Colorado School of Mines

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020 *(in thousands)*

	2021			2020		
		University	Component Unit		University	Component Unit
Operating Revenues						
Tuition and fees, (net of scholarship allowance of $44,936 in 2021 and $41,851 in 2020)	$	139,096	-	$	146,383	-
Fee-for-service		7,233	-		17,314	-
Federal grants and contracts		62,041	-		56,213	-
State grants and contracts		4,101	-		4,901	-
Nongovernmental grants and contracts		14,649	-		15,597	-
Auxiliary enterprises, (net of scholarship allowance of $1,652 in 2021 and $1,143 in 2020)		26,330	-		25,142	-
Contributions		-	34,192		-	61,227
Other operating revenues		5,530	705		7,029	2,681
Total Operating Revenues	**$**	**258,980**	**34,897**	**$**	**272,579**	**63,908**
Operating Expenses						
Education and General						
Instruction	$	50,130	-	$	54,426	-
Research		46,890	-		43,461	-
Public service		238	-		410	-
Academic support		13,722	-		13,994	-
Student services		10,018	-		9,955	-
Institutional support		18,085	38,069		18,613	35,057
Operation and maintenance of plant		20,462	-		21,519	-
Scholarships and fellowships		7,050	-		5,256	-
Total Education and General		166,595	38,069		167,634	35,057
Auxiliary enterprises		23,649	-		22,995	-
Depreciation and amortization		26,318	-		21,535	-
Total Operating Expenses	**$**	**216,562**	**38,069**	**$**	**212,164**	**35,057**
Operating Income (Loss)	**$**	**42,418**	**(3,172)**	**$**	**60,415**	**28,851**
Nonoperating Revenues (Expenses)						
State appropriations, non-capital	$	4,234	-	$	3,606	-
State Support for pensions		-	-		1,933	-
Contributions from the Foundation		18,442	-		19,406	-
Contributions		3,928	-		4,392	-
Investment income, net		8,972	106,030		7,490	3,227
Interest on debt		(12,398)	-		(9,120)	-
Federal nonoperating revenue		25,878	-		8,076	-
Other nonoperating expenses		(689)	-		(700)	-
Other nonoperating revenue		191	-		137	-
Net Nonoperating Revenues	**$**	**48,558**	**106,030**	**$**	**35,220**	**3,227**
Income Before Other Revenues	**$**	**90,976**	**102,858**	**$**	**95,635**	**32,078**
Capital appropriations and contributions from State		(2)	-		1,217	-
Capital grants and gifts		16,562	-		7,330	-
Additions to permanent endowments		1,033	-		-	-
Settlement proceeds		515	-		-	-
Total Other Revenues	**$**	**18,108**	-	**$**	**8,547**	-
Increase (Decrease) in Net Position		**109,084**	**102,858**		**104,182**	**32,078**
Net Position, Beginning of Year		33,289	345,628		(71,069)	313,550
Changes for change in accounting principle		-	-		176	-
Net Position, End of Year	**$**	**142,373**	**448,486**	**$**	**33,289**	**345,628**

Colorado School of Mines

Statements of Cash Flows

Years Ended June 30, 2021 and 2020 *(in thousands)*

		2021		2020
Cash Flows from Operating Activities:				
Tuition and fees	$	132,152	$	143,423
Grants and contracts		74,054		92,692
Sales of services from auxiliary enterprises		26,267		25,367
Collection of loans to students		1,097		929
Rental income		1,534		1,598
Receipts from the Foundation		1,528		1,058
Other operating receipts		4,714		5,484
Payments to employees		(132,857)		(129,239)
Payments for employee benefits		(58,484)		(61,994)
Payments to suppliers		(70,594)		(75,334)
Developmental services fees		(2,200)		(1,900)
Scholarships disbursed		(6,890)		(4,614)
Loans issued to students		(649)		(352)
Net cash used for operating activities	**$**	**(30,328)**	**$**	**(2,882)**
Cash Flows from Noncapital Financing Activities:				
Receipts from the Foundation	$	17,470	$	17,893
State appropriations, non-capital		4,200		3,458
Gifts and grants for other than capital purposes		5,450		5,650
Additions to permanent endowments		1,033		-
Principal payments on noncapital debt		(370)		(355)
Interest payments on noncapital debt		(9)		(27)
Funds invested with the Foundation		(1)		-
Federal nonoperating revenue		13,495		20,040
Direct lending receipts		32,605		32,979
Direct lending disbursements		(32,625)		(32,979)
Agency inflows		14,020		9,522
Agency outflows		(14,121)		(9,519)
Net cash provided by noncapital financing activities	**$**	**41,147**	**$**	**46,662**
Cash Flows from Capital and Related Financing Activities:				
State appropriations, capital	$	(2)	$	1,217
Capital gifts		8,309		9,058
Academic facility fees		4,034		3,878
Bond proceeds		344		-
Bond issuance and other loan costs		(19)		(97)
Acquisition and construction of capital assets		(21,235)		(66,218)
Principal payments on capital debt		(9,387)		(8,375)
Interest payments on capital debt		(14,250)		(12,916)
Federal nonoperating revenue		1,451		567
Net cash used for capital and related financing activities	**$**	**(30,755)**	**$**	**(72,886)**
Cash Flows from Investing activities:				
Interest and dividends on investments		(1,186)		7,974
Net cash provided by/(used for) investing activities	**$**	**(1,186)**	**$**	**7,974**
Net Decrease in cash and cash equivalents		(21,122)		(21,133)
Cash and cash equivalents, Beginning of Year		**183,329**		**204,462**
Cash and cash equivalents, End of Year	**$**	**162,207**	**$**	**183,329**

Colorado School of Mines

Statements of Cash Flows

Years Ended June 30, 2021 and 2020 *(in thousands)*

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 42,418	$ 60,415
Adjustments		
Depreciation and amortization expense	26,318	21,535
Noncash operating expenses	485	192
Receipts of items classified as non-operating revenues	1,887	3,276
Academic construction fee split out of tuition to capital	(4,034)	(3,878)
Changes in assets and liabilities:		
Accounts and loans receivable	(18,071)	599
Other assets	(27)	(908)
Loans to students	799	624
Accounts payable and accrued liabilities	3,412	(2,683)
Unearned revenue	715	43
Accrued compensated absences	574	927
Other liabilities	(31,167)	(52,190)
Changes in deferred outflows and inflows:		
Deferred outflows	(10,861)	29,906
Deferred inflows	(42,776)	(60,740)
Net cash used for operating activities	**$ (30,328)**	**$ (2,882)**
Noncash Investing, Capital and Financing Activities:		
Capital assets acquired by donations, state funded, and payable increases	5,021	10,433
Fair value change in interest rate swap	(3,193)	3,675
Realized/unrealized gains on investments	10,652	95
Administrative fees on investments	454	471
Accretion of interest on deep discount debt	397	447
Amortization of premiums/discounts	(1,628)	(1,794)
Amortization of deferred losses and swap termination	(479)	1,644
Loss on disposal of assets	(707)	(837)
Construction In Progress adjustments and deductions	(450)	(44)
State Support for Pensions	-	1,933
Federal noncapital financing receivable (CARES)	782	335
Federal capital financing receivable (BABS)	(561)	561
Bond underwriter costs	106	-
Capital debt forgiven	5,480	-
Building acquired by capital lease	44,249	-

Note 1: Basis of Presentation and Summary of Significant Accounting Policies

Governance

Colorado School of Mines (the University) is a public institution of higher education with a primary emphasis in engineering and science education and research. The University is governed by a nine-member Board of Trustees. Seven voting members are appointed by the Governor of the State of Colorado with the consent of the Colorado Senate. Two non-voting members, representing the faculty and students of the University, are voted in by the respective constituents.

Financial Reporting Entity and Basis of Presentation

The University's financial reporting entity includes the operations of the University and all related entities for which the University is financially accountable or that provide services to the University, referred to as blended component units. Financial accountability may stem from the University's ability to appoint a majority of the governing board of the related organization, its ability to impose its will on the related organization, its ability to access assets, or its responsibility for debts of the related organization. The University includes the following blended component units:

- Colorado School of Mines Building Corporation: established in June 1976 as a separate corporation under the laws of the State of Colorado. The purpose of the corporation was to build a facility that would house the United States Geological Survey (USGS). The Corporation collects annual rent payments from the USGS. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.

- Mines Applied Technology Transfer Inc. (MATTI): established in 2002 as a separate corporation under the laws of the State of Colorado with a December 31 year-end. The purpose of MATTI, a not-for-profit 501(c)(3), is to further the education, research, development and public services objectives of the University and to further the transfer of newly created technologies from the University to the private sector. The corporation is operated exclusively for the benefit of the University. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.

Discretely Presented Component Unit

The University's financial statements include one supporting organization as a discretely presented component unit (DPCU) of the University.

Colorado School of Mines Foundation, Incorporated (the Foundation) is a legally separate entity incorporated under Article 40, Title 7 of the Colorado Revised Statutes of 1973. The Foundation was established in 1928 to promote the welfare, development and growth of the University. The Foundation has a determination letter from the Internal Revenue Service stating it qualifies under Section 501(c)(3) of the Internal Revenue Code as a public charity. Although the University does not control the timing of receipts received by the Foundation, the majority of resources or income thereon the Foundation holds and invests are restricted by the donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. Separately issued financial statements are available by contacting the Foundation at PO Box 4005, Golden, Colorado, 80401-0005.

The Table Mountain Research Center (TMRC), formerly the Colorado School of Mines Research Institute (CSMRI), a not-for-profit corporation, was established in 1949 as a separate corporation under the laws of the State of Colorado. The purpose of TMRC is to promote, encourage and aid scientific and technological investigation and research. TMRC ceased active operations during 1987 and sold the last of its real estate assets in 2020. It is our understanding TMRC will proceed with an orderly dissolution. However, claims against TMRC, if any, may not be fully discharged for a period of up to five years under appropriate Colorado statutory procedures.

Relationship to State of Colorado

Article VIII, Section 5 of the Colorado Constitution declares the University to be a state institution. Thus, for financial reporting purposes, the University is included as part of the State primary government.

Basis of Accounting and Presentation

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 prepared 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.

The University applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Significant Accounting Policies

Cash and Cash Equivalents

The University considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of funds invested through the State Treasurer's Cash Management Program, money market funds with brokers, and Guarantee Investment agreements.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include amounts whose use is constrained either through external party restrictions or imposition by law. Restricted purposes include gifts, endowments, debt funded project construction and debt service reserves.

Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using values provided by the investment managers, along with managements estimates. Investments include, but are not limited to, funds managed by the Foundation on behalf of the University.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Accounts and Loans Receivable

Accounts and loans receivable consist of tuition and fee charges to students, charges for auxiliary enterprise services provided to students, advances to faculty, staff, and students, activity related to research contracts and grants, and short and long-term loans issued to students under various federal and other loan programs to cover tuition and fee charges. Receivables are recorded net of estimated uncollectible amounts. The University also administers student loans on behalf of the discretely presented component unit. The student loans administered by the University are recorded as a receivable from the student, included with loans to students in the Statement of Net Position, and a liability to the component unit.

Inventories

Inventories are stated at the lower of cost, determined using the FIFO (first-in, first-out) method, or market.

Bond Issuance Costs

Bond issuance costs incurred on revenue bond issues are expensed in the year the bond issue occurs.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation, if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the University:

Land Improvements	20	Years
Building and improvements	20-50	Years
Leasehold Improvements	4	Years
Equipment	3-20	Years
Software	3-10	Years
Library Materials	10	Years

For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For renovations and improvements, the capitalization policy includes items with a value of $50,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

Assets recorded under capital lease agreements are recorded at the present value of future minimum lease payments and are amortized over either the term of the lease or the estimated useful life of the asset, whichever period is shorter. Such amortization is included as depreciation expense in the accompanying financial statements.

Intangible assets are carried at cost and are comprised of an indefeasible right to use certain fiber optic cables. Intangible assets are amortized over 20 years.

Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time-off or, in limited circumstances, as a cash payment. Expense and the related liabilities that are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time-off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time-off are recognized as expense when the time-off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect as of July 1 plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

Unearned Revenue – Tuition, Fees and Grants

Unearned revenue represents student tuition and fees, for which the University has not provided the associated services, and advances on grants and contract awards for which the University has not provided services or has not met all of the applicable eligibility requirements.

Bonds

Bonds represent debt by borrowing or financing usually for the acquisition of land, buildings, equipment, or capital construction. The University has an International Swaps and Derivatives Association (ISDA) Master Swap Agreement in order to convert certain variable rate debt to a synthetic fixed rate, thereby economically hedging against changes in the cash flow requirements of the University's variable interest rate debt obligations (Note 9).

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent losses on various bond re-funding, the market to market valuation of the University's SWAP agreement, net pension liability related items and future asset retirement obligations. For current re-funding and advance re-funding resulting in defeasance of debt, the difference between the re-acquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources on the Statement of Net Position and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The University recognized a deferred outflow in fiscal years 2021 and 2020 for the mark to market valuation of the SWAP agreement.

For the net pension liability related items, the difference between expected and actual experiences, the difference between projected and actual earnings on pension plan investments, the impact on the net pension liability resulting from changes in plan related assumptions, the changes in the University's proportionate share of the net pension liability, and contributions paid to PERA subsequent to the plan's measurement date are all reported as either a deferred outflow or a deferred inflow of resources on the Statement of Net Position and are amortized as a component of pension expense over varying amounts of time.

The Asset Retirement Obligation (ARO) liability is the estimated costs of legally enforceable obligations required to sell, retire, recycle or dispose of specific assets. The legally enforceable obligation could come from federal, state or local laws and regulations, binding contracts, court judgements. These costs include but are not limited to specific cleaning processes, environmental remediation, transportation and disposal. The University recognizes this liability over the useful life of the assets with legally enforceable obligations.

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange or exchange like transactions, program-specific, or government-mandated non-exchange transactions, such as (1) student tuition and fees, net (includes Colorado Opportunity Fund stipends (COF)) (2) state fee for service contract (3) sales and services of auxiliary enterprises, (4) contracts and grants for research activities and (5) interest on student loans.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenue sources that are not deemed operating revenues including Federal Pell revenue, Federal Pandemic Aid revenue, state appropriations for non-capital, state support for pensions, and interest subsidy payments associated with Build America Bonds.

Scholarship Discounts and 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 nonoperating 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.

Donor Restricted Endowments

Disbursements of the net appreciation (realized and unrealized) of investments of endowment gifts are permitted by state law, except where a donor has specified otherwise. The amount of earnings and net appreciation available for spending by the University and the Foundation is based on a spending rate set by the Foundation board on an annual basis. For the years ended June 30, 2021 and 2020, the authorized spending rate was equal to the 4.25 percent of the rolling 36-month average market value of the endowment investments. Earnings net of fees in excess of the amount authorized for spending are available in future years and are included in the value of the related investment.

Application of Restricted and Unrestricted Resources

The University first applies restricted resources when an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available.

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 and state income tax on any unrelated business taxable income. There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2021 and 2020.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 2021 presentation.

Note 2: Cash and Cash Equivalents, and Investments

The University's and DPCU cash and cash equivalents as of June 30 are detailed in Table 2.1, Cash and Cash Equivalents.

Table 2.1 Cash and Cash Equivalents *(in thousands)*

Type		**2021**	**2020**
University			
Cash on hand	$	16	17
Cash with U.S. financial institutions		18,790	25,872
Cash with Guaranteed Investment Contract		-	16,601
Cash with State Treasurer		143,401	140,839
Cash and Cash Equivalents - University	**$**	**162,207**	**183,329**
Discretely Presented Component Unit			
Cash with U.S. financial institutions		18,856	14,578
Cash and Cash Equivalents - DPCU	**$**	**18,856**	**14,578**

Deposits

The University deposits the majority of its cash with the Colorado State Treasurer (Treasury) pursuant to Colorado Revised Statutes (C.R.S). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasurer acts as a bank for all state agencies and many state supported institutions of higher education. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021, the University had cash on deposit with the Treasury of $143,401,000 which represented approximately 0.81 percent of the total $17,744,600,000 fair value of deposits in the Pool (Pool). As of June 30, 2020, the University had cash on deposit with the Treasury of $140,839,000 which represented approximately 1.5 percent of the total $9,638,800,000 fair value of investments in the Pool. As of June 30, 2021, and 2020, the Pool's resources included $36,100,000 and $16,000,000 of cash on hand and $17,708,500,000 and $9,617,800,000 of investments, 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 State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

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

Deposits not with the Treasury are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance (FDIC) and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (the Public Deposit Protection Act) or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor – government's name. Accordingly, none of the University's deposits as of June 30, 2021 and 2020 are deemed to be exposed to custodial credit risk. As of June 30, 2021, and 2020, the DPCU maintained balances in various operating accounts in excess of federally insured limits totaling approximately $18,600,000 and $14,300,000, respectively.

Guaranteed Investment Contract

The University entered into a Guaranteed Investment Contract (GIC) with Toronto-Dominion Bank in April 2018. The cash provided for the GIC was equal to the unspent 2017B Bond Proceeds. The University leveraged the investment to maximize the projects funded by the 2017B issue.

Investments

The University has authority to invest institutional funds in any investment deemed advisable by the governing board per section 15-1-1106, C.R.S. The University may legally invest in direct obligations of, and other obligations guaranteed as to principal by, the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest, to a limited extent, in equity securities.

Credit Quality Risk- Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk only applies to debt investments. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The University has no investment policy that would further limit its investment choices beyond those allowed by State statute. The corporate bond funds shown in table 2.2 are mutual funds and therefore are not rated.

Interest Rate Risk- Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate risk only applies to debt investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Interest rate risk inherent in the University's investments is measured by monitoring the modified duration of the overall investments portfolio. Modified duration estimates the sensitivity of the University's investments to changes in the interest rates. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. At June 30, 2021 and 2020, no single investment of the University's exceeded 5 percent of the total investments.

Most of the University's investments are managed by the Foundation, on behalf of the University and are reflected in the Foundation's Long-term Investment Pool (LTIP). The University's investments represent a proportionate share of the Foundation's LTIP and therefore, the University does not own any specific investments. As such the fair value measurement for the University's investments are reported as a Level 3 as described below. The University investments are under the Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding for the University. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio. This policy minimizes concentration credit risk.

The Foundation categorizes fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are significant other than quoted prices that are observable for the investment either directly or indirectly; Level 3 are significant unobservable inputs where little or no market data is available, which requires the entity to develop its own assumptions. The fair value measurement of investments as of June 30, 2021 and 2020 are show in Table 2.2 Fair Value Measurements.

Table 2.2 Fair Value Measurements *(in thousands)*

2021						
Investment Type		**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
University						
Corporate equity securities	$	199	-	-	-	199
Investments with Foundation		-	-	39,794	-	39,794
Total Investments - University	**$**	**199**	-	**39,794**	-	**39,993**
Liabilities						
Interest Rate Swap Agreement		-	9,645	-	-	9,645
Total Liabilities - University		-	**9,645**	-	-	**9,645**
Discretely Presented Component Unit						
Cash equivalents	$	-	21,715	-	-	21,715
Corporate equity securities		122,556	-	-	114,496	237,052
Hedge funds		-	-	-	35,982	35,982
Private equity		-	-	-	98,380	98,380
Corporate bond funds		14,150	-	-	-	14,150
Split-interest agreements		6,583	-	250	-	6,833
Gift annuity agreements		3,414	1	-	-	3,415
Beneficial interest investments		-	-	14,035	-	14,035
Total Investments-DPCU	**$**	**146,703**	**21,716**	**14,285**	**248,858**	**431,562**

2020						
Investment Type		**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
University						
Corporate equity securities	$	173	-	-	-	173
Investments with Foundation		-	-	31,144	-	31,144
Total Investments - University	**$**	**173**	-	**31,144**	-	**31,317**
Liabilities						
Interest Rate Swap Agreement		-	12,838	-	-	12,838
Total Liabilities - University		-	**12,838**	-	-	**12,838**
Discretely Presented Component Unit						
Cash equivalents	$	-	13,208	-	-	13,208
Corporate equity securities		75,240	-	-	90,475	165,715
Hedge funds		-	-	-	35,591	35,591
Private equity		-	-	-	64,261	64,261
Corporate bond funds		13,922	-	-	-	13,922
Split-interest agreements		13,491	-	275	-	13,766
Gift annuity agreements		2,904	-	-	-	2,904
Beneficial interest investments		-	-	11,473	-	11,473
Total Investments-DPCU	**$**	**105,557**	**13,208**	**11,748**	**190,327**	**320,840**

The following table details each major category for the Colorado School of Mines Foundation investments at fair value using net asset value (NAV).

Table 2.3 Investments in Certain Entities that Calculate NAV Per Share *(in thousands)*

Fund Description	June 30, 2021 Fair Value	June 30, 2020 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity	$ 62,704	41,295	-	Quarterly	30 to 45 days
International equity	51,792	49,180	-	Monthly	5 to 30 days
Hedge funds	35,982	35,591	-	Quarterly to annually	30 to 90 days
Private equity funds	98,380	64,261	49,762	N/A	N/A
Total Investments - DPCU	**$ 248,858**	**190,327**	**49,762**		

Note 3: Accounts and Loans Receivable

Table 3.1, Accounts Receivable, segregates receivables as of June 30, 2021 and 2020, by type.

Table 3.1 Accounts Receivable *(in thousands)*

2021				
Type of Receivable	**Gross Receivable**	**Allowance**	**Net Receivable**	**Net Current Portion**
University				
Student accounts	$ 5,807	1,003	4,804	4,804
Student loans	3,461	98	3,363	974
Federal Government	26,058	-	26,058	26,058
Private sponsors	3,351	61	3,290	3,290
DPCU	2,906	-	2,906	2,906
Other	1,840	14	1,826	1,826
Total Receivable - University	**$ 43,423**	**1,176**	**42,247**	**39,858**
Discretely Presented Component Unit				
Contributions*	$ 47,521	1,593	45,928	30,461
Due from University	1,465	-	1,465	-
Total Receivable - DPCU	**$ 48,986**	**1,593**	**47,393**	**30,461**

2020				
Type of Receivable	**Gross Receivable**	**Allowance**	**Net Receivable**	**Net Current Portion**
University				
Student accounts	$ 1,362	863	499	499
Student loans	4,270	110	4,160	550
Federal Government	16,033	-	16,033	16,033
Private sponsors	2,894	226	2,668	2,668
DPCU	1,750	-	1,750	1,750
Other	1,245	2	1,243	1,243
Total Receivable - University	**$ 27,554**	**1,201**	**26,353**	**22,743**
Discretely Presented Component Unit				
Contributions*	$ 50,603	2,607	47,996	7,415
Due from University	1,703	-	1,703	-
Total Receivable - DPCU	**$ 52,306**	**2,607**	**49,699**	**7,415**

*The allowance on the contributions receivable is comprised of uncollectible and unamortized discounts of $780 and $812 respectively, as of June 30, 2021 and $1,278 and $1,329, respectively, for June 30, 2020.

Note 4: Capital Assets

Table 4.1, Capital Assets, presents the changes in capital assets and accumulated depreciation by major asset category for the years ended June 30, 2021 and 2020.

Table 4.1 Capital Assets *(in thousands)*

Category		Balance 2020	Additions	Deletions	Transfers	Balance 2021
Nondepreciable capital assets						
Land	$	13,210	1,139	246	-	14,103
Works of art		202	32	-	-	234
Construction in progress		114,671	9,654	-	(114,002)	10,323
Total nondepreciable assets	**$**	**128,083**	**10,825**	**246**	**(114,002)**	**24,660**
Depreciable capital assets						
Land improvements	$	28,429	-	-	7,693	36,122
Buildings and improvements		511,242	44,670	438	99,750	655,224
Software		2,249	14	6	-	2,257
Equipment		85,737	6,569	2,172	6,559	96,693
Library materials		13,166	165	-	-	13,331
Intangible assets		600	-	-	-	600
Total depreciable capital assets	**$**	**641,423**	**51,418**	**2,616**	**114,002**	**804,227**
Less accumulated depreciation						
Land improvements	$	14,421	1,358	-	-	15,779
Buildings		191,606	16,780	175	-	208,211
Software		2,148	51	5	-	2,194
Equipment		55,398	7,910	1,658	-	61,650
Library materials		12,135	185	-	-	12,320
Intangible assets		366	34	-	-	400
Total accumulated depreciation	**$**	**276,074**	**26,318**	**1,838**	**-**	**300,554**
Net depreciable assets	$	365,349	25,100	778	114,002	503,673
Total Net Capital Assets	**$**	**493,432**	**35,925**	**1,024**	**-**	**528,333**

Table 4.1 Capital Assets, continued *(in thousands)*

Category		Balance 2019	Additions	Deletions	Transfers	Balance 2020
Nondepreciable capital assets						
Land	$	12,366	980	136	-	13,210
Works of art		202	-	-	-	202
Construction in progress		63,510	61,724	165	(10,398)	114,671
Total nondepreciable assets	**$**	**76,078**	**62,704**	**301**	**(10,398)**	**128,083**
Depreciable capital assets						
Land improvements	$	26,002	122	106	2,411	28,429
Buildings and improvements		503,653	1,199	1,221	7,611	511,242
Software		2,374	90	215	-	2,249
Equipment		81,465	8,694	4,798	376	85,737
Library materials		12,918	248	-	-	13,166
Intangible assets		600	-	-	-	600
Total depreciable capital assets	**$**	**627,012**	**10,353**	**6,340**	**10,398**	**641,423**
Less accumulated depreciation						
Land improvements	$	13,361	1,129	69	-	14,421
Buildings		178,034	13,603	31	-	191,606
Software		2,252	105	209	-	2,148
Equipment		52,933	6,469	4,004	-	55,398
Library materials		11,940	195	-	-	12,135
Intangible assets		333	33	-	-	366
Total accumulated depreciation	**$**	**258,853**	**21,534**	**4,313**	**-**	**276,074**
Net depreciable assets	$	368,159	(11,181)	2,027	10,398	365,349
Total Net Capital Assets	**$**	**444,237**	**51,523**	**2,328**	**-**	**493,432**

The interest expense related to capital asset debt incurred by the University during the years ended June 30, 2021 and 2020, was $12,521,000 and $9,270,000, respectively.

For fiscal year 2021, the University has opted to early implement GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. Under prior accounting standards, the University was required to capitalize interest costs for construction projects as part of the cost of the related capital assets. GASB 89 allows the University to expense this interest as a period cost. The total amount of interest costs capitalized as part of construction in progress during the years ended June 30, 2021 and 2020 was $0 and $4,040,000, respectively. If the University did not early implement GASB Statement 89 the amount of interest that would have been capitalized for the year ended June 30, 2021, would have been $839,166.

Note 5: Deferred Outflows and Inflows of Resources

Table 5.1, Deferred Outflows and Inflows of Resources details the types and amounts of deferred outflows and inflows of resources as of June 30, 2021 and 2020.

Table 5.1 Deferred Outflows of Resources *(in thousands)*

Deferred Outflows	**2021**	**2020**
Loss on bond refundings	$ 9,072	$ 10,159
SWAP valuation	4,273	5,900
Pension Related	27,320	16,418
OPEB Related	497	538
Asset Retirement Obligation	149	150
Total Deferred Outflows of Resources	**$ 41,311**	**$ 33,165**

Deferred Inflows	**2021**	**2020**
Pension Related	$ 66,050	$ 109,830
OPEB Related	4,342	3,337
Total Deferred Inflows of Resources	**$ 70,392**	**$ 113,167**

Note 6: Accounts Payable and Accrued Liabilities

Table 6.1, Accounts Payable and Accrued Liabilities, details the accounts payable and accrued expenses as of June 30, 2021 and 2020.

Table 6.1 Accounts Payable and Accrued Liabilities *(in thousands)*

Type	**2021**	**2020**
Accounts payable - vendors	$ 9,643	$ 11,991
Accrued salaries and benefits	7,119	5,853
Accrued interest payable	1,294	1,450
Total Accounts Payable and Accrued Liabilities	**$ 18,056**	**$ 19,294**

The University leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights or meet other capital lease criteria, and therefore, the related assets and liabilities are not recorded in the accompanying financial statements. For Fiscal Years 2021 and 2020, total rent expense under these agreements was $498,000 and $566,000, respectively.

Table 6.2, Future Minimum Operating Lease Payments, details the future minimum operating lease payments.

Table 6.2 Future Minimum Operating Lease Payments *(in thousands)*

Years Ending June 30		Minimum Lease Payment
2022	$	340
2023		271
2024		91
2025		68
2026		68
2027 to 2031		11
Total Operating Lease Payments	**$**	**849**

The University leases office space to several tenants in primarily two buildings. The lease terms for the tenants vary and extend through Fiscal Year 2027. The annual rent payments for Fiscal Year 2021 and 2020 was $1,606,000 and $1,640,000, respectively and includes cancellable operating leases.

Table 6.3, Future Tenant Rent Payments, presents the anticipated annual rent payments from tenants.

Table 6.3 Future Tenant Rent Payments *(in thousands)*

Years Ending June 30		Minimum Lease Payment
2022	$	118
2023		90
2024		65
2025		69
2026		69
Total Tenant Rent Payments	**$**	**411**

Note 7: Compensated Absences

Table 7.1, Compensated Absences, presents the changes in compensated absences for the years ended June 30, 2021 and 2020.

Table 7.1 Compensated Absences *(in thousands)*

		2021	2020
Beginning of the year	$	8,663	7,735
Increases (Decreases) Sick		(19)	(77)
Increases (Decreases) Annual		592	1,005
End of the year	**$**	**9,236**	**8,663**
Current Portion	**$**	**787**	**672**

Note 8: Unearned Revenue

Table 8.1, Unearned Revenue, details the types and amounts of unearned revenue as of June 30, 2021 and 2020.

Table 8.1 Unearned Revenue *(in thousands)*

Type		2021	2020
Tuition and fees	$	6,183	5,170
Grants and contracts		12,034	26,190
Miscellaneous		548	117
Total Unearned Revenue	**$**	**18,765**	**31,477**

Note 9: Bonds and Leases

As of June 30, 2021 and 2020, the categories of long-term obligations are detailed in Table 9.2, Bonds and Leases Payable. Table 9.3, Changes in Bonds and Leases Payable, presents the changes in bonds and capital leases payable for the years ended June 30, 2021 and 2020.

Revenue Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2021 and 2020 is detailed in Table 9.4, Revenue Bond Detail.

The University's fixed rate revenue bonds are payable semi-annually, have serial maturities, contain sinking fund requirements and contain optional redemption provisions. The University's variable rate demand bonds are payable annually, contain sinking fund requirements and contain optional redemption provisions. The optional redemption provisions allow the University to redeem, at various dates, portions of the outstanding revenue bonds at varying prices. All University revenue bonds are special limited obligations of the University. The revenue bonds are secured only by certain pledged revenues and are not pledged by any encumbrance, mortgage, or other pledge of property, and the revenue bonds do not constitute general obligations of the University.

The revenue bonds are secured by a pledge of all net revenues as defined by the bond documents. As of June 30, 2021 and 2020, net auxiliary pledged revenues, total net pledged revenues, and the associated debt service coverage are shown in Table 9.1, Net Pledged Revenues. The University's net pledged revenues will continue to be pledged for the life of the associated revenue bonds as detailed in Table 9.2, Bonds and Leases Payable. The outstanding principal and interest of the related pledged debt is detailed in Table 9.5, Revenue Bonds Future Minimum Payments. The University believes it is in compliance with all existing pledged revenue requirements of its outstanding bonds.

Table 9.1 Net Pledged Revenues *(in thousands)*

Source of Net Pledged Revenue		2021		2020
Prior Bond Obligation:				
Auxiliary Gross Revenues				
Facilities		27,502		26,865
Student Services Fee Revenue		3,935		3,863
Auxiliary Renewal & Replacement		680		658
Total Auxiliary Revenues		32,117		31,386
Total Auxiliary Operating Expenses		(17,100)		(14,047)
Net Auxiliary Revenues		15,017		17,339
Total Prior Obligations Debt Service		1,385		1,385
Prior Obligations Debt Service Coverage		10.84		12.52
Parity Bond Obligations				
Institution Enterprise Revenues:				
Student Tuition		16,800		17,703
Indirect Cost Recoveries		17,089		16,052
Academic Facility Fees		4,034		3,878
Federal Interest Subsidy		890		1,128
Net Institutional Enterprise Revenues	$	38,813	$	38,761
Net Pledged Revenues for Parity Debt	$	52,445	$	54,714
Total Parity Debt Service		18,098		18,566
Parity Debt Service Coverage		2.90		2.95
Subordinate Bond Obligations				
Total Subordinate Debt Service		1,036		1,147
Coverage of Parity and Subordinate Bonds		2.74		2.78
Total Debt Service Coverage		2.62		2.66

The Auxiliary Facility Enterprise Revenue bonds specify debt service coverage requirements for the auxiliary facilities. The debt service coverage provisions require net pledged revenues to be equal to 110 percent of the combined principal and interest payments, excluding any reserves, on the Auxiliary Bonds and any additional bonds due during any subsequent fiscal year. The Auxiliary Facility Enterprise Revenue bonds are payable from net pledged revenues on parity with the other bonds and the note payable.

A master resolution adopted by the Board includes a covenant by the Board which provides, in summary, that, while the Bonds are outstanding, and subject to applicable law, the Board will continue to impose such fees and charges as are included within the gross revenues and will continue the present operation and use of the institutional enterprise and the facilities. The Board will continue to maintain such reasonable fees, rental rates and other charges for the use of all facilities and for services rendered by the Institutional Enterprise as will return annually gross revenue sufficient to pay the prior bond obligations, to pay operation and maintenance expenses, to pay the annual debt service requirements of the bonds and any parity obligations payable from the net revenues. In addition, the Board will make any deposits required to the reserve fund. The debt covenant includes provisions relating to other matters such as maintenance of insurance coverage for the facilities. The Master Resolution prohibits the Board from selling, destroying, abandoning, otherwise disposing of or altering at any time the property comprising a part of the facilities until all bonds payable out of net revenues have been paid or provision has been made to pay all such bonds. The University believes it is in compliance with these covenants.

The Series 2009B and 2010B bonds qualify as Build America Bonds and the Series 2011 bonds qualify as Qualified Energy Conservation Bonds for purposes of the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law on February 17, 2009. Pursuant to ARRA, for the Series 2009B and 2010B bonds, the University expects to receive a cash subsidy payment from the United States Treasury, referred to as Federal Direct Payments, equal to 35 percent of the interest payable on the bonds on or around each interest payment date. For the Series 2011 bonds, the University expects to receive Federal Direct Payments equal to 70 percent of the interest payable on the bonds on or around each interest payment date. Due to federal budget cuts that started during Fiscal Year 2013, the University received approximately 5.7 and 5.9 percent less in payments under this program for Fiscal Years 2021 and 2020, respectively. Pursuant to the Colorado Recovery Act, the Board may pledge any Federal Direct Payments received to the payments of the bonds. The Board has pledged such payments to the payment of all bonds. In Fiscal Years 2021 and 2020, the University received $890,000 and $1,128,000, respectively, in Federal Direct Payments.

As of June 30, 2021, the series 2009B bonds are the only remaining bonds receiving a subsidy. The 2011 bonds were paid off on December 1, 2020; the subsidy for this series was thus halved from previous years. The 2010B bonds were refunded by the 2020 bonds effective December 1, 2020; no subsidy was received for the 2010B series in Fiscal Year 2021.

The Series 2009B, 2012B, 2016A, 2016B, 2017C and 2018A revenue bonds qualify for the State Intercept Program established pursuant to Section 23-5-139 CRS. The State Intercept Program provides for the institutions of higher education to utilize the State of Colorado's credit rating. The State Treasurer is obligated to make principal and interest payments when due with respect to the revenue bonds issued by state supported institutions of higher education if such institution will not make the payment by the due date.

The following table provides a summary of the University's long-term debt obligations as of June 30, 2021 and 2020 (in thousands):

Table 9.2 Bonds and Leases Payable *(in thousands)*

Type	Interest Rates	Final Maturity	Balance 2021	Balance 2020
Auxiliary Facilities Enterprise Revenue Bonds	5.14% - 5.40%	2028	$ 7,213	8,194
Institutional Enterprise Revenue Bonds				
Variable Rate Demand Bonds	0.069%*	2038	36,185	36,760
Fixed Rate Bonds	2.00% - 6.29%	2043	221,314	239,915
Fixed Rate Bonds (Direct Placement)	2.02% - 4.9%	2030	11,645	370
Subordinate Institutional Enterprise Revenue Bonds	3.00%	2021	-	6,420
Total Bonds Payable			**$ 276,357**	**291,659**
Capital Leases Payable	4.51%	2050	43,537	-
Total Bonds and Leases Payable			**$ 319,894**	**291,659**

*Variable rate demand bonds are set at an adjustable rate as discussed below. The rates reflected in the table are as of June 30, 2021.

In May 2018, the University refunded the 2010A variable rate demand bonds with the issuance of the 2018A variable rate institutional enterprise revenue bonds. In addition, the University negotiated a new support fee of 0.50 percent. The interest rate on the Series 2018A variable rate demand bonds is calculated based on 67 percent of the one-month London interbank offered rate (LIBOR) plus 50 basis points. The interest rate on the Series 2018A as of June 30, 2021 and 2020 (including basis points) was 0.569 percent and 0.611 percent, respectively.

Table 9.3, Changes in Bonds and Leases Payable presents the changes in bonds, and leases for the years ended June 30, 2021 and 2020.

Table 9.3 Changes in Bonds and Leases Payable *(in thousands)*

Type		Balance 2020	Additions	Deductions	Balance 2021	Current Portion
Revenue bonds payable	$	269,743	12,046	25,720	256,069	6,485
Plus unamortized premiums		21,925	-	1,630	20,295	-
Less unamortized discounts		9	-	2	7	-
Total Bonds Payable	**$**	**291,659**	**12,046**	**27,348**	**276,357**	**6,485**
Capital Leases		-	44,249	712	43,537	745
Total Bonds and Leases Payable	**$**	**291,659**	**56,295**	**28,060**	**319,894**	**7,230**

Type		Balance 2019	Additions	Deductions	Balance 2020	Current Portion
Revenue bonds payable	$	278,022	451	8,730	269,743	9,045
Plus unamortized premiums		23,721	-	1,796	21,925	-
Less unamortized discounts		11	-	2	9	-
Total Bonds Payable	**$**	**301,732**	**451**	**10,524**	**291,659**	**9,045**
Capital Leases		-	-	-	-	-
Total Bonds and Leases Payable	**$**	**301,732**	**451**	**10,524**	**291,659**	**9,045**

Table 9.4, Revenue Bond Detail presents a summary description of the University’s outstanding revenue bonds for the years ended June 30, 2021 and 2020.

Table 9.4 Revenue Bond Detail *(in thousands)*

Issuance Description		Original Issuance Amount	Outstanding Balance 2021	Outstanding Balance 2020
Auxiliary Facilities Enterprise Revenue Bonds:				
Capital Appreciation, Series 1999 - Used to fund capital improvements for residence halls, residential housing, student center and fraternity housing facilities.	$	7,794	7,219	8,203
Total Auxiliary Facilities Enterprise Revenue Bonds	**$**	**7,794**	**7,219**	**8,203**
Institutional Enterprise Revenue Bonds:				
Series 2009B Taxable Direct Payment Build America Bonds. Used to fund construction or renovation of certain campus capital projects including a new residence hall, Weaver Towers, wellness center and other capital improvements. Repayment begins in 2024.		42,860	42,860	42,860
Series 2010B Taxable Direct Payment Build America Bonds. Used to construct, improve, renovate and equip new academic Marquez Hall Wing and provide additional facilities. Repayment begins in 2034.		11,195	-	11,195
Series 2012B Used to fund construction of a new residence hall and dining facility, renovate the Student Center, provide bridge funding for construction for a new welcome center, and refund all of the Series 2002 bonds and a portion of the Series 2004 bonds.		47,345	4,160	5,420
Series 2016A and B Used to fund construction, improvements, and equipping of CoorsTek Center; advance refunding portion of the Series 2009A bonds and Series 2009C bonds.		34,690	19,615	23,930
Series 2017A Used to fund construction and improvements to campus-wide generators, a chiller plant, the Green Center roof and a new operations building. Repayment begins in 2023.		27,675	27,675	27,675
Series 2017B Used to fund construction of a new residence hall, parking garage, Innovative learning space and improvements to campus utilities. Repayment begins in 2021.		71,880	71,680	71,880

Series 2017C Used to advanced refund a portion of the Institutional Enterprise Revenue Bonds, Series 2012B. Repayment begins in 2022.		35,030	35,030	35,030
Series 2018A Used to refund all of the variable rate demand Institutional Enterprise Revenue Bonds, Series 2010A. Repayment begins in 2020.		37,885	36,185	36,760
Total Institutional Enterprise Revenue Bonds	**$**	**308,560**	**237,205**	**254,750**
Direct Placement Institutional Enterprise Revenue Bonds:				
Series 2011 - Taxable Qualified Energy Conservation Bonds. Used to finance qualified conservation improvement projects.	$	2,800	-	370
Series 2020 - Used to refund all of the Series 2010B Taxable Direct Payment Build America Bonds. Repayment begins in 2022.	$	11,645	11,645	-
Total Direct Placement Institutional Enterprise Revenue Bonds	**$**	**14,445**	**11,645**	**370**
Subordinate Institutional Enterprise Revenue Bonds, Direct Placement:				
Series 2012A – Used to fund construction of new athletic facilities.	$	13,000	-	6,420
Total Direct Placement Subordinate Institutional Enterprise Revenue Bonds	**$**	**13,000**	**-**	**6,420**
Total Revenue Bonds	**$**	**343,799**	**256,069**	**269,743**
Plus Premiums			20,295	21,925
Less Discounts			7	9
Total Revenue Bonds			**276,357**	**291,659**

Revenue and Refunding Bond Activity

In December 2020 the University issued the 2020 Institutional Enterprise Revenue Refunding Bonds of $15,745,000 directly to JP Morgan Chase. The 2020 bond was issued as a drawdown bond with two draws occurring at the time the refunded bonds can be redeemed. The first draw of $11,645,000, occurring in December 2020, was used to current refund the Series 2010B Taxable Direct Payment Build Americas Bonds. The second draw of $4,030,000 is scheduled for December 2022 and will current refund and redeem a portion of the 2012B institutional revenue bonds.

Also, in December 2020 the purchasers of the Series 2012A bond forgave the remaining $5,480,000 principal remaining after the December 1 payment.

The University issued the Series 2020 refunding to reduce its total debt service payments over the next 32 years by $5.4 million and obtain an economic benefit (difference between the present value of the debt service payments on the old debt and new debt) of $4.4 million.

Unused Lines of Credit

The Series 2020 bonds include an additional planned draw of $4,030,000 on December 1, 2022 to refund the remaining balance on the Series 2012B bonds which will bring the issuance amount to $15,675,000. Payments will begin June 1, 2023 for the second draw if the University chooses to make that draw.

Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2021, are shown in Table 9.5, Revenue Bonds Future Minimum Payments.

Table 9.5 Revenue Bonds Future Minimum Payments *(in thousands)*

Years Ending June 30	Non-Direct Borrowings			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 6,435	11,467	**17,902**	50	235	**285**
2023	7,455	11,279	**18,734**	50	234	**284**
2024	7,710	11,030	**18,740**	50	233	**283**
2025	8,165	10,731	**18,896**	55	232	**287**
2026	8,490	10,392	**18,882**	55	231	**286**
2027 -2031	46,110	45,983	**92,093**	290	1,136	**1,426**
2032 - 2036	56,690	33,701	**90,391**	2,640	1,035	**3,675**
2037 - 2041	62,200	18,064	**80,264**	8,455	472	**8,927**
2042 - 2046	30,165	6,574	**36,739**	-	-	-
2047 - 2048	12,195	618	**12,813**	-	-	-
Subtotal	**$ 245,615**	**159,839**	**405,454**	**11,645**	**3,808**	**15,453**
Unaccreted interest -1999 Bonds	(1,191)					
Total Debt Service	**$ 244,424**					

Interest Rate SWAP Agreements

In Fiscal Year 2008, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2008A issuance. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The 2008A issuance was refunded with the Series 2010A issuance. The Series 2010A was refunded with the issuance of the Series 2018A Refunding Bonds. The Swap Agreement was not terminated and was associated with the Series 2018A issuance. The Swap Agreement has a notional amount of $36,185,000 and $36,760,000 and a fair value of ($9,645,000) and ($12,838,000) at June 30, 2021 and 2020, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.59 percent payable by the University and 67 percent of one-month USD-LIBOR-BBA, 0.100 percent and 0.166 percent at June 30, 2021 and 2020, respectively, payable by Morgan Stanley. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2021 and 2020. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,999,000) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2021 and 2020 was $2,929,000 and $2,395,000 respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2021 and 2020, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2038.

There can be risks inherent to interest rate swaps that the University addresses and monitors pursuant to entering into interest rate swap agreements:

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

Credit Risk – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2021, Morgan Stanley's credit rating is A1 by Moody's and BBB+ by Standards & Poor's.

For the outstanding Swap Agreement, the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2021 and 2020 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2021 and 2020. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.

Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, it is the University's policy that any index used as part of an interest rate swap agreement shall be a recognized market index, including, but not limited to, the Securities Industry and Financial Markets Association (SIFMA) or the London Interbank Offered Rate (LIBOR).

As of June 30, 2021, the aggregate debt service payments and net swap cash payments, assuming current interest rates remain the same, for their term are reflected in Table 9.6, Future Revenue Bonds and Net Swap Minimum Payments.

Table 9.6 Future Revenue Bonds and Net Swap Minimum Payments *(in thousands)*

Years Ending June 30	Principal	Bond Interest	SWAP Interest (net)	Total Debt Service	Support Fee
2022	$ 850	203	1,257	2,310	178
2023	925	198	1,225	2,348	174
2024	975	192	1,192	2,359	169
2025	1,000	187	1,157	2,344	164
2026	1,050	181	1,121	2,352	159
2027-2031	11,250	745	4,616	16,611	655
2032-2036	14,100	366	2,262	16,728	321
2037-2038	6,035	32	196	6,263	30
Total Debt Service	**$ 36,185**	**2,104**	**13,026**	**51,315**	**1,850**

Extinguishment of Debt

Previous revenue bond issues considered to be extinguished through in-substance defeasance under generally accepted accounting principles are not included in the accompanying financial statements. The amount of debt in this category, covered by assets placed in trust to be used solely for future payments, amounted to $34,000,000 and $34,000,000 as of June 30, 2021 and 2020, respectively.

Capital Lease

The University entered a 30-year, $44,250,000 lease on July, 1, 2020 with a 3rd party developer for the Residence Hall at 1750 Jackson Street. As of June 30, 2021, the University had an outstanding liability for capital leases approximating $43,537,000, with underlying gross capitalized asset cost approximating $44,249,000. The total interest expense related to the capital lease incurred by the University during the fiscal year ended June 30, 2021 was $1,983,000.

Future minimum payments on the capital lease are shown in Table 9.7 Future Minimum Capital Lease Payments.

Table 9.7 Future Minimum Capital Lease Payments *(in thousands)*

Year Ending June 30	Principal	Interest	Total
2022	$ 745	1,950	2,695
2023	779	1,916	2,695
2024	815	1,880	2,695
2025	853	1,842	2,695
2026	892	1,803	2,695
2027-2031	5,116	8,359	13,475
2032-2036	6,408	7,067	13,475
2037-2041	8,028	5,447	13,475
2042-2046	10,056	3,419	13,475
2047-2050	9,845	935	10,780
Total Capital Lease Payments	**$ 43,537**	**34,618**	**78,155**

State of Colorado Certificates of Participation

In Fiscal Year 2008, State of Colorado Senate Bill 08-218 made Federal Mineral Leasing (FML) monies available for capital construction at institutions of higher education. FML money is derived from ongoing leasing and production activities on federal lands within Colorado and approximately half of these payments go to the State of Colorado. The State used part of this money on November 6, 2008 and issued Certificates of Participation (COP) to support some higher education construction and maintenance projects. The University received $6,748,000 for a portion of the support in the construction of an addition to the Brown Hall building. The State of Colorado is responsible for making the principal and interest payments on the COP.

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000, a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.840% to 5.000% and mature in December 2037. Of the proceeds, $1,200,000 was designated for controlled maintenance projects identified in Senate Bill 17-267. The University received 628,000 for the later phases of projects to repair the campus steam branch and to replace hazardous fume hoods. The State of Colorado is responsible for making the principal and interest payments on the COP.

On June 2, 2020, the State issued State of Colorado Series 2020A certificates, with a par value of $500,000,000 and a premium of $111,009,000. The certificates have interest rates ranging from 3.000% to 5.000% and mature in December 2039. Of the proceeds, $49,000,000 was designated for controlled maintenance projects identified in House Bill 20-1408. The University received $1,291,000 for the later phases of projects to repair the campus steam branch and to upgrade fire alarm mass notification. The State of Colorado is responsible for making the principal and interest payments on the COP.

Note 10: Other Liabilities

Table 10.1, Other Liabilities, details other liabilities as of June 30, 2021 and 2020.

Table 10.1 Other Liabilities *(in thousands)*

		2021		2020	
Type		**Total**	**Current Portion**	**Total**	**Current Portion**
University					
Amounts due to the Foundation	$	1,527	69	1,777	73
Funds held for others		439	439	1,066	1,066
Polution remediation		192	-	190	-
Student deposits		490	490	476	476
Miscellaneous		1,241	157	2,621	1,009
Total Other Liabilities - University	**$**	**3,889**	**1,155**	**6,130**	**2,624**
Discretely Presented Component Unit					
Colorado School of Mines	$	39,794	-	31,144	-
Other trust funds		1,328	-	1,193	-
Obligations under split-interest agreements		1,490	-	3,246	-
Obligations under gift annuity agreements		3,298	-	3,396	-
Refunded advances		-	-	90	-
Other liabilities		553	-	493	-
Total Other Liabilities - DPCU	**$**	**46,463**	**-**	**39,562**	**-**

Direct Lending

The University began participation in the Direct Student Loan program operated by the Federal Government in the spring of Fiscal Year 2010. This program enables eligible students or parents to obtain a loan to pay for the student's cost of attendance directly through the University rather than through a private lender. The University is responsible for handling the complete loan process, including funds management, as well as promissory note functions. The University is not responsible for collection of these loans or for defaults by borrowers, and therefore these loans are not recognized as receivables in the accompanying financial statements. Lending activity during the years ended June 30, 2021 and 2020 under these programs were $32,605,031 and $32,978,904 respectively.

Note 11: Changes in Accounting Principles

In May 2020, GASB issued Statement 95 - Postponement of the Effective Dates of Certain Authoritative Guidance, which was effective immediately and which provided extensions to original implementation dates of certain GASB pronouncements, due to the COVID 19 Pandemic. In accordance with this GASB, the University has delayed the adoption of GASB 87-Leases to fiscal year 2022.

As of June 30, 2021 the University opted to early implement GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. Under prior accounting standards, the University was required to capitalize interest costs for construction projects as part of the cost of the related capital assets. GASB 89 allows the University to expense this interest as a period cost. This change was made to enhance the relevance of capital asset information and simplify financial reporting. (See Note 4)

The University adopted GASB Statement No. 84, Fiduciary Activities for the fiscal year ending June 30, 2021. This statement established criteria for identifying fiduciary activities. Implementation of GASB 84 resulted in reclasses of agency liabilities in non-fiduciary funds, and the beginning net position was restated by approximately $176,000.

Note 12: Retirement Plans

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

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

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

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

Contributions provisions as of June 30, 2021: Eligible employees of, Colorado School of Mines and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2019 through June 30, 2021 are summarized in the table below:

Table 12.1 Contribution Rate Requirements

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employee contribution (all employees except State Troopers)	8.75%	8.75%	10.00%	10.00%

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

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

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.40%	10.40%	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	9.38%	9.38%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S § 24-51-415	N/A	N/A	N/A	0.05%
Total employer contribution rate to the SDTF	**19.38%**	**19.38%**	**19.88%**	**19.93%**

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Colorado School of Mines is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Colorado School of Mines were $14,661,000 and $14,973,000 for the year ended June 30, 2021 and 2020, respectively.

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

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021 and 2020, the Colorado School of Mines reported a liability of $216,330,000 and $243,370,000, respectively, for its proportionate share of the net pension liability. The amount recognized by the Colorado School of Mines as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Colorado School of Mines were as follows:

Table 12.2 Proportionate Share *(in thousands)*

		2021	2020
Colorado School of Mines proportionate share of the net pension liability	$	216,330	243,370
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Colorado School of Mines		-	1,240
Total	**$**	**216,330**	**244,610**

At December 31, 2020, the Colorado School of Mines proportion was 2.2808108395 percent, which was a decrease of .2271699026 from its proportion measured as of December 31, 2019 of 2.5079807421 percent.

For the year ended June 30, 2021 and 2020, the Colorado School of Mines recognized pension expense of ($67,060,000) and ($65,678,000), respectively, and revenue of $0 and $1,933,000 for June 30,2021 and 2020, respectively, for support from the State as a nonemployer contributing entity. At June 30, 2021 and 2020, the Colorado School of Mines reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 12.3 Deferred Outflows and Inflows *(in thousands)*

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2021	**2020**	**2021**	**2020**
Difference between expected and actual experience	$ 5,347	9,093	-	-
Changes of assumptions or other inputs	14,689	-	-	69,804
Net difference between projected and actual earnings on pension plan investments	-	-	44,277	26,220
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-	21,773	13,806
Contributions subsequent to the measurement date	7,284	7,325	-	-
Total	**$ 27,320**	**16,418**	**66,050**	**109,830**

The University reported $7,284,000 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 12.4 Amortization of Deferred Outflows and Inflows *(in thousands)*

Year ended June 30:	**Amount**
2022	$ (15,607)
2023	(8,418)
2024	(15,053)
2025	(6,936)
2026	-
Thereafter	-
Total	$ 46,014

Actuarial assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

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

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

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

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

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

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

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

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

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

Table 12.5 Long Term Expected Rate of Return

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

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

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year. Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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

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

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

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

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

Table 12.6 Discount Rate Sensitivity *(in thousands)*

2021		**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Proportionate share of the net pension liability	$	286,211	216,330	157,655
2020		**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Proportionate share of the net pension liability	$	313,087	243,370	184,371

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

Payables to the pension plan

Colorado School of Mines disbursed the final payroll of the year on the last business day of the month. Related payroll contributions are submitted to PERA within the required reporting timeframe. On June 30, 2021 and 2020 Mines reported a payable to PERA of $1,829,000 and $1,788,000, respectively for contributions to the PERA Pension Plan.

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021 and 2020, program members contributed $2,380,000 and $2,333,000, respectively, for the Voluntary Investment Program.

Defined Contribution Retirement Plan (PERA DC Plan)

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

Funding Policy – All participating employees in the PERA DC Plan and the Colorado School of Mines are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2019 through June 30, 2021 are summarized in the tables below:

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employee Contribution Rates:				
Employee contribution (all employees except State Troopers)	8.75%	8.75%	10.00%	10.00%
Employer Contribution Rates:				
On behalf of all employees except State Troopers	10.15%	10.15%	10.15%	10.15%

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

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-413	N/A	N/A	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	N/A	0.05%
Total employer contribution rate to the SDTF[1]	**10.25%**	**10.25%**	**10.75%**	**10.80%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. As of June 30, 2021, and 2020, participating employees in the PERA DC Plan contributed $7,553 and $6,601, respectively, and the Colorado School of Mines recognized pension expense of $15,815 and $15,400, respectively, for the PERA DC Plan.

Mines Defined Contribution Plan

The Colorado School of Mines Board of Trustees approved the establishment of the Mines Defined Contribution Plan (MDCP) for all newly hired administrative and academic faculty hired on or after January 1, 2017. In addition, all current administrative and academic faculty hired prior to January 1, 2017 with at least one year of PERA service credit were given the opportunity to participate in the MDCP with a one-time irrevocable election period between January 1, 2017 and March 1, 2017. The contribution requirements of the plan members and the University are established and may be amended by the Board. The vesting period for the MDCP is three years.

For the year ended June 30, 2021, the University's contribution to the MDCP was equal to 12 percent of pre-tax covered payroll and the employee contribution was equal to 8.75 percent of pre-tax covered payroll. The University's contribution under the MDCP approximated $4,350,000 and $3,574,000 for Fiscal Years 2021 and 2020, respectively.

Participants in the MDCP choose to invest all contributions with the designated vendor.

CSM Foundation Retirement Plan

The Foundation participates in a defined contribution pension plan covering substantially all of its employees. Employer's contributions begin after an employee completes one year of employment. Employer contributions are a percentage of regular salary. Contributions and costs are based on the number of years of service and a percentage of regular salary. Pension expense was $261,000 and $248,000 for Fiscal Years 2021 and 2020, respectively.

Note 13: Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Colorado School of Mines is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Colorado School of Mines were $761,000 and $788,000 for the year ended June 30, 2021 and 2020, respectively.

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

At June 30, 2021 and 2020, respectively, the Colorado School of Mines reported a liability of $7,444,000 and $9,616,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Colorado School of Mines proportion of the net OPEB liability was based on Colorado School of Mines contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Colorado School of Mines proportion was 0.7834411624 percent, which was a decrease of 0.07 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 and 2020, the Colorado School of Mines recognized OPEB expense of $1,127,000 and $587,000, respectively. At June 30, the Colorado School of Mines reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Table 13.1 Deferred Outflows and Inflows (in thousands)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2021	**2020**	**2021**	**2020**
Difference between expected and actual experience	$ 20	32	1,637	1,616
Changes of assumptions or other inputs	55	80	456	160
Net difference between projected and actual earnings on OPEB plan investments	-	-	304	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	49	40	1,945	1,561
Contributions subsequent to the measurement date	373	386	-	-
Total	**$ 497**	**538**	**4,342**	**3,337**

The University reported $373,000 and $386,000 as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date for fiscal years ending June 30, 2021 and 2020, respectively. The fiscal year 2021 amount will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Table 13.2 Amortization of Deferred Outflows and Inflows *(in*

Year ended June 30:		Amount:
2022	$	(1,096)
2023		(1,052)
2024		(930)
2025		(762)
2026		(354)
Thereafter		(24)
Total	**$**	**(4,218)**

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	***Entry age***
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent for 2020, gradually decreasing to 4.50 pecent in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

Table 13.3 Medicare Plan Premiums *(in thousands)*

		Initial Costs for Members without Medicare Part A		
Medicare Plan		**Monthly Costs**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Prescription	$	588	227	550
Kaiser Permanente Medicare Advantage HMO		621	232	589

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

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

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

Trust Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Colorado School of Mines proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

June 30, 2021		1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate		7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate		3.50%	4.50%	5.50%
Initial Medicare Part A trend rate		2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate		3.50%	4.50%	5.50%
Net OPEB Liability	$	8,528	7,444	6,519
June 30, 2020		**1% Decrease in Trend Rates**	**Current Trend Rates**	**1% Increase in Trend Rates**
Initial PERACare Medicare trend rate		4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate		3.50%	4.50%	5.50%
Initial Medicare Part A trend rate		2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate		3.60%	4.50%	5.50%
Net OPEB Liability	$	9,387	9,616	9,880

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

Table 13.4 Discount Rate Sensitivity *(in thousands)*

2021		**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Proportionate share of the net OPEB liability	$	8,528	7,444	6,519

2020		**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Proportionate share of the net OPEB liability	$	10,872	9,616	8,541

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

Payables to the OPEB plan

The University disbursed the final payroll of the year on the last business day. Related payroll contributions are submitted to PERA within the required reporting timeframe. On June 30, 2021 and 2020 Mines reported a payable to PERA of $94,000 and $94,000, respectively for contributions to the OPEB Plan.

Note 14: Discretely Presented Component Unit

Colorado School of Mines Foundation

Distributions made by the Foundation to the University during the years ended June 30, 2021 and 2020 were approximately $28,283,000 and $24,576,00, respectively. These amounts have been recorded as contributions from the Foundation and as capital grants and gifts in the accompanying financial statements. As of June 30, 2021, and 2020, the University has recorded an accounts receivable from the Foundation of $2,906,000 and $1,750,000, respectively. As of June 30, 2021, and 2020, the University has recorded a liability to the Foundation of $1,527,000 and $1,777,000, respectively.

The University is the ultimate beneficiary of substantially all of the restricted and trust funds held by the Foundation, and is the income beneficiary of the majority of endowment funds held by the Foundation. The Foundation manages a portion of the University's endowments. The University has endowments and other assets held by the Foundation approximating $39,794,000 and $31,144,000 as of June 30, 2021 and 2020, respectively.

Note 15: Commitments and Contingencies

Commitments

Contracts have been entered into for the purpose of planning, acquiring, constructing and equipping certain building additions and other projects, with outstanding amounts totaling approximately $11,263,000 as of June 30, 2021. These commitments will be funded or financed by donor contributions, state appropriations, existing revenue bonds, and other campus resources.

In the normal course of its operations, the University is involved in various litigation matters. The University is presently a defendant in two litigation matters and one administrative appeal, including an employment-based claim brought by a former Mines exempt employee, a state administrative appeal brought by a former Mines classified employee, and construction contract claim brought by a subcontractor who performed work on the property owned by Mines. Management believes that any future liability that it may incur as a result of these matters will not have a material effect on the University's financial statements.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the Federal and State Governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed. Management believes that any future liability that it may incur as a result of audits by the granting department or agency will not have a material effect on the University's financial statements.

Note 16: Risk Management

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:

- General liability covered by Philadelphia Insurance Company for 2,000,000/$2,000,000/$1,000,000/$1,000,000/$300,000/$15,000 with $0 deductible

- Educators legal liability covered by Philadelphia Insurance Company for $4,000,000/$4,000,000 with a $10,000 deductible

- Automobile liability covered by Philadelphia Insurance Company for $1,000,000/$1,000,000/$1,000,000/$5,000 with $500/$1,000 deductible

- Fiduciary covered by Travelers Casualty and Surety for $1,000,000/$250,000/$100,000/$100,000 with a $10,000 deductible

- Employment practices liability covered by Philadelphia Insurance Company for $4,000,000/$4,000,000 with a $50,000 deductible

- Workers compensation covered by Pinnacol Assurance for $500,000/$500,000/$500,000 with a $1,000 deductible

- Umbrella liability covered by Philadelphia Insurance Company for $3,000,000/$3,000,000 with a self-insured retention of $10,000

- Crime (employee dishonesty) covered by Travelers Casualty and Surety for $1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$100,000/$1,000,000/$5,000/$1,000,000/$100,000/$100,000 with a $10,000/$1,000/$25,000 deductible

- Property covered by the Midwest Higher Education Compact (MHEC) for $1,084,783,995/$100,000,000/$100,000,000/$100,000,000/$25,000,000/$1,000,000/$25,000,000 with a $100,000 deductible and 5% wind/hail, 2% 100-year flood/$100,000 deductible

- Inland Marine covered by the Philadelphia Insurance Company for Equipment value: $724,880/$3,173,860/$1,000,000/$50,000/$100,000/$750,000 with a $5,000/5% sign deductible

- Aviation covered by the Westchester Fire Insurance Company for $1,000,000 with a $0 deductible

- Cyber covered by the Beazley Group for $5,000,000/$5,000,000/$1,000,000/$500,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$5,000,000/$5,000,000/$5,000,000/$250,000/$5,000,000/$100,000/$250,000/$250,000/$50,000 with a $50,000 deductible

- Foreign covered by the Beazley Group for $4,000,000 with a $0 deductible

The coverage in fiscal year 2021 is similar to coverage in fiscal year 2020. Property insurance deductible increased from $50,000 to $100,000, and foreign and cyber insurance coverages were added. There have been no settlements exceeding coverage.

Note 17: Legislative Appropriations

The Colorado State Legislature establishes spending authority to the University in its annual Long Appropriations Bill.

For the years ended June 30, 2021 and 2020, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2021 and 2020, the University had a total appropriation of $13,385,000 and $28,100,000, respectively. For years ended June 30, 2021 and 2020, the University's appropriated funds consisted of $3,423,000 and $8,057,000, respectively, received on behalf of students that qualified for stipends from the College Opportunity Fund, $7,233,000 and $17,314,000, respectively, fee-for-service contract revenue, and $2,729,000 and $2,729,000 respectively, for the operations of the Colorado Geological Survey. All other revenues and expenses reported by the University represent non- appropriated funds. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources.

Note 18: COVID

In Fiscal Year 2020, the World Health Organization declared the spread of a Coronavirus Disease (COVID-19) a worldwide pandemic. The Governor of the State of Colorado declared a State of Emergency. The resulting shutdown had significant impacts on Colorado School of Mines' personnel, students, classroom instruction, research projects, and overall operations.

The Coronavirus Aid, Relief and Economic Security (CARES) Act was approved by Congress and provided funding for higher education, known as Higher Education Emergency Relief Fund (HEERF). This funding included emergency grants for students who have experienced an unexpected expense or hardship as a result of the disruption of campus operations due to COVID-19. Colorado School of Mines was awarded approximately $7,782,000 for student support and utilized $3,355,715 and $1,709,305 as of June 30, 2021 and 2020, respectively. Colorado School of Mines was also awarded a total of $9,203,000 for institutional support with $7,480,000 of the total being awarded in Fiscal Year 2021. Revenue was recognized in proportion to the student support in the amount of $4,777,352 and $1,709,305 as of June 30, 2021 and 2020, respectively.

On May 18, 2020, Colorado Governor Polis signed an Executive Order allocating $450 million from the Coronavirus Relief Fund (CRF) to Colorado's public institutions of higher education. Colorado School of Mines received $13,427,000, which was fully utilized in fiscal year 2021.

Throughout the COVID-19 pandemic and recovery, the University has, and continues to evaluate impacts to the institution and the community. The full extent of the impact of the pandemic is still unknown, the University is committed to maintain the health & safety of students, faculty and staff, while maintaining enrollment, continuing programmatic research and increasing the number of degrees awarded and courses completed.

Throughout fiscal years 2020 and 2021, management continues to evaluate the financial impacts of the pandemic including, the utilization of federal and state relief funding.

It is not possible to reliably estimate the continued impact of the pandemic, the disruptions to University operations or the impact on the financial markets, financial position and results of the University for future periods.

Note 19: Subsequent Events

The University paid the Colorado School of Mines Foundation $1,593,000 in October 2021, for two parcels of residential property adjacent to Mines south campus on the corner of 19th Street and Illinois Street. The 1.95-acre property was purchased by the Foundation for $6,500,000 with the intent to convey to the University.

In November 2021, the Board of Trustees gave formal approval to enter into an agreement with a partner on a new Public Private Partnership that will reimagine Mines Park. Mines Park is a current housing option for upper-division undergraduates, graduate students and families. This redevelopment will increase the bed count from 538 to more than a 1,000 in a sustainable residential village.

Colorado School of Mines
Required Supplementary Information
June 30, 2021 and 2020

Plan Fiduciary

Schedule of Proportional Share of Net Pension Liability (*$ in thousands*)

Calendar Year	Proportionate (percentage) of the Collective NPL	Proportionate Share of the Collective Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total Pension Liability
2020	2.28081083950%	$ 216,330	74,903	288.82%	65.34%
2019	2.50798074200%	243,370	79,193	307.31%	62.24%
2018	2.57605127600%	293,120	78,099	375.32%	55.11%
2017	2.70681341100%	541,843	79,151	684.57%	43.20%
2016	2.89749307450%	532,215	82,557	644.66%	42.60%
2015	2.89133496393%	296,275	78,055	379.57%	56.11%
2014	2.74781597720%	258,747	74,014	349.59%	59.84%

Schedule of Contributions and Related Ratios (*$ in thousands*)

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess) State Contribution	Covered Payroll	Contribution as a Percentage of Covered Payroll
2021	$ 14,661	14,661	-	73,656	19.90%
2020	14,973	14,973	-	77,259	19.38%
2019	14,990	14,990	-	78,356	19.13%
2018	14,827	14,827	-	77,503	19.13%
2017	15,370	15,370	-	82,283	18.68%
2016	14,254	14,254	-	80,103	17.80%
2015	12,885	12,885	-	76,271	16.89%
2014	10,463	10,463	-	65,576	15.96%
2013	10,055	10,055	-	66,255	15.18%
2012	7,107	7,107	-	61,185	11.62%

Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2021 Changes in benefit terms and actuarial assumptions

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

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

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

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

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

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

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

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

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

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

Colorado School of Mines

Required Supplementary Information

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Plan Fiduciary

Schedule of Proportional Share of OPEB Liability (*$ in thousands*)

Calendar Year	Proportionate (percentage) of the Collective OPEB Liability	Proportionate Share of the Collective OPEB Liability	Covered Payroll	Proportionate Share of the NOPEBL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total OPEB Liability
2020	0.7834411624%	$ 7,444	74,903	9.94%	32.80%
2019	0.8554911020%	9,616	79,193	12.14%	24.49%
2018	0.8966321621%	12,199	78,099	15.62%	17.03%
2017	0.9516781400%	12,368	79,151	15.63%	17.53%
2016	1.0454597700%	13,555	82,557	16.42%	16.16%

Schedule of Contributions and Related Ratios (*$ in thousands*)

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2021	$ 751	751	-	73,656	1.02%
2020	788	788	-	77,259	1.02%
2019	796	796	-	78,356	1.02%
2018	790	790	-	77,503	1.02%
2017	839	839	-	82,283	1.02%
2016	817	817	-	80,103	1.02%
2015	778	778	-	76,271	1.02%
2014	669	669	-	65,576	1.02%
2013	676	676	-	66,255	1.02%
2012	624	624	-	61,185	1.02%

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

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

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

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee and Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Colorado School of Mines (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of the Colorado School of Mines Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the Colorado School of Mines Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statement. 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
January 31, 2022

CliftonLarsonAllen LLP
CLAconnect.com

January 31, 2022

Members of the Legislative Audit Committee and Board of Trustees
Colorado School of Mines
Denver, Colorado

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Colorado School of Mines (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2021, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Colorado School of Mines Foundation, Inc. (the Foundation) a discretely presented component unit, the Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

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

During the fiscal year ended June 30, 2021, the University adopted the provisions of Governmental Accounting Standards Board Statement (GASB Statement) No. 84, Fiduciary Activities. The change resulted in a restatement of beginning net position of $176,000 as of July 1, 2019.

During the fiscal year ended June 30, 2021, The University adopted the provisions of GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans. This statement was evaluated and deemed to have no impact.

As described in Note 11, the entity changed accounting policies related to capitalized interest by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 89, Capitalized Interest, in fiscal year 2021. As a result of the implementation of the GASB Statement, the University no longer capitalizes interest on construction in progress capital assets.

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

Accounting estimates

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

- Accounts and loans receivable are recorded net of estimated uncollectible amounts, approximating anticipated losses. Individual accounts are written off against the allowance when collection of the account appears doubtful. We evaluated the key factors and assumptions used to develop the accounts and loans receivable allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

- Capital assets are depreciated using the straight-line method and monthly convention over the estimated useful lives of the assets. Estimated useful lives range from 3 to 50 years. We evaluated the key factors and assumptions used to develop the useful lives estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

- Fair value of short and long-term investments – The Foundation categorizes fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are significant other than quoted prices that are observable for the investment either directly or indirectly; Level 3 are significant unobservable inputs where little or no market data is available, which requires the entity to develop its own assumptions. We evaluated the key factors and assumptions used to develop the useful lives estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the interest rate swap liability is based on a third party model that uses a discounted forecasted cash flows method. We evaluated the key factors and assumptions used to develop the interest rate swap liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Compensated absences and related personnel expenses are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. We evaluated the key factors and assumptions used to develop the compensated absences and related personnel expenses liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net pension liability related to its pension plan is based on actuarial assumptions and other inputs as described in Note 12 to the financial statements. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the OPEB liability is based on actuarial assumptions and other inputs as described in Note 13 to the financial statements. We evaluated the key factors and assumptions used to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

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

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The schedule on page 92 summarizes all uncorrected misstatements.

Corrected misstatements

The schedule on page 91 summarizes all misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2022.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditors' work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

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

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

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

* * *

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
January 31, 2022

Colorado School of Mines
Summary of Corrected Misstatements (Adjustments)
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Audit Adjustment: To reduce the HEERF III institutional (84.425 F) revenue recognized to match the student portion (84.425 E) of revenue recognized in Fiscal Year 2021.			
401778-4303	CARES Act Revenue	$ 2,716,841	$ -
401778-1350	HEERF III Accounts Receivable	-	2,716,841
Total		**$ 2,716,841**	**$ 2,716,841**
	Total Adjusting Journal Entries	**2,716,841**	**2,716,841**

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Colorado School of Mines
Year Ended June 30, 2021

UNCORRECTED ADJUSTMENTS — **Effect of misstatements on:**

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Beginning Net Position	Net Revenue, Expense and Change in Net Position
To pass on reducing beginning net position and interest expense related to prior year passed adjustment. During FY20, interest expense was improperly recorded related to the change in fair value of the interest rate swap.	-		-	-	1,032,157	(1,032,157)
Net current year misstatements (Iron Curtain Method)	-	-	-	-	1,032,157	(1,032,157)
Net prior year misstatements	-	-	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	$ -	$ -	$ -	$ -	$ 1,032,157	$ (1,032,157)
Financial statement totals	$ 774,713,399	$ 41,310,935	$ 603,259,120	$ 70,391,663	$ 33,289,398	$ 109,084,153
Current year misstatement as a % of financial statement totals (Iron Curtain Method)					3%	-1%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)					3%	-1%

INADEQUATE DISCLOSURES

Description	Amount (If Applicable)
None noted	