

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2020 AND 2019**

**COMPLIANCE AUDIT  
YEAR ENDED JUNE 30, 2020**

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CliftonLarsonAllen LLP  
CLAconnect.com

January 12, 2021

Members of the Legislative Audit Committee:

We have completed the financial statement audits of Colorado State University – Global Campus as of and for the years ended June 30, 2020 and 2019. Our audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We were engaged to conduct our audits pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

<b>REPORT SUMMARY</b>	<b>1</b>
<b>FINANCIAL AUDIT REPORT SECTION</b>	
<b>DESCRIPTION OF THE COLORADO STATE UNIVERSITY – GLOBAL CAMPUS</b>	<b>4</b>
<b>AUDITOR'S FINDINGS AND RECOMMENDATIONS</b>	<b>6</b>
<b>DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS</b>	<b>8</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>9</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>11</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>17</b>
<b>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>19</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>20</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>22</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>51</b>
<b>SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS</b>	<b>53</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>	<b>54</b>
<b>SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS</b>	<b>55</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>56</b>
<b>REQUIRED COMMUNICATIONS TO THE LEGISLATIVE AUDIT COMMITTEE</b>	<b>58</b>
<b>SUMMARY OF CORRECTED MISSTATEMENTS</b>	<b>61</b>
<b>SUMMARY OF UNCORRECTED MISSTATEMENTS</b>	<b>62</b>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Purposes and Scope of Audit**

The Office of the State Auditor engaged CliftonLarsonAllen LLP (CLA) to conduct financial audits of Colorado State University – Global Campus (CSU – Global) for the years ended June 30, 2020 and 2019. CLA performed the audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The purposes and scope of the audits were to:

- Express an opinion on the financial statements of CSU – Global as of and for the years ended June 30, 2020 and 2019. This includes a report on 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, 2020.
- Evaluate compliance with certain provisions of laws, regulations, contracts and grants governing the expenditure of federal and state funds for the years ended June 30, 2020 and 2019.

**Audit Opinions and Reports**

The independent auditors' reports included herein expressed unmodified opinions on CSU – Global's financial statements as of and for the years ended June 30, 2020 and 2019.

One audit difference, as seen on page 62, was deemed not material by management. As such, management passed on making an adjustment.

We issued a report on CSU – Global'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 one matter involving the internal control over financial reporting and its operation that we consider to be a material weakness and no matters that we consider to be significant deficiencies.

**Summary of Findings**

We have issued a material weakness on CSU – Global's internal control over the calculation of unearned student tuition revenue.

Specifically, we noted weaknesses in CSU – Global's internal controls over the calculation of unearned student tuition revenue balance. Approximately \$2,264,000 of tuition revenue was improperly recorded as unearned when it should have been recognized during the current fiscal year.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Recommendations and the University’s Responses**

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

**Significant Audit Adjustments**

A summary of significant audit adjustments reported for the year ended June 30, 2020 is included on page 61.

**Summary of Progress in Implementing Prior Audit Recommendations**

A summary of the findings and recommendations reported for the year ended June 30, 2019 is included on page 8.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2020 AND 2019**

<u>Recommendation No.</u>	<u>Page No.</u>	<u>Recommendation Summary</u>	<u>University Response</u>	<u>Implementation Date</u>
1	6-7	The Colorado State University – Global Campus should strengthen its internal controls over the calculation of unearned tuition revenues by implementing a fiscal year-end supervisory review by management to ensure that the fiscal year-end unearned tuition revenue balance is appropriately calculated based on the procedures outlined in the University's Tuition Revenue Cycle Policy.	<b>Agree</b>	November 2020

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**DESCRIPTION OF THE COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Organization and Administration**

Colorado State University-Global Campus (CSU – Global) is the newest institution in the Colorado State University System (the System), an established university system with a rich 150-year history that evolved from agrarian roots as a land-grant institution. CSU – Global was established on August 24, 2007, by the System Board of Governors with a central goal of meeting the educational needs of adult learners in the State of Colorado and beyond by providing high quality online programs. On May 7, 2008, the System Board of Governors delegated authority to CSU – Global to oversee academic, personnel, and financial matters consistent with powers granted to CSU and CSU – Pueblo. Thereafter, CSU – Global was legally sanctioned as a third, independent University on March 18, 2009, when Colorado's Governor Ritter signed into law the State of Colorado Senate Bill 09-086 declaring the establishment of the CSU – Global Campus as an online university that is part of the Colorado State University System.

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

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

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

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

**Academic Degree Programs**

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

- Accounting
- Business Management
- Computer Science
- Criminal Justice
- Cybersecurity
- Finance
- Healthcare Administration and Management
- Human Resource Management
- Human Services
- Information Technology
- Interdisciplinary Professional Studies
- Management Information Systems and Business Analytics
- Marketing
- Organizational Leadership
- Project Management



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
DESCRIPTION OF THE COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
YEARS ENDED JUNE 30, 2020 AND 2019**

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

- Master of Science in Artificial Intelligence and Machine Learning
- Master of Criminal Justice
- Master of Science in Data Analytics
- Master of Finance
- Master of Healthcare Administration
- Master of Human Resource Management
- Master of Information Technology Management
- Master of Science in Management
- Master of Science in Military and Emergency Responder Psychology
- Master of Science in Nursing
- Master of Science in Organizational Leadership
- Master of Science in Organizational Leadership – Executive Express Path
- Master of Professional Accounting
- Master of Project Management
- Master of Science in Teaching and Learning

**Colorado State University – Global Campus**

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

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

**Mission Statement**

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

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

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

<u>Fiscal Year</u>	<u>Resident</u>	<u>Nonresident</u>	<u>Total</u>
2019-2020	2,993	5,597	8,590
2018-2019	3,186	5,363	8,549
2017-2018	3,191	5,313	8,504

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

<u>Fiscal Year</u>	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
2019-2020	308	212	520
2018-2019	339	183	522
2017-2018	313	195	508

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
AUDITORS’ FINDINGS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Unearned Tuition Revenue**

In accordance with its student tuition revenue recognition policy, Colorado State University – Global Campus (CSU – Global) records, or “recognizes”, revenue at the end of each fiscal year for a percentage of the gross student tuition it has received during the fiscal year and records unearned, or “deferred”, revenue for the remainder of the gross student tuition. The percentage to be recognized as current-year revenue is calculated based on CSU – Global’s academic calendar, which specifies the start and end dates of CSU – Global’s terms. As of June 30, 2020, CSU – Global had recorded gross student tuition revenue of \$89.0 million and had recorded unearned, or deferred, tuition revenue of \$7.1 million.

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

The purpose of our audit work was to determine whether CSU – Global had adequate internal controls over and had appropriately calculated and reported its revenue and unearned revenue amounts as of June 30, 2020.

As part of our audit test work, we obtained CSU – Global’s academic calendar that corresponded to Fiscal Year 2020 and identified the class terms that began during Fiscal Year 2020 and ended during Fiscal Year 2021. We inquired with CSU – Global on its method for calculating recognized and unearned tuition revenue and recalculated the amounts it initially calculated for reasonableness. We obtained a listing of the related tuition charges and reconciled the totals to CSU – Global’s financial statements. Additionally, we compared CSU – Global’s Fiscal Year 2020 unearned tuition revenue balance to the Fiscal Year 2019 unearned tuition revenue balance for reasonableness and consistency.

**How were the results of the audit work measured?**

We measured the results of our audit against CSU – Global’s policy for revenue recognition and deferment. According to CSU – Global’s Tuition Revenue Cycle policy, tuition revenue to be recognized is calculated monthly using the percentage of calendar days in the academic term that occur within the current month. The remainder of the tuition revenue that is not recognized is considered unearned tuition revenue and is recognized in the subsequent month or period.

**What problem did the audit work identify?**

We found that CSU – Global erroneously calculated its June 30, 2020 unearned tuition revenue balance to be \$2.3 million higher than it should have been, based on our recalculation using the revenue recognition percentages that should have been applied according to the Tuition Revenue Cycle policy. Specifically, CSU – Global calculated \$7.1 million in unearned tuition revenue, whereas we determined the correct calculation to be \$4.8 million. Based on this difference, management’s calculation of the year-end balance related to unearned tuition revenue does not accurately reflect CSU – Global’s actual unearned tuition revenue as of June 30, 2020.

**Why did this problem occur?**

CSU – Global did not have proper controls in place to ensure that appropriate recognition and deferment percentages were properly applied to tuition charges from terms that span fiscal years. Specifically, CSU – Global did not have a proper year-end supervisory review process in place to ensure that the unearned tuition revenue balance was properly calculated.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
AUDITORS’ FINDINGS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Why does this problem matter?**

Without adequate controls in place over financial activities, CSU - Global cannot ensure the accuracy and completeness of its financial statement information. This is especially important because users of CSU – Global’s financial statements may rely on tuition information for decision-making. By miscalculating the percentage of tuition revenue to be deferred to the subsequent reporting period, CSU – Global risked reporting changes in gross tuition revenue and unearned tuition revenue compared to the prior year which did not correspond to changes in the student population or tuition rates. Specifically, CSU – Global’s gross tuition revenue decreased by 1.4 percent, its full-time equivalent (FTE) student enrollment increased by 0.5 percent, and its tuition rates did not change between Fiscal Year 2019 and Fiscal Year 2020; however, due to CSU – Global’s reporting error, its unearned tuition revenue had increased by 45.9 percent from the prior year. Performing an adequate review of fiscal year-end balances resulting from management’s calculation will aid in increasing CSU – Global’s timely detection and correction of errors.

**Recommendation No. 1**

The Colorado State University-Global Campus should strengthen its internal controls over the calculation of unearned tuition revenue by implementing a fiscal year-end supervisory review by management to ensure that the fiscal year-end unearned tuition revenue balance is appropriately calculated based on the procedures outlined in the University’s Tuition Revenue Cycle policy.

**Classification: Material weakness**

**Management’s Response:**

Agree. Implementation Date : November 2020

Prior to June 2020, the month-end account close process (including entries related to unearned revenue), was completed by internal accounting staff at CSU – Global. Additionally, the former Assistant Controller was responsible for reviewing the unearned revenue account and, if needed, making any necessary adjustments to the account. In June 2020, there was a transition of responsibilities within the accounting department, and this particular process was not properly transitioned. As a result, the review and reconciliation process did not occur in accordance with internal policies. To help mitigate this risk, CSU – Global has since updated its policies and procedures to include a requirement for a second level review of unearned revenue by the Senior Director, Finance & Administration. As part of this review, the Senior Director will evaluate the balance for reasonableness and perform other related analysis.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2020 AND 2019**

<u>Recommendation No.</u>	<u>Fiscal Year Ended June 30, 2019 Recommendation</u>	<u>Status</u>
1	The Colorado State University – Global Campus should strengthen its process and internal controls over student tuition receivables and their related allowance for doubtful accounts by a) updating its allowance for doubtful accounts methodology for student tuition receivables to reflect historical trends, including a review of the University’s receivables that have been outstanding for over 120 days historical collection activity and trends in balances, b) implementing a process to obtain detailed collection data from its collection agencies and to ensure money collected on student tuition receivables is immediately applied to individual accounts, as appropriate.	Implemented



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Colorado State University – Global Campus (CSU – Global), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of CSU – Global as of June 30, 2020 and 2019, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Colorado State University System**

The financial statements of CSU – Global do not purport to, and do not, present fairly the financial position or results of operations of the Colorado State University System as a whole as of and for the years ended June 30, 2020 and 2019.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed on pages 11 – 16 and 51 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of CSU – Global's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CSU – Global's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSU – Global's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
January 12, 2021

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

**Management’s Discussion and Analysis**

This section of the financial report presents management's discussion and analysis of the financial performance of Colorado State University-Global Campus (CSU – Global) for the fiscal years ended June 30, 2020 and 2019. CSU – Global began offering classes to students in fiscal year 2009 and achieved a positive net position (total assets in excess of total liabilities) in fiscal year 2012. Management's comments will primarily focus on the periods ending June 30, 2018 through June 30, 2020. This discussion provides an analysis of the university's financial activities based on currently known facts, decisions, or existing conditions, and should be read in conjunction with CSU – Global's financial statements and notes thereto, which are also presented in this document. The analyses in this section of the report are unaudited.

**Enrollment and Financial Highlights**

The following accomplishments occurred during the fiscal years ended June 30, 2020, 2019 and 2018:

- Student enrollment (unduplicated headcount) increased 2.6% between fiscal years 2019 and 2020, and increased 2.5% between fiscal years 2018 and 2019.
- Student enrollment (FTE) increased 0.5% and 0.5% between fiscal years 2019 and 2020 and between fiscal years 2018 and 2019, respectively.
- Unique course offerings to our students increased 6.1% and 7.8% between fiscal years 2019 and 2020 and between fiscal years 2018 and 2019, respectively.
- CSU – Global's net position decreased from \$86.8 million at June 30, 2019 to \$77.8 million at June 30, 2020. CSU – Global's net position increased from \$83.1 million at June 30, 2018 to \$86.8 million at June 30, 2019.
- During fiscal years 2020 and 2019, CSU – Global made distributions to the CSU System Board of Governors or other institutions of \$40.3 million and \$27.5 million, respectively.

**The Basic Financial Statements**

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

**Financial Analysis Statement of Net Position**

The statement of net position presents the financial position of CSU – Global and includes all assets, liabilities, and deferred inflows and outflows of the university at a point in time. CSU – Global assets exceeded liabilities resulting in positive net position by \$77,799,753, \$86,765,595, and \$83,135,804, at June 30, 2020, 2019 and 2018, respectively. At June 30, 2020, the majority (56%) of CSU – Global's current assets are held as cash and cash equivalents. Surplus reserves or net position is primarily designated to fund strategic initiatives such as enrollment growth and exceptional customer service, to maintain financial stability as required by the Board and Higher Learning Accrediting Authorities and for the development of new and maintenance of existing online courses and degree programs.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

**Summary of Net Position**

	June 30,		
	2020	2019	2018
Current Assets	\$ 44,553,869	\$ 61,222,520	\$ 99,462,369
Capital Assets	934,718	534,281	782,748
Noncurrent Assets	46,469,754	39,873,513	-
Total Assets	<u>91,958,341</u>	<u>101,630,314</u>	<u>100,245,117</u>
Deferred Outflows of Resources	<u>220,898</u>	<u>659,985</u>	<u>1,796,784</u>
Total Assets and Deferred Outflows of Resources	92,179,239	102,290,299	102,041,901
Current Liabilities	8,391,533	7,697,164	9,363,866
Noncurrent Liabilities	4,010,817	5,145,631	9,173,551
Total Liabilities	<u>12,402,350</u>	<u>12,842,795</u>	<u>18,537,417</u>
Deferred Inflows of Resources	<u>1,977,136</u>	<u>2,681,909</u>	<u>368,680</u>
Total Liabilities and Deferred Inflows of Resources	14,379,486	15,524,704	18,906,097
Net Position			
Investment in Capital Assets, Net of Related Debt	934,718	534,281	782,748
Unrestricted	<u>76,865,035</u>	<u>86,231,314</u>	<u>82,353,056</u>
Total Net Position	<u>\$ 77,799,753</u>	<u>\$ 86,765,595</u>	<u>\$ 83,135,804</u>

**2020 Compared to 2019**

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

- Cash and cash equivalents decreased \$16.3 million, or 39.3% due to the shifting of cash into the CSU System fund investments as well as an increased transfer to the CSU – System as compared to the prior year.
- Net student accounts receivable decreased \$683 thousand, or 9.6% due to an increase in accounts written off as uncollectible.
- Other accounts receivable increased \$827 thousand, or 78.8%, in 2020 over that of 2019 due primarily to the timing difference of when funds were swept from the operating clearing account.
- Net capital assets increased \$400 thousand, or 75.0%, from fiscal year 2019 due to furniture and fixture purchases for the University’s new office building.
- Current liabilities increased \$694 thousand, or 9.0%, primarily due to a significant accrued liability relating to advertising services provided.



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

- Noncurrent liabilities decreased by \$1.1 million, or 22.1%, primarily as a result of the decrease in the net pension liability.
- The change in deferred outflows and deferred inflows are the result of change in deferred items related to pension and other post-employment benefit plans.

**2019 Compared to 2018**

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

- Cash and cash equivalents decreased \$48.1 million, or 53.7% due to the shifting of cash into the CSU System fund investments.
- Net student accounts receivable increased \$672 thousand, or 10.5% due to increased attendance and timing difference of receipts.
- Other accounts receivable decreased \$1.2 million, or 53.8%, in 2019 over that of 2018 due primarily to the timing difference of when the financial aid receivable clearing accounts were swept.
- Net capital assets decreased \$248 thousand, or 31.7%, from fiscal year 2018 due to depreciation expense exceeding the amount of capital asset additions.
- Current liabilities decreased \$1.7 million, or 17.8%, primarily due to a significant accrued liability expense relating to advertising services provided in 2018 and timing differences.
- Noncurrent liabilities increased by \$4.0 million, or 43.9%, primarily as a result of the decrease in the net pension liability.
- The change in deferred outflows and deferred inflows are the result of change in deferred items related to pension and other post-employment benefit plans.

**Statement of Revenues, Expenses and Changes in Net Position**

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

**Revenues, Expenses, and Changes in Net Position**

	June 30,		
	2020	2019	2018
Operating Revenues			
Tuition and Fees, Net	\$ 88,920,052	\$ 88,934,902	\$ 90,636,809
Other	4,454,000	3,925,704	4,487,209
Total Operating Revenues	<u>93,374,052</u>	<u>92,860,606</u>	<u>95,124,018</u>
Operating Expenses			
Instruction	19,055,877	18,306,044	21,124,307
Academic Support	7,640,131	8,895,925	7,903,453
Student Services	29,496,001	30,832,210	29,161,187
Institutional Support	7,165,811	6,913,778	6,767,986
Operation and Maintenance of Plant	619,828	509,272	527,802
Scholarships and Fellowships	11,042,732	10,919,593	11,118,245
Depreciation	411,887	396,080	367,022
Total Operating Expenses	<u>75,432,267</u>	<u>76,772,902</u>	<u>76,970,002</u>
Net Operating Revenues	17,941,785	16,087,704	18,154,016
Nonoperating Revenues			
Investment Income	2,358,192	4,166,216	343,234
Loss on Disposal of Capital Assets	-	(30,305)	(69,348)
Federal nonoperating grants and contracts	11,042,732	10,919,593	11,118,244
Transfer from State of Colorado Related to Pensions	24,608	28,637	-
Net Nonoperating Revenues	<u>13,425,532</u>	<u>15,084,141</u>	<u>11,392,130</u>
Income Before Other Revenues, Expenses, Gains or Losses	31,367,317	31,171,845	29,546,146
Other	<u>(40,333,159)</u>	<u>(27,542,054)</u>	<u>(22,031,314)</u>
Change in Net Position	(8,965,842)	3,629,791	7,514,832
Net Position - Beginning of Year	86,765,595	83,135,804	75,805,926
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>(184,954)</u>
Net Position - Beginning of Year (as Restated)	<u>86,765,595</u>	<u>83,135,804</u>	<u>75,620,972</u>
Net Position - End of Year	<u>\$ 77,799,753</u>	<u>\$ 86,765,595</u>	<u>\$ 83,135,804</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

**2020 Compared to 2019**

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

- Total student enrollment based on full-time equivalents increased .5%.
- Tuition and fee revenue were consistent with fiscal year 2019 due to no significant changes in enrollment.
- Operating costs were consistent with fiscal year 2019 due to no significant changes in operations.
- The number of non-teaching or support staff employees (full-time equivalent) increased 15.9% from fiscal year 2019. The number of teaching staff (full-time equivalent) decreased 9.2% during the fiscal year 2020 due to a change in the student to instruction ratio.
- Nonoperating revenues decreased \$1.7 million or 11%. This decrease is attributable to decreased interest income due to lower interest rates.
- CSU – Global's change in net position before transfers of \$31.4 million for fiscal year 2020 compared to \$31.2 million for fiscal year 2019 as the result of increased revenue in excess of expenses.
- As a result of strong financial results over a period of years, CSU – Global was able to make a transfer of \$40.3 million to the CSU System during fiscal year 2020. This transfer is required under the CSU System Reserves Policy, which requires that CSU – Global transfers net assets in excess of the institutional reserve to the CSU System. CSU – Global retains a sufficient institutional reserve to maintain a strong overall financial position.

**2019 Compared to 2018**

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

- Total student enrollment based on full-time equivalents increased 0.5%
- Tuition and fee revenue decreased by \$1.7 million or 1.9% due to a revision in methodology regarding bad debt expense which is netted against tuition and fee revenue.
- Operating costs were consistent with fiscal year 2018 due to no significant changes in operations.
- The number of non-teaching or support staff employees (full-time equivalent) decreased 6.2% during this same period. The number of teaching staff (full-time equivalent) increased 8.3% during the fiscal year 2019 due to the introduction of new course offerings.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

- Nonoperating revenues increased \$3.7 million or 32.2%. This increase is attributable to investment income from shifting funds from the State Treasury Pool to the CSU System Fund.
- CSU – Global's change in net position before transfers of \$31.2 million for fiscal year 2019 compared to \$29.5 million for fiscal year 2018 as the result of increased revenue in excess of expenses.
- As a result of strong financial results over a period of years, CSU – Global was able to make a transfer of \$27.5 million to the CSU System during fiscal year 2019. This transfer is required under the CSU System Reserves Policy, which requires that CSU – Global transfers net assets in excess of the institutional reserve to the CSU System. CSU – Global retains a sufficient institutional reserve to maintain a strong overall financial position.

**Statement of Cash Flows**

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

**Economic Outlook for Colorado State University – Global Campus**

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

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

**Requests for Information**

The financial report is designed to provide a general overview of the Colorado State University-Global Campus's finances for all those with an interest in CSU – Global's finances and to demonstrate CSU – Global's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the attention of the Controller, Colorado State University – Global Campus, 585 Salida Way, Aurora, Colorado 80011.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 25,144,906	\$ 41,398,050
Student Accounts Receivable, Net	6,418,092	7,100,994
Grants and Other Accounts Receivable, Net	1,876,161	1,049,598
Inventories	7,442	6,550
Short-Term Investments	10,444,316	10,341,744
Restricted Deposits	-	390,449
Prepaid Expenses	662,952	935,135
Total Current Assets	44,553,869	61,222,520
<b>CAPITAL ASSETS</b>		
Equipment	934,718	534,281
Total Depreciable Capital Assets, Net	934,718	534,281
<b>LONG-TERM INVESTMENTS</b>		
	46,469,754	39,873,513
Total Assets	91,958,341	101,630,314
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	214,893	651,989
Related to Other Post-Employment Benefits	6,005	7,996
Total Deferred Outflows of Resources	220,898	659,985
Total Assets and Deferred Outflows of Resources	\$ 92,179,239	\$ 102,290,299

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,429,614	\$ 1,608,173
Accrued Liabilities	1,914,408	894,072
Unearned Revenue	4,843,128	4,871,782
Deposits Held for Others	204,383	323,137
Total Current Liabilities	8,391,533	7,697,164
<b>NONCURRENT LIABILITIES</b>		
Compensated Absences Liabilities	797,536	826,310
Net Pension Liabilities	3,097,627	4,151,586
Net Other Post-Employment Benefits Liabilities	115,654	167,735
Total Noncurrent Liabilities	4,010,817	5,145,631
Total Liabilities	12,402,350	12,842,795
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	1,913,575	2,657,750
Related to Other Post-Employment Benefits	63,561	24,159
Total Deferred Inflows of Resources	1,977,136	2,681,909
Total Liabilities and Deferred Inflows of Resources	14,379,486	15,524,704
<b>NET POSITION</b>		
Investment in Capital Assets	934,718	534,281
Unrestricted	76,865,035	86,231,314
Total Net Position	\$ 77,799,753	\$ 86,765,595

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>OPERATING REVENUES</b>		
Student Tuition and Fees, Net of Scholarship Allowances of \$1,084,365 and \$913,322	\$ 88,920,052	\$ 88,934,902
Other Operating Revenue	4,454,000	3,925,704
Total Operating Revenues	93,374,052	92,860,606
<b>OPERATING EXPENSES</b>		
Instruction	19,055,877	18,306,044
Academic Support	7,640,131	8,895,925
Student Services	29,496,001	30,832,210
Institutional Support	7,165,811	6,913,778
Operation and Maintenance of Plant	619,828	509,272
Scholarships and Fellowships	11,042,732	10,919,593
Depreciation	411,887	396,080
Total Operating Expenses	75,432,267	76,772,902
Operating Income	17,941,785	16,087,704
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	2,358,192	4,166,216
Loss on Disposal of Capital Assets	-	(30,305)
Federal Nonoperating Grants and Contracts	11,042,732	10,919,593
Transfer from State of Colorado Related to Pensions	24,608	28,637
Total Nonoperating Revenues	13,425,532	15,084,141
Income Before Other Revenues (Expenses)	31,367,317	31,171,845
<b>OTHER REVENUES (EXPENSES) OR TRANSFERS</b>		
Payments (to)/from Governing Boards or Other Institutions	(40,333,159)	(27,542,054)
Total Other Revenues (Expenses) or Transfers	(40,333,159)	(27,542,054)
Change in Net Position	(8,965,842)	3,629,791
Net Position - Beginning of Year	86,765,595	83,135,804
<b>NET POSITION - END OF YEAR</b>	\$ 77,799,753	\$ 86,765,595

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received		
Tuition and Fees	\$ 89,455,546	\$ 88,083,752
Other Operating Receipts	3,627,437	5,144,984
Cash Payments		
Scholarships Disbursed	(11,042,732)	(10,919,593)
Payments to Employees	(35,232,650)	(35,065,842)
Payments to Suppliers	(29,007,822)	(32,019,266)
Net Cash Provided by Operating Activities	17,799,779	15,224,035
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
Agency Direct Lending Inflows	95,212,634	90,947,093
Agency Direct Lending Outflows	(95,212,634)	(90,947,093)
Other Agency Inflows	(34,958)	(2,202,647)
Other Agency Outflows	34,958	2,202,647
Payments to Governing Boards or Other Institutions	(40,333,159)	(27,542,054)
Other Nonoperating Revenues	11,042,732	10,919,593
Net Cash Used by Noncapital Financing Activities	(29,290,427)	(16,622,461)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets and Related Debt	(421,875)	(613,483)
Net Cash Used by		
Capital and Related Financing Activities	(421,875)	(613,483)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	-	(48,000,000)
Investment Earnings	(4,340,621)	1,950,959
Net Cash Provided (Used) by Investing Activities	(4,340,621)	(46,049,041)
Net Increase (Decrease) in Cash and Cash Equivalents	(16,253,144)	(48,060,950)
Cash and Cash Equivalents - Beginning of Year	41,398,050	89,459,000
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 25,144,906</b>	<b>\$ 41,398,050</b>

See accompanying Notes to Financial Statements.



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income	\$ 17,941,785	\$ 16,087,704
Adjustments		
Depreciation Expense	411,887	396,080
State Support for PERA pensions	24,608	28,637
Decrease (Increase) in Assets		
Receivables, Net	(143,661)	547,221
Inventories and Prepaids	271,291	363,871
Deferred Outflows Pensions	437,096	1,138,014
Deferred Outflows Other Postemployment Benefits	1,991	(1,215)
Increase (Decrease) in Liabilities		
Accounts Payable	(178,559)	(90,200)
Accrued Liabilities	1,020,336	(1,352,295)
Unearned Revenue	(28,654)	(93,917)
Deposits Held for Others	(118,754)	(85,174)
Compensated Absences Liabilities	(28,774)	25,524
Net Pension Liabilities	(1,053,959)	(4,040,047)
Net Other Postemployment Benefit Liabilities	(52,081)	(13,397)
Deferred Inflows Pensions	(744,175)	2,300,192
Deferred Inflows Other Postemployment Benefits	39,402	13,037
	<u>\$ 17,799,779</u>	<u>\$ 15,224,035</u>

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 GOVERNANCE AND REPORTING ENTITY**

**Governance**

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

**Reporting Entity**

The accompanying financial statements present the operations of CSU – Global. As a higher education institution of the State of Colorado, the income of CSU – Global is generally exempt from income taxes under Section 115 of the Internal Revenue Code (IRC). However, income unrelated to the exempt purpose of CSU – Global would be subject to tax under IRC Section 511(a)(2)(B). CSU – Global had no material unrelated business income for the years ended June 30, 2020 and 2019.

**NOTE 2 BASIS OF PRESENTATION**

The financial statements of CSU – Global, are intended to present the financial position, the changes in financial position and the cash flows of only that portion of the business-type activities of the CSU System that is attributable to the transactions of CSU – Global. They do not purport to, and do not, present fairly the financial position of the CSU System as of June 30, 2020 and 2019, and the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America. CSU-Global applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Cash and Cash Equivalents**

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

**Student Receivables**

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

**Inventories**

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

**Restricted Deposits**

Restricted Deposits, consisting of equipment purchases made during the current fiscal year, are recorded as current assets until the related depreciable capital asset is delivered.

**Capital Assets**

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

<b><u>Asset Class</u></b>	<b><u>Useful Life</u></b>
Furniture and Other Equipment	5-7 Years
Computer Hardware and Software	3-5 Years
Leasehold Improvements	Shorter of Term of Lease or Useful Life

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

**Deferred Outflows and Inflows of Resources**

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**Compensated Absence Liabilities**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Net Position**

Net positions of CSU – Global are classified as follows:

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

*Restricted Net Position – Nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing future income, which may either be expended or added to principal. CSU – Global has no restricted non-expendable position as of June 30, 2020 and 2019.

*Restricted Net Position – Expendable:* Restricted expendable net positions in which CSU – Global is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or debt agreements. CSU – Global has no restricted expendable position as of June 30, 2020 and 2019.

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**Classification of Revenues**

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

- Operating revenues consist of services related to teaching, including tuition and application fees from students (after reduction for bad debt and scholarship allowances provided with institutional funds).
- Operating expenses represent the full cost of providing the services and goods associated with operating revenues. These expenses are accrued when incurred and measurable and reported using functional classifications.
- Non-operating revenues and expenses consist primarily of investment income that is relied upon and budgeted for support of operating expenses. Also included in non-operating revenues are Federal Pell Grants.

**Unearned Revenue**

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

**Application of Restricted and Unrestricted Resources**

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

**Use of Estimates**

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

**Reclassifications**

Certain prior year balances have been reclassified to conform to the current year's financial statement presentation.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 CASH AND CASH EQUIVALENTS**

The CSU – Global deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2020, CSU – Global had cash on deposit with the State Treasurer of \$4.2 million, which represented approximately 0.04% of the total \$9.6 billion fair value of deposits in the State Treasurer’s Pool (Pool).

On the basis of the CSU – Global’s participation in the Pool, CSU – Global 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.

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

At June 30, 2020 and 2019, CSU – Global’s book balance value of cash not on deposit with the State Treasurer was \$20.9 million and \$11.5 million, respectively. Cash includes petty cash or cash on hand and cash in bank accounts. Bank account balances per the bank at June 30, 2020 and 2019, are \$21.0 million and \$11.6 million, respectively. Of the June 30, 2019 deposits, \$250,000 were covered by depository insurance and were not exposed to custodial credit risk, and the remaining \$11.3 million were collateralized with securities held by the pledging institution’s trust department. Of the June 30, 2020 deposits, \$250,000 were covered by depository insurance and were not exposed to custodial credit risk, and the remaining \$20.8 million were collateralized with securities held by the pledging institution’s trust department.

Additional information on investments of the State Treasurer’s Pool may be obtained in the state’s Comprehensive Annual Financial Report for the year ended June 30, 2020.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5 INVESTMENTS**

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

As of June 30, 2020 CSU – Global had \$56.9 million invested in the CSU Treasury. As of June 30, 2020 the CSU Treasury held \$407.3 million in investments for the campuses in the CSU System, of which CSU – Global represented 14% of the fair value of investments held by the CSU Treasury. The CSU Treasury invests in mutual funds, money markets, and international equities.

As of June 30, 2019 CSU – Global had \$50.2 million invested in the CSU Treasury. As of June 30, 2019 the CSU Treasury held \$292.9 million in investments for the campuses in the CSU System, of which CSU – Global represented 17% of the fair value of investments held by the CSU Treasury.

Additional information on investments of the CSU Treasury may be obtained in the CSU System’s Annual Financial Statements for the year ended June 30, 2020 and 2019.

**NOTE 6 ACCOUNTS RECEIVABLE**

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

	<u>2020</u>	<u>2019</u>
Student Accounts Receivable	\$ 10,882,290	\$ 10,046,611
Less Allowance for Doubtful Accounts	<u>(4,464,198)</u>	<u>(2,945,617)</u>
Student Accounts Receivable, Net	<u>\$ 6,418,092</u>	<u>\$ 7,100,994</u>
Grants and Other Accounts Receivable	<u>\$ 1,876,161</u>	<u>\$ 1,049,598</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 CAPITAL ASSETS**

Capital assets as of June 30, 2020 and 2019, consist of the following:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Depreciable Capital Assets					
Furniture and Equipment	\$ 1,219,766	\$ 592,635	\$ -	\$ -	\$ 1,812,401
Software	920,585	219,689	-	-	1,140,274
Leasehold Improvements	199,875	-	-	-	199,875
Total Capital Assets	<u>2,340,226</u>	<u>812,324</u>	<u>-</u>	<u>-</u>	<u>3,152,550</u>
Less Accumulated					
Depreciation					
Furniture and Equipment	(976,122)	(232,141)	-	-	(1,208,263)
Software	(629,948)	(179,746)	-	-	(809,694)
Leasehold Improvements	<u>(199,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(199,875)</u>
Total Accumulated					
Depreciation	<u>(1,805,945)</u>	<u>(411,887)</u>	<u>-</u>	<u>-</u>	<u>(2,217,832)</u>
Total Capital					
Assets, Net	<u>\$ 534,281</u>	<u>\$ 400,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,718</u>
	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Depreciable Capital Assets					
Furniture and Equipment	\$ 1,250,071	\$ -	\$ (30,305)	\$ -	\$ 1,219,766
Software	742,667	177,918	-	-	920,585
Leasehold Improvements	199,875	-	-	-	199,875
Total Capital Assets	<u>2,192,613</u>	<u>177,918</u>	<u>(30,305)</u>	<u>-</u>	<u>2,340,226</u>
Less Accumulated					
Depreciation					
Furniture and Equipment	(772,285)	(203,837)	-	-	(976,122)
Software	(467,816)	(162,132)	-	-	(629,948)
Leasehold Improvements	<u>(169,764)</u>	<u>(30,111)</u>	<u>-</u>	<u>-</u>	<u>(199,875)</u>
Total Accumulated					
Depreciation	<u>(1,409,865)</u>	<u>(396,080)</u>	<u>-</u>	<u>-</u>	<u>(1,805,945)</u>
Total Capital					
Assets, Net	<u>\$ 782,748</u>	<u>\$ (218,162)</u>	<u>\$ (30,305)</u>	<u>\$ -</u>	<u>\$ 534,281</u>

**NOTE 8 ACCRUED LIABILITIES**

The current accrued liabilities balances as of June 30, 2020 and 2019, were composed of:

	2020	2019
Accrued Payroll and Benefits	\$ 121,029	\$ 81,960
Other Accrued Liabilities	1,793,379	812,112
Total Current Accrued Liabilities	<u>\$ 1,914,408</u>	<u>\$ 894,072</u>



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 9 LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Accrued Compensated Absences	\$ 826,310	\$ 1,117,112	\$ (1,145,886)	\$ 797,536	\$ -
	<u>\$ 826,310</u>	<u>\$ 1,117,112</u>	<u>\$ (1,145,886)</u>	<u>\$ 797,536</u>	<u>\$ -</u>

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Accrued Compensated Absences	\$ 800,786	\$ 821,564	\$ (796,040)	\$ 826,310	\$ -
Other	45,116	-	(45,116)	-	-
	<u>\$ 845,902</u>	<u>\$ 821,564</u>	<u>\$ (841,156)</u>	<u>\$ 826,310</u>	<u>\$ -</u>

**NOTE 10 OPERATING LEASE COMMITMENT**

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 548,625
2022	565,000
2023	581,708
2024	598,875
2025	616,542
Thereafter	2,654,458
Total	<u>\$ 5,565,208</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 10 OPERATING LEASE COMMITMENT (CONTINUED)**

In May 2013 CSU – Global entered into a new five-year lease for office space, with a commencement date of October 18, 2013. The lease provides an option to renew the terms of the lease for two consecutive additional periods of five years each. The lease agreement also includes a stipulation for rent holidays, which are recognized on a straight-line basis over the life of the lease. The lease includes base rent payable, net of property tax credits of \$2,345,770 beginning in March 2014. CSU – Global receives a monthly property tax credit in the amount of \$2,594 that began March 1, 2014 and continues through the duration of the lease. In January of 2019 the lease was extended from an original expiration date of March 2019 to September 2019 and then expired.

In August of 2018 CSU – Global entered into a 10 year lease for a new office space, with a commencement date of September 1, 2019. This leased office space replaced the office space from the lease that expired September 2019 disclosed above. The lease provides an option to renew for terms that are agreed upon no later than the 9<sup>th</sup> anniversary of the rent commencement date. The lease includes base rent payable, of \$6,038,250 for the full term of the lease. A portion of the rent can be paid through an in-kind exchange of agreed upon discounted tuition rates for Aurora School District students and staff. No portion of the rent was paid through an in-kind exchange during the year ended June 30, 2020.

Total rent expense for the years ended June 30, 2020 and 2019 was \$577,336 and \$433,959, respectively.

**NOTE 11 NET POSITION**

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 12 EMPLOYMENT BENEFITS**

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

CSU – Global's total payroll for the fiscal years ended June 30, 2020 and 2019 was approximately \$26.4 million and \$27.5 million, respectively. Payroll for employees covered by the SDTF plan and the optional defined contribution plan was approximately \$1.1 million and \$1.1 million for the fiscal years ended June 30, 2020 and 2019, respectively. Remaining employees are not eligible for participation in any of CSU – Global's plans.

**NOTE 13 DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions*

CSU – Global participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension 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 and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

**General Information about the Pension Plan**

*Plan Description*

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**General Information about the Pension Plan (Continued)**

*Benefits Provided*

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

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00% for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

*Contributions*

Eligible employees and CSU – Global are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees with the exception of State Troopers are required to contribute 8.75% of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	<u>For the Year Ended June 30, 2019</u>	<u>For the Year Ended June 30, 2020</u>
Employer Contribution Rate <sup>1</sup>	10.15 %	10.40 %
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SDTF <sup>1</sup>	9.13 %	9.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00 %	5.00 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	<u>5.00 %</u>	<u>5.00 %</u>
Total Employer Contribution Rate to the SDTF <sup>1</sup>	19.13 %	19.38 %

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution amount allocated to CSU – Global for the Fiscal Year ended June 30, 2020 was \$24,608.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and CSU – Global is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from CSU – Global was \$224,706 and \$241,346 for the fiscal years ended June 30, 2020 and 2019, respectively.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

As of June 30, 2020 and 2019, CSU – Global reported a liability of \$3,097,627 and \$4,151,586 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. CSU – Global’s proportion of the net pension liability was based on CSU – Global’s contributions to the SDTF for the calendar year 2019 relative to the total contributions of participating employers to the SDTF.

At December 31, 2019, CSU – Global’s proportion was 0.0319217831%, which was a decrease of 0.0045638978% from its proportion of 0.0364856809% measured as of December 31, 2018.

For the years ended June 30, 2020 and 2019, CSU – Global’s share of pension expense was \$(1,146,783) and \$(358,047) respectively. For the years ended June 30, 2020 and 2019 CSU – Global recognized a transfer from the state general fund of \$24,608 and \$28,637 respectively. These amounts were included in pension expense. At June 30, 2020, CSU – Global’s share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 115,734	\$ -
Changes of Assumptions or Other Inputs	-	888,466
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	333,733
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	691,376
Contributions Subsequent to the Measurement Date	99,159	
Total	<u>\$ 214,893</u>	<u>\$ 1,913,575</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

At June 30, 2019, CSU – Global’s share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 118,721	\$ -
Changes of Assumptions or Other Inputs	218,602	2,143,815
Net Difference between Projected and Actual Earnings on Pension Plan Investments	209,702	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions		513,935
Contributions Subsequent to the Measurement Date	104,964	-
Total	<u>\$ 651,989</u>	<u>\$ 2,657,750</u>

\$99,159 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ (1,406,094)
2022	(265,075)
2023	(13,099)
2024	(113,573)
2025	-
Thereafter	-
	<u>\$ (1,797,841)</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Actuarial Assumptions*

The December 31, 2018 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 9.17%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016 Board meeting.



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied 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 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 the additional 0.50%, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 reach 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 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 13 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- The projected benefit payments reflect the lowered AI cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
<u>For the Year Ended June 30, 2020</u>			
Proportionate Share of the Net Pension Liability	\$ (3,985,960)	\$ (3,097,627)	\$ (2,346,690)
<u>For the Year Ended June 30, 2019</u>			
Proportionate Share of the Net Pension Liability	\$ (5,161,136)	\$ (4,151,586)	\$ (3,297,415)

*Pension Plan Fiduciary Net Position*

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**General Information about the OPEB Plan**

*Plan Description*

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

*Benefits Provided*

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

*PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 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.

*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 CSU – Global is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CSU – Global were \$8,852 for the year ended June 30, 2020 and \$11,148 for the year ended June 30, 2019.

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

At June 30, 2020, the CSU – Global reported a liability of \$115,654 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The CSU – Global's proportion of the net OPEB liability was based on the CSU – Global's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the CSU – Global's proportion was 0.0102895364%, which was a decrease of 0.0017756692% from its proportion measured as of December 31, 2018.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

For the years ended June 30, 2020 and 2019, CSU – Global recognized OPEB expense of \$6,584 and (\$2,638) respectively. At June 30, 2020, the CSU – Global reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 384	\$ 19,434
Changes of Assumptions or other Inputs	960	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		1,930
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions		42,197
Contributions Subsequent to the Measurement Date	4,661	-
Total	<u>\$ 6,005</u>	<u>\$ 63,561</u>

At June 30, 2019, CSU – Global's share of deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 609	\$ -
Changes of Assumptions or other Inputs	1,177	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	965	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	24,159
Contributions Subsequent to the Measurement Date	5,245	-
Total	<u>\$ 7,996</u>	<u>\$ 24,159</u>

\$4,661 reported as deferred outflows of resources related to OPEB resulting from CSU – Global's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

Year Ended June 30,	Amount
2021	\$ (13,697)
2022	(13,697)
2023	(13,138)
2024	(12,425)
2025	(7,857)
Thereafter	(1,403)
Total	\$ (62,217)

*Actuarial Assumptions*

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the Aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.6% in 2019, Gradually Decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2019, Gradually Increasing to 4.50% in 2029

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

<u>Medicare Plan</u>	<u>Costs for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	601	240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	<u>Costs for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	562
Kaiser Permanente Medicare Advantage HMO	571

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, 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 that were used to measure the total OPEB liability are summarized in the table below:



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.75%
2026	5.10%	5.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029	4.50%	4.50%

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

*Sensitivity of CSU – Global’s Proportionate share of the net OPEB liability to changes in the healthcare cost trend rates*

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Trend Rat	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 112,907	\$ 115,654	\$ 118,829

*Discount Rate*

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

*Sensitivity of CSU – Global's proportionate share of the net OPEB liability to changes in the discount rate*

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

<u>For the Year Ended June 30, 2020</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of the Net OPEB Liability	\$ 130,770	\$ 115,654	\$ 102,727
<u>For the Year Ended June 30, 2019</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of the Net OPEB Liability	\$ 187,681	\$ 167,735	\$ 150,683

*OPEB plan fiduciary net position*

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

**NOTE 15 UNIVERSITY OPTIONAL RETIREMENT PLAN -THE DEFINED CONTRIBUTION PLAN/OR RETIREMENT (DCP)**

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 15 UNIVERSITY OPTIONAL RETIREMENT PLAN -THE DEFINED CONTRIBUTION PLAN/OR RETIREMENT (DCP) (CONTINUED)**

The defined contribution retirement plans are established pursuant to state statute (24-54.5-101 to 24- 54.5-107 CRS). As a university of the Board of Governors for the Colorado State University System, CSU – Global employees are eligible to participate in CSU – Global's retirement plan. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU – Global participants contribute the required 8% of eligible salary. CSU – Global provides a matching contribution of 11.1%, as required, of eligible salary for all nonstudent employees, including those employees at less than half-time and nonstudent temporary, hourly employees.

Both employee and employer contributions are vested immediately. Investments are participant-directed within the funds available through the authorized investment companies. CSU – Global's aggregate contribution to the above two vendors was equal to 11.1% and 11.1% of covered payroll or approximately \$3.0 million and \$3.0 million for the fiscal years ended June 30, 2020 and 2019, respectively. The employee aggregate contribution to the above two vendors was equal to 8.0% of covered payroll or approximately \$2.1 million and \$2.1 million for the fiscal years ended June 30, 2020 and 2019, respectively.

**Health and Life Insurance Programs**

CSU – Global's contribution to the various health insurance programs was approximately \$1.9 million and \$2.0 million for the fiscal years ended June 30, 2020 and 2019, respectively.

**NOTE 16 COMPENSATED ABSENCES LIABILITY**

CSU – Global employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount that will be paid upon termination. The estimated liability of compensated absences for which employees are vested as of June 30, 2020 and 2019 was \$798 thousand and \$826 thousand, respectively.

Overall, net expenses decreased by \$29 thousand for the fiscal year ended June 30, 2020 and increased by \$25 thousand for the fiscal year ended June 30, 2019, for the estimated compensated absences liabilities.

**NOTE 17 DIRECT STUDENT FINANCIAL AID REPORTING**

During the fiscal years ended June 30, 2020 and 2019, CSU – Global participated in the federal government's Direct Loan Program. This program provides loans from the federal government to qualifying students and their families for educational purposes. While CSU – Global helps students obtain these loans, the University is not a party to the loans and is not responsible for collection of monies owed or for defaults by borrowers.

The gross amounts of Direct Loans disbursed during the fiscal years ended June 30, 2020 and 2019 were \$95.2 million and \$90.9 million, respectively.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 18 SCHOLARSHIP ALLOWANCE**

Tuition and fees revenues and the related scholarship and bad debt allowances for the years ended June 30, 2019 and 2018 were as follows:

	<u>2020</u>	<u>2019</u>
Gross Revenue	\$ 91,484,642	\$ 90,545,228
Bad Debt Allowance (Net Recoveries)	1,480,225	697,004
Scholarship Allowances		
Institutional	<u>1,084,365</u>	<u>913,322</u>
Total Allowances	<u>(2,564,590)</u>	<u>(1,610,326)</u>
Net Revenue	<u><u>\$ 88,920,052</u></u>	<u><u>\$ 88,934,902</u></u>

**NOTE 19 RELATED-PARTY TRANSACTIONS**

From time to time CSU – Global makes distributions of excess net position to the CSU System based on a board approved calculation. For the fiscal years ended June 30, 2020 and 2019 CSU – Global made distributions to the CSU System of \$40,333,159 and \$27,542,054 respectively.

**NOTE 20 RISK MANAGEMENT**

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

**NOTE 21 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 12, 2021, which is the date the financial statements were available to be issued. Management determined there were no subsequent events that required disclosure.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS  
JUNE 30, 2020**

	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	0.0319217831%	0.0364856809%	0.0409213750%	0.0415209442%	0.0376269691%	0.0294447265%	0.0249419471%
Proportionate Share of the Net Pension Liability	\$ 3,097,627	\$ 4,151,586	\$ 8,191,633	\$ 7,626,621	\$ 3,962,509	\$ 2,769,722	\$ 2,221,821
Covered Payroll	\$ 1,086,692	\$ 1,185,944	\$ 1,131,510	\$ 1,161,000	\$ 1,019,873	\$ 792,808	\$ 642,148
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	285.1%	350.1%	724.0%	656.9%	388.5%	349.4%	346.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.2%	55.1%	43.2%	42.6%	56.1%	59.8%	61.1%

**Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2020  
Changes in benefit terms and actuarial assumptions**

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

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

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

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

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

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS  
JUNE 30, 2020**

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

Changes in assumptions or other 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%



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS  
LAST TEN FISCAL YEARS  
JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 224,706	\$ 241,346	\$ 241,147	\$ 215,649	\$ 189,279	\$ 169,316	\$ 101,758
Contributions in Relation to the Contractually Required Contribution	<u>(224,706)</u>	<u>(241,346)</u>	<u>(241,147)</u>	<u>(215,649)</u>	<u>(189,279)</u>	<u>(169,316)</u>	<u>(101,758)</u>
Contribution Deficiency/Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,159,473	\$ 1,092,938	\$ 1,260,570	\$ 1,161,000	\$ 1,005,669	\$ 941,312	\$ 597,298
Contributions as a Percentage of Covered Payroll	19.38%	22.08%	19.13%	18.57%	18.82%	17.99%	17.04%

**Notes to Schedule:**

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
LAST TEN FISCAL YEARS  
JUNE 30, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability	0.0102895364%	0.0120652056%	0.0139374937%	0.0146841846%
Proportionate Share of the Net OPEB Liability	\$ 115,654	\$ 167,735	\$ 181,132	\$ 190,385
Covered Payroll	\$ 925,193	\$ 1,185,944	\$ 1,131,510	\$ 1,161,000
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	12.5%	14.1%	16.0%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.5%	17.0%	17.5%	16.7%

**Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2020 Changes in benefit terms and actuarial assumptions**

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS  
LAST TEN FISCAL YEARS  
JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 8,852	\$ 11,148	\$ 12,858	\$ 11,842
Contributions in Relation to the Contractually Required Contribution	<u>(8,852)</u>	<u>(11,148)</u>	<u>(12,858)</u>	<u>(11,842)</u>
Contribution Deficiency/Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 867,843	\$ 1,092,938	\$ 1,260,570	\$ 1,161,000
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

**Notes to Schedule:**

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

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



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

Legislative Audit Committee & Board of Governors  
Colorado State University – Global Campus  
Greenwood Village, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Colorado State University – Global Campus (CSU – Global), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise CSU – Global's basic financial statements, and have issued our report thereon dated January 12, 2021.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the Finding and Recommendations section as Recommendation No. 1 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CSU – Global’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**CSU – Global’s Response to the Findings**

CSU – Global’s response to the finding identified in our audit is described at page 7 of the report. CSU – Global’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Denver, Colorado  
January 12, 2021



## REQUIRED COMMUNICATIONS TO THE LEGISLATIVE AUDIT COMMITTEE

Legislative Audit Committee  
Colorado State University – Global Campus

We have audited the financial statements of the business-type activities of Colorado State University – Global Campus (the University) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 12, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant audit findings

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 3 to the financial statements.

CSU – Global changed accounting policies related to management’s estimate of allowance for doubtful accounts over student accounts receivable in 2020. The cumulative effect of the accounting change as of the end of the year is reported in the statement of revenues, expenses, and changes in net position.

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

##### *Accounting estimates*

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

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

- Management’s estimate of the allowance for doubtful accounts is based on a mix of percentage of sales/tuition and a percentage of receivables outstanding. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. During the fiscal year management revised the methodology for recording allowance for doubtful accounts. The revision of the methodology was to recognize all outstanding balances aged 720 days or more within the calculation of the estimate. Management’s revised methodology for estimating allowance for doubtful accounts resulted in an increase of the balance and related bad debt expense compared to the prior methodology.
- Management’s estimate of the net pension liability is based on actuarial assumptions and involves no judgement on management’s part. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the useful lives of capital assets is based on the University’s fixed asset policy. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

*Financial statement disclosures*

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

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

***Difficulties encountered in performing the audit***

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

***Uncorrected misstatement***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule contained on page 62 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial to the financial statements taken as a whole.

***Corrected misstatement***

The attached schedule contained on page 61 summarizes a material misstatement detected as a result of audit procedures that was corrected by management.

***Disagreements with management***

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

**Management representations**

We have requested and received certain representations from management.

**Management consultations with other independent accountants**

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

**Significant issues discussed with management prior to engagement**

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

**Other written communication**

We communicated to management a deficiency in internal control identified during our audit that is not considered a material weakness or a significant deficiency.

**Other information in documents containing audited financial statements**

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

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

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



**CliftonLarsonAllen LLP**

Denver, Colorado  
January 12, 2021



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
SUMMARY OF CORRECTED MISSTATEMENTS  
YEAR ENDED JUNE 30, 2020**

**CORRECTED MISSTATEMENTS**

**AJE #1**

To adjust Deferred Revenue and Student Tuition Revenue at year-end in line with revenue recognition percentages.

	Debits	Credits
Deferred Revenue	\$ 2,264,360	\$ -
Student Tuition Revenue	-	2,264,360
Total	\$ 2,264,360	\$ 2,264,360

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
SUMMARY OF UNCORRECTED MISSTATEMENT  
YEAR ENDED JUNE 30, 2020**

**PAJE #1**

During the fiscal year, CSU - Global recorded software licenses for purchase by students within accrued liabilities instead of properly recording them within inventories.

	Debits	Credits
Inventories	\$ 162,515	\$ -
Accrued Liabilities	-	162,515
Total	\$ 162,515	\$ 162,515