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

Financial Audit
Years Ended June 30, 2023 and 2022

Compliance Audit
Year Ended June 30, 2023

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REPORT NUMBER 2303F

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

We have completed the financial statement audit of the Colorado School of Mines as of and for the year ended June 30, 2023. 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.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of the state government. The reports which have been issued as a result of this engagement are set forth in the table of contents which follows.

CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2023

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Colorado School of Mines
Report Summary
Year Ended June 30, 2023

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, 2023. 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 2023 to November 2023.

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, 2023 and 2022. 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, 2023.
- 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, 2023 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, 2023 and 2022.

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. We noted one instance of internal control over financial reporting during our audit procedures that we consider to be a significant deficiency.

Audit Adjustment

No reportable matters.

Colorado School of Mines
Report Summary
Year Ended June 30, 2023

Summary of Audit Findings and Recommendations

There was one finding and recommendation that related to internal control over financial reporting for the year ended June 30, 2023.

Summary of Progress in Implementing Prior Year Audit Recommendations

A summary of the findings and recommendations reported for the year ended June 30, 2022 is included on page 3.

Summary of Audit Findings

Internal Control Over Compliance – Financial Statement Preparation

During our financial statement tie-out and review process, we identified approximately 230 errors on the School's financial statements. These errors primarily related to footing and cross-footing errors and ensuring that information in different areas of the financial statements and footnotes agreed to each other. For example, multiple footnote tables did not properly foot or cross-foot nor agree to the related financial statement totals and other related footnote table totals; these amounts were different by amounts up to several thousand dollars.

Recommendation

Colorado School of Mines should ensure it has adequate internal controls over the preparation of its financial statements to ensure they are drafted completely and accurately before they are provided to external parties. This should include taking steps to incorporate check figures throughout the financial statements and footnotes to ensure that information agrees throughout the document and implementing a process whereby at least one individual is responsible for preparing the financial statements and another individual is responsible for review of the entire financial statement package. Evidence of such review should be documented and maintained.

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 99.

Colorado School of Mines
Recommendation Locator
Year Ended June 30, 2023

Recommendation Locator	Page Number	Recommendation Summary	University Response	Implementation Date
1	6	Colorado School of Mines should ensure it has adequate internal controls over the preparation of its financial statements to ensure they are drafted completely and accurately before they are provided to external parties. This should include taking steps to incorporate improve its review process to include check figures throughout the financial statements and footnotes to ensure that information agrees throughout the document and . We also recommend that management implementing a process whereby at least one individual is responsible for preparing the financial statements and another individual is responsible for review of the entire financial statement package. Evidence of such review should be documented and maintained.	Agree	June 30, 2024

Colorado School of Mines
Disposition of Prior Audit Recommendations
Year Ended June 30, 2023

Recommendation Locator	Recommendation Summary	Status
1	The Colorado School of Mines should strengthen its internal controls over reporting Student Financial Aid Pell Grants and Direct Loan Program student enrollment to the National Student Loan Data System (NSLDS) by implementing a review process over all student enrollment changes in the School's reporting system to ensure the changes are submitted to NSLDS within 60-days of the enrollment change, as required by federal regulations.	Implemented
2	The School should strengthen its internal controls over and ensure it complies with period of performance and procurement requirements for its Research and Development (R&D) grants by: a.Instituting an appropriate review of expenditures to ensure they are within the period of performance for the federal award, and ensuring that staff have an appropriate understanding of the related period of performance requirements or obtain clarification from the federal grantor, as appropriate. b.Updating its published procurement policy to ensure it contains the current approval process and thresholds.	a. Implemented b. Implemented

Colorado School of Mines
Financial and Compliance Audit
Description of the Colorado School of Mines (Unaudited)
Year Ended June 30, 2023

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
2023	3,960	2,986	6,946
2022	3,884	2,991	6,795
2021	3,738	2,822	6,560

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
2023	543	748	1,291
2022	537	699	1,236
2021	505	695	1,200

Internal Controls Over Financial Reporting

Finding 2023-001
Financial Statement Preparation

The School's accounting department is responsible for financial reporting, including preparation of the School's financial statements. The School must implement adequate internal controls over the preparation of its financial statements to ensure that they are drafted completely and accurately before they are reviewed by external parties. For Fiscal Year 2023, the School's accounting staff prepared the School's financial statements.

What was the purpose of our audit work and what work was performed?
The purpose of the audit work was to determine whether the University's financial statements were prepared completely and accurately before they were provided to external parties.

We tied-out and reviewed the University's financial statements by:

- Vouching selected financial figures in the financial statements, footnote tables, and footnote narratives to supporting schedules and audit workpapers;
- Footing and cross-footing statements and footnote tables;
- Cross referencing information presented in footnote tables to footnote narratives, statements, management's discussion and analysis, and required supplementary information;
- Reading footnote narratives and management's discussion and analysis for reasonableness compared to the statements, footnote tables, and audit evidence gathered during our audit procedures;
- Reviewing formatting of management's discussion and analysis, statements, footnote narratives, footnote tables, and required supplementary information so that information is clear and easily understood by financial statement users.

How were the results of the audit work measured?
State Fiscal Rule 1-2, Rule 3.5, requires that institutions of higher education shall "implement internal accounting and administrative controls that reasonably ensure that financial transactions are accurate, reliable, conform to the Fiscal Rules, and reflect the underlying realities of the accounting transaction (substance rather than form)."

In addition, the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book), which has been established by the OSC as the internal control framework to be used by state agencies and institutions of higher education, notes that management is responsible for designing, implementing, and maintaining effective internal controls over financial reporting. As such, the School's management is responsible for the preparation and fair presentation of the financial statements, and therefore should have a process in place to ensure that the financial statements are complete and accurate before they are provided to external parties.

What problems did the audit work identify?

During our financial statement tie-out and review process, we identified approximately 230 errors on the School's financial statements. These errors primarily related to footing and cross-footing errors and ensuring that information in different areas of the financial statements and footnotes agreed to each other. For example, multiple footnote tables did not properly foot or cross-foot nor agree to the related financial statement totals and other related footnote table totals; these amounts were different by amounts up to several thousand dollars.

Why did these problems occur?

We determined that the School did not have a sufficient internal control process in place to ensure that the School's financial statements were drafted completely and accurately before they were reviewed by external parties.

The School's review process appears to lack check figures throughout the financial statements and footnotes to ensure that information agrees throughout the document. The School also has multiple accounting department personnel involved with the preparation of the financial statements, but School management do not appear to have assigned responsibility for the overall preparation of the financial statements to a specific individual and there does not appear to be another individual responsible for the overall review of the entire financial statement package.

Why do these problems matter?

The School's accounting department is responsible for financial reporting, including preparation of the School's financial statements. The School must implement adequate internal controls over the preparation of its financial statements to ensure that they are drafted completely and accurately before they are reviewed by external parties.

If the School does not have a review process in place that ensures information agrees throughout the financial statement document, it may not be able to provide clear and accurate financial information to third parties on a timely basis.

Classification of Finding: **Significant Deficiency**
This finding does or does not apply to a prior audit recommendation.

Recommendation:
Colorado School of Mines should ensure it has adequate internal controls over the preparation of its financial statements to ensure they are drafted completely and accurately before they are provided to external parties. This should include taking steps to incorporate check figures throughout the financial statements and footnotes to ensure that information agrees throughout the document and implementing a process whereby at least one individual is responsible for preparing the financial statements and another individual is responsible for review of the entire financial statement package. Evidence of such review should be documented and maintained.

Management's Response:
Agree

Implementation Date: June 30, 2024

Mines agrees with the recommendation related to the preparation and review of the Annual Comprehensive Financial Report (ACFR). The Controller will develop a check figure matrix for all tables, charts and narrative numbers to tie throughout the report and back to the financial statements. These check figures will be used in both the preparation and separately the review of the ACFR. Mines will assign a minimum of 1 reviewer, not responsible for, or engaged in, the preparation of the statements or the Annual Comprehensive Financial Report.

Independent Auditors' Report

Members of the Legislative Audit Committee and Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of 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, 2023 and 2022, 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.

We did not audit the financial statements of the Colorado School of Mines Foundation, Inc. (the Foundation), which represents 100% of the assets, net position and revenues of the discretely presented component unit, discussed in Note 1 to the financial statements, for the years ended June 30, 2023 and 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Implementation of GASB Statement No. 96

During fiscal year ended June 30, 2023, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements*. As a result of the implementation of this standard, the University reported a restatement for the change in accounting principle (see Note 14 to the financial statements) as of July 1, 2021. Our auditors' opinion was not modified with respect to the restatement.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the description of the Colorado School of Mines but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 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

CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2023

Colorado School of Mines
Management Discussion and Analysis
(unaudited)

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, 2023 and 2022 (Fiscal Years 2023 and 2022, respectively) with comparative information for Fiscal Year 2021. 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 2023 include:

- Total University assets increased by 15.9 percent, total University liabilities increased by 37.2 percent and total net position increased by 6.1 percent. The increase in net position is primarily the result of net increases in capital assets and increases in the University's proportionate share of the net pension and OPEB.

- Operating revenues increased by 7.5 percent while operating expenses increased by 22.9 percent. The increase in operating revenue is primarily attributed to increases in tuition and fee revenue, room and board, grants and contracts, and Fee for Service. Operating expenses increased primarily due to a smaller negative adjustment from the amortization of deferred outflows and inflows of pension liability, increase in operation of plant and maintenance, institutional support, research and auxiliary activities. The following sections provide further explanations of the University's financial health.

- In Fiscal Year 2023 the University implemented GASB Statement No. 96 Subscription Based Information Technology Arrangements. The implementation of this standard required the University to restate balances related to subscription-based software revenue and expense for Fiscal Year 2022. The change to net position in Fiscal Year 2022 from this restatement is immaterial to the financial statements.

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.

Table 1 - Condensed Statements of Net Position as of June 30, 2023, 2022, and 2021 *(in thousands), restated*

				2023 vs 2022		2022 vs 2021	
	2023	2022	2021	Amount	Percent	Amount	Percent
Assets							
Cash and Restricted Cash	$ 249,671	161,688	162,207	87,983	54.4%	(519)	(0.3%)
Other Noncapital Assets	87,835	86,704	92,063	1,131	1.3%	(5,359)	(5.8%)
Net Capital Assets	563,600	529,235	529,270	34,365	6.5%	(35)	0.0%
Total Assets	**$ 901,106**	**777,627**	**783,540**	**123,479**	**15.9%**	**(5,913)**	**(0.8%)**
Deferred Outflows of Resources	**$ 47,313**	**23,276**	**41,311**	**24,037**	**103.3%**	**(18,035)**	**(43.7%)**
Liabilities							
Non-debt Liabilities	$ 303,460	218,334	274,196	85,126	39.0%	(55,862)	(20.4%)
Debt Liabilities, Leases and SBITA's	434,527	319,723	329,843	114,804	35.9%	(10,120)	(3.1%)
Total Liabilities	**$ 737,987**	**538,057**	**604,039**	**199,930**	**37.2%**	**(65,982)**	**(10.9%)**
Deferred Inflows of Resources	**$ 15,800**	**79,482**	**77,977**	**(63,682)**	**(80.1%)**	**1,505**	**1.9%**
Net Position							
Net Investment in Capital Assets	$ 252,593	228,507	226,761	24,086	10.5%	1,746	0.8%
Restricted:							
Nonexpendable Purposes	8,011	7,861	7,302	150	1.9%	559	7.7%
Expendable Purposes	21,905	21,899	28,135	6	0.0%	(6,236)	(22.2%)
Unrestricted	(87,877)	(74,903)	(119,363)	(12,974)	17.3%	44,460	(37.2%)
Adjustment for change in accounting principle	-	-	(898)	-	0.0%	898	100.0%
Total Net Position	**$ 194,632**	**183,364**	**141,937**	**11,268**	**6.1%**	**41,427**	**29.2%**

Assets

Cash and restricted cash comprised approximately 74.0 percent and 65.1 percent of the University's total noncapital assets as of June 30, 2023 and 2022, respectively. Restricted cash of $130,944,000 and $29,628,000, as of June 30, 2023 and 2022, respectively, primarily consists of unspent revenue bond proceeds that will be used for capital related activity as well as funds that have been received but not yet spent for restricted grants, gifts, and contracts. Total cash and restricted cash increased during Fiscal Year 2023 primarily due to bond proceeds for upcoming capital construction 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 $303,460,000 and $218,334,000 as of June 30, 2023 and 2022, respectively, comprise 41.1 percent and 40.6 percent, respectively, of the total liabilities. In Fiscal Year 2021 the University entered into a $44,250,000, 30-year financed purchase for a new residence hall, 1750 Jackson Street. On June 30, 2023 the financed purchase liability for 1750 Jackson Street is $42,012,000 and comprises 13.8 percent of the total non-debt related liability.

The net pension liability comprises 79.0 percent and 74.6 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 increased 47.3 percent from 2022 to 2023 and decreased 24.7 percent from 2021 to 2022. The increase in Fiscal Year 2023 is primarily attributed to PERA's collective net pension liability increase from Fiscal Year 2022. PERA operates on a calendar year, PERA's net pension liability for the years ending December 31, 2022, and 2021 was $10,872,576,000 and $7,375,039,000, respectively. The University's portion of PERA's liability for the Fiscal Years ending June 30, 2023 and 2022 was $239,851,000 and $162,868,000, 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.

Governmental Accounting Standards Board Statement No. 75, *Reporting for Other Post-Employment Benefits Other Than Pensions (OPEB)*, requires the University record a liability for 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, 2022 and 2021 was $816,479,000 and $862,305,000, respectively, and the University share of that liability is $5,948,000 and $6,398,000 as of June 30, 2023 and 2022, respectively. See Note 13 of the accompanying financial statements for more information related to the OPEB 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 $280,000 and $204,000 as of June 30, 2023 and 2022, respectively. As of June 30, 2023, there remains a deferred outflow of $224,000.

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 increased 7.9 percent from prior year due to the receipt of grant revenue. 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.

Net Position

A portion of the University's net position has restrictions imposed by external parties, such as donors, or amounts that are invested in capital assets (property, plant, and equipment) which 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 increase in Fiscal Year 2023 occurred due to the University's commitment to improving the student 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 15 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 University endowments.

- Unrestricted net position represents the amount available for spending for any appropriate and necessary purpose, 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)*

	6/30/23	6/30/22
Unrestricted Net Position with Pension and OPEB Impact	$ (87,877)	(74,903)
Cumulative effect on Unrestricted Net Position associated with the net pension liability and OPEB	215,132	226,980
Unrestricted Net Position without Pension and OPEB	$ 127,255	152,077

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, 2023, 2022, and 2021, *restated*
(in thousands)

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
	2023	2022	2021	Amount	Percent	Amount	Percent
Operating Revenues	$ 324,040	301,518	258,799	22,522	7.5%	42,719	16.5%
Operating Expenses	359,864	292,710	216,405	67,154	22.9%	76,305	35.3%
Operating Income	(35,824)	8,808	42,394	(44,632)	(506.7%)	(33,586)	(79.2%)
Net Nonoperating Revenues	41,063	18,828	49,043	22,235	118.1%	(30,215)	(61.6%)
Income Before Other Revenues	5,239	27,636	91,437	(22,397)	(81.0%)	(63,801)	(69.8%)
Other Revenues	6,029	13,791	18,109	(7,762)	(56.3%)	(4,318)	(23.8%)
Increase in Net Position	11,268	41,427	109,546	(30,159)	(72.8%)	(68,119)	(62.2%)
Net Position, Beginning of Year	183,364	142,835	33,289	40,529	28.4%	109,546	329.1%
Adjustment for change in accounting principle	-	(898)	-	898	(100.0%)	(898)	100.0%
Net Position, End of Year	**$ 194,632**	**183,364**	**142,835**	**11,268**	**6.1%**	**40,529**	**28.4%**

Table 4 - Operating and Nonoperating Revenues for the Years Ended June 30, 2023, 2022, and 2021 provides gross operating and nonoperating (noncapital) revenues by major sources. As Table 4 shows, the University's total operating revenues increased 7.5 percent and 16.5 percent for Fiscal Years 2023 and 2022, respectively, and total revenues increased 14.0 percent in Fiscal Year 2023 over Fiscal Year 2022 and 4.1 percent from Fiscal Year 2021 to 2022.

Table 4 - Operating and Nonoperating Revenues for Years Ended June 30, 2023, 2022, and 2021 *(in thousands) restated*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
	2023	2022	2021	Amount	Percent	Amount	Percent
Operating Revenues							
Student Tuition and Fees, net	$ 162,083	153,487	139,096	8,596	5.6%	14,391	10.3%
Grants and Contracts	92,877	84,081	80,791	8,796	10.5%	3,290	4.1%
Fee for Service	20,697	19,429	7,233	1,268	6.5%	12,196	168.6%
Auxiliary Enterprises, net	42,847	37,727	26,230	5,120	13.6%	11,497	43.8%
Other Operating	5,536	6,794	5,449	(1,258)	(18.5%)	1,345	24.7%
Total Operating Revenues	$ 324,040	301,518	258,799	22,522	7.5%	42,719	16.5%
Nonoperating Revenues							
State Appropriations	$ 4,996	3,380	4,234	1,616	47.8%	(854)	(20.2%)
State Support for Pensions	4,373	1,694	-	2,679	158.1%	1,694	100.0%
Contributions	27,759	24,580	22,370	3,179	12.9%	2,210	9.9%
Investment Income, net	7,645	(12,692)	8,972	20,337	(160.2%)	(21,664)	(241.5%)
Federal Nonoperating	11,041	13,766	25,878	(2,725)	(19.8%)	(12,112)	(46.8%)
Interest on long term debt	(14,563)	(13,112)	(12,398)	(1,451)	11.1%	(714)	5.8%
Other Nonoperating, net	(188)	1,212	(13)	(1,400)	(115.5%)	1,225	(9423.1%)
Total Nonoperating Revenues	$ 41,063	18,828	49,043	22,235	118.1%	(30,215)	(61.6%)
Total Revenues (noncapital)	**$ 365,103**	**320,346**	**307,842**	**44,757**	**14.0%**	**12,504**	**4.1%**

The University has experienced increases in most sources of operating revenue in Fiscal Year 2023 and 2022. Student Tuition and Fees (net of scholarship allowance) increased 5.6 percent from Fiscal Year 2022 due to an increase in tuition revenue and increase in state support through the Colorado Opportunity Fund (COF), the per credit hour rate was increased to $104 from $94 in Fiscal Year 2023. In Fiscal Year 2021 the state implemented a single year decrease COF to $40 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 $53,631,000, $50,124,000, and $46,588,000, in Fiscal Years 2023, 2022, and 2021, respectively.

Comparatively, gross tuition increased $12,169,000, $17,473,000 in Fiscal Years 2023 and 2022, respectively, and decreased $5,118,000 in Fiscal Year 2021.

Grants and Contracts revenue for Fiscal Year 2023 increased 10.5 percent over Fiscal Year 2022. The University remains committed to increasing its focus and national role as a research institution. In 2022 the University reached R1 research status as defined by the Carnegie Classification of Institutions of Higher Education. In Fiscal Year 2023, the University secured restricted research awards and other sponsored programs of $95,789,000, compared to $101,417,000 in Fiscal Year 2022 and $101,422,000 in Fiscal Year 2021. The Fiscal Year 2023 research and other sponsored programs award includes $7,576,529 received from the federal government pursuant to a Cooperative Agreement with the United States Geologic Survey (USGS). The University and the USGS entered into a ground lease for the term of 99 years whereby the University leased approximately six acres of land to the USGS and the USGS contracted (through a Cooperative Agreement) with the University and will fund the University to build an Energy and Minerals Research Facility. The Facility will be primarily occupied by the USGS and the University will occupy approximately 24% of the Facility pursuant to an occupancy lease with a term of 99 years. The decrease in Fiscal Year 2023 is primarily due to the expiration of CARES and CRF awards, provided by the federal government for support during the pandemic. The University continues to focus on securing funding from both federal and private industry sources as additional resources are focused on research and other sponsored programs. Revenue from the Federal Government represents approximately 74.6 percent and 74.8 percent of total grants and contracts revenue for Fiscal Years 2023 and 2022, respectively. Grants and contracts generally allow for reimbursement of a portion of any related administrative and facility overhead costs; in Fiscal Years 2023 and 2022, the University received reimbursements of approximately $18,343,000 and $17,473,000, 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 resident undergraduate students used to pay a portion of tuition. The University's fee-for-service contract increased by $1,268,000 and $12,196,000 in Fiscal Years 2023 and 2022, respectively. The level of funding received from the State is dependent on the State's budgetary process and decisions, which experienced an impact due to COVID-19 in Fiscal Year 2021, accounting for the large increase in Fiscal Year 2022.

The anticipated funding related to resident 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				
		2023	2022	2021
Student stipends	$	9,378,000	8,148,000	3,423,000
Stipend allotment		104/hour	94/hour	40/hour
Stipend eligible hours		90,173	86,695	85,577

Nonoperating revenues fluctuate from year to year due to the type of revenues being recognized. Contribution revenues, received primarily from the Foundation, increased 12.9 percent in Fiscal Year 2023, compared to 9.9 percent in Fiscal Year 2022. 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 and (losses) in Fiscal Years 2023, 2022, and 2021 of $1,031,000, ($14,343,000), and $7,201,000, respectively. The realized investment income was $7,102,000, $2,132,000, and $2,227,000, respectively, for the same periods. Federal nonoperating revenues consist of interest subsidies received for taxable Build America Bonds (BAB) issued by the University, and financial aid received under the Pell program. The University received $884,000, $884,000, and $890,000 in federal interest subsidies in Fiscal Years 2023, 2022, and 2021, respectively. The amount of federal subsidies received is tied to the interest payments being made on the bonds. The flat revenue during the past three years reflects the consistent interest payments being made on the bonds. Revenues from the Pell program for Fiscal Years 2023, 2022, and 2021 were $3,791,000, $3,416,000, and $3,428,000, 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). The University fully recognized its HEERF award prior to Fiscal Year 2023, the revenue recognized for Fiscal Year 2022 and 2021, $2,717,000, and $4,790,000, respectively. The University received an award of Coronavirus Relief Fund (CRF) of $13,427,000 in Fiscal Year 2021, 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 HEERF grant 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, 2023, 2022, and 2021 *(in thousands) restated*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
By Functional Expense	**2023**	**2022**	**2021**	**Amount**	**Percent**	**Amount**	**Percent**
Education and General							
Instruction	$ 97,088	76,929	50,131	20,159	26.2%	26,798	53.5%
Research	64,722	55,216	46,890	9,506	17.2%	8,326	17.8%
Public Service	1,018	1,048	238	(30)	(2.9%)	810	340.3%
Academic Support	24,225	20,202	13,722	4,023	19.9%	6,480	47.2%
Student Services	13,424	12,975	10,017	449	3.5%	2,958	29.5%
Institutional Support	39,038	27,300	18,085	11,738	43.0%	9,215	51.0%
Operation and Maintenance of Plant	40,434	29,146	20,253	11,288	38.7%	8,893	43.9%
Scholarships and Fellowships	9,515	7,764	7,050	1,751	22.6%	714	10.1%
Total Education and General	289,464	230,580	166,386	58,884	25.5%	64,194	38.6%
Auxiliary Enterprises	42,187	35,005	23,649	7,182	20.5%	11,356	48.0%
Depreciation and amortization	28,213	27,125	26,370	1,088	4.0%	755	2.9%
Total Operating Expenses	**$ 359,864**	**292,710**	**216,405**	**67,154**	**22.9%**	**76,305**	**35.3%**
By Natural Classification							
Salaries and Benefits	$ 216,750	166,684	110,147	50,066	30.0%	56,537	51.3%
Operating Expenses	114,901	98,901	79,888	16,000	16.2%	19,013	23.8%
Depreciation	28,213	27,125	26,370	1,088	4.0%	755	2.9%
Total Operating Expenses	**$ 359,864**	**292,710**	**216,405**	**67,154**	**22.9%**	**76,305**	**35.3%**

Total operating expenses increased 22.9 percent from Fiscal Year 2022 to 2023 and 35.3 percent from Fiscal Year 2021 to 2022. The increase in Fiscal Year 2023 is due to increases in all areas of operations, the largest single increase occurred in Institutional Support. The prior year's increase is primarily due to increased auxiliary activity and instruction costs. The University reported total pension and OPEB expenses of ($7,481,000) for Fiscal Year 2023 compared to ($37,676,000) for Fiscal Year 2022. 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 11.2 percent from Fiscal Year 2022 to Fiscal Year 2023 and 10.7 percent from Fiscal Year 2021 to Fiscal Year 2022. Increases in supplies and other operating expenses, personal service contracts, and salaries and wages expense from Fiscal Year 2022 to Fiscal Year 2023 are the primary contributors to the increase in operating expense. Personal service contracts increased by $10,976,000 as the University increased its investment in buildings, infrastructure, and research.

In Fiscal Year 2021 the University opted to hold wages flat due to the uncertainty of the COVID-19 pandemic. In Fiscal Year 2022 the University restored wage increases for all classes of employees and continued this support in Fiscal Year 2023. The amounts reported for salaries and wages reflect the University resources dedicated to supporting employees.

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, right to use, and intangible assets with a gross book value of $902,629,000, $852,881,000, and $829,877,000 at June 30, 2023, 2022 and 2021, respectively. Accumulated depreciation and accumulated amortization on depreciable assets totaled $339,029,000, $323,646,000 and $300,607,000, at June 30, 2023, 2022 and 2021, respectively. The University continues to invest in academic, research 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 from construction in progress into the appropriate asset classification.

Table 7 - Capital Asset Categories (before depreciation) as of June 30, 2023, 2022, and 2021 *(in thousands) restated*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
	2023	2022	2021	Amount	Percent	Amount	Percent
Land	$ 23,675	16,222	14,103	7,453	45.9%	2,119	15.0%
Works of Art	234	234	234	-	0.0%	-	0.0%
Construction in Progress	60,731	19,717	10,323	41,014	208.0%	9,394	91.0%
Land Improvements	36,354	36,133	36,122	221	0.6%	11	0.0%
Buildings & Improvements	660,804	660,185	655,224	619	0.1%	4,961	0.8%
Software	2,248	2,345	2,257	(97)	(4.1%)	88	3.9%
Equipment	105,037	99,368	96,693	5,669	5.7%	2,675	2.8%
Library materials	2,302	13,531	13,331	(11,229)	(83.0%)	200	1.5%
Right to Use Leases	1,345	1,208	990	137	11.3%	218	22.0%
Right to Use Subscriptions	5,438	3,160	-	2,278	72.1%	3,160	100.0%
Right to Use Work in Progress	3,860	-	-	3,860	100.0%	-	0.0%
Intangible	600	600	600	-	0.0%	-	0.0%
Total Capital Assets	**$ 902,628**	**852,703**	**829,877**	**49,925**	**5.9%**	**22,826**	**2.8%**
Accumulated Depreciation	**$ 335,528**	**323,318**	**300,554**	**12,210**	**3.8%**	**22,764**	**7.6%**
Amortization of RTU	**$ 3,500**	**150**	**53**	**3,350**	**2233.3%**	**97**	**183.0%**
Net Capital Assets	**$ 563,600**	**529,235**	**529,270**	**34,365**	**6.5%**	**(35)**	**(0.0%)**

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 sq. foot 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 building and testing.

- Beck Venture Center. This $24,700,000 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.

- Parking Garage and Classroom Building. To accommodate growth and construction projects on existing surface lots, Mines is building a parking garage on campus with approximately 870 spaces. The garage will be wrapped with a classroom building providing 51,000 gross sq. feet of classroom and faculty space. Total project cost is approximately $79,600,000.

- Early Childhood Education Center. Mines is constructing a 11,500 sq. foot childcare center on the western edge of campus to accommodate the needs of faculty, staff and students and their families. The center will serve approximately 100 children ranging in age from infant to pre-kindergarten. Total project cost is approximately $10,100,000.

- Enterprise Resource Planning (ERP) Modernization. This multi-year $6,000,000 system modernization project will create streamlined processes throughout the University. The first phase will include Human Capital Management, Finance and Payroll.

- Mines Park Redevelopment – Phase I. Part of a two-phase project to redevelop Mines Park, an apartment-style housing complex primarily for upper-class and graduate students. The first phase consists of the renovation of 400 existing beds. The cost of the renovation is approximately $13,100,000.

- Utilities Infrastructure Project. A $22,700,000 project to expand campus utilities in the south side of campus to accommodate the new Energy and Minerals Research Facility to be built by the United States Geological Survey (USGS). Mines will share research and office space with USGS in the new facility.

- 1600 Jackson Street Renovation. This $3,700,000 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 workstations.

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
New Sophomore Housing -Residence Hall VII	University resources	$ 200,000
Campus Utilities Project	Federal appropriations, University resources	22,700
Labriola Innovation Complex	University resources	23,900
Beck Venture Center	University resources	24,740
Parking Garage & Classroom wrap	University resources	79,600
Early Childhood Education Center	University resources	10,100
Mines Park Redevelopment - Phase I	University resources	13,100
ERP Modernization	State appropriation, University resources	6,000

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 2023 the state supported the University's project to modernize its Enterprise Resource System, including finance and Human Capital Management. Within Capital Grants and Gifts, in Fiscal Years 2022 and 2023, the University received gifts provided by donations to fund the Beck Venture Center, Labriola and McNeil Hall.

Table 9 – Capital Revenues for the Years Ended June 30, 2023, 2022, and 2021 *(in thousands)*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
Revenue Classification	**2023**	**2022**	**2021**	**Amount**	**Percent**	**Amount**	**Percent**
Capital appropriations and contributions from the State	$ 2,304	(1,068)	(2)	3,372	(315.7%)	(1,066)	53,300.0%
Capital grants and gifts	3,725	13,895	16,563	(10,170)	(73.2%)	(2,668)	(16.1%)
Total Capital Revenues	**$ 6,029**	**12,827**	**16,561**	**(6,798)**	**(53.0%)**	**(3,734)**	**(22.5%)**

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, 2023, 2022, and 2021 *(in thousands)*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
Type	**2023**	**2022**	**2021**	**Amount**	**Percent**	**Amount**	**Percent**
Loss on bond refunding	$ 6,195	8,020	9,072	(1,825)	(22.8%)	(1,052)	(11.6%)
Components of pension liability	38,412	14,514	27,320	23,898	164.7%	(12,806)	(46.9%)
Components of OPEB	909	583	497	326	55.9%	86	17.3%
SWAP valuation	1,573	-	4,273	1,573	100.0%	(4,273)	(100.0%)
Components of ARO	224	159	149	65	40.9%	10	6.7%
Total Deferred Outflows of Resources	**$ 47,313**	**23,276**	**41,311**	**24,037**	**103.3%**	**(18,035)**	**(43.7%)**
Gain on bond refunding	$ 450	-	-	450	100.0%	-	0.0%
Components of pension liability	5,270	68,740	66,050	(63,470)	(92.3%)	2,690	4.1%
Components of OPEB	3,384	4,071	4,342	(687)	(16.9%)	(271)	(6.2%)
Components of Right to Use Assets	6,696	6,347	7,585	349	5.5%	(1,238)	(16.3%)
SWAP valuation	-	324	-	(324)	100.0%	324	100.0%
Total Deferred Inflows of Resources	**$ 15,800**	**79,482**	**77,977**	**(63,682)**	**(80.1%)**	**1,505**	**1.9%**

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, 2023, 2022, and 2021, the outstanding swap had a fair market value of ($4,836,000), ($4,525,000), and ($9,645,000), 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 well as financed purchase liabilities, leases and Subscription Based Information Technology Agreements (SBITA's). As of June 30, 2023, 2022, and 2021, bonds and leases payable of $421,813,000, $309,814,000, and $322,780,000, respectively, were outstanding.

Table 11 – Long-Term Debt Categories at June 30, 2023, 2022, and 2021 *(in thousands)*

				Increase (Decrease)			
				2023 vs 2022		2022 vs 2021	
Debt Type	**2023**	**2022**	**2021**	**Amount**	**Percent**	**Amount**	**Percent**
Revenue bonds	$ 379,334	265,673	276,358	113,661	42.8%	(10,685)	(3.9%)
Financed Purchase	41,198	42,013	43,537	(815)	(1.9%)	(1,524)	(3.5%)
Leases & SBITA's	1,281	2,128	2,885	(847)	(39.8%)	(757)	(26.2%)
Total Long-Term Debt	**$ 421,813**	**309,814**	**322,780**	**111,999**	**36.2%**	**(12,966)**	**(4.0%)**

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 2023 the University was 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 in Fiscal Year 2021, but less so in Fiscal Years 2022 and 2023.

The University is focused on keeping tuition increases low. In Academic Year 2024 the Board of Trustees approved an increase of 5.0 percent for both resident and non-resident undergraduate tuition rates. In Academic Year 2023 the University determined the need for increases of 2.0 percent for resident undergraduate tuition rates and a 3.0 percent increase in non-resident rates. In Academic Years 2022 tuition increased 3.0 percent for both resident and non-resident rates, in Academic Year 2021 resident and non-resident tuition remained flat. Table 12 – Full Time Tuition and Room and Board Charges per Year provides a trend of charges for the academic years 2021 to 2024.

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
2024	$ 18,390	41,580	9,994	12,402	6,690
2023	17,520	39,600	9,610	11,924	6,500
2022	17,160	38,460	9,196	11,411	6,220
2021	16,650	37,350	8,800	10,920	6,120

* Reported net of student stipends

Academic Year 2024 fall total enrollment increased 2.7 percent from Academic Year 2023 fall enrollment. This increase was primarily due to our strong retention rate and new enrollment primarily in undergraduate degree programs.

Table 13 - Fall Enrollment Trends - Headcount

Academic Year	Undergraduate Students			Graduate Students			Total		
	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents	Total
2024	3,188	2,664	5,852	958	798	1,756	4,146	3,462	7,608
2023	3,159	2,574	5,733	912	763	1,675	4,071	3,337	7,408
2022	3,038	2,453	5,491	898	783	1,681	3,936	3,236	7,172

Table 14 – Fall Semester Undergraduate Admissions trends highlights the University's ability to attract freshmen 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
2023	10,381	6,150	59.2%	1,591	25.9%
2022	11,357	6,537	57.6%	1,659	25.4%
2021	12,674	7,100	56.0%	1,570	22.1%

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 over the last four years. For Fiscal Year 2023 the University's allocation of the higher education budget is $9,513,000 higher than the prior year's allocation. Table 15 - State Operating Support shows the trend in State Support for the Fiscal Years 2022 to 2024.

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

Fiscal Year	State Support *	Total Operating Revenues **	% of Total State Operating Support to Total Operating Revenues
2024	$ 33,574	407,781	8.2%
2023	37,560	324,040	11.6%
2022	28,047	301,518	9.3%

*State support includes student stipends and a fee-for-service contract funded from the College Opportunity Fund.
**Fiscal Year 2024 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 2024 projected revenues.

The State is currently in their budget process for Fiscal Year 2025 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 the University's 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. 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. The University is also in the process of updating the ERP system for Finance and Human Resource processing. The University is looking forward to the efficiencies gained with the launch of this new system. In Fiscal Year 2024 the University will undertake updating the Student system, by moving it to a modern platform.

In January 2017, the University began offering an alternative retirement plan for newly hired academic and administrative faculty as allowed by Colorado Revised Statute §24-54.5-101 through 107. As of July 1, 2022, the employer contribution to the Mines Defined Contribution Plan (MDCP) is 12 percent compared to the combined 21.57 percent required retirement contribution to PERA. 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 exceeded $18,000,000 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 2024 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 growth in undergraduate enrollment, research and entrepreneurship and innovation initiatives, our planning efforts on multiple 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:

Mines Park Redevelopment – Phase II. Phase II of this housing redevelopment project involves the demolition of six existing residential buildings at Mines Park and the construction of approximately 558 new apartment-style beds. Along with the 400 beds renovated in Phase I, the total number of beds at Mines Park will increase to approximately 1,058. The redeveloped complex will also include a new shared community center with a café space and fitness center. Construction is expected to begin in Fall 2023 to be completed by August 2025.

New Sophomore Housing Facility – The University is planning to build a new sophomore residential facility south of 19th street on campus with approximately 800 new beds. This project is in the conceptual design phase and is expected to begin in early 2024 and open prior to Fall 2026.

Economic Outlook

Despite the increased economic volatility, the impact of increasing inflation and other economic matters, 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 continued to experience strong enrollment. Over the last few academic years, the University has increased total enrollment from Academic Year

2021 Fall to Academic Year 2024 Fall by 12.6 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 2023 and 2022 *(in thousands)*

	2023		2022 *as restated*	
	University	**Component Unit**	**University**	**Component Unit**
Assets				
Current Assets				
Cash and cash equivalents	$ 118,727	8,436	$ 132,060	13,194
Accounts and loans receivable, net	41,087	4,271	41,739	12,295
Other assets	4,074	-	3,230	-
Total Current Assets	**$ 163,888**	**12,707**	**$ 177,029**	**25,489**
Noncurrent Assets				
Restricted cash and cash equivalents	$ 130,944	-	$ 29,628	-
Investments	35,272	426,003	34,442	394,203
Accounts and loans receivable, net	1,703	7,529	1,583	5,841
Other assets	5,699	417	5,710	310
Capital assets, net	563,600	-	529,235	-
Total Noncurrent Assets	**$ 737,218**	**433,949**	**$ 600,598**	**400,354**
Total Assets	**$ 901,106**	**446,656**	**$ 777,627**	**425,843**
Deferred Outflows of Resources				
Loss on bond refundings	$ 6,195	-	$ 8,020	-
SWAP Valuation	1,573	-	-	-
Pension related	38,412	-	14,514	-
OPEB related	909	-	583	-
Asset retirement obligation	224	-	159	-
Total Deferred Outflows of Resources	**$ 47,313**	**-**	**$ 23,276**	**-**
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 25,765	3,912	$ 21,349	9,055
Accrued compensated absences	905	-	732	-
Unearned revenue	17,674	-	16,380	-
Bonds and notes payable	10,810	-	8,284	-
Leases & SBITA liability	1,904		1,625	
Other liabilities	1,912	-	697	-
Total Current Liabilities	**$ 58,970**	**3,912**	**$ 49,067**	**9,055**
Noncurrent Liabilities				
Accrued compensated absences	$ 9,737	-	$ 7,802	-
Bonds and notes payable	415,696	-	303,161	-
Leases & SBITA liability	1,281	-	2,128	-
Interest rate swap agreement	4,836	-	4,525	-
Net pension liability	239,851	-	162,868	-
Net OPEB liability	5,948	-	6,398	-
Other liabilities	1,668	40,015	2,108	39,772
Total Noncurrent Liabilities	**$ 679,017**	**40,015**	**$ 488,990**	**39,772**
Total Liabilities	**$ 737,987**	**43,927**	**$ 538,057**	**48,827**
Deferred Inflows of Resources				
Leases	$ 6,696	-	$ 6,347	-
Gain on refunding	450	-	-	
SWAP	-	-	324	-
Pension related	5,270	-	68,740	-
OPEB related	3,384	-	4,071	-
Total Deferred Inflows of Resources	**$ 15,800**	**-**	**$ 79,482**	**-**
Net Position				
Net investment in capital assets	$ 252,593	-	$ 228,507	-
Restricted for nonexpendable purposes				
Instruction	$ 3,360	-	$ 3,360	-
Scholarships and fellowships	2,051	122,847	2,051	113,082
Other	2,600	110,258	2,450	100,940
Total restricted for nonexpendable purposes	$ 8,011	233,105	$ 7,861	214,022
Restricted for expendable purposes				
Scholarships and fellowships	$ 5,612	80,859	$ 5,738	72,941
Loans	1,215	1,352	1,262	1,379
Research	8,060	2,405	7,557	2,277
Capital projects	3,472	4,645	4,020	5,711
Other	3,546	47,646	3,322	52,866
Total restricted for expendable purposes	$ 21,905	136,907	$ 21,899	135,174
Unrestricted	$ (87,877)	32,717	$ (74,903)	27,820
Total Net Position	**$ 194,632**	**402,729**	**$ 183,364**	**377,016**

See accompanying Notes to Financial Statements

Colorado School of Mines

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022 *(in thousands)*

	2023		2022 *as restated*	
	University	Component Unit	University	Component Unit
Operating Revenues				
Tuition and fees, (net of scholarship allowance of $52,299 in 2023 and $48,726 in 2022)	$ 162,083	-	$ 153,487	-
Fee-for-service	20,697	-	19,429	-
Federal grants and contracts	69,295	-	62,877	-
State grants and contracts	5,190	-	4,612	-
Nongovernmental grants and contracts	18,392	-	16,592	-
Auxiliary enterprises, (net of scholarship allowance of $1,332 in 2023 and $1,398 in 2022)	42,847	-	37,727	-
Contributions	-	30,344	-	33,076
Other operating revenues	5,536	579	6,794	2,227
Total Operating Revenues	**$ 324,040**	**30,923**	**$ 301,518**	**35,303**
Operating Expenses				
Education and General				
Instruction	$ 97,088	-	$ 76,929	-
Research	64,722	-	55,216	-
Public service	1,018	-	1,048	-
Academic support	24,225	-	20,202	-
Student services	13,424	-	12,975	-
Institutional support	39,038	35,359	27,300	45,241
Operation and maintenance of plant	40,434	-	29,146	-
Scholarships and fellowships	9,515	-	7,764	-
Total Education and General	289,464	35,359	230,580	45,241
Auxiliary enterprises	42,187	-	35,005	-
Depreciation and amortization	28,213	-	27,125	-
Total Operating Expenses	**$ 359,864**	**35,359**	**$ 292,710**	**45,241**
Operating Income (Loss)	**$ (35,824)**	**(4,436)**	**$ 8,808**	**(9,938)**
Nonoperating Revenues (Expenses)				
State appropriations, non-capital	$ 4,996	-	$ 3,380	-
State Support for pensions	4,373	-	1,694	-
Federal appropriations, non-operating	6,367	-	4,032	-
Contributions from the Foundation	21,898	-	19,698	-
Contributions	5,861	-	4,882	-
Investment income/(loss), net	7,645	30,149	(12,692)	(61,531)
Interest on debt	(14,563)	-	(13,112)	-
Federal nonoperating revenue	4,674	-	9,734	-
Other nonoperating expenses	(1,029)	-	(13)	-
Other nonoperating revenue	841	-	1,225	-
Net Nonoperating Revenues	**$ 41,063**	**30,149**	**$ 18,828**	**(61,531)**
Income Before Other Revenues	**$ 5,239**	**25,713**	**$ 27,636**	**(71,469)**
Capital appropriations and contributions from State	2,304	-	(1,068)	-
Capital grants and gifts	3,725	-	13,895	-
Additions to permanent endowments	-	-	964	-
Total Other Revenues	**$ 6,029**	**-**	**$ 13,791**	**-**
Increase (Decrease) in Net Position	**11,268**	**25,713**	**41,427**	**(71,469)**
Net Position, Beginning of Year	183,364	377,016	142,835	448,485
Effect of change in accounting principle	-	-	(898)	-
Net Position, End of Year	**$ 194,632**	**402,729**	**$ 183,364**	**377,016**

See accompanying Notes to Financial Statements

Colorado School of Mines

Statements of Cash Flows

Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023		2022 *as restated*
Cash Flows from Operating Activities:				
Tuition and fees	$	157,562	$	150,318
Grants and contracts		110,480		102,820
Sales of services from auxiliary enterprises		42,782		37,573
Collection of loans to students		790		1,451
Receipts from the Foundation		934		1,792
Other operating receipts		4,084		5,661
Payments to employees		(156,037)		(143,241)
Payments for employee benefits		(70,175)		(61,431)
Payments to suppliers		(102,102)		(83,995)
Direct lending receipts		34,901		32,628
Direct lending disbursements		(34,860)		(32,628)
Developmental services fees		(2,365)		(2,202)
Scholarships disbursed		(9,417)		(7,632)
Loans issued to students		(659)		(1,058)
Net cash provided by/(used for) operating activities	**$**	**(24,082)**	**$**	**56**
Cash Flows from Noncapital Financing Activities:				
Receipts from the Foundation	$	21,127	$	17,698
State appropriations, non-capital		4,101		3,380
Gifts and grants for other than capital purposes		7,097		6,132
Additions to permanent endowments		-		964
Funds invested with the Foundation		-		(2,067)
Federal nonoperating revenue		10,158		15,388
Agency inflows		16,336		9,692
Agency outflows		(16,336)		(9,689)
Net cash provided by noncapital financing activities	**$**	**42,483**	**$**	**41,498**
Cash Flows from Capital and Related Financing Activities:				
State appropriations, capital	$	2,304	$	(1,068)
Capital gifts		8,369		3,377
Academic facility fees		4,533		4,155
Receipts as lessor		1,905		1,566
Bond proceeds		124,362		-
Bond issuance and other loan costs		(615)		(13)
Acquisition and construction of capital assets		(52,168)		(21,716)
Principal payments on capital debt		(8,284)		(7,230)
Interest payments on capital debt		(14,826)		(13,880)
Payments as lessee and SBITA's		(2,035)		(1,497)
Federal nonoperating revenue		884		884
Net cash provided by/(used for) capital and related financing activities	**$**	**64,429**	**$**	**(35,422)**
Cash Flows from Investing activities:				
Interest and dividends on investments		5,153		(6,651)
Net cash provided by/(used for) investing activities	**$**	**5,153**	**$**	**(6,651)**
Net Increases/(Decrease) in cash and cash equivalents		87,983		(519)
Cash and cash equivalents, Beginning of Year		**161,688**		**162,207**
Cash and cash equivalents, End of Year	**$**	**249,671**	**$**	**161,688**

See accompanying Notes to Financial Statements

Colorado School of Mines

Statements of Cash Flows

Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023		2022 *as restated*
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	$	(35,824)	$	8,808
Adjustments				
Depreciation and amortization expense		28,213		27,125
Noncash operating expenses		731		5,425
Receipts of items classified as non-operating revenues		5,364		3,845
Academic construction fee split out of tuition to capital financing		(4,533)		(4,155)
Operating activity from SRECNA shown with capital financing (leases)		(1,619)		(1,720)
Changes in assets and liabilities:				
Accounts and loans receivable		(4,451)		2,550
Other assets		(844)		(1,366)
Loans to students		302		947
Accounts payable and accrued liabilities		(3,647)		2,084
Unearned revenue		1,294		(2,385)
Accrued compensated absences		2,107		(702)
Other liabilities		77,271		(55,529)
Changes in deferred outflows and inflows:				
Deferred outflows - Pension		(23,898)		12,806
Deferred outflows - OPEB		(326)		(86)
Deferred outflows - Other		(65)		(10)
Deferred inflows - Pension		(63,470)		2,690
Deferred inflows - OPEB		(687)		(271)
Net cash used for operating activities	**$**	**(24,082)**	**$**	**56**
Noncash Investing, Capital and Financing Activities:				
Capital assets acquired by donations, state funded, and payable increases		13,064		10,104
Fair value change in interest rate swap		311		(5,120)
Realized/unrealized gains on investments		2,687		(5,561)
Administrative fees on investments		487		480
Accretion of interest on deep discount debt		288		344
Amortization of premiums/discounts		(1,722)		(1,568)
Amortization of deferred losses and swap termination		166		529
Loss on disposal of assets		(221)		(210)
Construction In Progress adjustments and deductions		296		(5,133)
State Support for Pensions		4,373		1,694
Federal noncapital financing receivable (CARES)		-		(2,506)
Bond underwriter costs		411		-
Building acquired by financed purchase		1,463		216

See accompanying Notes to Financial Statements

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.

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's 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 and money market funds with brokers.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include amounts where 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 and other sponsored 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	1-10	Years
Equipment	1-20	Years
Software	1-10	Years
Library Materials	10	Years
Other Capital Assets	18	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 financed purchase 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 June 30 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 refunding, the mark to market valuation of the University's SWAP agreement, net pension liability related items, right-to-use lease activities, right-to-use software arrangements and future asset retirement obligations.

For current refunding and advance refunding 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 2023 and 2022 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 Right to Use Lease activities include the future payments expected from lease agreements where Mines has provided a level of control over the access and right to use the assets. These agreements exceed a 12-month period and the total payments present value expected from the agreement exceeds the capitalization threshold set by Mines.

The Right to Use Software agreements include the future payments for use of software where Mines has a level of control over the access and right to use the assets. These agreements exceed a 12-month period.

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, 2023 and 2022, 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. No tax liability has been determined related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2023, and Mines paid $1,575 and $5,400 for the liability in Fiscal Years 2022 and 2021, respectively.

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 2023 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		2023		2022
University				
Cash on hand	$	13	$	14
Cash with U.S. financial institutions		63,203		16,156
Cash with Guaranteed Investment Contract		64,718		-
Cash with State Treasurer		121,737		145,518
Cash and Cash Equivalents - University	**$**	**249,671**		**161,688**
Discretely Presented Component Unit				
Cash with U.S. financial institutions		8,436		13,194
Cash and Cash Equivalents - DPCU	**$**	**8,436**		**13,194**

Deposits

The University deposits cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023, the University had cash on deposit with the State Treasurer of $121,737,000 which represented approximately .60 percent of the total $18,810,900,000 fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2022, the University had cash on deposit with the State Treasurer of $145,518,000 which represented approximately 0.69 percent of the total $21,060,900,000 fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, and 2022, the Pool's resources included $35,000,000 and $47,200,000 of cash on hand, respectively, and $18,775,800,000 and $21,013,700,000 of investments, respectively.

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

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

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, 2023 and 2022 are deemed to be exposed to custodial credit risk. As of June 30, 2023, and 2022, the DPCU maintained balances in various operating accounts in excess of federally insured limits totaling approximately $8,000,000 and $13,000,000, respectively.

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, 2023 and 2022, 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 1 and 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, 2023 and 2022 are shown in Table 2.2 Fair Value Measurements.

Table 2.2 Fair Value Measurements *(in thousands)*

2023						
Investment Type		**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
University						
Corporate equity securities	$	266	-	-	-	266
Investments with Foundation		-	-	35,006	-	35,006
Total Investments - University	**$**	**266**	**-**	**35,006**	**-**	**35,272**
Liabilities						
Interest Rate Swap Agreement		-	4,836	-	-	4,836
Total Liabilities - University		**-**	**4,836**	**-**	**-**	**4,836**
Discretely Presented Component Unit						
Cash equivalents		52,719	-	-	-	52,719
Corporate equity securities		56,254	-	-	125,114	181,368
Hedge funds		-	-	-	38,320	38,320
Private equity		-	-	-	104,640	104,640
Corporate bond funds		27,079	-	-	-	27,079
Split-interest agreements		3,105	-	-	-	3,105
Gift annuity agreements		2,690	56	-	-	2,746
Beneficial interest investments		-	-	16,026	-	16,026
Total Investments-DPCU	**$**	**141,847**	**56**	**16,026**	**268,074**	**426,003**

2022						
Investment Type		**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
University						
Corporate equity securities	$	213	-	-	-	213
Investments with Foundation		-	-	34,229	-	34,229
Total Investments - University	**$**	**213**	**-**	**34,229**	**-**	**34,442**
Liabilities						
Interest Rate Swap Agreement		-	4,525	-	-	4,525
Total Liabilities - University		**-**	**4,525**	**-**	**-**	**4,525**
Discretely Presented Component Unit						
Cash equivalents		52,622	-	-	-	52,622
Corporate equity securities		72,290	-	-	95,735	168,025
Hedge funds		-	-	-	39,511	39,511
Private equity		-	-	-	101,217	101,217
Corporate bond funds		12,212	-	-	-	12,212
Split-interest agreements		3,115	-	-	-	3,115
Gift annuity agreements		2,743	8	-	-	2,751
Beneficial interest investments		-	-	14,750	-	14,750
Total Investments-DPCU	**$**	**142,982**	**8**	**14,750**	**236,463**	**394,203**

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, 2023 Fair Value	June 30, 2022 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity	$	70,078	54,871	-	Quarterly	2 to 45 days
International equity		55,036	40,864	-	Monthly	5 to 30 days
Hedge funds		38,320	39,511	-	Quarterly to annually	30 to 90 days
Private equity funds		104,640	101,217	22,168	N/A	N/A
Total Investments - DPCU	**$**	**268,074**	**236,463**	**22,168**		

The following table sets forth the School of Mines' total cash, cash equivalents, and investments for the past five Fiscal Years. The numbers include cash and cash equivalents, restricted cash and cash equivalents, and investments for the University and the Colorado School of Mines Foundation.

Table 2.4 Total Cash, Cash Equivalents and Investments (in thousands)

Fiscal Year ending June 30	Cash, Cash Equivalents, and Investments
2019	576,309
2020	550,064
2021	657,963
2022	603,527
2023	719,382

Note 3: Accounts and Loans Receivable

Table 3.1, Accounts Receivable, segregates receivables as of June 30, 2023 and 2022, by type.

Table 3.1 Accounts Receivable *(in thousands)*

		2023			
Type of Receivable		**Gross Receivable**	**Allowance**	**Net Receivable**	**Net Current Portion**
University					
Student accounts	$	5,180	847	4,333	4,333
Student loans		2,173	19	2,154	451
Federal Government		21,692	-	21,692	21,692
Private sponsors		7,572	-	7,572	7,572
DPCU		3,764	-	3,764	3,764
Other		3,286	11	3,275	3,275
Total Receivable - University	**$**	**43,667**	**877**	**42,790**	**41,087**
Discretely Presented Component Unit					
Contributions*	$	11,592	1,144	10,448	4,271
Due from University		1,352	-	1,352	-
Total Receivable - DPCU	**$**	**12,944**	**1,144**	**11,800**	**4,271**

Table 3.1 Accounts Receivable, continued *(in thousands)*

	2022			
Type of Receivable	Gross Receivable	Allowance	Net Receivable	Net Current Portion
University				
Student accounts	$ 5,237	1,298	3,939	3,939
Student loans	2,471	56	2,415	832
Federal Government	19,239	-	19,239	19,239
Private sponsors	5,643	-	5,643	5,643
DPCU	8,857	-	8,857	8,857
Other	3,235	6	3,229	3,229
Total Receivable - University	**$ 44,682**	**1,360**	**43,322**	**41,739**
Discretely Presented Component Unit				
Contributions*	$ 17,384	627	16,757	12,295
Due from University	1,379	-	1,379	-
Total Receivable - DPCU	**$ 18,763**	**627**	**18,136**	**12,295**

*The allowance on the contributions receivable is comprised of uncollectible and unamortized discounts of $391 and $753 respectively, as of June 30, 2023 and $293 and $334, respectively, for June 30, 2022.

Note 4: Capital Assets

In Fiscal Year 2023 the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The University retroactively applied this statement to Fiscal Year 2022 and restated June 30, 2022 balances to reflect impact of the new standard. The University has several of these types of agreements.

In Fiscal Year 2022 the University implemented GASB 87 Leases requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases and now classified as right to use assets (RTU). The University restated Fiscal Year 2021 to include the impact of the new standard. The University leases various buildings and equipment some of which remain current year expense based on certain criteria under GASB 87.

The University leases office space at three Colorado locations and leases equipment used in operations. The terms on the leases vary, may include non-standard increases, but do not include guarantees, prepayments or incentives. The leases extend through Fiscal Year 2027.

Table 4.1, Capital Assets, presents the changes in capital assets and accumulated depreciation by major asset category, including RTU and SBITA assets, for the years ended June 30, 2023 and 2022.

Table 4.1 Capital Assets *(in thousands) restated*

Category		Balance 2022	Additions	Deletions	Transfers	Balance 2023
Nondepreciable capital assets						
Land	$	16,222	3,026	-	4,427	23,675
Works of art		234	-	-	-	234
Construction in progress		19,717	45,414	-	(4,400)	60,731
Total nondepreciable assets	**$**	**36,173**	**48,440**	**-**	**27**	**84,640**
Depreciable capital assets						
Land improvements	$	36,133	-	-	221	36,354
Buildings and improvements		660,185	3,645	-	(3,026)	660,804
Software		2,345	27	124	-	2,248
Equipment		99,368	7,551	2,779	897	105,037
Library materials		13,531	183	11,412	-	2,302
Intangible assets		600	-	-	-	600
Total depreciable capital assets	**$**	**812,162**	**11,406**	**14,315**	**(1,908)**	**807,345**
Less accumulated depreciation						
Land improvements	$	17,327	1,498	-	-	18,825
Buildings		225,959	17,214	-	-	243,173
Software		2,250	54	124	-	2,180
Equipment		64,843	6,847	2,103	-	69,587
Library materials		12,506	203	11,412	-	1,297
Intangible assets		433	33	-	-	466
Total accumulated depreciation	**$**	**323,318**	**25,849**	**13,639**	**-**	**335,528**
Net depreciable capital assets	$	488,844	(14,443)	676	(1,908)	471,817
Right-to-use assets						
Right-to-use buildings	$	635	234	120	3	752
Right-to-use equipment		573	20	-	-	593
Right-to-use SBITA		3,160	2,278	-	-	5,438
Work in progress-RTU Assets		-	2,274	-	1,586	3,860
Total right-to-use assets	**$**	**4,368**	**4,806**	**120**	**1,589**	**10,643**
Total accumulated amortization	**$**	**150**	**3,350**	**-**	**-**	**3,500**
Total Net Capital Assets	**$**	**529,235**	**35,453**	**796**	**(292)**	**563,600**

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

Category		Balance 2021	Additions	Deletions	Transfers	Balance 2022
Nondepreciable capital assets						
Land	$	14,103	2,183	70	6	16,222
Works of art		234	-	-	-	234
Construction in progress		10,323	11,900	68	(2,438)	19,717
Total nondepreciable assets	**$**	**24,660**	**14,083**	**138**	**(2,432)**	**36,173**
Depreciable capital assets						
Land improvements	$	36,122	-	1	12	36,133
Buildings and improvements		655,224	4,415	-	546	660,185
Software		2,257	88	-	-	2,345
Equipment		96,693	4,970	4,169	1,874	99,368
Library materials		13,331	202	2	-	13,531
Intangible assets		600	-	-	-	600
Total depreciable capital assets	**$**	**804,227**	**9,675**	**4,172**	**2,432**	**812,162**
Less accumulated depreciation						
Land improvements	$	15,779	1,548	-	-	17,327
Buildings		208,211	17,748	-	-	225,959
Software		2,194	56	-	-	2,250
Equipment		61,650	7,172	3,979	-	64,843
Library materials		12,320	188	2	-	12,506
Intangible assets		400	33	-	-	433
Total accumulated depreciation	**$**	**300,554**	**26,745**	**3,981**	**-**	**323,318**
Net depreciable assets	$	503,673	(17,070)	191	2,432	488,844
Right-to-use assets						
Right-to-use buildings	$	635	-	-	-	635
Right-to-use equipment		355	218	-	-	573
Right-to-use SBITA		900	2,260	-	-	3,160
Total right-to-use assets	**$**	**1,890**	**2,478**	**-**		**4,368**
Total accumulated amortization	**$**	**53**	**97**	**-**	**-**	**150**
Total Net Capital Assets	**$**	**530,170**	**(606)**	**329**	**-**	**529,235**

The interest expense related to capital asset debt incurred by the University during the years ended June 20, 2023 and 2022, was $14,563,000 and $13,112,000 respectively.

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, 2023 and 2022.

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

Deferred Outflows		2023	2022
Loss on bond refundings	$	6,195	8,020
SWAP valuation		1,573	-
Pension Related		38,412	14,514
OPEB Related		909	583
Asset Retirement Obligation		224	159
Total Deferred Outflows of Resources	**$**	**47,313**	**23,276**

Deferred Inflows		2023	2022
Leases	$	6,696	6,347
Gain on bond refundings		450	-
SWAP valuation		-	324
Pension Related		5,270	68,740
OPEB Related		3,384	4,071
Total Deferred Inflows of Resources	**$**	**15,800**	**79,482**

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, 2023 and 2022.

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

Type		2023	2022
Accounts payable - vendors	$	20,542	15,420
Accrued salaries and benefits		3,516	4,712
Accrued interest payable		1,707	1,217
Total Accounts Payable and Accrued Liabilities	**$**	**25,765**	**21,349**

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

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

Years Ending June 30		Minimum Lease
2024	$	265
2025		222
2026		117
2027		25
2028		-
Total Operating Lease Payments	**$**	**629**

Table 6.2 Future Minimum SBITA Payments *(in thousands)*		
Years Ending June 30	**Minimum SBITA Payment**	
2024	$	1,639
2025		780
2026		96
2027		41
2028		-
Total Operating SBITA Payments	**$**	**2,556**

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. Under GASB 87 rent revenue is recorded when certain criteria is met. The annual rent payments for Fiscal Year 2022 and 2021 was $90,000 and $48,000 restated, respectively.

Note 7: Compensated Absences

Table 7.1, Compensated Absences, presents the changes in compensated absences for the years ended June 30, 2023 and 2022.

Table 7.1 Compensated Absences *(in thousands)*			
		2023	**2022**
Beginning of the year	$	8,534	9,236
Increases Sick		99	231
Increases/(Decreases) Annual		2,009	(933)
End of the year	**$**	**10,642**	**8,534**
Current Portion	**$**	**905**	**732**

Note 8: Unearned Revenue

Table 8.1, Unearned Revenue, details the types and amounts of unearned revenue as of June 30, 2023 and 2022.

Table 8.1 Unearned Revenue *(in thousands)*			
Type		**2023**	**2022**
Tuition and fees	$	5,587	5,793
Grants and contracts		10,823	9,230
Miscellaneous		1,264	1,357
Total Unearned Revenue	**$**	**17,674**	**16,380**

Note 9: Bonds and Financed Purchases

As of June 30, 2023 and 2022, the categories of long-term obligations are detailed in Table 9.2, Bonds and Financed Purchases Payable. Table 9.3, Changes in Bonds and Financed Purchases

Payable, presents the changes in bonds and financed purchases payable for the years ended June 30, 2023 and 2022.

Revenue Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2023 and 2022 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, 2023 and 2022, 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 Financed Purchases 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) restated*

Source of Net Pledged Revenue		2023		2022
Prior Bond Obligation:				
Auxiliary Gross Revenues				
Facilities	$	41,496		37,209
Student Services Fee Revenue		3,536		3,093
Auxiliary Renewal & Replacement		972		907
Total Auxiliary Revenues		46,004		41,209
Total Auxiliary Operating Expenses		(22,506)		(19,818)
Net Auxiliary Revenues		23,498		21,391
Total Prior Obligations Debt Service		1,385		1,385
Prior Obligations Debt Service Coverage		17.0		15.5
Parity Bond Obligations				
Institution Enterprise Revenues:				
Student Tuition	$	138,828		132,360
Indirect Cost Recoveries		18,343		17,473
Academic Facility Fees		4,533		4,155
Federal Interest Subsidy		884		884
Net Institutional Enterprise Revenues	$	162,588	$	154,872
Net Pledged Revenues for Parity Debt	$	184,707		174,879
Total Parity Debt Service		19,509		16,858
Parity Debt Service Coverage		9.5		10.4
Subordinate Bond Obligations				
Total Subordinate Debt Service		-		-
Coverage of Parity and Subordinate Bonds		9.5		10.4
Total Debt Service Coverage		8.9		9.7

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. However, the Board may sell, destroy, abandon, otherwise dispose of, or alter at any time any property constituting a part of the Facilities which will have been replaced by other property of at least equal value, or which will cease to be necessary for the efficient operation of the Facilities as part of the Institutional Enterprise, or which will not decrease Gross Revenues below the requirements of the Master Resolution. The University believes it is in compliance with these covenants.

The Series 2009B qualify as Build America 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 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. Due to federal budget cuts that started during Fiscal Year 2013, the University received approximately 5.7 percent less in payments under this program for both Fiscal Years 2023 and 2022, 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 2023 and 2022, the University received $884,000 and $884,000, respectively, in Federal Direct Payments.

The Series 2009B, 2016B, and 2017C 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, 2023 and 2022 (in thousands):

Table 9.2 Bonds and Other Long-Term Debt Obligations *(in thousands)*

Type	Interest Rates	Final Maturity	Balance 2023	Balance 2022
Auxiliary Facilities Enterprise Revenue Bonds	5.14% - 5.40%	2028	$ 5,091	6,183
Institutional Enterprise Revenue Bonds				
Variable Rate Demand Bonds	4.10%*	2025	34,410	35,335
Fixed Rate Bonds	2.00% - 6.29%	2052	293,133	215,540
Fixed Rate Bonds (Direct Placement)	2.02% - 5.14%	2053	51,860	11,595
Total Bonds Payable			**$ 384,494**	**268,653**
Financed Purchase	4.51%	2050	$ 42,012	42,792
Leases Payable	0.44% - 2.96%	2029	631	660
SBITA's Payable	0.18% - 2.74%	2028	2,554	3,093
Total Bonds and Other Long-Term Debt Obligations			**$ 429,691**	**315,198**

*Variable rate demand bonds are set at an adjustable rate as discussed below. The rates reflected in the table are as of 6/28/23, the last reset date prior to June 30, 2023, and include the spread.

In December 2022, the University refunded the 2018A variable rate demand bonds with the issuance of the 2022D variable rate institutional enterprise revenue bonds. The interest rate on the Series 2022D variable rate demand bonds is calculated as the SIFMA Index rate plus an 87 basis point spread. The interest rate on the Series 2022D as of December 15, 2022 (the issue date) and June 30, 2023 (including spread) was 4.609 percent and 4.100 percent, respectively. The interest rate on the Series 2018A (including spread) was 1.697 percent as of June 30, 2022 for comparison.

Table 9.3, Changes in Bonds and Financed Purchases Payable presents the changes in bonds and financed purchases for the years ended June 30, 2023 and 2022.

Table 9.3 Changes in Bonds and Other Long-Term Debt Obligations *(in thousands) restated*

Type		Balance 2022	Additions	Deductions	Balance 2023	Current Portion
Revenue bonds payable	$	249,933	157,028	45,845	361,116	9,995
Plus unamortized premiums		18,724	6,903	2,245	23,382	-
Less unamortized discounts		4	-	-	4	-
Total Bonds Payable	**$**	**268,653**	**163,931**	**48,090**	**384,494**	**9,995**
Financed Purchase		42,792	-	780	42,012	815
Leases Payable		660	326	355	631	265
SBITA's Payable		3,093	1,138	1,677	2,554	1,639
Total Bonds and Leases Payable	**$**	**315,198**	**165,395**	**50,902**	**429,691**	**12,714**

Type		Balance 2021	Additions	Deductions	Balance 2022	Current Portion
Revenue bonds payable	$	256,069	349	6,485	249,933	7,505
Plus unamortized premiums		20,295	-	1,571	18,724	-
Less unamortized discounts		6	-	2	4	-
Total Bonds Payable	**$**	**276,358**	**349**	**8,054**	**268,653**	**7,505**
Financed Purchase		43,537	-	745	42,792	779
Leases Payable		779	-	119	660	289
SBITA's Payable		2,885	1,343	1,135	3,093	1,336
Total Bonds and Leases Payable	**$**	**323,559**	**1,692**	**10,053**	**315,198**	**9,909**

In Fiscal Year 2023 the University implemented GASB 96 Subscription-Based Information Technology Arrangements, requiring the recognition of certain subscription-based IT agreements assets and liabilities, for agreements previously classified as operating. The University restated Fiscal Year 2022 to include the impact of the new standard. The University has several of these arrangements, some of which remain current year expense based on certain criteria under GASB 96. For Fiscal Years 2023 and 2022, total subscription expense under agreements excluded from GASB 96 was approximately $1,400,000 and $3,000,000 restated, respectively.

In Fiscal Year 2022 the University implemented GASB 87 Leases requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases. The University restated Fiscal Year 2021 to include the impact of the new standard. The University leases various buildings and equipment some of which remain current year expense based on certain criteria under GASB 87. For Fiscal Year 2022, total rent expense under agreements excluded from GASB 87 was $303,000 restated.

Table 9.4, Revenue Bond Detail presents a summary description of the University’s outstanding revenue bonds for the years ended June 30, 2023 and 2022.

Table 9.4 Revenue Bond Detail *(in thousands)*

Issuance Description		Original Issuance Amount	Outstanding Balance 2023	Outstanding Balance 2022
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	5,091	6,183
Total Auxiliary Facilities Enterprise Revenue Bonds	**$**	**7,794**	**5,091**	**6,183**
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 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	-	4,045
Series 2016 Used to fund construction, improvements, and equipping of CoorsTek Center; advance refunding portion of the Series 2009A bonds and Series 2009C bonds.		34,690	14,830	16,740
Series 2017A Used to fund construction and improvements to campus-wide generators, a chiller plant, the Green Center roof and a new operations building.		27,675	26,970	27,675
Series 2017B Used to fund construction of a new residence hall, parking garage, Innovative learning space and improvements to campus utilities.		71,880	70,095	71,470
Series 2017C Used to advanced refund a portion of the Institutional Enterprise Revenue Bonds, Series 2012B.		35,030	32,990	34,030
Series 2018A Used to refund all of the variable rate demand Institutional Enterprise Revenue Bonds, Series 2010A.		37,885	-	35,335

Series 2022A Used to fund construction of Beck Venture Center, Early Childhood Education Center, Labriola Innovation Complex and a new classroom wrap for the garage funded by the Series 2022B & 2022C bonds. Repayment begins in 2024.		46,405	46,405	-
Series 2022B Used to fund construction of a new parking garage. Repayment begins in 2048.		20,345	20,345	-
Series 2022C Used to fund construction of a new parking garage. Repayment begins in 2028.		15,260	15,260	-
Series 2022D Used to refund all of the variable rate demand Institutional Enterprise Revenue Bonds, Series 2018A. Repayment begins in 2024.		34,410	34,410	-
Total Institutional Enterprise Revenue Bonds	**$**	**413,785**	**304,165**	**232,155**
Direct Placement Institutional Enterprise Revenue Bonds:				
Series 2020 - Used to refund all of the Series 2010B Taxable Direct Payment Build America Bonds and the remaining balance of the Series 2012B Institutional Enterprise Revenue Bonds.	$	15,675	15,575	11,595
Series 2023A - Used to renovate Mines Park. Repayment begins in 2024.		13,450	13,450	-
Series 2023B - Used to expand campus utilities infrastructure. Repayment begins in 2024.		22,835	22,835	-
Total Direct Placement Institutional Enterprise Revenue Bonds	**$**	**51,960**	**51,860**	**11,595**
Subordinate Institutional Enterprise Revenue Bonds, Direct Placement:				
Total Revenue Bonds	**$**	**473,539**	**361,116**	**249,933**
Plus Premiums			23,382	18,724
Less Discounts			4	4
Total Revenue Bonds			**384,494**	**268,653**

Revenue and Refunding Bond Activity

In December 2020 the University issued the 2020 Institutional Enterprise Revenue Refunding Bonds of $15,675,000 directly to JPMorgan 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 refund the Series 2010B Taxable Direct Payment Build Americas Bonds. The second draw of $4,030,000 occurred in December 2022 and current refunded and redeemed the remaining balance on the 2012B institutional revenue bonds.

In December 2022 the University issued Series 2022 A-D Institutional Enterprise Revenue Bonds in the total amount of $116,420,000 to construct new facilities and refund existing variable rate debt. The Series 2022B tax exempt bonds, $20,345,000, and the 2022C taxable bonds, $15,260,000, will be used the construct a second parking garage on campus. The Series 2022A Green Bonds, $46,405,000, will be used to construct the Beck Venture Center, the Labriola Innovation Complex, the Early Childhood Education Center, and a classroom wrap for the new garage. The Series 2022D Institutional Enterprise Revenue Refunding Bonds, $34,410,000, were used to refund the balance on Series 2018A variable rate demand Institutional Enterprise Revenue Bonds.

In June 2023 the University issued Series 2023A Institutional Enterprise Revenue Bonds in the amount of $13,450,000 and the Series 2023B Institutional Enterprise Revenue Bonds in the amount of $22,835,000 directly to JPMorgan Chase. The 2023A tax exempt bonds will be used to renovate certain units in the Mines Park housing complex. The 2023B taxable bonds will be used to expand and improve the campus utility system and related infrastructure.

Unused Lines of Credit

The Series 2020 bonds had an additional draw of $4,030,000 planned for December 1, 2022, and was included with the notes to the Fiscal Year 2022 financial statements. That draw occurred in Fiscal Year 2023 and the University does not have any outstanding unused lines of credit as of June 30, 2023.

Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2023, 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
2024	$	8,655	15,185	**23,840**	1,340	1,923	**3,263**
2025		9,160	14,830	**23,990**	1,270	1,929	**3,199**
2026		40,910	13,556	**54,466**	1,325	1,878	**3,203**
2027		8,855	12,555	**21,410**	1,370	1,826	**3,196**
2028		23,250	11,811	**35,061**	1,425	1,772	**3,197**
2029 to 2033		42,750	50,983	**93,733**	21,185	7,274	**28,459**
2034 to 2038		55,390	38,608	**93,998**	8,385	4,935	**13,320**
2039 to 2043		59,895	21,955	**81,850**	3,925	3,515	**7,440**
2044 to 2048		42,555	10,437	**52,992**	5,070	2,365	**7,435**
2049 to 2053		18,385	2,514	**20,899**	6,565	879	**7,444**
Subtotal	**$**	**309,805**	**192,434**	**502,239**	**51,860**	**28,296**	**80,156**
Unaccreted interest -1999 Bonds		(549)					
Total Debt Service	**$**	**309,256**					

Interest Rate SWAP Agreement

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, and the Series 2018A was refunded with the issuance of the Series 2022D Refunding Bonds. The original Swap Agreement has been cancelled, but the economic terms have been transferred and modified in association with the Series 2022D issuance. The Swap Agreement has a notional amount of $34,410,000 and $35,335,000 and a fair value of ($4,836,000) and ($4,525,000) at June 30, 2023 and 2022, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate payable by the University and a variable rate payable by Morgan Stanley. For the Series 2022D bonds the Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.907 percent payable by the University and the SIFMA Municipal Swap Index; the SIFMA rate was 4.01 percent at June 28, 2023 which was the last change date for FY2023. On December 1, 2025 the fixed rate for the swap agreement resets to 3.59 percent for the remainder of the agreement. For the Series 2018A bonds that were connected to the Swap Agreement at June 30, 2022 the fixed rate payable by the University was 3.59 percent and the variable rate payable by Morgan Stanley was 67 percent of one-month USD-LIBOR-BBA; that rate was 1.787 percent at June 30, 2022. 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, 2023 and a deferred inflow at June 30, 2022. 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 for the 2018A Series Bonds, with the refunding of the Series 2018A Bonds, the fair market value of the swap was ($3,458,000) and was included in the calculation of deferred loss on refunding for the Series 2022D Bonds. The fair market value ($3,458,000) is being amortized over the life of the Series 2022D. Accumulated amortization of the deferred loss as of June 30, 2023 and 2022 was $3,902,000 and $3,452,000 respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2023 and 2022, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of December 15, 2022 and a termination date of December 1, 2037.

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, 2023, Morgan Stanley's long term credit rating is A1 by Moody's and A- by Standards & Poor's.

For the outstanding Swap Agreement, the University has a maximum possible loss equivalent to the swap's fair value at June 30, 2023 and 2022 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, 2023 and 2022. 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, 2023, 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
2024	$ 975	1,390	229	2,594	297
2025	1,000	1,350	222	2,572	289
2026	32,435	555	91	33,081	119
Total Debt Service	**$ 34,410**	**3,295**	**542**	**38,247**	**705**

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, totaled $33,070,000 as of June 30, 2022; this amount was used to call the Series 2012B bonds in December 2022. The University does not have an escrow balance for defeasance as of June 30, 2023.

Financed Purchase

The University entered a 30-year, $44,250,000 contract on July, 1, 2020 with a 3rd party developer for the Residence Hall at 1750 Jackson Street. The University had an outstanding liability for financed purchases approximating $42,012,000 and $42,792,000 as of June 30, 2023 and 2022, respectively, with underlying gross capitalized asset cost approximating $44,249,000. The total interest expense related to the financed purchase incurred by the University was $1,916,000 and $1,950,000 as of June 30, 2023 and 2022, respectively.

Future minimum payments on the financed purchase are shown in Table 9.7 Future Financed Purchase Payments.

Table 9.7 Future Financed Purchase Payments *(in thousands)*

Year Ending June 30,	Principal	Interest	Total
2024	$ 815	1,880	2,695
2025	853	1,842	2,695
2026	892	1,803	2,695
2027	933	1,762	2,695
2028	976	1,719	2,695
2029 to 2033	5,598	7,877	13,475
2034 to 2038	7,013	6,462	13,475
2039 to 2043	8,785	4,690	13,475
2044 to 2048	11,005	2,470	13,475
2049 to 2050	5,142	246	5,388
Total Financed Purchase Payments	**$ 42,012**	**30,751**	**72,763**

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: Leases

The University, acting as lessor, leases office space to several tenants in primarily two buildings and cell tower use, under long-term, non-cancelable agreements. The lease terms for the tenants vary and extend through Fiscal Year 2029. Under GASB 87 rent revenue is recorded when certain criteria are met. The annual rent payments for Fiscal Year 2023 and 2022 were $45,000 and $90,000, respectively.

Table 10.1 Future Minimum Lease Receivables *(in thousands)*

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,664	43	1,707
2025	1,655	32	1,687
2026	1,624	20	1,644
2027	1,600	9	1,609
2028	410	1	411
2029	26	-	26
Total Lease Receivables	**$ 6,979**	**105**	**7,084**

The annual lease payments for Fiscal Year 2023 and 2022 were $1,590,000 and $1,051,000, respectively as restated. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease and is amortized on a straight-line basis over the term of the lease.

Note 11: Other Liabilities

Table 11.1, Other Liabilities, details other liabilities as of June 30, 2023 and 2022.

Table 11.1 Other Liabilities *(in thousands)*

	2023		2022	
Type	**Total**	**Current Portion**	**Total**	**Current Portion**
University				
Amounts due to the Foundation	$ 1,458	125	1,462	98
Funds held for others	392	392	428	428
Polution remediation	653	373	204	-
Student deposits	666	666	57	57
Miscellaneous	411	356	654	114
Total Other Liabilities - University	**$ 3,580**	**1,912**	**2,805**	**697**
Discretely Presented Component Unit				
Colorado School of Mines	$ 35,007	-	34,229	-
Other trust funds	642	-	630	-
Obligations under split-interest agreements	1,165	-	1,250	-
Obligations under gift annuity agreements	2,569	-	3,121	-
Refunded advances	-	-	-	-
Other liabilities	632	-	542	-
Total Other Liabilities - DPCU	**$ 40,015**	**-**	**39,772**	**-**

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, 2023 and 2022 under these programs were $34,860,000 and $32,628,000 respectively.

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.

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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

In all cases the service retirement benefit is limited to 100 percent of highest average salary and 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 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. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. 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, 2023: 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, 2021 through June 30, 2023 are summarized in the table below:

Table 12.1 Contribution Rate Requirements

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees except State Troopers)	10.50%	10.50%	11.00%	11.00%

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, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	10.90%	10.90%	11.40%	11.40%
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	9.88%	9.88%	10.38%	10.38%
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	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	**19.93%**	**19.98%**	**20.48%**	**20.55%**

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and 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 $15,814,000 and $14,941,000 for the year ended June 30, 2023 and 2022, respectively.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022.

Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. 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 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2023 and 2022, the Colorado School of Mines reported a liability of $239,851,000 and $162,868,000, respectively, for its proportionate share of the net pension liability.

At December 31, 2022, the Colorado School of Mines proportion was 2.2060165576 percent, which was a decrease of .0023474071 from its proportion measured as of December 31, 2021 of 2.2083639647 percent. At December 31, 2021, the Colorado School of Mines proportion was 2.2083639647 percent, which was a decrease of .0724468748 from its proportion measured as of December 31, 2020 of 2.2808108395 percent.

For the year ended June 30, 2023 and 2022, the Colorado School of Mines recognized pension expense of $9,802,000 and ($21,332,000), respectively, and revenue of $4,373,000 and $1,694,000 for June 30, 2023 and 2022, respectively, for support from the State as a nonemployer contributing entity. At June 30, 2023 and 2022, the Colorado School of Mines reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 12.2 Deferred Outflows and Inflows *(in thousands)*

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2023	**2022**	**2023**	**2022**
Difference between expected and actual experience	$ -	1,108	3,215	227
Changes of assumptions or other inputs	-	5,807	-	-
Net difference between projected and actual earnings on pension plan investments	30,493	-	-	56,047
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-	2,055	12,466
Contributions subsequent to the measurement date	7,919	7,599	-	-
Total	**$ 38,412**	**14,514**	**5,270**	**68,740**

The University reported $7,919,000, and $7,599,000 as deferred outflows of resources related to pensions as of June 30, 2023 and 2022, respectively, 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, 2024 and 2023. 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 12.3 Amortization of Deferred Outflows and Inflows *(in thousands)*

Year ended June 30:		Amount
2024	$	(7,335)
2025		3,287
2026		11,248
2027		18,023
Thereafter		-
Total	$	25,223

Actuarial assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	***Entry age***
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 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 (compounded annually)	1.00 percent compounded annually
PERA benefit structure hired after 12/31/06 [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.

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

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

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

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

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

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

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

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

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

Disabled mortality assumptions for members other than 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.

The actuarial assumptions used in the December 31, 2021, valuation are based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

The PERA Board first adopted the 7.25 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 12.4 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%**	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (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 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

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

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

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

Based on the above assumptions and methods, the SDTF's 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 12.5 Discount Rate Sensitivity *(in thousands)*

2023		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$	306,619	239,851	183,684
2022		**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Proportionate share of the net pension liability	$	229,719	162,868	106,667

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, 2023 and 2022 Mines reported a payable to PERA of $169,000 and $1,890,000, 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 (PERAPlus 401(k) Plan), 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 ACFR which includes additional information PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under 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 years ended June 30, 2023 and 2022, program members contributed $1,555,000 and $2,624,000, respectively, for the Voluntary Investment Program.

Defined Contribution Retirement Plan (PERA DC Plan)

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

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 PERA DC Plan is also included in PERA's Annual Comprehensive Financial 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, 2021 through June 30, 2023 are summarized in the tables below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:				
Employee contribution (all employees except State Troopers)	10.50%	10.50%	11.00%	11.00%
Employer Contribution Rates:				
On behalf of all employees except State Troopers	10.15%	10.15%	10.15%	10.15%

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

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

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
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	0.50%	0.50%	1.00%	1.00%
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	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF [1]	**10.80%**	**10.85%**	**11.35%**	**11.42%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. As of June 30, 2023, and 2022, participating employees in the PERA DC Plan contributed $9,592 and $10,578, respectively, and the Colorado School of Mines recognized pension expense of $18,779 and $21,143.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description - Employees of the Colorado School of Mines may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, and 2022, program members contributed $1,049,000 and $1,164,000 respectively for the voluntary investment 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, as allowed by Colorado Revised Statute §24-54.5-101 through 107. 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, 2023, the University's contribution to the MDCP was equal to 12 percent of pre-tax covered payroll and the employee contribution was equal to 11 percent of pre-tax covered payroll. The University's contribution under the MDCP approximated $6,282,000 and $5,370,000 for Fiscal Years 2023 and 2022, 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 $298,000 and $276,000 for Fiscal Years 2023 and 2022, 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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 health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll 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 $781,000 and $764,000 for the year ended June 30, 2023 and 2022, respectively.

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

At June 30, 2023 and 2022, respectively, the Colorado School of Mines reported a liability of $5,948,000 and $6,398,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. 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 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Colorado School of Mines proportion was 0.7285089080 percent, which was a decrease of 0.01 from its proportion measured as of December 31, 2021. At December 31, 2021, the Colorado School of Mines proportion was 0.7419451871 percent, which was a decrease of 0.04 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2023 and 2022, the Colorado School of Mines recognized OPEB expense of ($1,459,000) and ($1,399,000), respectively. At June 30, 2023 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	
		2023	**2022**	**2023**	**2022**
Difference between expected and actual experience	$	1	10	1,438	1,517
Changes of assumptions or other inputs		96	132	656	347
Net difference between projected and actual earnings on OPEB plan investments		363	-	-	396
Changes in proportion and differences between contributions recognized and proportionate share of contributions		56	53	1,290	1,811
Contributions subsequent to the measurement date		393	388	-	-
Total	**$**	**909**	**583**	**3,384**	**4,071**

The University reported $393,000 and $388,000 as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date for Fiscal Years ending June 30, 2023 and 2022, respectively. The Fiscal Year 2023 amount will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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 thousands)*

Year ended June 30:		Amount:
2024	$	(1,068)
2025		(903)
2026		(518)
2027		(151)
2028		(190)
Thereafter		(38)
Total	**$**	**(2,868)**

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	***Entry age***
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 percent
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	6.50 percent in 2022, gradually decreasing to 4.50 percent in 2030
Medicare Part A premiums	3.75 percent in 2022, 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

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health

Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 Fiscal Year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure:

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 1,704	$ 1,450	$ 583	$ 496	$ 1,923	$ 1,634
70	1,976	1,561	676	534	2,229	1,761
75	2,128	1,681	728	575	2,401	1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 6,514	$ 5,542	$ 4,227	$ 3,596	$ 6,752	$ 5,739
70	7,553	5,966	4,901	3,872	7,826	6,185
75	8,134	6,425	5,278	4,169	8,433	6,657

The 2022 Medicare Part A premium is $499 (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, 2021, 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
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOTAL OPEB LIABILITY for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than 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.

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 following health care costs assumptions were updated and used in the roll-forward calculation for the Health Care Trust Fund:

- Per capita health care costs in effect as of December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care for premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

Note: 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, 2023	**1% Decrease in Trend Rates**	**Current Trend Rates**	**1% Increase in Trend Rates**
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 5,779	5,948	6,131
June 30, 2022	**1% Decrease in Trend Rates**	**Current Trend Rates**	**1% Increase in Trend Rates**
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 6,214	6,398	6,611

For the January 1, 2023, plan year

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, 2022, 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 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 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. 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 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 one-percentage-point lower (6.25 percent) or one-percentage-point higher (8.25 percent) than the current rate:

Table 13.3 Discount Rate Sensitivity *(in thousands)*

2023		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$	6,896	5,948	5,138

2022		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$	7,430	6,398	5,516

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR 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, 2023 and 2022 Mines reported a payable to PERA of $115,000 and $97,000, respectively for contributions to the OPEB Plan.

Note 14: Changes in Accounting Principles

In Fiscal Year 2023 the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The University retroactively applied this statement to Fiscal Year 2022 and restated June 30, 2021 balances to reflect these changes. The University applied the criteria outlined in the statement to determine which software agreements are subject to this statement, and have a (RTU) asset and corresponding liability. The beginning net position was restated by approximately $900,000.

In Fiscal Year 2022 the University adopted GASB Statement No. 87, Leases, the University retroactively applied this statement to Fiscal Year 2021 and restated June 30, 2021 balances to reflect these changes. The University applied the criteria outlined in the statement to determine which agreements are subject this statement based on control of the right to use (RTU) assets included in the leases, the period a non-cancelable RTU the asset including options to extend the period, payment structure, and the market value of the RTU asset. The University determined it had agreements as both the lessor and lessee covered under Statement No. 87. The beginning net position was restated by approximately $462,000.

Note 15: Discretely Presented Component Unit

Colorado School of Mines Foundation

Distributions made by the Foundation to the University during the years ended June 30, 2023 and 2022 were approximately $25,200,000 and $33,593,000, 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, 2023, and 2022, the University has recorded accounts receivable from the Foundation of $3,764,000 and $8,857,000, respectively. As of June 30, 2023, and 2022, the University has recorded a liability to the Foundation of $1,458,000 and $1,462,000, 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 $35,006,000 and $34,229,000 as of June 30, 2023 and 2022, respectively.

Note 16: 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 $877,000 as of June 30, 2023. 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, including an employment-based claim brought by a former Mines exempt employee, and an employment-based claim brought by a former Mines Graduate Student. 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 17: 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/$100,000/$5,000 with $0 deductible

- Educators legal liability covered by Philadelphia Insurance Company for $4,000,000/$4,000,000 with a $25,000 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/$100,000/$1,000,000/$250,000 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 Zurich and Excess Property by State National for $1,137,097,082/$10,000,000/$25,000,000/$100,000,000/$25,000,000/$1,000,000 with a $100,000 deductible and 5% wind/hail $250,000 min, $1,000,000 flood high hazard and $500,000 flood medium hazard deductible

- Inland Marine covered by the Philadelphia Insurance Company for Equipment value: $1,001,735/$3,173,859/$1,000,000/$50,000/$100,000/$10,000/$750,000/$232,254 with a $5,000/5% sign deductible

- Aviation covered by Old Republic Insurance Company for $1,000,000 with a 5% of insured value deductible

- Foreign covered by WorldRisk for $4,000,000 with a $0 deductible

- Other States Coverage Workers Compensation covered by Zurich for $500,000/$500,000/$500,000 with a $1,000 deductible

The coverage in Fiscal Year 2023 is similar to coverage in Fiscal Year 2022. The University did not have cyber insurance coverage for Fiscal Year 2023. Autonomous Vehicles were no longer used on campus and the applicable coverage was removed prior to Fiscal Year 2023. There have been no settlements exceeding coverage.

Note 18: Legislative Appropriations

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

For the years ended June 30, 2023 and 2022, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2023 and 2022, the University had a total appropriation of $32,370,000 and $29,827,000, respectively. For years ended June 30, 2023 and 2022, the University's appropriated funds consisted of $9,378,000 and $8,148,000, respectively, received on behalf of students that qualified for stipends from the College Opportunity Fund, $20,697,000 and $19,429,000, respectively, fee-for-service contract revenue, and $2,295,000 and $2,250,000 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 19: 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. In Fiscal Year 2023 the pandemic was declared over.

In Fiscal Year 2023 the University received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) for the use of deferred maintenance projects on campus. Four deferred maintenance projects received a combined total of $3,310,000 of funding. As of June 30, 2023 the University has spent $693,000 of SLFRF Funding.

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, Mines completed the award in Fiscal Year 2022 and expended the final $2,717,000 as of June 30, 2022.

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.

Note 20: Subsequent Events

On November 7, 2023 Mines issued $132,485,000 of Institutional Enterprise bonds with a $2,938,703 net premium, to fund Phase II of Mines Park Redevelopment project which provides new and updated on campus housing to upperclassmen and graduate students.

Required Supplementary Information

Years Ended June 30, 2023 and 2022

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
2022	2.20601655760%	$ 239,851	76,581	313.20%	60.63%
2021	2.20836396470%	162,868	73,390	221.92%	73.05%
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
2023	$ 15,814	15,814	-	77,085	20.51%
2022	14,941	14,941	-	74,872	19.96%
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%

Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2023 Changes in actuarial assumptions or other inputs

There were no changes made to actuarial methods or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

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

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, 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 made to actuarial methods or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

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

Changes in assumptions or other inputs 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%

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
2022	0.7285089080%	$ 5,948	76,581	7.77%	38.60%
2021	0.7419451871%	6,398	73,390	8.72%	39.40%
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
2023	$ 781	786	(5)	77,085	1.02%
2022	764	764	-	74,872	1.02%
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%

Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2023 Changes in benefit terms and actuarial assumptions

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

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

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

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

- The price inflation assumption was lowered from 2.40 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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 6, 2023. 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,* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Colorado School of Mines Foundation, Inc.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) 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 a 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.

We identified a deficiency in internal control, described in the accompanying findings and recommendations section of our report as item 2023-001 that we consider to be a significant deficiency.

Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Colorado School of Mines' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the accompanying findings and recommendations section of our report. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. However, upon release by the Legislative Audit Committee this report is a public document.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2023

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, 2023, and have issued our report thereon dated December 6, 2023. 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 in our engagement agreement dated April 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

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, 2023, as described in Note 14, the University changed accounting policies related to information about subscription activities by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, Subscription-Based Information Technology Arrangements (SBITAs) effective July 1, 2022. Accordingly, the accounting change has been applied to the beginning of the earliest comparative period presented.

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

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements 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 University and Foundation categorize 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; NAV inputs are based on the net asset value reported by each fund, as it serves as a practical expedient to estimate the fair value of the entity's interest. 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures to correct.

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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include emphasis-of-matter paragraphs related to the Colorado School of Mines being a portion of the business-type activities of the State of Colorado and the implementation of GASB statement No.96.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2023.

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.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risks of material misstatement that have not previously been communicated to you:
  - Management override of controls
  - Improper revenue recognition

We have provided a separate communication to management dated December 6, 2023, communicating internal control related matters identified during the audit.

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.

Required supplementary information

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.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the description of the Colorado School of Mines. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

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
December 6, 2023

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Colorado School of Mines
Year Ended June 30, 2023

UNCORRECTED MISSTATEMENTS OF AMOUNTS	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 increasing cash and accrued expenses related to payroll benefit expenses paid after year-end and improperly included on the bank reconciliation as an outstanding item as of June 30, 2023.	$ 5,121,136	$ -	$ (5,121,136)	$ -	$ -	$ -
To pass on decreasing the SWAP Liability and Deferred Outflow year-end balance to agree to the June 30, 2023 fair value.	-	(3,262,900)	3,262,900	-	-	-
Net current year misstatements	5,121,136	(3,262,900)	(1,858,236)	-	-	-
Net prior year misstatements	-	-	-			-
Combined current and prior year misstatements	$ 5,121,136	$ (3,262,900)	$ (1,858,236)	$ -	$ -	$ -
Financial statement totals	$ 901,106,000	$ 47,313,000	$ 737,987,000	$ 15,800,000	$ 183,364,000	$ 11,268,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	1%	-7%	0%			
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	1%	-7%	0%			

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
None Noted	