

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2021 AND 2020**

**COMPLIANCE AUDIT  
YEAR ENDED JUNE 30, 2021**

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CliftonLarsonAllen LLP  
CLAconnect.com

January 25, 2022

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, 2021 and 2020. 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.

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**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Purposes and Scope of Audit**

The Office of the State Auditor engaged CliftonLarsonAllen LLP (CLA) to conduct financial audits of Colorado State University – Global Campus (CSU – Global) for the years ended June 30, 2021 and 2020. 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, 2021 and 2020. 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, 2021.
- 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, 2021 and 2020.

**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, 2021 and 2020.

One audit difference, as seen on page 66, 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 internal controls over financial reporting 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 for the accurate and timely reporting of assets in financial statements and exhibits submitted to the Office of the State Controller.

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2021 AND 2020**

**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, 2021 is included on page 65.

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

A summary of the findings and recommendations reported for the year ended June 30, 2020 is included on page 9.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REPORT SUMMARY  
YEARS ENDED JUNE 30, 2021 AND 2020**

<u>Recommendation No.</u>	<u>Page No.</u>	<u>Recommendation Summary</u>	<u>University Response</u>	<u>Implementation Date</u>
1	6-8	The Colorado State University – Global Campus should strengthen its internal control over financial reporting by ensuring its account balance reconciliations are accurate and complete and ensuring exhibits are submitted by their due dates and that exhibit revisions are submitted soon after errors are identified.	<b>Agree</b>	January 2022

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**DESCRIPTION OF THE COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**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 8,000 full-time equivalent (FTE) 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, 2021 AND 2020**

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 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>
2020-2021	2,964	5,520	8,484
2019-2020	2,993	5,597	8,590
2018-2019	3,186	5,363	8,549

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

<u>Fiscal Year</u>	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
2020-2021	312	187	499
2019-2020	308	212	520
2018-2019	339	183	522

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
AUDITORS’ FINDINGS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

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

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

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
AUDITORS’ FINDINGS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

We measured our audit work against the following criteria:

- **Generally accepted accounting principles for accrued revenue.** GASB Codification Section Co5, para. .106 and Section 1600, para. .130 and .131, requires, CSU – Global to prepare its financial statements using “the economic resources measurement focus and the accrual basis of accounting” and to recognize revenue “when an exchange, in the ordinary course of operations, is effected...” Further, CSU – Global should reverse any accruals it has made, for example in accounts receivable, when it actually receives cash for transactions that were previously recognized as revenue so that received funds are reported in the correct balance sheet account.
- **CSU – Global’s Financial Rules policy** specifies that routine examination and reconciliation of transaction records to official University records is required to verify the accuracy of the records, the appropriateness of the transactions, and their compliance with policy.
- **The OSC’s Fiscal Procedures Manual**, which contains instructions for completing exhibits, states: “Departments should ensure all required exhibits are submitted on time ... and are thoroughly reviewed for completeness and that balances agree to CORE balances where applicable. Additionally, departments must submit revised exhibits if balances or information reported on prior versions has changed in a timely manner.”
- **The OSC’s Open/Close Calendar for Fiscal Year 2021**, which contains due dates for submitting exhibits, specifies that Exhibit M was due August 24, 2021 and Exhibit J was due September 8, 2021.

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

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
AUDITORS’ FINDINGS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Why did this problem occur?**

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

**Why does this problem matter?**

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

**Recommendation**

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

**Classification: Material weakness**

**Management’s Response:**

Agree. Implementation Date: January 2022

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2021 AND 2020**

<u>Recommendation No.</u>	<u>Fiscal Year Ended June 30, 2020 Recommendation</u>	<u>Status</u>
1	The Colorado State University – Global Campus should strengthen its internal controls over the calculation of unearned tuition revenues by implementing a fiscal year-end 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	Implemented



## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Colorado State University – Global Campus  
Aurora, 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, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express 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, 2021 and 2020, 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.

**Emphasis of Matter**

*Colorado State University System*

As more fully discussed in Note 2, 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, 2021 and 2020.

**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 and other postemployment benefit information listed on pages 12 - 17 and 55 – 59 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 25, 2022, 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 25, 2022

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

**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, 2021 and 2020. 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, 2019 through June 30, 2021. 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, 2021, 2020 and 2019:

- Student enrollment (unduplicated headcount) decreased by 6.5% between fiscal years 2020 and 2021, and increased 2.6% between fiscal years 2019 and 2020.
- Student enrollment (FTE) decreased 1.2% and 0.5% between fiscal years 2020 and 2021 and between fiscal years 2019 and 2020, respectively.
- Unique course offerings to our students increased 5.11% and 6.1% between fiscal years 2020 and 2021 and between fiscal years 2019 and 2020, respectively.
- CSU – Global's net position increased from \$77.8 million at June 30, 2020 to \$93.5 million at June 30, 2021. CSU – Global's net position decreased from \$86.8 million at June 30, 2019 to \$77.8 million at June 30, 2020.
- During fiscal years 2021 and 2020, CSU – Global made distributions to the CSU System Board of Governors or other institutions of \$26.5 million and \$40.3 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 \$93,541,235, \$77,799,753, and \$86,765,595, at June 30, 2021, 2020 and 2019, respectively. At June 30, 2021, the majority (57%) 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, 2021 AND 2020**

**Summary of Net Position**

	June 30,		
	2021	2020	2019
Current Assets	\$ 54,986,023	\$ 44,553,869	\$ 61,222,520
Capital Assets	586,975	934,718	534,281
Noncurrent Assets	56,661,262	46,469,754	39,873,513
Total Assets	<u>112,234,260</u>	<u>91,958,341</u>	<u>101,630,314</u>
Deferred Outflows of Resources	<u>359,931</u>	<u>220,898</u>	<u>659,985</u>
Total Assets and Deferred Outflows of Resources	112,594,191	92,179,239	102,290,299
Current Liabilities	14,385,136	8,391,533	7,697,164
Noncurrent Liabilities	3,682,810	4,010,817	5,145,631
Total Liabilities	<u>18,067,946</u>	<u>12,402,350</u>	<u>12,842,795</u>
Deferred Inflows of Resources	<u>985,010</u>	<u>1,977,136</u>	<u>2,681,909</u>
Total Liabilities and Deferred Inflows of Resources	19,052,956	14,379,486	15,524,704
Net Position			
Investment in Capital Assets, Net of Related Debt	586,975	934,718	534,281
Unrestricted	<u>92,954,260</u>	<u>76,865,035</u>	<u>86,231,314</u>
Total Net Position	<u>\$ 93,541,235</u>	<u>\$ 77,799,753</u>	<u>\$ 86,765,595</u>

**2021 Compared to 2020**

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 increased \$6.5 million, or 25.7% due to a drawdown request from the U.S. Department of Education for reimbursement of disbursed financial aid being received at fiscal year-end.
- Net student accounts receivable increased \$3.6 million, or 55.8% due to an increase in open student accounts. In 2021, July tuition was billed to students before fiscal year-end whereas in 2020, July tuition was billed after fiscal year-end.
- Other accounts receivable remained consistent with fiscal year 2020.
- Net capital assets decreased \$348 thousand, or 37.2%, from fiscal year 2020 due to annual depreciation expense.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

- Current liabilities increased \$6.0 million, or 71.4%, primarily due to the receipt of a significant invoice for advertising services that were performed in Fiscal Year 2021. The invoice was received after fiscal year-end and was, therefore, recorded as an accrued liability. Additionally, the timing of billing July tuition before fiscal year-end led to an increase in unearned revenue which is included within current liabilities.
- Noncurrent liabilities decreased by \$328 thousand, or 8.2%, 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.

**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.
- 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.

**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, 2021 AND 2020**

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

	June 30,		
	2021	2020	2019
Operating Revenues			
Tuition and Fees, Net	\$ 89,098,068	\$ 88,920,052	\$ 88,934,902
Other	6,685,082	4,454,000	3,925,704
Total Operating Revenues	<u>95,783,150</u>	<u>93,374,052</u>	<u>92,860,606</u>
Operating Expenses			
Instruction	19,785,097	19,055,877	18,306,044
Academic Support	6,508,894	7,640,131	8,895,925
Student Services	28,769,129	29,496,001	30,832,210
Institutional Support	7,435,074	7,165,811	6,913,778
Operation and Maintenance of Plant	544,908	619,828	509,272
Scholarships and Fellowships	11,858,943	11,042,732	10,919,593
Depreciation	369,345	411,887	396,080
Total Operating Expenses	<u>75,271,390</u>	<u>75,432,267</u>	<u>76,772,902</u>
Net Operating Revenues	20,511,760	17,941,785	16,087,704
Nonoperating Revenues			
Investment Income	9,827,722	2,358,192	4,166,216
Loss on Disposal of Capital Assets	-	-	(30,305)
Federal Nonoperating Grants and Contracts	11,858,943	11,042,732	10,919,593
Transfer from State of Colorado Related to Pensions	-	24,608	28,637
Net Nonoperating Revenues	<u>21,686,665</u>	<u>13,425,532</u>	<u>15,084,141</u>
Income Before Other Revenues, Expenses, Gains or Losses	42,198,425	31,367,317	31,171,845
Payments to Governing Boards or Other Insitutions	<u>(26,456,943)</u>	<u>(40,333,159)</u>	<u>(27,542,054)</u>
Change in Net Position	15,741,482	(8,965,842)	3,629,791
Net Position - Beginning of Year	<u>77,799,753</u>	<u>86,765,595</u>	<u>83,135,804</u>
Net Position - End of Year	<u>\$ 93,541,235</u>	<u>\$ 77,799,753</u>	<u>\$ 86,765,595</u>

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

**2021 Compared to 2020**

Increased revenue generated from course hosting combined with stable enrollment during the COVID - 19 pandemic 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 decreased 1.2%, however a decrease in institutional scholarships and an increase in application fees led to a slight increase in tuition and fee revenue.
- Other operating revenues increased \$2.2 million or 50.1% due to an increase in the number of courses developed for and offered to the Saudi Electronic University.
- Operating costs were consistent with fiscal year 2020 due to no significant changes in operations.
- The number of non-teaching or support staff employees (full-time equivalent) decreased 11.8% from fiscal year 2020. The number of teaching staff (full-time equivalent) increased 1.3% during the fiscal year 2020.
- Nonoperating revenues increased \$8.3 million or 61.5% due to unrealized gains on CSU Global's investment holdings and revenue recognized relating to the Higher Education Emergency Relief Fund.
- CSU – Global's change in net position before transfers of \$42.2 million for fiscal year 2021 compared to \$31.4 million for fiscal year 2020 was the result of increased nonoperating revenues due to a large increase in investment income.
- As a result of strong financial results over a period of years, CSU – Global was able to make a transfer of \$26.5 million to the CSU System during fiscal year 2021. 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.

**2020 Compared to 2019**

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 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.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

- 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.

**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, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 31,607,915	\$ 25,144,906
Student Accounts Receivable, Net	9,997,785	6,418,092
Grants and Other Accounts Receivable, Net	1,956,926	1,876,161
Inventories	123,317	7,442
Short-Term Investments	10,404,395	10,444,316
Prepaid Expenses	895,685	662,952
Total Current Assets	54,986,023	44,553,869
<b>CAPITAL ASSETS</b>		
Equipment	586,975	934,718
Total Depreciable Capital Assets, Net	586,975	934,718
<b>LONG-TERM INVESTMENTS</b>	56,661,262	46,469,754
Total Assets	112,234,260	91,958,341
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	354,811	214,893
Related to Other Post-Employment Benefits	5,120	6,005
Total Deferred Outflows of Resources	359,931	220,898
Total Assets and Deferred Outflows of Resources	\$ 112,594,191	\$ 92,179,239

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,548,924	\$ 1,429,614
Accrued Liabilities	4,674,111	1,914,408
Unearned Revenue	8,045,678	4,843,128
Deposits Held for Others	116,423	204,383
Total Current Liabilities	14,385,136	8,391,533
<b>NONCURRENT LIABILITIES</b>		
Compensated Absences Liabilities	713,519	797,536
Net Pension Liabilities	2,876,814	3,097,627
Net Other Post-Employment Benefits Liabilities	92,477	115,654
Total Noncurrent Liabilities	3,682,810	4,010,817
Total Liabilities	18,067,946	12,402,350
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	917,348	1,913,575
Related to Other Post-Employment Benefits	67,662	63,561
Total Deferred Inflows of Resources	985,010	1,977,136
Total Liabilities and Deferred Inflows of Resources	19,052,956	14,379,486
<b>NET POSITION</b>		
Investment in Capital Assets	586,975	934,718
Unrestricted	92,954,260	76,865,035
Total Net Position	\$ 93,541,235	\$ 77,799,753

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Student Tuition and Fees, Net of Scholarship Allowances of and \$613,412 and \$1,084,365	\$ 89,098,068	\$ 88,920,052
Other Operating Revenue	6,685,082	4,454,000
Total Operating Revenues	95,783,150	93,374,052
<b>OPERATING EXPENSES</b>		
Instruction	19,785,097	19,055,877
Academic Support	6,508,894	7,640,131
Student Services	28,769,129	29,496,001
Institutional Support	7,435,074	7,165,811
Operation and Maintenance of Plant	544,908	619,828
Scholarships and Fellowships	11,858,943	11,042,732
Depreciation	369,345	411,887
Total Operating Expenses	75,271,390	75,432,267
Operating Income	20,511,760	17,941,785
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	9,827,722	2,358,192
Federal Nonoperating Grants and Contracts	11,858,943	11,042,732
Transfer from State of Colorado Related to Pensions	-	24,608
Total Nonoperating Revenues	21,686,665	13,425,532
Income Before Other Revenues (Expenses)	42,198,425	31,367,317
<b>OTHER REVENUES (EXPENSES) OR TRANSFERS</b>		
Payments (to)/from Governing Boards or Other Institutions	(26,456,943)	(40,333,159)
Total Other Revenues (Expenses) or Transfers	(26,456,943)	(40,333,159)
Change in Net Position	15,741,482	(8,965,842)
Net Position - Beginning of Year	77,799,753	86,765,595
<b>NET POSITION - END OF YEAR</b>	\$ 93,541,235	\$ 77,799,753

See accompanying Notes to Financial Statements.



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received		
Tuition and Fees	\$ 88,632,965	\$ 89,455,546
Agency Direct Lending Inflows	86,025,874	95,212,634
Other Operating Receipts	6,604,317	3,627,437
Cash Payments		
Scholarships Disbursed	(11,858,943)	(11,042,732)
Agency Direct Lending Outflows	(86,025,874)	(95,212,634)
Payments to Employees	(53,762,575)	(35,232,650)
Payments to Suppliers	(8,209,280)	(29,007,822)
Net Cash Provided by Operating Activities	21,406,484	17,799,779
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
Other Agency Inflows	-	(34,958)
Other Agency Outflows	-	34,958
Payments to Governing Boards or Other Institutions	(26,456,943)	(40,333,159)
Other Nonoperating Revenues	11,858,943	11,042,732
Net Cash Used by Noncapital Financing Activities	(14,598,000)	(29,290,427)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets and Related Debt	(21,602)	(421,875)
Net Cash Used by Capital and Related Financing Activities	(21,602)	(421,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(1,199,404)	-
Investment Earnings	875,531	(4,340,621)
Net Cash Provided (Used) by Investing Activities	(323,873)	(4,340,621)
Net Increase (Decrease) in Cash and Cash Equivalents	6,463,009	(16,253,144)
Cash and Cash Equivalents - Beginning of Year	25,144,906	41,398,050
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 31,607,915</b>	<b>\$ 25,144,906</b>

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income	\$ 20,511,768	\$ 17,941,785
Adjustments		
Depreciation Expense	369,345	411,887
State Support for PERA pensions	-	24,608
Decrease (Increase) in Assets		
Receivables, Net	(3,660,458)	(143,661)
Inventories and Prepaids	(348,608)	271,291
Deferred Outflows Pensions	(139,918)	437,096
Deferred Outflows Other Postemployment Benefits	885	1,991
Increase (Decrease) in Liabilities		
Accounts Payable	119,310	(178,559)
Accrued Liabilities	2,759,703	1,020,336
Unearned Revenue	3,202,550	(28,654)
Deposits Held for Others	(87,960)	(118,754)
Compensated Absences Liabilities	(84,017)	(28,774)
Net Pension Liabilities	(220,813)	(1,053,959)
Net Other Postemployment Benefit Liabilities	(23,177)	(52,081)
Deferred Inflows Pensions	(996,227)	(744,175)
Deferred Inflows Other Postemployment Benefits	4,101	39,402
	<u>\$ 21,406,484</u>	<u>\$ 17,799,779</u>

See accompanying Notes to Financial Statements.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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, 2021 and 2020.

**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, 2021 and 2020, 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, 2021 AND 2020**

**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.

**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, 2021 AND 2020**

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

**Compensated Absence Liabilities**

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, 2021 and 2020.

*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, 2021 and 2020.

*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, 2021 AND 2020**

**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.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 CASH AND CASH EQUIVALENTS**

The CSU – Global deposits a portion of 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, 2021, CSU – Global had cash on deposit with the State Treasurer of \$1.3 million, which represented approximately 0.01% of the total \$17.7 billion fair value of deposits in the State Treasurer’s Pool (Pool). As of June 30, 2021, the Pool’s resources included \$36.1 million of cash on hand and \$17.7 billion of investments.

On the basis of the 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.

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

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, 2021 and 2020, CSU – Global’s book balance value of cash not on deposit with the State Treasurer was \$30.3 million and \$20.9 million, respectively. Cash includes petty cash or cash on hand and cash in bank accounts. Bank account balances per the bank at June 30, 2021 and 2020, are \$30.1 million and \$21.0 million, respectively. Of the June 30, 2021 deposits, \$250,000 were covered by depository insurance and were not exposed to custodial credit risk, and the remaining \$29.9 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.

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**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, 2021 CSU – Global had \$67.1 million invested in the CSU Treasury. As of June 30, 2021 the CSU Treasury held \$479.3 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, 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.

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, 2021 and 2020.

**NOTE 6 ACCOUNTS RECEIVABLE**

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

	2021	2020
Student Accounts Receivable	\$ 13,691,344	\$ 10,882,290
Less Allowance for Doubtful Accounts	<u>(3,693,559)</u>	<u>(4,464,198)</u>
Student Accounts Receivable, Net	<u>\$ 9,997,785</u>	<u>\$ 6,418,092</u>
Grants and Other Accounts Receivable	<u>\$ 1,956,926</u>	<u>\$ 1,876,161</u>



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**NOTE 7 CAPITAL ASSETS**

Capital assets as of June 30, 2021 and 2020, consist of the following:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Depreciable Capital Assets					
Furniture and Equipment	\$ 1,812,401	\$ 21,602	\$ -	\$ -	\$ 1,834,003
Software	1,140,274	-	-	-	1,140,274
Leasehold Improvements	199,875	-	-	-	199,875
Total Capital Assets	<u>3,152,550</u>	<u>21,602</u>	<u>-</u>	<u>-</u>	<u>3,174,152</u>
Less Accumulated Depreciation					
Furniture and Equipment	(1,208,263)	(168,631)	-	-	(1,376,894)
Software	(809,694)	(200,714)	-	-	(1,010,408)
Leasehold Improvements	(199,875)	-	-	-	(199,875)
Total Accumulated Depreciation	<u>(2,217,832)</u>	<u>(369,345)</u>	<u>-</u>	<u>-</u>	<u>(2,587,177)</u>
Total Capital Assets, Net	<u>\$ 934,718</u>	<u>\$ (347,743)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,975</u>
	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	(199,875)	-	-	-	(199,875)
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>

**NOTE 8 ACCRUED LIABILITIES**

The current accrued liabilities balances as of June 30, 2021 and 2020, were composed of:

	2021	2020
Accrued Payroll and Benefits	\$ 261,638	\$ 121,029
Other Accrued Liabilities	4,412,473	1,793,379
Total Current Accrued Liabilities	<u>\$ 4,674,111</u>	<u>\$ 1,914,408</u>

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**NOTE 9 LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Accrued Compensated Absences	\$ 797,536	\$ 737,579	\$ (821,596)	\$ 713,519	\$ -
	<u>\$ 797,536</u>	<u>\$ 737,579</u>	<u>\$ (821,596)</u>	<u>\$ 713,519</u>	<u>\$ -</u>

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	\$ (1,148,559)	\$ 797,536	\$ -
	<u>\$ 826,310</u>	<u>\$ 1,117,112</u>	<u>\$ (1,148,559)</u>	<u>\$ 797,536</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>
2022	\$ 567,750
2023	584,500
2024	601,750
2025	619,500
2026	638,000
Thereafter	2,029,250
Total	<u>\$ 5,040,750</u>

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

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. 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, 2021.

Total rent expense for the years ended June 30, 2021 and 2020 was \$531,134 and \$577,336, respectively.

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**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.

**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, 2021 and 2020 was approximately \$24.4 million and \$26.4 million, respectively. Payroll for employees covered by the SDTF plan and the optional defined contribution plan was approximately \$1.0 million and \$1.1 million for the fiscal years ended June 30, 2021 and 2020, 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.

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

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, 2021.

**General Information about the Pension Plan**

*Plan Description*

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

*Benefits Provided*

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

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

- Highest average salary multiplied by 2.5% 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.

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

As of December 31, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of June 30, 2021*

Eligible employees 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. and § 24-51-413. Employee contribution rates for the period of July 1, 2019 through June 30, 2020 and July 1, 2020 through June 30, 2021 are summarized in the table below:

	<u>For the Year Ended June 30, 2020</u>	<u>For the Year Ended June 30, 2021</u>
Employer Contribution Rate <sup>1</sup>	10.40 %	10.90 %
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>	9.38 %	9.88 %
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>	5.00 %	5.00 %
Defined Contribution Supplement as specified in C. R. S. § 24-51-415	N/A	0.05 %
Total Employer Contribution Rate to the SDTF <sup>1</sup>	<u>19.38 %</u>	<u>19.93 %</u>

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

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

As specified in C.R.S. § 24-51-414, 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and CSU – Global is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from CSU – Global was \$184,430 and \$224,706 for the fiscal years ended June 30, 2021 and 2020, respectively.

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

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is 0%. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021 and 2020, CSU – Global reported a liability of \$2,876,814 and \$3,097,627 respectively, for its proportionate share of the net pension liability.

At December 31, 2020, CSU – Global's proportion was 0.0303308003%, which was a decrease of 0.0015909831% from its proportion of 0.0319217834% measured as of December 31, 2019.

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

For the years ended June 30, 2021 and 2020, CSU – Global’s recognized pension expense was \$1,250,920 and \$1,261,879 respectively. For the years ended June 30, 2021 and 2020 CSU – Global recognized a transfer from the state general fund of \$0 and \$24,608 respectively. These amounts were included in pension expense. At June 30, 2021, CSU – Global’s reported 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	\$71,094	\$ -
Changes of Assumptions or Other Inputs	195,341	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	588,807
Changes in Proportion and Differences Between		
Contributions Recognized and Proportionate		
Share of Contributions	-	328,541
Contributions Subsequent to the Measurement Date	88,376	-
Total	<u>\$ 354,811</u>	<u>\$ 917,348</u>

At June 30, 2020, CSU – Global’s reported 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>

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

\$88,376 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, 2022. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ (294,160)
2023	(63,492)
2024	(200,187)
2025	(93,074)
2026	-
Thereafter	-
	<u><u>\$ (650,913)</u></u>

*Actuarial Assumptions*

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

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 Annuall 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.



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

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

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

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

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

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.30% - 10.90%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS Benefit Structure (compounded annually)	1.25%
PERA Benefit Structure hired after December 31, 2006	Financed by the AIR

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

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

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

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

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

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

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

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

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

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

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, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent 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>
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives <sup>1</sup>	6.00	4.70
<b>Total</b>	<b>100.00</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

*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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, 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, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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.
- 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.

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

*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%
For the Year Ended June 30, 2021			
Proportionate Share of the Net Pension Liability	\$ (3,806,109)	\$ (2,876,814)	\$ (2,096,541)
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
For the Year Ended June 30, 2020			
Proportionate Share of the Net Pension Liability	\$ (3,985,960)	\$ (3,097,627)	\$ (2,346,690)

*Pension Plan Fiduciary Net Position*

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

**NOTE 14 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Summary of Significant Accounting Policies**

***OPEB***

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

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

**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 annual report 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.

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

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**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 \$8,703 for the year ended June 30, 2021 and \$8,852 for the year ended June 30, 2020.

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

At June 30, 2021, the CSU – Global reported a liability of \$92,477 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020. CSU – Global's proportion of the net OPEB liability was based on the CSU – Global's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the CSU – Global's proportion was 0.0097321365%, which was a decrease of 0.0005573999% from its proportion measured as of December 31, 2019.

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

For the years ended June 30, 2021 and 2020, CSU – Global recognized OPEB expense of (\$21,515) and \$6,584 respectively. At June 30, 2021, the CSU – Global reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 245	\$ 20,331
Changes of Assumptions or other Inputs	691	\$ 5,752
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	3,779
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	37,800
Contributions Subsequent to the Measurement Date	4,184	-
Total	<u>\$ 5,120</u>	<u>\$ 67,662</u>

At June 30, 2020, CSU – Global's share of deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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>

CSU – Global's net OPEB liability in the year ended June 30, 2022 will be reduced by \$4,184 to account for contributions made subsequent to the measurement date during the Fiscal Year ended June 30, 2021, which are reported as deferred outflows of resources related to OPEB. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (17,538)
2023	(17,010)
2024	(16,257)
2025	(11,717)
2026	(3,881)
Thereafter	(323)
Total	<u>\$ (66,726)</u>



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

*Actuarial Assumptions*

The total OPEB liability in the December 31, 2019 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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2020, gradually increasing to 4.50% in 2029
DPS benefit structure	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

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 in the December 31, 2019, valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Costs for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	588	227
Kaiser Permanente Medicare Advantage HMO	621	232

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

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

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:

Medicare Plan	Costs for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	550
Kaiser Permanente Medicare Advantage HMO	586

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, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

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

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

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

The following economic and demographic assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four 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, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

Several factors were considered in evaluating the long-term rate of return assumption 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives <sup>1</sup>	6.00	4.70
<b>Total</b>	<b>100.00</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Trend Ra	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	\$ 90,087	\$ 92,477	\$ 95,260

*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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<b>For the Year Ended June 30, 2021</b>			
Proportionate Share of the Net OPEB Liability	\$ 105,934	\$ 92,477	\$ 80,979
<b>For the Year Ended June 30, 2020</b>			
Proportionate Share of the Net OPEB Liability	\$ 130,770	\$ 115,654	\$ 102,727

*OPEB plan fiduciary net position*

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued Annual 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).



**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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)

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, 2021 and 2020, respectively. The employee aggregate contribution to the above two vendors was equal to 8.0% of covered payroll or approximately \$1.9 million and \$2.1 million for the fiscal years ended June 30, 2021 and 2020, respectively.

**Health and Life Insurance Programs**

CSU – Global's contribution to the various health insurance programs was approximately \$1.6 million and \$1.9 million for the fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020 was \$714 thousand and \$798 thousand, respectively.

Overall, net expenses decreased by \$84 thousand for the fiscal year ended June 30, 2021 and decreased by \$29 thousand for the fiscal year ended June 30, 2020, for the estimated compensated absences liabilities.

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 17 DIRECT STUDENT FINANCIAL AID REPORTING**

During the fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020 were \$86 million and \$95.2 million, respectively.

**NOTE 18 SCHOLARSHIP ALLOWANCE**

Tuition and fees revenues and the related scholarship and bad debt allowances for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Gross Revenue	91,390,863	\$ 91,484,642
Bad Debt Allowance (Net Recoveries)	1,679,383	1,480,225
Scholarship Allowances		
Institutional	<u>613,412</u>	<u>1,084,365</u>
Total Allowances	<u>(2,292,795)</u>	<u>(2,564,590)</u>
Net Revenue	<u>\$ 89,098,068</u>	<u>\$ 88,920,052</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, 2021 and 2020 CSU – Global made distributions to the CSU System of \$26,456,943 and \$40,333,159 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 four years. Claims are administered by the Colorado Division of Risk Management.

**NOTE 21 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 25, 2022, 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, 2021**

	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	0.0303308003%	0.0319217834%	0.0364856809%	0.0409213750%	0.0415209442%	0.0376269691%	0.0294447265%	0.0015909831%
Proportionate Share of the Net Pension Liability	\$ 2,876,814	\$ 3,097,627	\$ 4,151,586	\$ 8,191,633	\$ 7,626,621	\$ 3,962,509	\$ 2,769,722	\$ 2,221,821
Covered Payroll	\$ 1,085,812	\$ 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	264.9%	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	65.3%	62.2%	55.1%	43.2%	42.6%	56.1%	59.8%	61.1%

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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.

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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 184,430	\$ 224,706	\$ 241,346	\$ 241,147	\$ 215,649	\$ 189,279	\$ 169,316	\$ 101,758
Contributions in Relation to the Contractually Required Contribution	<u>(184,430)</u>	<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>\$ (169,316)</u>	<u>\$ -</u>
Covered Payroll	\$ 925,389	\$ 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	19.93%	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, 2021**

	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability	0.0097321365%	0.0102895364%	0.0120652056%	0.0139374937%	0.0146841846%
Proportionate Share of the Net OPEB Liability	\$ 92,477	\$ 115,654	\$ 167,735	\$ 181,132	\$ 190,385
Covered Payroll	\$ 899,976	\$ 925,193	\$ 1,185,944	\$ 1,131,510	\$ 1,161,000
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10.3%	12.5%	14.1%	16.0%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	37.8%	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**

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

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

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

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

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

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

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 8,703	\$ 8,852	\$ 11,148	\$ 12,858	\$ 11,842
Contributions in Relation to the Contractually Required Contribution	<u>(8,703)</u>	<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>	<u>\$ -</u>
Covered Payroll	\$ 853,270	\$ 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%	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, 2021, 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 25, 2022.

**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) as a basis for designing 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**

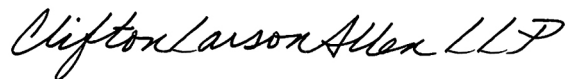
As part of obtaining reasonable assurance about whether CSU – Global’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 8 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 25, 2022



## 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, 2021, and have issued our report thereon dated January 25, 2022. 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.

During the fiscal year ended June 30, 2021, the University adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This statement was evaluated and deemed to have no impact.

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.
- 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 66 summarizes a uncorrected misstatement of the financial statements. Management has determined that the effects are immaterial to the financial statements taken as a whole.

***Corrected misstatements***

The attached schedule contained on page 65 summarizes material misstatements detected as a result of audit procedures that were corrected by management.

***Disagreements with management***

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

***Management representations***

We have requested and received certain representations from management that are included in the management representation letter dated January 25, 2022.

***Management consultations with other independent accountants***

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

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

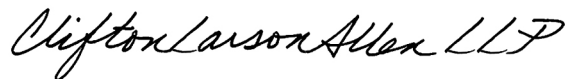
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were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

***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 25, 2022

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
SUMMARY OF CORRECTED MISSTATEMENTS  
YEAR ENDED JUNE 30, 2021**

**CORRECTED MISSTATEMENTS**

**AJE #1**

To reverse monthly interest income accrual entries

	Debits	Credits
Investment Income	\$ 903,000	\$ -
Grants and Other Accounts Receivable, Net	-	903,000
Total	\$ 903,000	\$ 903,000

**AJE #2**

To properly record transactions related to HEERF II student disbursements

Grants and Other Accounts Receivable, Net	\$ 1,150,000	\$ -
Federal Nonoperating Grants and Contracts	-	1,150,000
Accrued Liabilities	-	1,150,000
Scholarships and Fellowships	1,150,000	-
Total	\$ 2,300,000	\$ 2,300,000

**AJE #3**

To correct the year end balance recorded within Cash and Accounts Receivable

Cash and Cash Equivalents	\$ 6,071,059	\$ -
Grants and Other Accounts Receivable, Net	-	6,071,059
Total	\$ 6,071,059	\$ 6,071,059

**AJE #4**

To correct Pell Grant Revenue

Grants and Other Accounts Receivable, Net	\$ 744,622	\$ -
Federal Nonoperating Grants and Contracts	-	744,622
Total	\$ 744,622	\$ 744,622

**COLORADO STATE UNIVERSITY – GLOBAL CAMPUS  
SUMMARY OF UNCORRECTED MISSTATEMENT  
YEAR ENDED JUNE 30, 2021**

**PAJE #1**

To adjust the Accounts Receivable Student balance to agree to the Accounts Receivable aging report for open student balances at June 30, 2021

	Debits	Credits
Student Accounts Receivable, Net	\$ 200,476	\$ -
Student Tuition and Fees, Net	-	200,476
Total	\$ 200,476	\$ 200,476