METROPOLITAN STATE UNIVERSITY OF DENVER
FINANCIAL AND COMPLIANCE AUDIT

YEARS ENDED JUNE 30, 2023 AND 2022

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REPORT NUMBER 2323F

CliftonLarsonAllen LLP
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January 15, 2024

Members of the Legislative Audit Committee:

We have completed the financial statement audit and compliance audit of the Metropolitan State University of Denver as of and for the years ended June 30, 2023 and 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 15, 2024

METROPOLITAN STATE UNIVERSITY OF DENVER
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METROPOLITAN STATE UNIVERSITY OF DENVER
REPORT SUMMARY
YEARS ENDED JUNE 30, 2023 AND 2022

Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged CliftonLarsonAllen LLP (CLA) to conduct a financial and compliance audit of the Metropolitan State University of Denver (formerly, the Metropolitan State College of Denver) (the University) for the year ended June 30, 2023. CLA performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted the related fieldwork from June 2023 to November 2023.

The purpose and scope of our audit were to:

- Express opinions on the financial statements of the University as of and for the years ended June 30, 2023 and 2022. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2023.
- Issue a report on the University's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters based on our audits of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2023.
- Determine status of prior year recommendations.

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2023 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports

We expressed an unmodified opinion on the University's financial statements as of and for the years ended June 30, 2023 and 2022.

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

We noted no matters that we consider to be a material weakness and one matter involving internal controls over financial reporting that we consider to be a significant deficiency.

Summary of Findings

We have issued a significant deficiency for the accurate and timely preparation of reconciliations of year-end balances at the University.

Specifically, we noted that the University identified late adjustments as part of the cash reconciliation process. These late adjustments were identified after certain reporting deadlines established by the State Controller's Office.

Recommendations and the University's Responses

A summary of the recommendation for the previous finding is included in the Recommendation Locator on page 3. The Recommendation Locator also shows the University's responses to the audit recommendation. 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, 2023 is included on page 126.

Summary of Progress in Implementing Prior Year Audit Recommendations

The audit report for the year ended June 30, 2022 included two findings and recommendations. We determined based on our fiscal year 2023 testing that the recommendations were implemented. A detailed description of the progress on the prior year audit comments and recommendations is contained in the disposition of prior audit recommendation section located on page 8.

METROPOLITAN STATE UNIVERSITY OF DENVER
FINANCIAL AND COMPLIANCE AUDIT
RECOMMENDATION LOCATOR
YEARS ENDED JUNE 30, 2023 AND 2022

Recommendation No.	Page No.	Recommendation Summary	University Response	Implementation Date
1	**5**	Metropolitan State University of Denver (University) should strengthen its internal controls over financial reporting to ensure the University's financial statements and the exhibits the University submits to the Office of the State Controller are accurate and complete. This should include ensuring that all account balance reconciliations under the new WorkDay system are operating effectively and completed by the due dates specified in the University's policies.	**Agree**	**July 2024**

Organization

Established in 1963 as Colorado's "College of Opportunity," Metropolitan State University of Denver (the "University", or "MSU Denver") is the third largest higher education institution in Colorado and one of the largest public four-year universities in the United States. With a modified open-enrollment policy, students who are at least 20 years old need only have a high school diploma, a general educational development (GED) high school equivalency certificate, or the equivalent to gain admission.

The University is governed by the Board of Trustees, an 11-member board consisting of 9 voting members appointed by the Governor of Colorado with the consent of the Senate, and a faculty and a student representative, both of which are non-voting.

The University offers over 100 major fields of study and over 100 minors, 36 undergraduate certificates, and more than 40 licensure programs. Bachelor's degree options include Bachelor of Science, Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Music, Bachelor of Music Education, and Bachelor of Science in Nursing. Academic programs range from the traditional, such as english, art, history, biology, and psychology, to business related degrees in computer information systems, accounting and marketing, and professional directed major and minor programs in nursing, healthcare management, criminal justice, premedicine, and prelaw. Additionally, the University offers 10 master's degrees and 12 certificates at the graduate level. The master's programs include teaching, social work, professional accountancy, health administration, business administration, cybersecurity, clinical behavioral health, speech-language pathology, curriculum and instruction, and nutrition and dietetics. The University offers all academic programming through its College of Business, School of Education, School of Hospitality, College of Letters, Arts and Sciences, College of Health and Human Sciences, and College of Aerospace, Computing, Engineering, and Design. Programs formats vary and include in-person, online, and hybrid options.

Enrollment and faculty and staff information is provided below. Full-time equivalent students reported by the University for the last three fiscal years are as follows:

Fiscal Year	Resident	Nonresident	Total
2023	11,149	448	11,597
2022	11,774	462	12,236
2021	13,139	501	13,641

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

Fiscal Year	Faculty	Staff	Total
2023	762	652	1,414
2022	773	625	1,398
2021	713	550	1,263

Accurate and Timely Reporting of Assets and Liabilities in Financial Statements and Exhibits Submitted to the Office of the State Controller (OSC)

Introduction

Metropolitan State University of Denver (the University) accounting staff are responsible for all of the University's financial accounting and reporting. The University's accounting staff are also responsible for reporting fiscal year-end accounting information through forms, or exhibits, to the Office of the State Controller (OSC) for inclusion in the State's financial statements. The OSC collects information from state departments after each fiscal year end through department/university submitted exhibits to assist in the preparation of the State's financial statements and required note disclosures. The University reports its assets and liabilities in both its annual financial statements and exhibits that it submits to the OSC. The University is required to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) establishes GAAP for state and local government entities through the issuance of GASB statements, which the University must comply with when preparing its financial statements.

Typically, to ensure accurate reporting of balances, the University performs account reconciliations on a monthly basis. These reconciliations involve comparing general-ledger account balances within the University's financial reporting system to supporting documentation, such as monthly bank statements and accounts payable aging reports.

After the final reconciliations at fiscal-year end are completed, the University prepares financial statements and submits exhibits to the OSC, including Exhibit J1, Stand Alone Financial Statement Reconciliation, and Exhibit M, Custodial Risk of Cash Deposits. The Exhibit J1 reconciles the University's Statement of Net Position to the trial balance recorded within the Colorado Operations Resource Engine (CORE), the State's accounting system. The Exhibit M reports the University's cash balances at financial institutions, not including the amounts at the State Treasury. As of June 30, 2023, the University reported $11.8 million on its Exhibit M as its cash balances at financial institutions.

In January 2023, the University implemented a new accounting system, WorkDay. As a result, the University implemented new processes, reconciliations, and close procedures for Fiscal Year 2023. The University's implementation effort was large, time-consuming, and took many resources. One of the University's new processes is the "supplier invoice requests-manual process" that occurs within WorkDay; this is the process to record payments that are direct-debited out of the University's bank accounts. This is an automated process within WorkDay in which the entry records a debit to the appropriate expense account and a credit to the accounts payable account. When the payment is made for a supplier invoice requests-manual, WorkDay records a debit to accounts payable and a credit to the cash account.

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

The purpose of our audit work was to determine whether the University properly reported its cash and accounts payable balances as of June 30, 2023, both in its financial statements and in exhibits submitted to the OSC.

As part of our audit test work, we reviewed the University's June 2023 monthly account reconciliations and supporting documentation for the University's financial statement report line, Cash and Cash Equivalents, to determine if the account balances that were reported in the financial statements were accurate as of June 30, 2023.

Additionally, the purpose of our work was to review the University's Exhibit J1, Exhibit M, and supporting documentation for each to determine whether the information submitted to the OSC for Fiscal Year 2023 was complete, accurate and submitted timely.

How were the results of the audit work measured?

We measured our audit work against the following criteria:

- GASB Codification 1600.103 specifies that assets, such as cash, and liabilities, such as accounts payable, should be recognized when the exchange transaction takes place. An exchange transaction is when something of value passes between two or more parties. Therefore, the University is required to reduce its accounts payable balance in the general ledger in the same period when the obligation is paid.

- 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 2023, which contains due dates for submitting exhibits, specifies that Exhibit M was due August 16, 2023, and Exhibit J1 was due September 8, 2023.

What problem did the audit work identify?

During the course of the audit, management identified in October 2023 approximately $3.0 million in the University's accounts payable balances that was paid prior to the year ended June 30, 2023; however, the University had not reduced the Fiscal Year 2023 accounts payable and the cash balance within the general ledger system. As such, the University's initial financial statements and trial balances provided to us had both cash and accounts payable overstated by $3.0 million. Specifically, in its initial financial statements and in the initial exhibits, the University erroneously reported a Cash and Cash Equivalents balance of $130.7 million when the balance should have been reported as $127.7 million and erroneously reported Accounts Payable balance of $10.2 million when the balance should have been reported as $7.2 million.

Additionally, the University did not present accurate information in the Exhibit J1 and Exhibit M that it submitted to the OSC. These exhibits also initially overstated cash and accounts payable by $3.0 million. Lastly, the University was untimely in submitting revised exhibits given the timing the error was identified. The revised exhibits were submitted on October 7, 2023 52 days after the original due date for the Exhibit M and 28 days after the original due date for the Exhibit J1.

Why did this problem occur?

Due to the University's implementation of WorkDay in Fiscal Year 2023, the University's Fiscal Year 2023 financial close process took longer than normal and the reconciliations and reviews were delayed. Typically, the University completed its reconciliations by August, prior to the submission of Exhibits to the OSC and the start of the audit. Yet, given the WorkDay implementation, the University was still performing the cash reconciliation in October 2023, after the due date for the University's exhibits to be submitted to the OSC.

As noted previously, one of the impacts of the University's implementation was the University developing new processes for completing reconciliations. At the time of the audit and when exhibits were due, the University's development of the reconciliation process was ongoing and the University was continuing to investigate the reconciling differences for cash and accounts payable. Under normal operating circumstances, University policy requires reconciliations to be completed by the last business day of the month following the close of the period.

The University's investigation in October 2023 identified that "supplier invoice request-manual" entries that had payments made in June 2023 were improperly recorded in the cash and accounts payable accounts for July 2023, not June 2023.

Why does this problem matter?

Without timely controls in place to ensure that account balance reconciliations are properly prepared, the University cannot ensure timely financial reporting of its stand-alone financial statements or accuracy of its balances within the exhibits it submits to the OSC. Failure to submit timely, correct exhibits results in noncompliance and potential delays in the State's financial reporting timeline and could result in untimely issuance of the University's financial statements.

Recommendation

Metropolitan State University of Denver (University) should strengthen its internal controls over financial reporting to ensure the University's financial statements and the exhibits the University submits to the Office of the State Controller are accurate and complete. This should include ensuring that all account balance reconciliations under the new WorkDay system are operating effectively and completed by the due dates specified in the University's policies.

Classification: Significant Deficiency

Management's Response

Agree. Implementation Date: July 2024

The Workday implementation occurred in January and with only six months available to implement new processes and perform reconciliations the University experienced delays in the year-end close process.

The University has since been able to formalize a previously informal process to notify the Controller when there are bank reconciliation items in excess of $500,000 which will allow for additional consideration to be given on whether entries are needed before the fiscal year is closed. The University has also adopted a process at year-end that requires all manual payments submitted after June 30th to be accompanied by an ad-hoc payment to record the cash outlay. Lastly, a report will be run before period 13 is closed that looks for manual payment settlements done after June 30th which will then be reconciled back to manual accounts payable entries to ensure none were missed.

The following table presents the recommendations from the June 30, 2022 audit and their dispositions:

Recommendation Number	Fiscal Year Ended June 30, 2022 Recommedations	Status
2022-01	The University should improve its internal controls over federal Higher Education Emergency Relief Funds (HEERF) by instituting appropriate segregation of duties over the awarding of federal funds to students. This should include requiring that no one employee can both award then disburse aid to students and developing and implementing a formal written policy that prohibits University employees from awarding financial aid to their family members.	Implemented
2022-02	The University should strengthen its internal controls over reporting and ensure it complies with the HEERF reporting requirements by developing and documenting policies and procedures for identifying and researching the specific reporting requirements and ensuring that staff post to the University's website the required reports within federally required timeframes. In addition, the University should ensure that all the HEERF reports that are currently required to be posted are on the website.	Implemented

INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee and
The Board of Trustees of the Metropolitan University of Denver

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Metropolitan State University of Denver (the University), an enterprise fund of the State of Colorado, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Implementation of GASB Statement No. 96

As disclosed in Note 22, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation of this standard, the University reported a restatement for the change in accounting principle as of July 1, 2021. Our opinions are not modified with respect to this matter.

Metropolitan State University of Denver - a portion of the business-type activities of the State of Colorado

As discussed in Note 1, the financial statements of the University, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State of Colorado that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of University's Proportionate Share of the PERA Pension Liability, the schedule of the University's Contributions to PERA Pension, the Schedule of the University's Proportionate Share of PERA OPEB Liability, and the Schedule of the University's Contributions to PERA OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the description of the University, the report summary, the listing of the Legislative Audit Committee and the listing of the Office of the State Auditor but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
January 15, 2024

This section of Metropolitan State University of Denver's (MSU Denver, or the University) financial report presents management's discussion and analysis of the financial performance of MSU Denver during the years ended June 30, 2023 and 2022. This discussion focuses on current activities and known facts and provides an overview of MSU Denver's financial activities in comparison with the prior year. It should, therefore, be read in conjunction with the accompanying comparative financial statements and notes.

Understanding the Comparative Financial Report

The financial statements adhere to Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

This annual report consists of a series of financial statements in compliance with the standards noted above: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The statements are prepared under the accrual basis of accounting. Therefore, revenues and assets are recognized when services are provided, and expenses and liabilities are recognized when others provide the goods or services, without regard to the actual date of collection or payment.

The financial statements of the Metropolitan State University of Denver Foundation, Inc. (the Foundation) are included in MSU Denver's financial statements as a discretely presented component unit as required by GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Management's Discussion and Analysis focuses on the financial activities of the University, but not the discretely presented component unit.

Financial Highlights

MSU Denver's financial position, as a whole, decreased approximately $4.3 million during the year ended June 30, 2023. However, if the effects of the entries related to the Public Employee's Retirement Association's (PERA) unfunded pension liability as well as the unfunded liability related to other post-employment benefits (OPEB) for PERA Care were excluded, net position would have decreased $10.6 million. As required by GASB Statement No. 68 (GASB 68) and GASB Statement No. 75 (GASB 75) the University is obligated to report its portion of the unfunded liability of its pension plans and other post-employment benefits; however, given that contributions are set in statute, removing the effects of these entries provides a more accurate picture of the University's operations. The decrease in net position was expected this fiscal year and is expected next fiscal year as MSU Denver intentionally spends down the lost revenue funds that came from the federal government through the Higher Education Emergency Relief Funds (HEERF) and were recorded in prior fiscal years. These lost revenue funds were intended to replace funds the University lost as a result of the Covid 19 pandemic; however, the University made considerable budget cuts during that time and was therefore able to set this funding aside for intentional student centered investments that will help retention and completion.

MSU Denver's financial position, as a whole, increased approximately $37.7 million during the year ended June 30, 2022. However, $22.0 million of the reported increase is caused by changes in the Public Employee's Retirement Association's (PERA) unfunded pension liability as well as the unfunded liability related to other postemployment benefits (OPEB) for PERA Care. As of the measurement date, December 31, 2021, the strong equity market contributed, in large part, to the plan's improvement, and hence the considerable negative expense for the University of approximately $22.0 million. If the results of GASB 68 and 75 were removed a better reflection of MSU Denver's operations would result and the University's net position would show an increase of $14.8 million. This increase is primarily a result of the Higher Education Emergency Relief Funds (HEERF) that were permitted to replace some of the lost revenue resulting from the pandemic.

The effects on the University's net position from GASB 68 and 75 are shown in the table below:

	Fiscal Year 2023	**Fiscal Year 2022**
Net Position (GAAP)	29,469,778	33,761,818
Add back in: GASB 68- Pension expense	116,359,006	121,958,960
Add back in: GASB 75- OPEB expense	4,633,688	5,329,576
Net Position excluding Pension and OPEB	150,462,472	161,050,354

- In fiscal year 2023, the level of funding for MSU Denver's College Opportunity Fund (COF) stipends was set by the General Assembly at $104.00 per eligible credit hour, which is $10.00 higher than the fiscal year 2022 rate of $94.00 per eligible credit hour, resulting in an overall increase of $2.5 million.
- MSU Denver's June 30, 2023 current assets of $162.7 million were sufficient to cover current liabilities of $46.1 million. The current ratio of 3.53 (current assets/current liabilities) reflects the liquidity of MSU Denver's assets and the availability of funds for current operations. MSU Denver's June 30, 2022 current assets of $179.9 million were sufficient to cover the current liabilities of $45.7 million yielding a current ratio of 3.93.
- The University had outstanding bonds payable of $120.1 million and $126.0 million in fiscal year 2023 and 2022 respectively.
- MSU Denver's final headcount in undergraduate and graduate is reflected in the table below:

Undergraduate Headcount	2022-23	2021-22	(Decrease)
Summer *(End of Term)*	5,487	5,951	(464)
Fall *(End of Term)*	15,848	16,514	(666)
Spring *(End of Term)*	14,918	15,200	(282)

Graduate Headcount	2022-23	2021-22	Increase/ (Decrease)
Summer *(End of Term)*	470	521	(51)
Fall *(End of Term)*	1,147	1,164	(17)
Spring *(End of Term)*	1,062	1,091	(29)

Statements of Net Position

The statements of net position report on assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position as of June 30, 2023 and 2022. Over time, increases or decreases in net position are one indicator of MSU Denver's financial health when considered in conjunction with non-financial facts such as student enrollment.

Condensed Statements of Net Position

		June 30		
		2023	**2022 (restated)**	**2021**
			(In thousands)*	
Assets:				
Current assets	$	162,704	179,907	158,517
Other non-capital assets		14,796	11,113	5,957
Net capital assets		161,549	162,120	159,947
Total assets	$	339,049	353,140	324,421
Deferred Outflows of resources		24,329	8,850	22,704
Total Assets and Deferred Outflows		363,378	361,990	347,125
Liabilities:				
Current liabilities	$	46,125	45,724	35,509
Noncurrent liabilities		278,412	238,400	276,771
Total liabilities	$	324,537	284,124	312,280
Deferred inflows of resources		9,372	44,105	38,786
Total Liabilities and Deferred Inflows		333,909	328,229	351,066
Net position				
Net investment in Capital Assets	$	23,447	23,386	23,771
Restricted for expendable purposes		585	884	1,122
Unrestricted		5,438	9,492	(28,834)
Total net position	$	29,470	33,762	(3,941)

*Amounts could differ slightly from the Statement of Net Position due to rounding.

At June 30, 2023 and 2022, MSU Denver's total assets and deferred outflows of resources were $363.4 million and $362.0 million, respectively, which is an increase of $1.4 million and $14.9 million, respectively, when compared to the prior years.

At June 30, 2023 and 2022, MSU Denver's total liabilities and deferred inflows of resources were $333.9 million and $328.2 million, respectively, which is an increase of $5.7 million and a decrease of $22.8 million, respectively, when compared to the prior years.

Decreases in overall cash and loans receivable with increases in accounts receivable-other and deferred outflows, and the addition of the derivative instrument asset were the primary reasons for the $1.4 million increase in total assets and deferred outflows in fiscal year 2023 when compared to fiscal year 2022, which is discussed in greater detail below.

Unrestricted cash and cash equivalents decreased $21.1 million in fiscal year 2023 when compared to fiscal year 2022. This was primarily from the intentional spend down of the Higher Education Emergency Relief Funds that the University was allowed to recover in lost revenue in previous fiscal years. Strategic investments in student success were made with these funds and spend down is anticipated into fiscal year 2024. However, there were also timing differences in billings for grants in fiscal year 2023 due to the new Enterprise Resource Planning (ERP) system, Workday, that the University implemented on January 1, 2023, which contributed approximately $3.6 million of the overall $21.1 million reduction in cash. There was also a $1.8 million spend down of the M&E Incentive contract that prepaid the entire contract upfront which also contributed to the overall reduction in cash.

Restricted cash increased $3.4 million as a result of continued improvement in hotel operations and an increase in the required cash reserves.

In fiscal year 2023, accounts receivable-other increased by $4.3 million when compared to fiscal year 2022 which was primarily due to a timing difference in billings on grants and contracts as noted above.

Derivative instrument asset increased $2.0 million which is a result of changes in market conditions related to the Series 2021 bonds and the associated derivative instrument. In fiscal year 2022 market rates generated a liability for the University, whereas fiscal year 2023 has generated an asset.

Deferred outflows increased $15.5 million due to a $16.0 million increase in Pension and OPEB deferred outflows as well as a $516 thousand decrease in the interest rate swap. Both of these changes were impacted due to changes in market conditions year over year.

Decreases in deferred inflows for pension and OPEB Inflow, non-current bonds payable, other non-current liabilities, and unearned revenue with increases in net pension liability, lease asset liability, and deferred inflow derivative were the primary reasons for the $5.7 million increase in total liabilities and deferred inflows of resources in fiscal year 2023 when compared to fiscal year 2022, which is discussed in greater detail below.

Deferred inflows for pension and OPEB decreased by $36.7 million in fiscal year 2023 when compared to fiscal year 2022 while the net pension liability increased by $46.4 million primarily as a result of weakening equity markets as of the measurement date when compared to the prior year.

Lease asset liability had a net increase of $3.2 million due to new leases added in fiscal year 2023 such as software for Adobe, the University's Information Technology ticketing system and academic advising.

In fiscal year 2023 bonds payable decreased $5.9 million, which is due to the timely payments on all bond obligations.

Unearned Revenue decreased by $2.4 million in fiscal year 2023 which is predominately due to the full recognition of Institutional American Rescue Plan Act (ARPA) funding in fiscal year 2023 when all student dollars were spent and no additional restrictions were left.

Deferred inflow-Derivative increased $2.0 million which is a result of changes in market conditions related to the Series 2021 bonds and the associated derivative instrument. In fiscal year 2022 market rates generated a liability for the University, whereas fiscal year 2023 has generated an asset.

In fiscal year 2023, other non-current liabilities decreased $1.4 million when compared to fiscal year 2022 due to declining outstanding Perkins loan balances which are due back to the Federal government. When the Perkins loan program was terminated in fiscal year 2018, higher education institutions could no longer issue Perkins loans, and the Federal Capital Contribution (FCC) portion of the outstanding loans are being returned to the federal government as the loans are collected.

At June 30, 2022 and 2021, MSU Denver's total assets and deferred outflows of resources were $362.0 million and $347.1 million, respectively, which is an increase of $14.9 million when compared to the prior year.

At June 30, 2022 and 2021, MSU Denver's total liabilities and deferred inflows of resources were $328.2 million and $351.1 million, respectively, which is a decrease of $22.9 million when compared to the prior year.

Increases in cash and Subscription Based Information Technology Assets with decreases in accounts receivable-other, and deferred outflows of resources was the primary reasons for the $14.9 million increase in total assets and deferred outflows in fiscal year 2022 when compared to fiscal year 2021.

Cash and cash equivalents increased $39.5 million in fiscal year 2022 when compared to fiscal year 2021. This was primarily from the Higher Education Emergency Relief Funds that the University was allowed to recover in lost revenue.

In fiscal year 2022 the University continued the cost saving measures it began in fiscal year 2021, which allowed much of the lost revenue dollars to be set aside for intentional short-term initiatives as opposed to being used for standard operational costs. There were also some offsetting changes such as a $7.9 million increase from the new "M&E Incentive Reimbursement" contract the University was awarded where the total award was paid up front as opposed to on a cost reimbursement basis, and small reductions in summer revenue departmental accounts and various fee accounts. There was also a $6.5 million increase in restricted cash as a result of improved hotel operations and an increase in the required cash reserves.

In fiscal year 2022, accounts receivable-other decreased $17.7 million when compared to fiscal year 2021 which was primarily due to a timing difference in payments from Higher Education Emergency Relief Funds (HEERF).

The University's depreciable assets increased by $7.3 million as a result of normal depreciation of $15.2 million offset with additions in equipment primarily from the completed data warehouse project as well as the addition of GASB 96 Subscription-Based Information Technology Asset restatement for 2022.

Deferred outflows decreased $13.9 million due to a $6.5 million decrease in the interest rate swap resulting from raising market rates, and a $7.3 million decrease in Pension and OPEB deferred outflows stemming primarily from a strong equity market at the close of the December 31, 2021 measurement date.

Decreases in net pension and OPEB liabilities, bonds payable, and the derivative instrument liability offset with increases in unearned revenue, lease asset liabilities, and deferred pension inflows, and the bond defeasance inflow were the primary reasons for the $22.8 million decrease in total liabilities and deferred inflows of resources in fiscal year 2022 when compared to fiscal year 2021, which is discussed in greater detail below.

Unearned Revenue increased $6.7 million in fiscal year 2022, which is predominantly from the M&E Incentive Reimbursement contract discussed above.

The net pension and OPEB liabilities along with the deferred pension inflow decreased by a total of $30.2 million in fiscal year 2022 when compared to fiscal year 2021. This decrease is primarily a result of strong equity markets and positive yearly returns as of the December 31, 2021 measurement date.

Fiscal year 2022 was restated to show the SBITA liabilities required by GASB 96, which accounts for a $9.9 million increase when compared to fiscal year 2021.

In fiscal year 2022 bonds payable decreased $3.7 million, which is due to offsetting factors. There was a $5.8 million reduction due to the timely payments of existing debt as well as the defeasance of most of the Series 2016 bonds when it was refunded with the series 2022A bonds. That decrease was offset with a $2 million increase with the issuance of the series 2022B. (See note 7 for more information on bonds)

The derivative instrument liability decreased $6.5 million in fiscal year 2022 as a result of changing market conditions.

In fiscal year 2022, other non-current liabilities decreased $1.2 million when compared to fiscal year 2021 due to declining outstanding Perkins loan balances which are due back to the Federal government. When the Perkins loan program was terminated in fiscal year 2018, higher education institutions could no longer issue Perkins loans, and the Federal Capital Contribution (FCC) portion of the outstanding loans are being returned to the federal government as the loans are collected.

Of the total $29.5 million in net position in fiscal year 2023, $23.4 million is net investment in capital assets, $585 thousand is restricted for expendable purposes for student loans, and $5.4 million is unrestricted. Of the total $33.8 million in net position in fiscal year 2022, $23.4 million is net investment in capital assets, $884 thousand is restricted for expendable purposes for student loans, and $9.5 million is unrestricted.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the results of operations during fiscal years 2023 and 2022. Activities are reported as either operating or nonoperating. Operating revenues and expenses generally result from providing services for instruction, public service, student services, and academic and institutional support to/from an individual or entity separate from MSU Denver. Nonoperating revenues and expenses are those other than operating and include but are not limited to investment and interest income, private grants and gifts, rental income, Coronavirus Aid, Relief, and Economic Security funds, and Pell grants.

METROPOLITAN STATE UNIVERSITY OF DENVER
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023 AND 2022

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30		
	2023	2022	2021
		(In thousands)*	
Operating revenues:			
Tuition and fees, net	$ 117,520	$ 124,113	$ 106,324
Fee for service	50,507	42,948	12,966
Sales and services	16,512	14,719	8,292
Grants and contracts	46,348	39,420	33,510
Other operating revenues	7,604	5,954	4,625
Total operating revenues	238,491	227,154	165,717
Operating expenses	294,952	266,743	189,546
Operating income (loss)	(56,461)	(39,589)	(23,829)
Nonoperating revenues (expenses):			
Pell grants	27,070	25,201	26,470
Federal Stimulus	4,093	48,040	66,663
Intergovernmental revenue	1,197	1,238	1,281
Investment and interest income (loss)	3,437	(7,120)	(1,403)
Interest expense on capital asset-related debt	(5,624)	(5,742)	(6,372)
Debt Issuance Cost	—	(239)	—
Gain/(Loss) on sale/disposal of capital assets	(125)	(157)	(20)
Nonoperating gifts and donations	6,928	5,226	4,492
Other non operating revenue	646	872	945
Perkins loan termination	714	325	204
State PERA contribution	2,479	930	—
Net nonoperating revenues	40,815	68,574	92,260
Income/(Loss) before other revenues	(15,646)	28,985	68,431
Other revenues			
Capital Contributions- State	5,091	1,601	—
Capital Student Fee, net	6,262	6,674	6,900
Increase/(Decrease) in net position	(4,293)	37,260	75,331
Net position at beginning of year	33,762	(3,941)	(79,272)
Restatement-Change in Accounting Principle	—	443	—
Net position at beginning of year as restated	33,762	(3,498)	(79,272)
Net position at end of year	$ 29,469	$ 33,762	$ (3,941)

* Amount could differ slighly from Statements of Revenues, Expenses, and Changes in Net Position due to rounding.

Tuition and fees revenue, net, accounted for $117.5 million of the $238.5 million in operating revenue in fiscal year 2023. The tuition and fees revenue amount is net of scholarship allowances of $64.7 million and bad debt of $2.8 million. Scholarship allowances are defined as the difference between the stated charge of tuition and fees and the amount that is paid by students or third parties making payment on behalf of students.

Net tuition and fee revenue decreased $6.6 million, or 5.3%, from fiscal year 2022. This decrease is primarily a result of an increase in scholarship discount and allowance. Scholarship and fellowship expense decreased overall in fiscal year 2023 because the HEERF funds were exhausted; however, there was a $2.5 million increase in institutional awards, and a $877 thousand increase in awards from the Foundation both of which are included in the discount and allowance calculation, whereas most of the

HEERF student funds were direct to student awards which were not included in the discount and allowance entries.

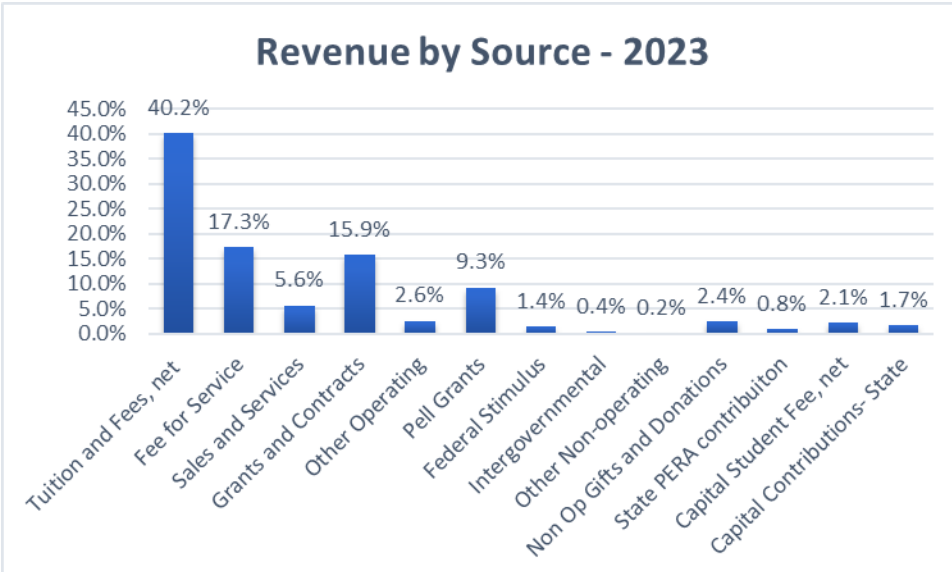
In fiscal year 2023 the University adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* and as such presented a restatement of $443 thousand to fiscal year 2021 prior period balances. *(see footnotes 1e and 22 for more information about the adoption of GASB 96.*)

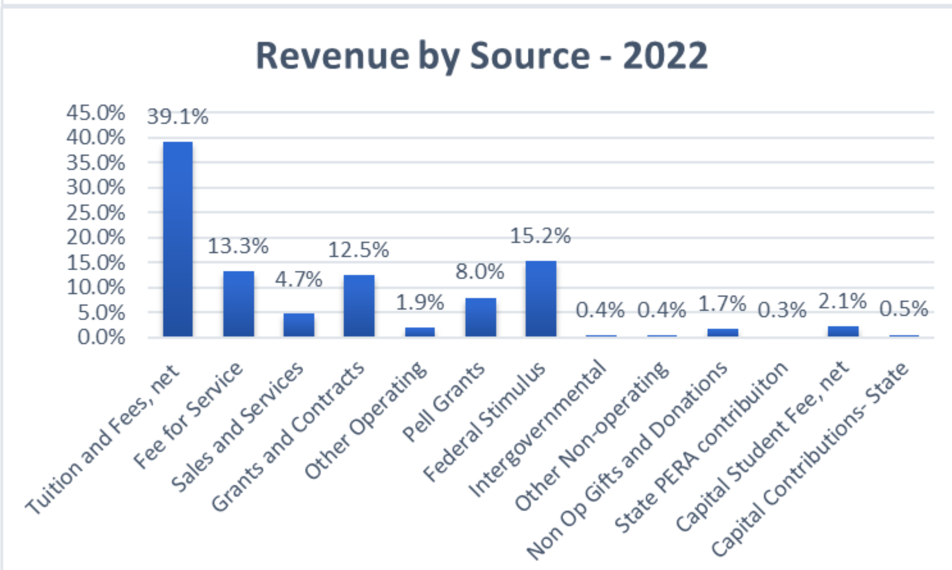
Tuition and fees revenue, net, accounted for $124.1 million of the $227.2 million in operating revenue in fiscal year 2022. The tuition and fees revenue amount is net of scholarship allowances of $57.5 million and bad debt of $3.4 million. Scholarship allowances are defined as the difference between the stated charge of tuition and fees and the amount that is paid by students or third parties making payment on behalf of students.

Net tuition and fee revenue increased $17.8 million, or 16.7%, from fiscal year 2021. This increase is primarily a result of the $15.6 million increase in COF (discussed above) as well as reinstating the fees that were waived in fiscal year 2021 due to COVID, including the Auraria Higher Education Center (AHEC) facility fee, Tivoli Park fee, and the campus recreation and athletics fees.

In fiscal year 2022 the University adopted GASB Statement No. 87 *Leases* and as such presented a restatement of $366 thousand to the fiscal year 2020 prior period balances. *(see footnote 1e for more information about the adoption of GASB 87.)*

The following are graphic illustrations of total revenue (operating and nonoperating) by source for MSU Denver for fiscal years 2023 and 2022, respectively. Each major revenue component is displayed relative to its proportionate share of total revenue.


Revenue by Source - 2023
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
40.2%
17.3%
5.6%
15.9%
2.6%
9.3%
1.4%
0.4%
0.2%
2.4%
0.8%
2.1%
1.7%
Tuition and Fees, net
Fee for Service
Sales and Services
Grants and Contracts
Other Operating
Pell Grants
Federal Stimulus
Intergovernmental
Other Non-operating
Non Op Gifts and Donations
State PERA contribuiton
Capital Student Fee, net
Capital Contributions- State


Revenue by Source - 2022
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
39.1%
13.3%
4.7%
12.5%
1.9%
8.0%
15.2%
0.4%
0.4%
1.7%
0.3%
2.1%
0.5%
Tuition and Fees, net
Fee for Service
Sales and Services
Grants and Contracts
Other Operating
Pell Grants
Federal Stimulus
Intergovernmental
Other Non-operating
Non Op Gifts and Donations
State PERA contribuiton
Capital Student Fee, net
Capital Contributions- State

In fiscal year 2023 there was a $28.2 million increase in operating expenses over fiscal year 2022; however, this increase includes entries related to GASB 68 and 75 in both fiscal year 2023 and 2022. If you remove the effects of these entries from both years, there was a $10.1 million increase in fiscal year 2023 when compared to 2022.

The total $10.1 million increase included a $15.5 million increase in salaries and benefits in fiscal year 2023 when compared to fiscal year 2022, resulting from a flat $2,100 per employee base increase for all faculty and professional staff as well as a 3 percent increase for all Classified staff. There was a $1.5 million increase in travel related expenses as study abroad, sports and other travel resumed to normal pre COVID levels and a $9.2 million increase in non-capital equipment and major remodeling projects such as the classroom renovation. There was a $17.4 million reduction in scholarships and fellowships due to the spend down of the student HEERF funding and there was also a $1.6 million increase in depreciation.

In fiscal year 2022 there was a $77.2 million increase in operating expenses over fiscal year 2021. The entries related to GASB 68 and 75 accounted for $21.3 million of the increase in operating expense, while true operating expenses increased by $55.9 million.

$15.1 million of the $55.9 million increase in operations was due to increases in salaries and benefits, resulting from a 1.75% across the board increase for faculty and professional staff, a 3% increase for all Classified staff, small one time longevity stipends, as well as the expiration of furloughs and hiring freezes that were observed in fiscal year 2021 due to COVID, with an additional $936 thousand increase from compensated absences. There was also a $14.0 million increase in scholarships and fellowships, primarily from the HEERF funds, and a $17.9 million increase in materials and supplies. The increase in materials and supplies is from many areas including a $2.4 million increase related to increased hotel operations, a $2.2 million increase in COVID testing and vaccination costs from the Health Center, a $1.0 million increase in grant subrecipient expenses, a $2.0 million increase in advertising, an increase of $3.1 million related to student success and support initiatives funded with HEERF dollars, $500 thousand in temporary staffing to aid in the implementation of the new Human Resource and Finance system; Workday, increases related to the reinstated student fees discussed above and various increases in general operating expenses. There was also a $2.2 million increase in software, including items such as Workday and Cayuse system licensing fees, a $2.6 million increase in travel and official functions as a result of a return to more normal operations after the pandemic, a $2.2 million increase in remodeling expenses primarily from improvements to academic spaces, a $727 thousand increase in expenses related to implementation support for Workday, and a $787 thousand increase in depreciation.

The tables below show the University's operating expenses both with and without the effects of GASB 68 and 75.

Total Operating Expenses (including the effects of GASB 68 and 75):	2023	2022	2021
Instruction	95,305,649	77,985,286	56,663,451
Research	629,432	418,414	269,638
Public Service	1,923,684	2,429,875	2,436,633
Academic Support	31,191,876	23,058,318	19,742,809
Student Services	27,770,199	25,163,128	20,165,211
Institutional Support	40,430,141	35,033,958	23,319,706
Operation of Plant	15,587,668	15,037,732	12,191,698
Scholarships and Fellowships, net	7,776,027	25,214,128	11,179,341
Auxiliary Enterprise Expenditures	57,597,122	47,245,167	30,985,241
Depreciation and Amortization	16,740,156	15,156,649	12,591,508
Total Operating Expenses	294,951,954	266,742,655	189,545,236

Total Operating Expenses (excluding the effects of GASB 68 and 75):	2023	2022	2022
Instruction	96,974,911	88,667,574	88,667,574
Research	635,177	453,839	453,839
Public Service	1,930,717	2,649,427	2,649,427
Academic Support	31,657,323	25,860,331	28,715,750
Student Services	28,182,541	27,206,948	27,206,948
Institutional Support	40,978,503	37,879,818	37,879,818
Operation of Plant	15,598,276	15,113,347	15,113,347
Scholarships and Fellowships, net	7,776,027	25,214,128	25,214,128
Auxiliary Enterprise Expenditures	58,294,728	50,490,720	50,490,720
Depreciation	16,740,156	15,156,649	13,378,556
Total Operating Expenses	298,768,357	288,692,781	289,770,107

Capital Assets

At June 30, 2023, the University had $161.5 million in property, plant, and equipment, net of accumulated depreciation and amortization of $108.6 million. Depreciation and amortization charges were $16.7 million for the current year compared to $15.2 million in fiscal year 2022 and $12.6 million in fiscal year 2021.

Details of these assets are shown in the table below:

Capital Assets, Net of Depreciation at Year-End

	June 30		
	2023	**2022**	**2021**
		(in thousands)	
Construction in progress	$ 7,534	2,263	3,503
Land	1,005	1,005	1,005
Equipment	6,868	7,995	5,730
Buildings	103,669	108,472	113,478
Leasehold/land improvements	22,769	27,488	32,579
Subscription-Based Information Technology Arrangements	15,518	11,826	
Leases	4,186	3,072	3,652
Total	$ 161,549	162,121	159,947

Debt

In November 2009, MSU Denver issued $55.2 million of Series 2009 Taxable Institutional Enterprise Revenue Bonds to finance the construction of the University's first brick and mortar building, the Student Success Building (SSB). The SSB added approximately 145,000 square feet of space for classrooms and faculty offices, specifically for MSU Denver students and professors. It also provides students with a central location for student support services. In June 2010, the University issued $10.6 million in Series 2010 Taxable Institutional Enterprise Revenue Bonds for various major remodeling projects as personnel moved to the SSB (see note 7 for more information on these obligations). These bonds will be paid off using proceeds from a student bond fee approved by the University's students. Both bond issuances are Revenue Zone Economic Development Bonds (RZEDBs) that make them eligible for a 45% bond interest subsidy from the federal government; however, in March 2013, the federal government enacted the Balanced Budget and Emergency Deficit Control Act, and President Obama issued a sequestration order that reduced the subsidy amount the University received on its Recovery Zone Economic Development Bonds (RZEDB). Before the sequester, the subsidy paid MSU Denver 45% of the interest amount on both the series 2009 and 2010 bonds. The sequester is scheduled though 2024 with reductions spanning 5.5% to 7.1%. The table below shows MSU Denver's original subsidy payment amounts and the modified payments for each RZEDB.

Series 2009 Bond Interest Payments and Corresponding Subsidy Receipts

June 30	Interest Payment	Original Interest Subsidy	Original % of Subsidy Payments	Modified Interest Subsidy	Difference
2023	2,369,210	1,066,144	45%	1,005,374	(60,770)
2022	2,456,176	1,105,279	45%	1,042,278	(63,001)
2021	2,539,175	1,142,629	45%	1,077,499	(65,130)
2020	2,617,244	1,177,760	45%	1,108,272	(69,488)
2019	2,690,669	1,210,801	45%	1,135,731	(75,070)
2018-2014	14,365,678	6,464,555	45%	6,014,232	(450,323)
2013-2010	10,688,988	4,810,045	45%	4,751,432	(58,613)
Total Reduction in Series 2009 Bond Subsidy Payments					**(842,394)**
Average Subsidy Rate Received				42.80%	

Series 2010 Bond Interest Payments and Corresponding Subsidy Receipts

June 30	Interest Payment	Original Interest Subsidy	Original % of Subsidy Payments	Modified Interest Subsidy	Difference
2023	452,738	203,732	45%	192,119	(11,613)
2022	470,290	211,631	45%	199,568	(12,063)
2021	485,638	218,537	45%	206,080	(12,457)
2020	498,683	224,407	45%	211,167	(13,240)
2019	510,948	229,926	45%	215,671	(14,255)
2018-2014	2,705,717	1,217,573	45%	1,132,766	(84,807)
2013-2011	1,674,603	753,571	45%	742,592	(10,979)
Total Reduction in Series 2010 Bond Subsidy Payments					**(159,414)**
Average Subsidy Rate Received				42.63%	

In June 2014, the University issued direct placement, Series 2014 Institutional Enterprise Revenue Bonds not to exceed $4.0 million to help fund the construction of the Assembly Athletic Complex (AAC). These bonds worked like a line of credit, where the University drew funds on an as needed basis. As of June 30, 2015, the University drew the full $4 million. These bonds are paid with the student bond fee and fundraising efforts by the University's Foundation.

On January 27, 2016, the University issued $27.5 million of Series 2016 Institutional Enterprise Revenue Bonds, bearing interest at 2.0% to 5.0%, for the purpose of financing a portion of the construction of the new Aerospace and Engineering Science building (AES). This new facility houses mechanical, electrical and civil engineering technologies; industrial design; and computer science to support an integrated curriculum and promote collaborative research. The building was placed into service in fiscal year 2018. $21.5 million of the Series 2016 bonds were defeased in-substance with the proceeds of the $23.2 million Series 2022A direct placement 3.59% bonds that were issued on May 25th 2022 which are paid with the student bond fee discussed above. At that time $2.6 million of the Series 2016 remained outstanding and will be paid in full by 2025.

On January 31, 2019, the University issued direct placement, Series 2019, Bank Qualified Institutional Enterprise Revenue Bonds not to exceed $8,250,000, at a fixed interest rate of 2.680% per annum. These bonds provided funding for the replacement of the gym bleachers, and a renovation of the main locker rooms, improving the safety and security, as well as improving ADA accessibility. The project was completed in fiscal year 2020. These bonds are also paid with the student bond fee.

On April 17, 2020, the University issued $47.7 million of direct placement, Series 2020, Institutional Enterprise Revenue Bonds. These bonds were issued at a variable interest rate equal to 80% of London Interbank Offered Rate (LIBOR) plus 150 basis points per annum. The Series 2020 bond proceeds were used to purchase most of the HLC@Metro Inc's. assets and liabilities including the hotel, and the HLC@Metro Inc. used the proceeds of that sale to defease the Series 2010 bonds in substance. These bonds were legally defeased by the $46.3 million Series 2021 direct placement bonds that were issued on August 2, 2021 and require a variable interest rate of 80% of LIBOR (converted to the Secured Overnight Financing Rate (SOFR) on July 1, 2023) plus 46 basis points. These bonds were also paid with the student bond fee.

On September 30, 2020 MSU Denver executed a Novation agreement which transferred the HLC@Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with Royal Bank of Canada (RBC) to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities. The Swap Agreement was entered with the objective of protecting against the potential rising of interest rates. The Swap Agreement had a notional value of $48.7 million and a positive fair value of $2.0 million as of June 30, 2023 and a negative fair value of $516 thousand as of June 30, 2022. The Swap was effectively terminated on August 2, 2021 when the Series 2021 bonds were issued, but the agreement with RBC continued and became an embedded borrowing. The agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042. (see note 4 for more details on the embedded borrowing.)

On May 25, 2022 the University issued the Series 2022B bonds for $2.0 million. This direct placement bond will fund the relocation of the Criminal Justice department to help make space for the new nursing labs. This borrowing has a fixed rate of 3.59% and is funded with student bond fee revenues.

At June 30, 2023, the University had $139.6 million in outstanding debt payments (excluding premiums and discounts) compared to $142.9 million at June 30, 2022 and $135.5 million at June 30, 2021. The table below summarizes these amounts by type of debt exclusive of any premium or discount:

	Outstanding Debt at Year-End June 30		
	2023	2022	2021
		(In thousands)	
Series 2009	$ 37,895	39,540	41,140
Series 2010	7,420	7,720	8,010
Series 2014	613	1,038	1,452
Series 2016	1,970	2,585	24,705
Series 2019	3,725	4,905	6,050
Series 2020	—	—	46,345
Series 2021	43,465	44,930	—
Series 2022A	23,085	23,085	—
Series 2022B	1,840	2,015	—
Notes Payable	3,162	3,706	4,224
Financed Purchase Option	47	183	315
Right to Use Leases	3,578	2,795	3,268
Right to Use SBITA	12,754	10,363	—
Total	$ 139,554	142,865	135,509

In August 2022, Standard and Poor's Global Ratings affirmed its "A" underlying rating on Metropolitan State University Board of Trustees revenue debt issued for Metropolitan State University of Denver, with a stable outlook. In August 2023, Moody's Investor's Service affirmed the A1 underlying rating on the University's enterprise revenue debt.

Economic Outlook and Metropolitan State University of Denver's Future

On January 1, 2023, MSU Denver implemented a new Enterprise Resource Planning system, called Workday. Workday replaces the legacy system, Banner, as the University's human resource and finance systems, while the student system remains in Banner. This system implementation was critical to ensure the operational success of the University by improving reporting, automating rote processes, strengthening internal controls, and enhancing the user experience. The University will continue to focus on this new system in fiscal year 2024 and beyond to maximize its investment and leverage all the system's strengths. This project along with the Infrastructure Modernization project (a three-year project to improve wireless capabilities on campus) and the Nursing Simulation Labs (cutting-edge teaching and learning space for future health professionals) were funded, in part, with state capital construction dollars. Below is a table of the University's current capital projects and the related state capital appropriations.

		State Capital Appropriations				
Project	**Total Budget**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**	**Total State Appropriations**	**Total Institutional Funding**
Workday ERP	$ 6,841,837	1,300,000	3,350,000	1,000,000	5,650,000	1,191,837
Network Modernization	$ 3,840,000	1,250,000	795,000	795,000	2,840,000	1,000,000
Health Institute	$ 12,950,000		10,000,000		10,000,000	2,950,000
	Subtotal	2,550,000	14,145,000	1,795,000	18,490,000	5,141,837

The University's Foundation is in its second phase of a 5-year, $75 million campaign to raise funds for academic programs, capital projects, and to promote the mission of MSU Denver. During fiscal year 2023, the Foundation raised over $15.8 million which is an unprecedented level of commitments and as of June 30, 2023, has raised $41.9 million or 56% of the total $75 million goal.

The University has sustained continued enrollment declines since Fall 2017; however, preliminary numbers for Fall 2023 show undergraduate full-time equivalency up 0.7% and headcount is up 2.89% when compared to Fall 2022. This is more than just an indicator that the University has recovered from the pandemic, but also a strong reflection of the work the University has undergone to engage in "stuff that works". This initiative, coined and spearheaded by President Davidson, focused on specific programs that were proven to be successful in attracting and retaining students, such as Pathways to Possible, a high impact student support service program, concurrent enrollment, and internships to name a few.

Beginning in Fall 2022, MSU Denver locked the tuition rate for between two and four years for undergraduate students as a way to continue to invest in accessibility. For those students outside of the tuition lock parameters tuition will increase 5% in Fall 2023.

MSU Denver retained its Taxpayer's Bill of Rights (TABOR) enterprise status during fiscal year 2023 by receiving less than 10% in state funding and anticipates it will retain this status in fiscal year 2024. The COF stipend was set by the General Assembly for fiscal year 2023 at $104 per eligible credit hour for resident undergraduate students and is approved at $116 per eligible credit hour for fiscal year 2024, which is currently appropriated at $36.5 million, per the long bill. MSU Denver received $50.5 million in fee-for-service revenue in fiscal year 2023 and is budgeted to receive $56.8 million in fiscal year 2024. This increased funding from the State of Colorado represents an additional $11.0 million in additional funds when compared to fiscal year 2023 funding.

Questions concerning any of the information provided in this report or requests for additional financial information can be obtained by calling 303 615-0039.

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022 restated
Assets		
Current assets:		
Cash and cash equivalents	$ 127,704,320	$ 148,809,856
Accounts receivable – student (net of allowance for doubtful accounts of $4,768,319 and $4,424,357, respectively)	16,430,605	16,011,289
Accounts receivable – other	16,117,479	11,864,101
Leases receivable	275,472	236,382
Loans receivable	722,977	837,104
Prepaid expense	1,421,638	2,116,290
Investments	31,796	32,394
Total current assets	**162,704,287**	**179,907,416**
Noncurrent assets:		
Restricted cash	11,350,095	7,905,242
Investments	651,627	740,369
Prepaid expense	35,271	56,605
Leases Receivable	304,976	326,000
Loans receivable (net of allowance for doubtful accounts $173,194 and $346,113, respectively)	487,276	2,084,869
Derivative Instrument Asset	1,966,620	-
Land	1,005,185	1,005,185
Construction in progress	7,534,015	2,262,524
Depreciable assets, net:		
Equipment	6,867,944	7,994,964
Buildings	103,669,085	108,471,550
Leasehold and land improvements	22,768,966	27,487,867
Subscription-Based Information Technology Arrangements	15,518,438	11,825,711
Leases	4,185,858	3,072,416
Total depreciable capital assets, net	153,010,291	158,852,508
Total noncurrent assets	**176,345,356**	**173,233,302**
Total assets	**339,049,643**	**353,140,718**
Deferred Outflows of Resources		
Deferred pension outflows	23,849,123	8,057,823
Deferred OPEB outflows	480,017	276,537
Deferred ouflow Interest Rate Swap	-	515,860
Total deferred outflows of resources	**24,329,140**	**8,850,220**
Total assets and deferred outflows of resources	**$ 363,378,783**	**$ 361,990,938**

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022 (restated)
Liabilities		
Current liabilities:		
Accounts payable	$ 7,192,277	$ 6,585,326
Accrued interest payable	379,898	369,580
Accrued payroll	6,111,338	5,688,343
Unearned revenue	19,568,220	22,009,303
Compensated absences	979,060	843,703
Bonds payable	4,480,000	4,340,000
Notes payable	575,727	544,486
Financed purchase option	47,145	135,719
Lease liability and SBITAs	3,722,291	2,550,411
Deposits held in custody	2,338,562	1,842,755
Other Current Liabiliities	730,008	814,188
Total current liabilities	**46,124,526**	**45,723,814**
Noncurrent liabilities:		
Accrued Payroll	651,627	549,735
Net pension liability	135,981,212	89,430,319
Net OPEB liability	3,242,337	3,408,702
Compensated absences	6,928,574	6,820,636
Interest rate swap liability	-	515,860
Bonds payable	115,648,067	121,649,895
Notes payable	2,586,223	3,161,950
Financed purchase option	-	47,145
Lease liability and SBITAs	12,609,610	10,607,959
Other non-current liabilities	764,555	2,208,088
Total noncurrent liabilities	**278,412,205**	**238,400,289**
Total liabilities	**324,536,731**	**284,124,103**
Deferred Inflows of Resources		
Deferred pension inflows	4,226,916	40,586,464
Deferred OPEB inflows	1,871,367	2,197,411
Deferred Inflow-gain on refunding	726,923	758,759
Deferred Inflows-Leases	580,448	562,382
Deferred Inflow-Derivative	1,966,620	-
Total deferred inflows of resources	**9,372,274**	**44,105,016**
Total liabilities and deferred inflows of resources	**333,909,005**	**328,229,119**
Net position		
Net Investment in Capital Assets	23,447,056	23,385,807
Restricted for expendable purposes, Loans	584,922	884,210
Unrestricted	5,437,800	9,491,801
Total net position	**29,469,778**	**33,761,818**

See accompanying notes to basic financial statements.

METROPOLITAN STATE UNIVERSITY OF DENVER
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 2,460,266	$ 2,429,587
Cash Restricted for Distribution to University	-	14
Cash Restricted for Alumni Association	302,153	330,538
Investments	15,775,455	11,571,200
Receivable from University	6,359	4,361
Promises to Give, Net	4,218,254	2,563,200
Promises to Give - Charitable Lead Trust, Net	820,900	1,026,311
Prepaid Expenses and Other Assets	42,400	22,272
Property and Equipment, Net	1,267,642	1,303,642
Endowment:		
Cash Restricted for Endowment	100,000	-
Promises to Give, Net	2,823,189	236,348
Investments	23,613,270	19,529,084
Total Assets	$ 51,429,888	$ 39,016,557
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	$ 292,586	$ 216,305
Accounts Payable to University	3,008,329	943,680
Funds Held for Distribution to University	-	14
Funds Held for Alumni Association	302,153	330,538
Total Liabilities	3,603,068	1,490,537
NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,852,049	3,832,797
Board-Designated	1,008,413	921,253
Invested in Property and Equipment, Net	1,267,642	1,303,642
Total Without Donor Restrictions	7,128,104	6,057,692
With Donor Restrictions	40,698,716	31,468,328
Total Net Assets	47,826,820	37,526,020
Total Liabilities and Net Assets	$ 51,429,888	$ 39,016,557

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (restated)
Operating revenues:		
Student tuition and fees, (including gross tuition of $112,560,350 and $116,568,085, respectively, pledged for bonds) net of scholarship allowances of $64,711,728 and $57,510,234, and bad debt expense of $2,764,200 and $3,441,008, respectively	$ 117,520,236	$ 124,112,759
Fee for service	50,507,120	42,948,386
Sales and services of educational departments	143,170	87,798
Sales and services of auxiliary enterprises	16,368,710	14,631,106
Federal grants and contracts	9,390,991	10,470,420
State grants and contracts	36,246,624	28,316,637
Local grants and contracts	64,089	185,570
Private grants and contracts	646,224	447,569
Operating interest income	428,915	410,352
Other operating revenues	7,174,773	5,543,436
Total operating revenues	238,490,852	227,154,033
Operating expenses:		
Instruction	95,305,649	77,985,287
Research	629,432	418,413
Public service	1,923,684	2,429,875
Academic support	31,191,876	23,058,318
Student services	27,770,199	25,163,128
Institutional support	40,430,141	35,033,958
Operation of plant	15,587,668	15,037,732
Scholarships and fellowships	7,776,027	25,214,128
Auxiliary enterprise expenditures	57,597,122	47,245,167
Depreciation and Amortization	16,740,156	15,156,649
Total operating expenses	294,951,954	266,742,655
Operating Income/(loss)	(56,461,102)	(39,588,622)

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

		2023	2022 (restated)
Nonoperating revenues (expenses):			
Pell grants	$	27,069,735	25,200,668
Federal Stimulus		4,093,304	48,040,042
Intergovernmental revenue (including $1,196,606 and $1,238,205, respectively, pledged for bonds)		1,196,606	1,238,205
Investment and interest income (including realized interest of $4,395,310 and $1,635,212, respectively, pledged for bonds)		3,437,342	(7,120,168)
Interest expense on capital asset related debt		(5,624,292)	(5,742,458)
Debt Issuance Costs		–	(238,684)
Loss on sale/disposal of fixed assets		(125,055)	(157,123)
Nonoperating gifts and donations		6,928,284	5,225,915
Perkins Loan termination		713,630	325,109
State PERA contribution		2,479,440	930,139
Other nonoperating		646,397	872,341
Net nonoperating revenue		40,815,391	68,573,986
Income before other revenues		(15,645,712)	28,985,363
Other revenues			
Capital contributions from the state		5,091,323	1,600,542
Capital student fees, (including gross fees of $6,964,962 and $6,966,406 respectively, pledged for bonds) net of scholarhip allowances of $3,476,358 and $3,077,660, and bad debt expense of $207,911 and $195,137, respectively		6,262,350	6,673,795
Total other revenues		11,353,673	8,274,337
Increase/(Decrease) in net position		(4,292,039)	37,259,700
Net position at beginning of year		33,761,817	(3,940,736)
Restatement-Change in Accounting Principle		–	442,853
Net position at beginning of year, as restated		–	(3,497,883)
Net position at end of year	$	29,469,778	$ 33,761,817

See accompanying notes to basic financial statements.

METROPOLITAN STATE UNIVERSITY OF DENVER
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions of Financial Assets	$ 66,286	$ 14,806,702	$ 14,872,988
Contributions of Nonfinancial Assets:			
In-Kind Contributions	-	60,423	60,423
Endowment Management Fees	367,242	-	367,242
Gross Special Events Revenue	-	85,590	85,590
Less: Cost of Direct Benefits to Donors	-	(3,379)	(3,379)
Net Special Events Revenue	-	82,211	82,211
Net Investment Gain	1,116,051	1,960,005	3,076,056
Rent and Other Income	309,552	-	309,552
Reclassification of Restricted Net Assets	-	-	-
Net Assets Released from Restrictions	7,678,953	(7,678,953)	-
Total Revenue, Support, and Gains	9,538,084	9,230,388	18,768,472
EXPENSES			
Program Services Expense:			
Support Provided to University	7,543,061	-	7,543,061
Alumni Relations Operating Expenses	806,806	-	806,806
Total Program Services Expense	8,349,867	-	8,349,867
Supporting Services Expense:			
General and Administrative Costs	2,449,162	-	2,449,162
Donor Development Costs	2,051,282	-	2,051,282
Total Supporting Services Expense	4,500,444	-	4,500,444
Total Expenses	12,850,311	-	12,850,311
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(3,312,227)	9,230,388	5,918,161
Equity Transfer - Donated Services from Affiliate	4,382,639	-	4,382,639
CHANGE IN NET ASSETS	1,070,412	9,230,388	10,300,800
Net Assets - Beginning of Year	6,057,692	31,468,328	37,526,020
NET ASSETS - END OF YEAR	$ 7,128,104	$ 40,698,716	$ 47,826,820

METROPOLITAN STATE UNIVERSITY OF DENVER
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions of Financial Assets	$ 188,290	$ 9,711,646	$ 9,899,936
Contributions of Nonfinancial Assets:			
In-Kind Contributions	-	56,511	56,511
Endowment Management Fees	414,137	-	414,137
Gross Special Events Revenue	77,630	-	77,630
Less: Cost of Direct Benefits to Donors	(5,885)	-	(5,885)
Net Special Events Revenue	71,745	-	71,745
Net Investment Loss	(1,910,606)	(3,905,730)	(5,816,336)
Rent and Other Income	341,632	-	341,632
Net Assets Released from Restrictions	5,280,743	(5,280,743)	-
Total Revenue, Support, and Gains	4,385,941	581,684	4,967,625
EXPENSES			
Program Services Expense:			
Support Provided to University	4,949,462	-	4,949,462
Alumni Relations Operating Expenses	524,834	-	524,834
Total Program Services Expense	5,474,296	-	5,474,296
Supporting Services Expense:			
General and Administrative Costs	2,251,380	-	2,251,380
Donor Development Costs	1,986,300	-	1,986,300
Total Supporting Services Expense	4,237,680	-	4,237,680
Total Expenses	9,711,976	-	9,711,976
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(5,326,035)	581,684	(4,744,351)
Equity Transfer - Donated Services from Affiliate	3,526,594	-	3,526,594
CHANGE IN NET ASSETS	(1,799,441)	581,684	(1,217,757)
Net Assets - Beginning of Year	7,857,133	30,886,644	38,743,777
NET ASSETS - END OF YEAR	$ 6,057,692	$ 31,468,328	$ 37,526,020

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS TYPE ACTIVITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash Received:		
Tuition and Fees	$ 115,400,336	125,619,914
Fee for Service	53,827,739	42,948,386
Sales of Services	16,518,202	15,723,548
Grants and Contracts	42,328,657	40,653,088
Student Loans Collected	843,611	1,282,781
Direct Lending Inflows	59,397,915	57,983,891
Other Operating Receipts	6,991,903	6,142,079
Cash Payments:		
Payments to or for Employees	(179,762,174)	(157,302,661)
Payments to Suppliers	(91,174,217)	(89,895,498)
Scholarships Disbursed	(7,370,699)	(25,214,128)
Direct Lending Outflows	(59,560,937)	(58,221,717)
Net Cash provided (used) by operating Activities	(42,559,664)	(40,280,318)
Cash Flows from Noncapital Financing Activities:		
Federal Stimulus	2,072,655	66,998,904
Non-Operating Gifts & Donations	5,571,515	5,202,829
Pell Grants	27,082,118	25,178,174
Net Cash provided (used) by Noncapital Financing Activities	34,726,288	97,379,906
Cash Flows from Capital & Related Financing Activities:		
Interest Subsidy	1,200,357	1,512,471
Debt Issuance Cost	-	(249,508)
Lease Asset and SBITA Payments	(6,234,692)	(1,222,630)
Proceeds from rental income	590,909	873,806
Interest on Capital Asset Related Debt	(5,754,121)	(5,829,063)
Proceeds from bond sale	-	2,604,212
Principal paid on bonds	(5,805,000)	(5,465,000)
Notes Payable and Finance Purchase Option Leases	(680,205)	(649,884)
Proceeds from State Capital Contributions	4,690,086	1,600,542
Proceeds from Capital Student Fee	6,202,252	6,644,106
Acquisition of Capital Assets	(7,601,717)	(3,664,595)
Net cash provided (used) by Capital & Related Financing Activities	(13,392,131)	(3,845,544)
Cash Flows from Investing Activities:		
Investment Earnings	3,437,940	(7,120,168)
Collection of Loans	16,250	11,250
Sale of Investments	190,634	-
Purchase of Investments	(80,000)	(80,000)
Net Cash provided (used) by Investing Activities	3,564,824	(7,188,918)
Net Increase (Decrease) in cash	(17,660,683)	46,065,126
Beginning Cash Balance	156,715,098	110,649,972
Ending Cash Balance	139,054,415	156,715,098
Ending Cash Balance per Statement of Net Position	139,054,415	156,715,098

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS TYPE ACTIVITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023	2022 (restated)
Reconciliation of net operating loss to net cash used in operating activities:		
Operating Income (loss)	$ (56,461,102)	$ (39,588,622)
Adjustment to reconcile:		
Depreciation and Amortization expense	16,740,156	15,156,649
Direct Lending/Other Expenses	550,608	91,089
Provision for bad debt	976,980	4,694,540
State PERA contribution	2,479,440	930,139
Decrease (increase) in assets:		
Accounts receivable – student	40,123	(4,627,768)
Loans receivable	718,490	817,297
Prepaid expense	715,985	945,454
Accounts receivable – other	(2,351,151)	(2,603,397)
Increase in deferred outflows:		
Deferred pension outflow	(15,791,300)	7,342,587
Deferred other post employment benefits outflow	(203,480)	(35,940)
Increase (decrease) in liabilities/deferred inflows:		
Net pension liability	46,550,893	(34,268,580)
Net other post employment benefits liability	(166,364)	(712,904)
Deferred pension inflow	(36,359,548)	4,701,937
Deferred other post employment benefits inflow	(326,044)	92,636
Accounts payable	1,169,968	(938,497)
Unearned revenue	(420,434)	7,935,030
Accrued payroll	422,995	351,523
Other liabilities	(845,879)	(563,491)
Net cash used in operating activities	$ (42,559,664)	$ (40,280,318)
Noncash transactions		
Retirement of capital assets	$ (125,055)	$ (157,122)
Write-off of uncollectible accounts receivable	2,077,313	3,511,265
Write-off of uncollectible loans receivable	1,149,899	614,910
Amortization of premiums and discounts on debt	(56,828)	(1,861,240)
Bond refundings	-	(68,840,788)
Acquisition of leased equipment and SBITA's	(9,400,720)	(749,584)
Bad Debt Expense	2,938,847	4,035,298
Gain on Debt Defeasance	-	764,065
Fair value change in derivative instrument	2,482,480	6,547,266

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) *Governance*

The accompanying financial statements reflect the financial activities of Metropolitan State University of Denver (the University or MSU Denver) for the fiscal years ended June 30, 2023 and 2022. Effective July 1, 2002, Colorado Revised Statute (C.R.S.) 23-54-102 established the Board of Trustees (Trustees) of the University to serve as the University's governing board. Nine of the eleven Trustees are members outside the University who are appointed by the Governor with the consent of the Senate. The remaining two members consist of a student, elected by the student body, and a faculty member, elected by tenure and tenure track faculty. Both of these members are non-voting members. The Trustees have full authority and responsibility for the control and governance of the University, including such areas as role and mission, academic programs, curriculum, admissions, finance, personnel policies, etc. To exercise their authority appropriately, the Trustees regularly establish policies designed to enable the University to perform its statutory functions in a rational and systematic manner. To assist them in meeting their responsibilities, the Trustees delegate to the President the authority to interpret and administer their policies in all areas of operations.

(b) Reporting Entity

The State of Colorado (the State) is the primary governmental reporting entity for State financial reporting purposes. For financial reporting purposes, the University is included as part of the State's primary government. The financial statements of the University, which is an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of Colorado that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted (GAAP) in the United States of America. Financial results for the State of Colorado are presented in separate state-wide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State is available in these statewide financial statements. The accounting policies of the University conform to GAAP, as applicable to government units.

On August 17, 2010, the University's Board of Trustees approved the creation of the Metropolitan State University of Denver Roadrunner Recovery and Reinvestment Act Finance Authority (the Authority), which was responsible for issuing bonds to fund the construction of a Hotel and Hospitality Learning Center (HLC). They also approved the incorporation of a special-purpose nonprofit corporation to be known as "HLC@Metro, Inc." The special-purpose corporation was the most advantageous way to structure the University's relationship with the HLC by obtaining the lowest possible cost of financing, reducing the University's potential exposure for the debt obligations associated with the project, and maintaining the greatest level of control of the project. In October 2010, $54.9 million in bonds were issued by the Authority and were subsequently transferred to the HLC@Metro, Inc. The Authority had no additional transactions nor did any resources remain with the Authority. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, paragraph 47, the discrete presentation of the Metropolitan State University of Denver Foundation, (the Foundation) financial statements appear on separate pages from the financial statements of the University, while the HLC@Metro Inc. and the Authority's financial statements are blended into the University's. Beginning in fiscal year 2021, after the University acquired the hotel and most of the HLC@Metro Inc's. other assets and liabilities, the role and mission of the HLC@Metro Inc. changed from overseeing the operations of the hotel to an advisory board for the University. That transformation required a change in presentation of financial information from a discrete presentation to blended. The Authority and the HLC@Metro Inc. had no financial position as of June 30, 2023 or 2022. The Foundation, the HLC@Metro, Inc. and the Authority warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationships with the University. Please refer to note 20 for additional discussion.

(c) Basis of Accounting

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

The University applies all applicable GASB pronouncements.

(d) Accounting Policies/Definitions

Auraria Higher Education Center (AHEC): AHEC is a separate legal entity created by the State of Colorado under Article 70 of Title 23 of the Colorado Revised Statutes (CRS). AHEC plans, manages and operates the physical plant, facilities, buildings, and grounds of the Auraria campus on which MSU Denver, the University of Colorado at Denver (UCD), and the Community College of Denver (CCD) all reside.

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, demand deposits, restricted cash, and certificates of deposit with financial institutions, pooled cash with the Colorado State Treasurer (the Treasurer), and all highly liquid investments with an original maturity of three months or less, except those deposits and investments representing endowments, or those investments intended to be held longer than three months regardless of original maturity date.

Restricted Cash: Restricted cash includes amounts whose use is constrained through either external party restrictions or imposition by law. Restricted purposes include unspent bond proceeds, as well as contractually restricted cash for the HLC@Metro Inc.

Accounts Receivable: Accounts receivable results primarily from tuition, fees, other charges to students, and grants.

Investments: Investments are stated at their fair value, which is determined based on quoted market prices. Changes in fair value of investments are reported as a component of investment income.

Classifications of investments as current or noncurrent is based on the maturity of the asset. Current investments are those that are set to mature in a year or less and noncurrent are those with a maturity of greater than a year.

Bond Issuance Costs: Bond issuance costs incurred on revenue bonds are expensed in the year the bond issue occurs.

Capital Assets: Equipment, buildings, construction in progress, and leasehold and land improvements are stated at their cost at the date of acquisition or acquisition value at the date of donation. A physical inventory of all capital assets is taken annually with appropriate adjustments made to the financial records. The University's policy of capitalizing assets is to do so when there is an initial cost or fair value equal to or greater than $10,000 for assets purchased with non-grant funds. For capital assets purchased with grant funds, a threshold of $5,000 is used.

Leasehold Improvements: Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized as leasehold improvements. For renovations and improvements, the capitalization policy includes items with a value of $50,000 or more. Routine repairs and maintenance are charged to operating expense.

Depreciation and Amortization: Depreciation is computed using the straight-line, half year convention method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 10 years for capitalized computers, 3 to 5 years for software, 3 to 50 years for other equipment, 12 years for modular buildings, 27 to 40 years for buildings, and 2 to 45 years for leasehold/land improvements. Amortization is computed using the straight-line, monthly convention over the shorter of the lease term or the useful lives. Estimated useful lives range from 2 to 13 years for right to use assets and subscription-based information technology assets.

Deferred Outflows of Resources: Consumption of net position that applies to future periods; therefore, expenses/expenditures are not recognized until that time. PERA contributions that the University makes subsequent to PERA's measurement date results in a deferred outflow of resources, as does the net difference between projected and actual experience, changes of assumptions or other inputs, and the net difference between projected and actual investment earnings by PERA. Additionally, there is a mark to market valuation on the University's swap agreement that is reported as a deferred outflow of resources and a derivative instrument liability in fiscal year 2022.

Lease Receivable: In accordance with GASB 87 and GASB 96, a lessor recognizes a lease receivable at the commencement of the lease term measured at the present value of lease payments expected to be received during the lease term. Payments received by the University, less implicit interest revenue, reduces the lease receivable over the term of the lease. Lease receivable amounts are segregated between current and noncurrent.

Right to Use Asset: In accordance with GASB 87 and GASB 96, a lessee recognizes an intangible asset known as right to use, at the commencement of the lease term measured at the initial measurement of the lease and subscription liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The University amortizes the right to use asset over the shorter of the lease term or the useful life of the underlying asset. Such amortization expense is included with depreciation expense in the accompanying financial statements.

Subscription-Based Information Technology Arrangement (SBITA): A SBITA is a contract that conveys control of the right to use another party's software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange like transaction. This definition excludes contracts that solely provide information technology (IT) support services but includes contracts that contain both a right-to-use IT asset component and an IT support service.

Unearned Revenue: Unearned revenue consists of amounts received from the provision of educational goods and services that have not yet been earned. The University prorates the summer session revenues based on the amount of time in the summer semester that has occurred before and after June 30th. Any grant funds received in excess of grant expenditures are also recorded as unearned revenues, and the institutional portion of the Higher Education Emergency Relief Funds (HEERF) are only recognized up to the amounts proportionally equal to the Student portion that has been spent as of June 30th.

Lease Liability and Subscription Liability: In accordance with GASB 87 and GASB 96, for leases in which the University is a lessee, the University recognizes a lease liability and subscription liability at the commencement of the lease term, unless the lease is a short-term lease, is a lease with another state of Colorado agency, or transfer's ownership of the underlying asset.

The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The University reduces the lease liability as payments are made less explicit or implicit interest expense in accordance with the agreement. Leases payable amounts are segregated between current and non-current.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from PERA fiduciary net position have been determined on the same basis as they are reported by PERA. PERA uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs: For purposes of measuring the net other postemployment benefit (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 Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from PERA fiduciary net position have been determined on the same basis as they are reported by PERA. PERA uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, PERA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources: Acquisition of net position by the University applicable to a future reporting period. Amortization of the University's change in proportionate share of PERA's unfunded pension and other post-employment benefit (OPEB) liabilities results in a deferred inflow of resources as does the changes of assumptions or other inputs of the pension and OPEB plans. There is also a deferred inflow from leasing space to others. Additionally, there is a mark to market valuation on the University's swap agreement that is reported as a deferred inflow of resources and a derivative instrument asset in fiscal year 2023. There is also an advance refunding of the Series 2016 bonds, resulting in a defeasance of the debt, is reported as a deferred inflow of resources on the Statement of Net Position and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter in an amount that equals the difference between the re-acquisition price and the net carrying amount of the old debt.

Net Position: Net position is classified in the accompanying financial statements as follows:

- *Net investment in capital assets* represents the total capital assets net of depreciation and related debt.

- *Restricted for expendable purposes* represents net resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Unrestricted* represents net resources derived from sources such as student tuition and fees, fee-for-service contracts, and College Opportunity Fund (COF) stipends. These resources are used for transactions relating to the educational and general operations of the University to meet current expenses for any purpose. These resources also include those from auxiliary enterprises that are substantially self-supporting activities that provide services for students, faculty, and staff.

Classification of Revenues and Expenses: The University has classified its revenues and expenses as either operating, nonoperating, or other according to the following criteria:

- *Operating revenues and expenses* generally result from providing goods and services for instruction, public service, or related support services to an individual or entity separate from the University. Examples include student tuition and fees, fee-for-service contracts, sales and services of auxiliary enterprises, and grants and contracts.
- *Nonoperating revenues and expenses* do not meet the definition of operating revenues, and include federal bond interest subsidies, Pell grants, Federal stimulus funds, gifts, investment income, rental income, State PERA contributions, and interest expense.
- *Other revenues* consist of funding from the state for capital projects, and the capital student fee paid by students for capital improvements.

Scholarship Allowance: Scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by the students or by other third parties making payments on the student's behalf. In the accompanying financial statements, the gross student tuition and fee revenues are reported less the scholarship discounts and allowances. The University's resources provided to students as financial aid are recorded as scholarship allowances to the extent that they are used to satisfy tuition and fees and other qualified student charges. Any excess resources are recorded as student aid operating expenses.

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

Compensated Absences Policy: Employees' compensated absences are accrued when earned and are recognized based on vacation and sick leave balances due to employees at year-end upon termination. Employees accrue and vest in vacation and sick leave based on their hire date and length of service. Vacation accruals are paid in full upon separation, whereas only 25% of sick leave is paid upon specific types of separation, such as retirement from the Classified Personnel system, or separation after ten years of service for Administrative employees. The current portion of compensated absences liability in the statements of net position is calculated based on an estimated average amount for the past three fiscal years.

Income Taxes: As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code (IRC) and a similar provision of State law. However, the University is subject to federal income tax on any unrelated business taxable income. The University did not have any significant unrelated business taxable income in fiscal year 2023 or 2022.

Use of Estimates: The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(e) Adoption of New Accounting Standards

Effective for the fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA*). GASB 96 applies to government agencies who are currently using information technology (IT) software and establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. Prior to this statement there was no accounting or financial reporting guidance specifically on SBITAs, and has led to the recognition of SBITA assets and lease asset liabilities for software such as the University's ERP, Workday as well as Canvas, the student academic portal, and Cashnet the cashiering system. The adoption for GASB 96 has been applied retroactively. See note 22 for more information.

Effective for the fiscal year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases*. This standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Previously reported operating leases for Dell computers were the primary modification as a result of this standard. There was also a reclassification of the Science Building from a capital lease to notes payable on the basis that it was with another state agency.

(2) Cash and Cash Equivalents and Investments

(a) *Cash and Cash Equivalents*

At June 30, cash on hand and in banks consisted of the following:

Cash and Cash Equivalents		**30-Jun-23**		**30-Jun-22**
Cash on hand	$	27,129	$	32,427
Reconciled depository account balances	$	8,639,724	$	2,451,654
Deposit at Treasury	$	140,103,848	$	162,473,852
Deposit at Treasury unrealized (loss)/gain	$	(9,716,286)	$	(8,242,835)
Total cash and cash equivalents, including restricted balances	$	139,054,415	$	156,715,098

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for any public entity's investments. GASB Statement No. 72, *Fair Value Measurement and Application*, requires investments to be recorded at fair value.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be recovered. To manage custodial credit risk, deposits with financial institutions are made in accordance with University and State policy, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under the PDPA are considered to be collateralized with securities held by the pledging institution in the University's name. As of June 30, 2023, $250,000 of the cash in checking and depository accounts was covered by federal depository insurance and the remainder by collateral held by the financial institution's agent in the University's name, as required by the PDPA.

The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023 and 2022, the University had cash on deposit with the State Treasurer of $140,103,848 and $162,473,852, respectively, which represented approximately .69 percent of the total $18,810.9 million and .73 percent of the total $21,060.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023 the Pool's resources included $35.0 million of cash on hand and $18,775.8 million of investments. The $140,103,848 and $162,473,852 on deposit as of June 30, 2023 and 2022, respectively, includes $11,350,095 and $7,905,242 of restricted cash as of June 30, 2023 and 2022, respectively, which as of June 30, 2023 and 2022 is both the cash reserves the University is contractually obligated to set aside for the hotel operations as well as the unspent proceeds of the Series 2019 bonds and Series 2022 bonds (see note 7 for further information pertaining to bonds).

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

For the University's deposits with the State Treasury, the University had a net unrealized loss of $1,473,451 and $8,910,995 in fiscal year 2023 and 2022, respectively. These net unrealized losses are included in cash and cash equivalents on the statements of net position.

Additional information on investments of the Pool may be obtained in the State's annual comprehensive financial report for the year ended June 30, 2023.

(b) Investments

1) As of June 30, 2023 and 2022, the University has invested $0 and $190,634 respectively in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established by state statute for government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is a 2a7-like investment pool, and the University's investment is rated as AAAm by Standard and Poor's. COLOTRUST pooled investments are excluded from the custodial credit risk and interest rate risk disclosure requirements and is exempt from the fair value requirements of GASB 72. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. At June 30, 2023 and 2022, the fair value of the University's investment remained at $0 and $190,634, respectively.

2) The University categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. This statement generally requires investments to be measured at fair value; however, investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, etc. This standard establishes a hierarchy of inputs for valuation techniques used to measure fair value. That hierarchy has three levels.

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
   - Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly.
   - Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

As of June 30, 2023, and 2022, the University has reoccurring fair value measurements of $683,423 and $582,129, respectively, invested in TIAA/CREF Lifecycle Mutual funds, known as 415(m) funds. This investment is valued using quoted market prices (Level 1 inputs).

All mutual funds are subject to market risk, including possible loss of principal. The specific asset allocations for the Lifecycle funds as of June 30, 2023, and 2022 are reflected in the table below *(percents may not total to 100.00% due to rounding)*:

Current Asset Allocation for TIAA Portfolio I		
	06/30/23	06/30/22
Guaranteed	0%	0%
Equities	0%	0%
Real Estate	0.03%	0.03%
Fixed Income	0%	0%
Mulit-Asset	99.97%	99.97%
	100%	**100%**
Current Asset Allocation for TIAA Portfolio II		
	06/30/23	06/30/22
Guaranteed	10.29%	11.04%
Equities	58.54%	55.14%
Real Estate	8.71%	10.52%
Fixed Income	8.68%	9.52%
Mulit-Asset	13.78%	13.78%
	100%	**100%**

(a) Custodial Credit Risk

100% of the investments are held by the custodian brokerage firm in the name of the University. However, as a mutual fund it is not covered by depository insurance.

(b) Credit Quality Risk

The Morningstar Rating is a quantitative assessment of a fund's past performance for both return and risk, as measured from one to five stars. It uses focused comparison groups to better measure fund manager skill. Morningstar rating has ranked the Lifecycle 2020 and 2030 fund four out of five stars for the overall Morningstar rating. This investment is not rated by a different rating agency other than Morningstar.

(c) Foreign Currency Risk

The TIAA/CREF 2020 Lifecycle Mutual fund has 14.69% and 14.3% in international equities in fiscal year 2023 and 2022 respectively and It may also invest up to 20% of its bond assets in fixed income securities of foreign issuers, including emerging markets.

(3) Capital Assets

The following tables, present changes in capital assets and accumulated depreciation for the years ended June 30, 2023 and 2022:

	Balance June 30, 2022 (restated)	Additions	CIP transfers	Retirements/ Adjustments	Balance June 30, 2023
Land	1,005,185	-	-	-	1,005,185
Construction in progress	2,262,524	6,811,128	(827,689)	(711,948)	7,534,015
Depreciable capital assets					-
Equipment/Software	26,883,648	805,160	699,091	(1,604,243)	26,783,656
Buildings	140,674,773	-		-	140,674,773
Leasehold Improvements	65,778,746	-	128,598	-	65,907,344
Right to Use					-
Equipment	3,546,465	3,250,524	-	(1,255,153)	5,541,836
Buildings	2,846,222	388,093	-	(389,952)	2,844,363
Subscription-Based Information Technology Arrangements	15,797,739	5,762,103	-	(1,660,253)	19,899,589
Less accumulated depreciation					
Equipment/Software	(18,888,684)	(2,495,639)	-	1,468,611	(19,915,712)
Buildings	(32,203,223)	(4,802,465)	-	-	(37,005,688)
Leasehold improvements	(38,290,879)	(4,847,499)	-	-	(43,138,378)
Right to Use					
Equipment	(1,945,892)	(1,162,945)	-	460,722	(2,648,115)
Buildings	(1,374,379)	(567,799)	-	389,952	(1,552,226)
Subscription-Based Information Technology Arrangements	(3,972,028)	(2,863,807)	-	2,454,684	(4,381,151)
Net Depreciable capital assets	158,852,509	(6,534,275)	827,689	(135,632)	153,010,291
Total capital assets, net	162,120,218	276,853	-	(847,580)	161,549,491

	Balance June 30, 2021 (restated)	Additions	CIP transfers	Retirements/ Adjustments	Balance June 30, 2022 (restated)
Land	1,005,185				1,005,185
Construction in progress	3,503,007	2,446,491	(3,677,560)	(9,414)	2,262,524
Depreciable capital assets					
Equipment/Software	23,920,001	693,755	3,617,456	(1,347,564)	26,883,648
Buildings	140,674,773	-	-	-	140,674,773
Leasehold Improvements	65,716,258	2,380	60,104	4	65,778,746
Right to Use					
Equipment	4,944,930	749,584	-	(2,148,048)	3,546,466
Buildings	2,846,222	-	-	-	2,846,222
Subscription-Based Information Technology Arrangements	5,831,420	10,550,995	-	(584,676)	15,797,739
Less accumulated depreciation					
Equipment/Software	(18,189,638)	(1,889,488)	-	1,190,442	(18,888,684)
Buildings	(27,197,247)	(5,005,976)	-	-	(32,203,223)
Leasehold improvements	(33,137,114)	(5,153,765)	-	-	(38,290,879)
Right to Use					-
Equipment	(3,087,166)	(1,006,775)	-	2,148,048	(1,945,892)
Buildings	(1,051,826)	(322,553)	-		(1,374,379)
Subscription-Based Information Technology Arrangements	(2,193,935)	(1,778,093)	-	-	(3,972,028)
Net Depreciable capital assets	159,076,678	(3,159,935)	3,677,560	(741,794)	158,852,508
Total capital assets, net	163,584,870	(713,444)	-	(751,208)	162,120,217

(4) Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2023, is as follows:

	June 30, 2022 (restated)	Additions	Deletions	June 30,2023	Amounts due within one year
Bonds payable	$ 125,989,895		$ (5,861,828)	$ 120,128,067	4,480,000
Notes payable	3,706,436		(544,486)	3,161,950	575,727
Financed purchase option payable	182,864		(135,719)	47,145	47,145
Right to use leases payable					
Equipment	1,271,279	2,346,785	(1,206,814)	2,411,250	956,953
Buildings	1,523,994	388,093	(745,316)	1,166,771	392,260
Subscription-Based Information Technology Arrangements	10,363,098	5,107,555	(2,716,773)	12,753,880	2,373,077
Compensated absences	7,664,339	438,912	(195,617)	7,907,634	979,060
Interest rate swap agreement	515,860		(515,860.00)	-	
Total noncurrent liabilties	151,217,765	8,281,345	(11,922,413)	147,576,697	9,804,223

A summary of the changes in long-term liabilities for the year ended June 30, 2022, is as follows:

	June 30, 2021 (restated)	Additions	Deletions	June 30,2022	Amounts due within one year
Bonds payable	$ 129,736,136	$ 71,445,000	$ (75,191,241)	125,989,895	4,340,000
Notes payable	4,224,144	-	(517,708)	3,706,436	544,486
Financed purchase option payable	315,040	-	(132,176)	182,864	135,719
Right to use leases payable					
Equipment	1,406,879	749,584	(885,185)	1,271,278	707,198
Buildings	1,861,440	-	(337,446)	1,523,994	357,224
Subscription-Based Information Technology Arrangements	3,194,632	8,695,582	(1,527,116)	10,363,098	1,485,989
Compensated absences	6,728,669	2,065,518	(1,129,847)	7,664,340	843,703
Interest rate swap agreement	7,063,126	-	(6,547,266)	515,860	
Total noncurrent liabilties	154,530,066	82,955,684	(86,267,985)	151,217,765	8,414,319

Interest Rate Swap Agreement and Embedded Borrowing

On September 30, 2020 MSU Denver executed a novation agreement which transferred the HLC@Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with Royal Bank of Canada (RBC) to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities on June 30, 2020. The Swap Agreement was entered with the objective of protecting against the potential increase of interest rates.

Pursuant to the interest rate swap, the University will pay RBC a fixed rate of 2.451% per annum. RBC will pay the University 80% of USD-LIBOR-BBA though June 30, 2023 and then 80% of SOFR afterward. In addition, the University was to pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR, plus 150 basis points. This arrangement produced an interest rate on the Series 2020 Bonds equal to approximately 3.95% and helped ensure the University could leverage a low interest rate in an otherwise unpredictable market. Subsequently, in August 2021 MSU Denver issued its Series 2021, Institutional Enterprise Revenue Refunding bonds directly to PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds required the University to pay PNC Bank 80% of LIBOR (through June 30, 2023 and then SOFR afterwards) plus 46 basis points which produced an effective interest rate of approximately 2.91%. The issuance of the Series 2021 bonds caused the swap to terminate and the related hedge accounting to cease. This required the value of the swap, or $7.7 million, at the time of termination (August 2nd, the issuance date of the Series 2021) to be amortized over the remaining life of the swap. However, the agreement with RBC remains an embedded borrowing and is also amortized over the life of the agreement exactly offsetting the interest expense from the swap amortization, resulting in no impact to the income statement. MSU Denver classified the embedded borrowing agreement in level 2 of the fair value hierarchy; whereby, RBC, the counterparty to the Agreement, determined the fair value as of June 30, 2023 and 2022 using an indicative mid-market valuation.

The Swap Agreement had a notional value of $48.7 million and a fair value of $2.0 million and a negative fair value of $516 thousand as of June 30, 2023 and 2022, respectively. The fair value of the Swap Agreement was recorded as an asset and deferred inflow of resources as of June 30, 2023, and a noncurrent liability and a deferred outflow of resources as of June 30, 2022. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

There can be risks inherent to interest rate swaps that the University addressed and monitors pursuant to entering into interest rate Swap Agreements:

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

Credit Risk: Credit Risk is the risk that the counterparty will not fulfill its obligations. MSU Denver considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2023, RBC's credit rating is rated Aa1 by Moody's and AA- by S&P.

The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $5.0 million and the credit rating is equal to A3 as rated by Moody's or A- as rated by S&P, or if threshold is zero but the credit ratings are Baa1 as rated by Moody's or BBB+ as rated by S&P.

Basis Index Risk: Basis Index Risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis Index Risk can also result from the use of floating, but different, indices.

(5) Lease Obligations

Right to Use Leases-Lessee

The University leases building space and computers from private organizations that meet the right to use (RTU) lease definition as outlined by GASB 87.

The building leases are between four and eleven years and contain escalation rates for a yearly increase in rent. Building payments include variable rates for taxes, insurance and repairs. The computer leases are between three and four years long and have variable payments based on the usage of the equipment, i.e. damages or late returns of leased computer equipment. All variable costs are excluded from the scope of GASB 87. There are no residual value guarantees.

Total rental payments for the years ended June 30, 2023 and 2022 under all RTU agreements as defined by GASB Statement No. 87 was $2,122,858 and $1,309,209 respectively. As of June 30, 2023, minimum future rentals required by these agreements are as follows:

GASB Statement No. 87 RTU Lease Payments

Payments Required	Principal	Interest
2024	$ 1,349,213	$ 98,316
2025	1,193,766	59,764
2026	682,413	26,696
2027	281,169	6,725
2028	71,461	358
	$ 3,578,022	$ 191,858

Right to Use Subscription Based Information Technology Agreements (SBITA)

The University leases software from private organizations that meet the right to use (RTU) lease definition as outlined by GASB 96.

The SBITA leases are between two and thirteen years and some contain escalation rates for a yearly increase in rent. Some SBITA payments include variable rates for numbers of users and usage. Contracts with an identifiable non-subscription portion have the non-subscription portion excluded. All variable payments that are not fixed by an index or rate are excluded from the scope of liability and asset measurement in GASB 96.

Total rental payments for the years ended June 30, 2023 and 2022 under all RTU agreements was $2,864,210 and $2,272,465, respectively. As of June 30, 2023, minimum future rentals required by these agreements are as follows:

GASB Statement No. 96 RTU Lease Payments

Payments Required	Principal	Interest

2024	$	2,373,077		203,174
2025		2,238,677		154,821
2026		1,391,561		109,106
2027		1,439,236		86,300
2028		857,393		63,055
2029-2033		3,612,624		174,711
2034-2038		841,311		9,599
	$	12,753,878	$	800,767

Leases-Lessor

The University leases building space to private organizations that meet the RTU lease definition as outlined by GASB 87.

The building leases range from five to ten years and the rental payments are fixed for a one year period and increase annually per the rental agreement. Variable payments are in the form of additional rent which is charged monthly based on the estimated annual utility charges related to the lease. This amount is trued up at the end of each year. Variable and utility charges are not included in the measurement of lease receivables per GASB 87.

Total rental payments received for the years ended June 30, 2023 and 2022 under all RTU agreements was $292,166 and $254,788, respectively. As of June 30, 2023, minimum future rentals payment required by these agreements are as follows:

Payments expected		Principal		Interest		Total
2024	$	275,472	$	14,321	$	289,793
2025		130,070		7,115		137,185
2026		42,202		5,204		47,407
2027		43,904		3,850		47,755
2028		15,186		2,924		18,110
2027-2033		73,614		5,798		79,412
	$	580,448	$	39,213	$	619,661

(6) Notes Payable

During fiscal year 2009, the University entered into an agreement with AHEC in the amount of $8,986,165 to finance the construction and acquisition of leasehold improvements for the new Science building on the Auraria Campus. The agreement expires in November 2027 and requires annual principal payments and semiannual interest payments. In fiscal years 2023 and 2022, the principal payments totaled $544,486 and $517,708, respectively, and interest payments equaled $189,834 and $217,716, respectively.

As of June 30, 2023, minimum future payments required by this agreement are as follows:

Payments Required	Principal	Interest
2024	$ 575,727	$ 160,428
2025	606,968	128,623
2026	640,441	94,320
2027	678,376	58,052
2028	660,438	19,696
	$ 3,161,950	$ 461,119

(7) Bond Obligations

Total outstanding bonds are summarized below:

Issue	Date issued	Amount Issued	June 30 2023	June 30 2022
2009 Taxable Institutional Enterprise Revenue Bonds	11/17/2009	55,190,000	37,895,000	39,540,000
2010 Taxable Institutional Enterprise Revenue Bonds	6/11/2010	10,575,000	7,420,000	7,720,000
Less discount on 2010 Bonds , net of Amortization			(25,422)	(26,917)
2014 (Direct Placement) Institutional Enterprise Revenue Bonds	6/13/2014	4,000,000	612,540	1,037,540
2016 Institutional Enterprise Revenue Bonds	1/27/2016	27,450,000	1,970,000	2,585,000
Plus premium on 2016 net of amortization			140,948	199,272
2019 (Direct Placement) Bank Qualified Enterprise Revenue Bonds	1/31/2019	8,250,000	3,725,000	4,905,000
2021 (Direct Placement) Bank Qualified Enterprise Revenue Bonds	8/2/2021	46,345,000	43,465,000	44,930,000
2022A (Direct Placement) Bank Qualified Enterprise Revenue Bonds	5/11/2022	23,085,000	23,085,000	23,085,000
2022B (Direct Placement) Bank Qualified Enterprise Revenue Bonds	5/11/2022	2,015,000	1,840,000	2,015,000
Total			$ 120,128,067	125,989,895

Non-Direct Placement Bonds

All of the University's non-direct placement bonds were offered for public sale. The principal and interest requirements on all non-direct placement outstanding bonds at June 30, 2023 are summarized in the table below. All non-direct placement debt has a fixed interest rate.

Fiscal Year	Principal	Interest	Total
2024	$ 2,640,000	$ 2,783,165	$ 5,423,165
2025	2,720,000	2,647,013	5,367,013
2026	2,810,000	2,494,255	5,304,255
2027	2,200,000	2,345,875	4,545,875
2028	2,275,000	2,210,094	4,485,094
2029-2033	12,570,000	8,833,998	21,403,998
2034-2038	14,860,000	4,597,410	19,457,410
2039-2043	7,210,000	497,886	7,707,886
	$ 47,285,000	$ 26,409,696	$ 73,694,696
Unamortized discount, net	(25,422)		
Unamortized premium, net	140,948		
	47,400,526		

(a) Series 2009

On November 17, 2009, the University issued $55,190,000 of Series 2009 Taxable Institutional Enterprise Revenue Bonds (Recovery Zone Economic Development Bonds) at par, bearing interest at 2.0% to 6.2%, for the purpose of financing the construction of the Student Success Building (SSB). The SSB added approximately 145,000 square feet of space for classrooms and faculty offices, specifically for MSU Denver students and professors. It also provides students with a central location for student support services.

The bonds are due in semiannual installments beginning in fiscal year 2012 with annual principal payments ranging from $1,295,000 to $2,875,000 through December 1, 2039. The interest payments on the bonds are eligible to receive a 45% subsidy from the federal government; however, in fiscal year 2013 the federal government issued a sequestration order which reduced the amount of the subsidy. As of June 30, 2023, the University received $842,394 less in total subsidy payments than what was expected before sequester. As of June 30, 2023 and 2022, the University has received $16,134,819 and $15,129,445, respectively, in subsidy payments since the bond's inception. These bonds are collateralized by future revenues the University has pledged. See note 8 for more information on pledged revenues.

(b) Series 2010

On June 11, 2010, the University issued $10,575,000 of Series 2010 Taxable Institutional Enterprise Revenue Bonds (Recovery Zone Economic Development Bonds), bearing interest at 1.8% to 6.0%, for the purpose of financing significant remodeling work that was done as University personnel moved to the SSB.

The bonds are due in semiannual installments beginning in fiscal year 2012 with annual principal payments ranging from $240,000 to $535,000 through December 1, 2040. The interest payments on the bonds are eligible to receive a 45% subsidy from the federal government; however, in fiscal year 2013 the federal government issued a sequestration order which reduced the amount of the subsidy. As of June 30, 2023 the University received $159,414 less in total subsidy payments than what was expected before sequester. As of June 30, 2023 and 2022, the University has received $2,899,963 and $2,707,844, respectively, in subsidy payments since the bond's inception. These bonds are collateralized by future revenues the University has pledged. See note 8 for more information on pledged revenues.

The Series 2010 bonds are shown net of unamortized discount of $25,422 and $26,917, as of June 30, 2023 and 2022, respectively.

(c) Series 2016

On January 27, 2016, the University issued $27,450,000 of Series 2016 Institutional Enterprise Revenue Bonds, bearing interest at 2.0% to 5.0%, for the purpose of financing a portion of the construction of a new Aerospace and Engineering Science building (AES). This new facility houses mechanical, electrical and civil engineering technologies; industrial design; and computer science to support an integrated curriculum, and promote collaborative research. This building was completed in the fall of 2017.

The bonds were due in semiannual installments beginning in fiscal year 2017 with annual principal payments ranging from $525,000 to $1,560,000 through December 1, 2045. However, on May 11, 2022 $21.5 million of the Series 2016 bonds were defeased in substance by the Series 2022A bonds. (see item "e" below in Direct Placement Bonds) at which point the related principal and premium amounts of the Series 2016 were removed from the University's balance sheet.

Direct Placement Bonds

The University has five direct placement bonds which were not issued to the public for sale and the terms were negotiated directly with the lender. All of the direct placement bonds are collateralized by future revenues the University has pledged. (See note 8 for more information on pledged revenues). Principal and interest requirements on all direct placement outstanding bonds at June 30, 2023 are summarized in the table below. The Series 2019, 2022A and 2022B direct placement bonds have a fixed interest rate and the Series 2014 and Series 2021 bonds have variable interest rates that are calculated as 65.001% of LIBOR (SOFR beginning on July 1. 2024), plus a tax free loan margin of 0.99% per annum for the Series 2014 and 80% of LIBOR (SOFR beginning on July 1. 2024) plus 46 basis points for the Series 2021.

For purposes of this table the rates used to calculate future interest owed on the Series 2014 and Series 2021 bonds were the rates that were in effect as of June 30, 2023.

Fiscal Year	Principal	Interest	Total
2024	$ 1,840,000	$ 2,244,743	$ 4,084,743
2025	3,152,540	2,149,955	5,302,495
2026	3,185,000	1,948,191	5,133,191
2027	2,735,000	1,822,258	4,557,258
2028	2,825,000	1,739,806	4,564,806
2029-2033	15,445,000	7,362,097	22,807,097
2034-2038	17,355,000	4,994,065	22,349,065
2039-2043	21,885,000	2,437,921	24,322,921
2044-2048	4,305,000	246,094	4,551,094
	$ 72,727,540	$ 24,945,129	$ 97,672,669

(a) Series 2014

On June 13, 2014, the University issued Series 2014 Institutional Enterprise Revenue Bonds not to exceed $4,000,000, at a variable interest rate equal to 65.001% of LIBOR (SOFR beginning on July 1. 2024) plus a tax free loan margin of .99% per annum. The purpose of these bonds was to provide funding for the completion of the new 12.5 acre athletic fields, which include eight tennis courts, a soccer stadium, and baseball and softball diamonds.

These bonds worked like a line of credit, where the University drew funds on an as needed basis. The outstanding principal amount is equal to the amount the University drew down. At the end of fiscal year 2017, the University drew the full $4 million, and there are no unused lines of credit available. Principal payments became due beginning in fiscal year 2016. The maturity date of these bonds is September 1, 2024. The outstanding bonds are all on parity and subject to the rights of the bondholders embedded in the Master Resolution and supplemental resolutions associated with each bond issue. There are no acceleration clauses. These bonds are not eligible for the bond subsidy payments from the federal government.

(b) Series 2019

On January 31, 2019, the University issued Series 2019 Bank Qualified Institutional Enterprise Revenue Bonds not to exceed $8,250,000, at a fixed interest rate of 2.680% per annum. The purpose of these bonds was to provide funding for the replacement of the gym bleachers, and a renovation of the main locker rooms, improving the safety and security, as well as improving ADA accessibility. The project was completed in fiscal year 2020.

There are no available lines of credit, and the outstanding bonds are all on parity and subject to the rights of the bondholders embedded in the Master Resolution and supplemental resolutions associated with each bond issue. There are no acceleration clauses. Principal payments become due on December 1, 2019. The maturity date of these bonds is December 1, 2025. These bonds are not eligible for the bond subsidy payments from the federal government.

(c) Series 2020

On April 17, 2020, the University issued $47,710,000 of Series 2020 Institutional Enterprise Revenue bonds. These bonds offer a variable interest rate equal to 80% of LIBOR (SOFR beginning on July 1, 2024) plus 150 basis points. The purpose of these bonds was to effectively defease the HLC@Metro Inc's. Series 2010 bonds, which the University guaranteed in order to provide greater flexibility in the allowable uses of the hotel. When the COVID-19 pandemic struck and predictions about the number of cases rose the State of Colorado needed additional hospital capacity. The hotel would have been a possible solution to serve as hospital patient overflow, but the HLC@Metro Inc's. Series 2010 bonds would not allow for this unconventional use of the hotel space. In order to serve MSU Denver's community and the needs of the State, the University issued the Series 2020 bonds which permitted the hotel to be used in this way. To date, the State has not needed to use the hotel for hospital space and it has continued to operate in its intended capacity as a hotel. The Series 2020 bond proceeds were used to purchase most of the HLC@Metro Inc's. assets and liabilities including the hotel. The HLC@Metro Inc. used the proceeds of that sale to defease the Series 2010 bonds in substance.

In August 2021, the $46,345,000 carrying value of the Series 2020 bonds was legally defeased with the $46,345,000 reacquisition price of the Series 2021 bonds (see item "d" below in Direct Placement Bonds) at which point the Series 2020 was removed from the University's balance sheet.

(d) Series 2021

On August 2, 2021, the University issued $46,345,000 of Series 2021 Institutional Enterprise Revenue Refunding bonds to legally defease $46,345,000 of outstanding Series 2020 bonds. The Series 2021 bonds offer a variable interest rate equal to 80% of LIBOR (SOFR beginning on July 1. 2024) plus 46 basis points due in monthly installments beginning in fiscal year 2022 with annual principal payments ranging from $1,415,000 to $4,550,000 from July 1, 2022 through July 1, 2043.

The defeasance of the Series 2020 with the Series 2021 resulted in a present value savings of $4,950,372 and a reduction of total debt service payments equal to $5,620,886 over the next 21 years.

There are no available lines of credit, and the outstanding bonds are all on parity and subject to the rights of the bondholders embedded in the Master Resolution and supplemental resolutions associated with each bond issue. There are no acceleration clauses. These bonds are not subject to the bond subsidy payments from the federal government.

(e) Series 2022A

On May 25, 2022, the University issued $23,085,000 of Series 2022A Institutional Enterprise Revenue Refunding bonds to defease, in substance, $21,520,000 of outstanding Series 2016 bonds. The Series 2022A bonds offer a fixed interest rate equal to 3.59% due in semiannual installments beginning in fiscal year 2023, with annual principal payments ranging from $15,000 to $1,485,000 from December 2022 to December 2045.

The net proceeds of $22,495,788 were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2016 bonds. Accordingly, those trust assets and the liabilities for the Series 2016 bonds are not reflected in the University's financial statements. The defeasance of most of the Series 2016 with the Series 2022A resulted in a present value savings of $1,869,269 and a reduction of total debt service payments equal to $4,849,385 over the next 24 years.

There are no available lines of credit, and the outstanding bonds are all on parity and subject to the rights of the bondholders embedded in the Master Resolution and supplemental resolutions associated with each bond issue. There are no acceleration clauses. These bonds are not subject to the bond subsidy payments from the federal government.

(f) Series 2022B

On May 25, 2022, the University issued $2,015,000 of Series 2022B Institutional Enterprise Revenue bonds. These bonds offer a fixed interest rate equal to 3.59% due in semiannual installments beginning in fiscal year 2023, with annual principal payments ranging from $175,000 to $230,000 from December 2022 to December 2032. The purpose of these bonds was to provide funding for the relocation of the Criminal Justice Department as a precursor to the construction of new nursing labs. The work related to this move is expected to be completed by the close of fiscal year 2025.

There are no available lines of credit, and the outstanding bonds are all on parity and subject to the rights of the bondholders embedded in the Master Resolution and supplemental resolutions associated with each bond issue. There are no acceleration clauses. These bonds are not subject to the bond subsidy payments from the federal government.

Principal and interest requirements on all outstanding bonds (non-direct and direct placement) at June 30, 2023 are summarized in the table below.

Fiscal Year		Principal		Interest		Total
2024	$	4,480,000	$	5,027,908	$	9,507,908
2025		5,872,540		4,796,968		10,669,508
2026		5,995,000		4,442,445		10,437,445
2027		4,935,000		4,168,133		9,103,133
2028		5,100,000		3,949,900		9,049,900
2029-2033		28,015,000		16,196,095		44,211,095
2034-2038		32,215,000		9,591,475		41,806,475
2039-2043		29,095,000		2,935,807		32,030,807
2044-2048		4,305,000		246,094		4,551,094
	$	120,012,540	$	51,354,824.49	$	171,367,365
Unamortized discount, net		(25,422)				
unamortized premium, net		140,948				
		120,128,067				

(8) Pledged Revenue

None of the University's buildings are used as collateral for the bonds; rather the University has pledged future revenues to repay $120,128,067 in outstanding revenue bonds. Pledged revenue includes all revenues derived from the facilities construction fee, all revenues derived from indirect cost recoveries (overhead) payable to research contracts and grants performed within the University's facilities, all revenues derived from mandatory fees for the provision of student and faculty services at the University, all revenues, net of operation and maintenance expenses, for the provision of continuing education services at the University, interest income, and federal interest subsidy payments received in connection with the bonds, and in fiscal year 2022 the University issued it's 10th supplemental bond resolution and changed the pledged revenues from 10% of tuition revenue to 100% of net tuition revenue.

Proceeds from the bonds provided financing for the construction of the SSB, the AAC, the AES, the purchase of the Hotel, and various major remodeling projects. The total remaining principal and interest payments, (excluding the federal subsidy payments) are expected to be $171,367,365 payable through fiscal year 2046. The total revenue pledged was $126,289,149 and $127,703,798, for June 30, 2023 and 2022, respectively.

The following table shows information for pledged revenues for fiscal years 2023 and 2022:

	2023	2022
Tuition	$ 97,790,136	$ 102,343,954
Mandatory Fees	14,770,215	14,224,131
Facility Fee	6,964,962	6,966,406
Unrestricted Net Income	4,395,310	1,635,212
Net Continung Education	645,360	451,766
Federal Subsidy	1,196,606	1,238,205
Indirect cost recovery	526,560	844,124
	$ 126,289,149	$ 127,703,798

(9) Other Liabilities

The Federal Perkins Loan Program Extension Act of 2015 expired and no additional legislation was passed to continue the extension. Therefore, beginning October 1, 2017, all colleges and universities were no longer allowed to award or disburse any new Perkins loans. As of June 30, 2023, Metropolitan State University of Denver has not liquidated/assigned the outstanding Perkins loans to the Department of Education (DoE) and will continue to service them. However, any excess liquid capital that has been received was allocated between the Federal Capital Contribution (FCC) and the Institutional Capital Contribution (ICC) and the FCC portion has been recorded as an “Other Liability” (current and non-current) in fiscal year 2023 and 2022 totaling $1,494,562 and $3,022,276, respectively.

(10) Compensated Absences

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public University and Universities*, require that compensated absences be broken out into current and noncurrent liabilities. Employees may accrue annual and sick leave based on the length of service and, subject to certain limitations regarding the amount, will be paid upon termination. The estimated costs of current compensated absences for which employees are vested for the years ended June 30, 2023 and 2022 are $979,060 and $843,703, respectively.

The estimated costs of noncurrent compensated absences for which employees are vested for the years ended June 30, 2023 and 2022 $6,928,574 and $6,820,636, respectively. Fiscal years 2023 and 2022 operating expenses include an increase of $243,294 and $935,671, respectively for the estimated compensated absence liability.

(11) Defined Contribution Retirement Plan

On September 10, 1993, the Board of Trustees of the State Colleges in Colorado adopted an Optional Retirement Plan (ORP) for faculty and exempt administrative staff under the authority of Senate Bill 92-127. The implementation date was May 1, 1994. Eligible employees were offered the choice of remaining in Public Employees' Retirement Association (PERA) (described in note 12) or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contribution pension plan with three investment managers, Fidelity Investments, TIAA, and AIG-VALIC, providing a range of investment accounts for participants. The University's required contribution to the ORP is 11.4% of covered payroll, and contribution by employees is 8% of covered payroll.

The University's contributions to the ORP for the fiscal year ended June 30, 2023, and 2022 were $9,773,806 and $8,726,003, respectively. The plan members' contributions for the fiscal year ended June 30, 2023, and 2022 were $6,918,320 and $6,215,995, respectively. These contributions were equal to the required contributions. All ORP contributions are immediately vested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and investment decisions made by participants for their individual accounts.

(12) Defined Benefit Pension Plan

i) Summary of Significant Accounting Policies

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

ii) General Information about the Pension Plan

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 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, the five year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

<u>Contribution provisions as of June 30, 2023</u>. Eligible employees and MSU Denver and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2021 through June 2023 are summarized in the table below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees except State Troopers)	10.50%	10.50%	11.00%	11.00%
State Troopers Only	12.50%	12.50%	13.00%	13.00%

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

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

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	10.40%	10.40%	10.40%	10.40%
Automatic Adjustment as specified C.R.S. § 24-51-413	.5%	.5%	1%	1%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF [1]	**19.93%**	**19.98%**	**20.48%**	**20.55%**

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $8,818,040 and $8,332,345, for the years ended June 30, 2023 and 2022 respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a non-employer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $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) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

A portion of the direct distribution allocated to the SDTF is considered a non-employer contribution for financial reporting purposes. As of December 31, 2022 and 2021, MSU Denver's proportionate share of this contribution was $2,479,440 and $930,139, respectively.

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

At June 30, 2023 and 2022, MSU Denver reported a liability of $135,981,212 and $89,430,319, respectively for its proportionate share of the net pension liability. The net pension liability for the SDTF as of June 30, 2023 and 2022 was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, and 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2022 and 2021. MSU Denver's proportion of the net pension liability was based on MSU Denver's contributions to the SDTF for the calendar year 2022 and 2021 relative to the total contributions of participating employers and the State as a non-employer contributing entity to the SDTF.

At December 31, 2022 and 2021, MSU Denver's proportion was 1.2506807222 percent and 1.2126080767 percent, respectively, which was an increase of .0380726455 percent. MSU Denver's proportion was 1.3041813264 percent at December 31, 2020, resulting in a decrease of .0915732497 percent from December 31, 2020 to 2021.

For the year ended June 30, 2023, and 2022, MSU Denver recognized pension expense of $5,697,525 and ($12,961,572), respectively. At June 30, 2023 and 2022, MSU Denver reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30 2023		June 30 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$	$ 1,823,155	$ 608,511	$ 124,414
Changes of assumptions or other inputs	-	-	3,188,529	
Net difference between projected and actual earnings on pension plan investments	17,287,772	-	-	30,775,362
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,256,977	2,403,762	-	9,686,688
Contributions subsequent to the measurement date	4,304,375	-	4,260,783	-
Total	$ 23,849,123	$ 4,226,917	$ 8,057,823	$ 40,586,464

The $4,304,375 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024		2,224,508
2025		4,449,438
2026		4,321,943
2027		4,321,943

Actuarial Assumptions. The total pension liability (TPL) in the December 31, 2021 and 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Dec 31, 2021	**Dec 31, 2020**
Actuarial cost method	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent
Real wage growth	.70 percent	.70 percent
Wage inflation	3.00 percent	3.00 percent
Salary increases, including wage inflation members other than State Troopers	3.30 – 10.90 percent	3.30-10.90 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Post-retirement benefit increases:		
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.00 percent compounded annually	1.00 percent compounded annually
PERA Benefit Structure hired after 12/31/06[1] (ad hoc, substantively automatic)	Financed by Annual Inc. Reserve	Finance by Annual Inc. Reserve

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

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

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

Post-retirement non-disabled mortality assumptions for members other than

State Troopers were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

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

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

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

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

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

Discount rate. As of December 31, 2022 and 2021 the discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

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

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

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

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

Sensitivity of MSU Denver'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 as of June 30, 2023 and 2022, calculated using the discount rate of 7.25 percent for both years presented, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

As of June 30, 2023	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	173,836,153	135,981,212	104,138,030

As of June 30, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	126,138,257	89,430,319	58,570,813

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.

IV. Payables to the pension plan

MSU Denver had a $707,888 and $711,382 payable to the SDTF as of June 30, 2023 and 2022, respectively, which was comprised entirely of the June contributions legally required to be made to the plan.

(13) Other Retirement Plans

i) Defined Contribution Retirement Plan (DC Plan)

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

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

Funding Policy – All participating employees in the PERA DC Plan and the University are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2021 through June 30, 2023 are summarized in the tables below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:				
Employee contribution (all employees except State Troopers)	10.50%	10.50%	11.00%	11.00%
State Troopers Only	12.50%	12.50%	13.00%	13.00%
Employer Contribution Rates:				
On behalf of all employees except State Troopers)	10.15%	10.15%	10.15%	10.15%
State Troopers Only	12.85%	12.85%	12.85%	12.85%

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

	As of June 30, 2023	As of June 30, 2022
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 1	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-4131	1.00%	.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-15051	.25%	.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.10%	.10%
Total employer contribution rate to the SDTF[1]	**11.35%**	**10.85%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. During fiscal year 2023 and 2022 MSU Denver had zero and one member, respectively, in the PERA DC Plan; with employer contributions totaling $0 and $1,088, respectively, which was equal to the required contribution amounts. There were no outstanding payables due to PERA as of June 30, 2023, or 2022 for the PERA DC plan.

ii) Student Retirement Plan

Beginning in fiscal year 1993, in accordance with the provision of C.R.S. 24-

54.6-101, and a provided in Section 403(b) of the IRC, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees taking fewer than six hours each semester are required to participate. The plan requires a 7.5% contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan for the University for the fiscal years ended June 30, 2023 and 2022 was $910,863 and $2,680,947, respectively. Employee contributions for the fiscal years ended June 30, 2023 and 2022 were 7.5% of the covered payroll in the amount of $68,110 and $201,073, respectively.

14) Optional Investment Plans

i) 401(k) Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions.

ii) Deferred Compensation Plan

a) The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009 as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. Participants are allowed to make contributions of up to 100 percent of their annual gross salary (reduced by the percentage of their PERA contribution) to a maximum of the IRS limits for 457 plans. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional contribution in both calendar years 2022 and 2021. Contributions and earnings are tax-deferred.

b) On July 1, 2013, the University also established a TIAA/CREF Lifecycle Excess Benefit 415(m) plan. The assets of this plan are owned and controlled by the University and are subject to the claims of the University's creditors; however, given that they are held in trust for the exclusive benefit of the participants and their beneficiaries, the employees have a vested interest. The excess benefits in this plan are not available to employees until termination, retirement, death or unforeseeable emergency. See note 2 for details of this plans' assets. As of June 30, 2023 the 415(m) plan had two participants.

(15) Defined Benefit Other Post-Employment Benefits (OPEB)

i) Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB*. Metropolitan State University of Denver* 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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

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

Benefits provided*.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools

(DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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 University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Metropolitan State University of Denver were $422,258 and $387,852 the years ended June 30, 2023 and 2022, respectively.

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

At June 30, 2023 and 2022, the University reported a liability of $3,242,337 and $3,408,702, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, and 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022 and 2021, the University's proportion was 0.3971121755 percent and 0.3953011646 percent, respectively, which was a decrease of .0018110109 percent and .0384493494 percent from its proportion measured as of December 31, 2021 and 2020, respectively.

For the years ended June 30, 2023 and 2022 the University recognized OPEB expense of ($273,631) and ($268,356), respectively. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 421	$ 784,106	$ 5,194	$ 808,245
Changes of assumptions or other inputs	52,113	357,854	70,573	184,902
Net difference between projected and actual earnings on OPEB plan investments	198,036	-	-	211,000
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,455	729,407	-	993,264

Contributions subsequent to the measurement date	211,993	-	200,770	-
Total	$ 480,018	$ 1,871,367	$ 276,537	$ 2,197,411

$211,993 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2024		(407,303)
2025		(371,041)
2026		(318,300)
2027		(238,780)
2028		(254,686)
Thereafter		(13,232)

Actuarial assumptions. The total OPEB liability in the December 31, 2021 and 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Dec 31, 2021	Dec 31, 2020
Actuarial cost method	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent
Real wage growth	.70 percent	.70 percent
Wage inflation	3.00 percent	3.00 percent
Salary increases, including wage inflation	3.30-10.90	3.30-10.90
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Health care cost trend rates		
PERA benefit structure:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	6.50 percent for 2022, 6% in 2022 gradually decreasing to 4.50 percent in 2030	4.50 percent for 2021, 6% in 2022 gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent for 2022, gradually rising to 4.50 percent in 2029	3.75 percent for 2021,gradually rising to 4.50 percent in 2029
DPS benefit structure:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	N/A	N/A
Medicare Part A premiums	N/A	N/A

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31,

2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

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

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

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

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

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

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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2022	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	3,150,565	3,242,338	3,342,195

As of December 31, 2021	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	3,310,813	3,408,702	3,522,098

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

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

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

As of December 31, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	3,758,830	3,242,337	2,800,570

As of December 31, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	3,958,850	3,408,702	2,938,780

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

Payables to the OPEB plan

MSU Denver had a $36,138 and $36,317 payable to the HCTF as of June 30, 2023 and 2022, respectively, which was comprised entirely of the June contributions legally required to be made to the plan.

ii) Colorado Higher Education Insurance Benefits Alliance (CHEIBA)

University faculty and exempt administrative staff receive health insurance through the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA is a cost-sharing multiple-employer insurance purchasing pool.

CHEIBA financial statements are prepared under GAAP using the accrual basis of accounting following governmental accounting standards for a business-type activity. The financial statements can be obtained by contacting Gallagher Benefits Services, Inc.

There are no long-term contracts for contributions to the plan. Participating schools can withdraw their participation in the plan with at least one-year notice to the CHEIBA board.

(16) Commitments and Contingent Liabilities

Amounts expended under the terms of certain grants and contracts are subjected to audit and possible adjustment by governmental agencies. In the opinion of management, any adjustments will not have a material or adverse effect on the accompanying financial statements.

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

The University is subject to risk of loss from liability for accidents, property damage, and personal injury. These risks are managed by the State Office of Risk Management, an agency formed in statute. MSU Denver does not retain risk of loss except for damage incurred to property belonging to the State limited to a $5,000.00 deductible per incident. Pursuant to the Colorado Governmental Immunity Act, CRS 24-10-114, claims that accrued before January 1, 2018 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2018, and before January 1, 2022 brought under state law are limited to $387,000 per person and $1,093,000 per accident. Claims that accrue on or after January 1,2022 and before January 1, 2026 brought under state law are limited to $424,000 per person and $1,195,000 per accident.

The premiums MSU Denver pays to the State Office of Risk Management are based on an assessment of risk exposure and historical claims experience. Liability of State higher education institutions is limited by the Colorado Governmental Immunity Act. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, nor have there been any significant reductions in insurance coverage from the prior year.

Contracts have been entered for the purposes of planning, modifying, and equipping certain buildings, facilities or information technology infrastructure with outstanding amounts totaling $ 4,890,813 and $3,078,521 as of June 30, 2023, and 2022, respectively.

(17) Campus Shared Controlled Costs

Legislation enacted in 1974 established AHEC and included the University as one of the constituent institutions, along with the CCD and the UCD. Each institution operates independently as an educational institution responsible to its own governing board while sharing common operations. For the purpose of total financial disclosure, the University’s portion of campus-shared costs for the Auraria Campus is as follows:

	Year Ended June 30	
	2023	2022
Administration of Auraria Higher Education Center and operation and maintenance of plant	$ 11,942,599	11,186,830
Controlled Maintenance	1,061,696	994,600
Library and Media Center	5,151,067	4,933,386
Total	$ 18,155,362	17,114,816

The University’s existing and future commitments to AHEC are established within the Senate Bill 10-1301. The University’s ability to fulfill existing and future commitments is contingent upon funds being appropriated for such purposes. For the year ending June 30, 2024, the University's portion of shared costs is estimated to be $18,170,898 (unaudited).

(18) Legislative Appropriations

The Colorado State Legislature establishes spending authority to the University in its annual Long Appropriations Bill (Long Bill). The Long Bill appropriated funds include re-appropriated funds from the State's College Opportunity Fund as well as cash funds from the student's share of tuition.

For the years ended June 30, 2023 and 2022, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2023 and 2022, the University had a total re-appropriation of $82,554,384 and $72,489,051, respectively. For years ended June 30, 2023 and 2022, the University's appropriated funds consisted of $32,047,264 and $29,540,665 respectively, received from students that qualified for stipends from the College Opportunity Fund and $50,507,120 and $42,948,386, respectively, as fee-for-service contract revenue. As of June 30, 2023, and 2022, the University's total appropriation of cash funds for the student's share of tuition was $105,933,365 and $109,576,243 respectively. All other revenues and expenses reported by the University represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds are revenues resulting from student fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources.

(19) Federal Funding

In response to the financial impact caused by the COVID-19 pandemic, which was first declared on March 11, 2020 by the World Health Organization, MSU Denver received funding from the federal government directly from the Higher Education Emergency Relief Funds (HEERF) and as a pass through via the State of Colorado from Coronavirus Relief Funds (CRF). For the years ended June 30, 2023 and 2022, the University recognized non-operating revenue totaling of $4.1 million and $48.0 million, respectively from these federal relief funds. There are specific requirements that at least 50% of HEERF I and III funds must be spent on students, and that HEERF II funds must have the same amount allocated to students as in HEERF I by the close of the award, so the University took a pro-rata approach to revenue recognition for those institutional funds that were spent in excess of student funds by the end of the fiscal year. As of June 30, 2023, and 2022, the University had $0 and $2.0 million, respectively in unearned institutional HEERF revenue. As of June 30, 2023 all of the awarded HEERF funds have been spent according to the authorized allocation. The HEERF funds were used as direct student support, to cover the additional COVID related costs and to replace some of the lost revenue caused by the pandemic. The total allocation of $33.7 million in CRF funds was received in May 2020, and the full award was spent by the first half of fiscal year 2021. These funds were spent on COVID related costs, but primarily were intended to support the State of Colorado's economic recovery (a second order effect of the pandemic) by retaining and completing post-secondary students to support the State's workforce.

The table below shows the summary of funds awarded and expended under the federal stimulus programs as of June 30.

				Expenses			Unspent Award
		Award	**30-Jun-23**	**30-Jun-22**	**30-Jun-21**	**30-Jun-20**	**30-Jun-23**
CARES (HEERF I)	**Student**	$ 7,195,042		-	1,445,944	5,749,098	-
	Institutional	$ 7,195,041		712,917	5,444,889	1,037,235	-
	HSI/MSI^	$ 1,065,372		280,470	784,902	-	-
CRRSA (HEERF II)	**Student**	$ 7,195,042		397,515	6,797,527	-	-
	Institutional	$ 19,171,046		-	19,171,046	-	-
	HSI/MSI^	$ 1,700,550		1,200,550	500,000	-	-
ARPA (HEERF III)	**Student**	$ 23,103,865	2,072,655	21,031,210	-	-	-
	Institutional	$ 22,524,146		20,225,085	2,299,061	-	-
	HSI/MSI^	$ 2,854,712		2,854,712	-	-	-
	CRF	$ 33,694,364		-	33,444,921	249,443	-
	Grand Total	$ 125,699,180	$ 2,072,655	$ 46,702,459	$ 69,888,289	$ 7,035,777	$ -

^ HSI/MSI-“Hispanic Serving Institutions/Minority Serving Institutions”

(20) Component Unit Disclosures

GASB Statement No. 14, as amended by GASB Statement No. 61 and GASB Statement No. 39, require the inclusion of the Foundation as a discretely presented component unit, as well as the inclusion of the Authority and HLC@Metro, Inc. as blended component units, based on the nature and significance of their relationships with the University.

The Foundation is a not-for-profit corporation formed to promote the welfare, development, growth, and well-being of the University. The Foundation is a separate legal entity, which is fully independent from the University, is not financially dependent upon the University, has a separately elected board of directors, and as such, has substantial autonomy and separate government entity characteristics. The financial statements of the Foundation are prepared on the accrual basis and follow the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

On August 17, 2010, the University’s Board of Trustees approved the incorporation of the HLC@Metro, Inc., a not-for-profit, special-purpose corporation in order to create the Hotel Learning Center (HLC). The HLC@Metro, Inc. established a management agreement with Sage Hospitality to manage the hotel, and a franchise agreement with Marriott to market the hotel. The essence of these agreements was that the hotel was to provide services to the community-at-large, and not to the exclusive or even primary benefit of MSU Denver or MSU Denver’s students, faculty, and staff; thereby supporting a discrete financial statement presentation. However, in June of 2020, the University’s Board of Trustees and the HLC@Metro Inc. Board of Directors voted to approve the transfer of most of the assets, liabilities, and agreements of the HLC@Metro Inc. to the University in consideration for the in substance defeasance of the HLC@Metro Inc's Series 2010 bonds. Therefore, beginning July 1, 2020, the HLC@Metro Inc. sole purpose was to serve the University as an advisory board, as opposed to serving the public. That change in addition to the facts that MSU Denver appoints a voting majority of the HLC@Metro Inc's board and that the University can impose its will on the HLC@Metro Inc. changed the financial statement presentation requirements from discrete to a blended presentation. The HLC@Metro Inc, reported no operational revenues or expenses in fiscal year 2022 or 2023. The financial statements of HLC@Metro, Inc. are prepared on the accrual basis and are prepared in conformity with applicable GASB standards.

The Foundation uses a different GAAP reporting model and, following the GASB Statement No. 39 recommendation, its financial information is not presented on the same page as the University but is reported on separate pages after the University's financial statements. The separate financial statements include the statements of financial position and the statements of activities. In addition, disclosures specific to the Foundation's financial statements are provided on separate pages after the University's disclosures.

The full annual financial report for the Foundation can be obtained by visiting https://www.msudenver.edu/giving/msudenverfoundation/reportsandforms/.

On August 17, 2010 the University's Board of Trustees approved the formation of the Authority for the purpose of issuing the bonds necessary to fund the hotel/HLC. Pursuant to an intergovernmental agreement between MSU Denver and the HLC@Metro Inc., the Board of Directors of the Authority authorized the issuance of the bonds and transferred the proceeds to the HLC@Metro Inc. Although the Board of Directors of the Authority was responsible for the issuance of the bonds rather than the University's Board of Trustees, the Board of Trustees was authorized to set certain parameter restrictions on the total amount of the bonds issued, the maximum interest rate, and the final maturity date of the bonds.

The Authority's Board of Directors is comprised of three members; two of which are appointed by MSU Denver, and one is appointed by the HLC@Metro Inc. The Authority was established for the primary purpose of issuing bonds and because the University is able to overrule or otherwise modify any decisions relating to that debt, the University is considered to have the authority to impose its will as defined by GASB Statement No. 14. Furthermore, because the bonds were issued almost exclusively for the benefit of the University the financial transactions should be blended with the University's as opposed to being showed separately.

The bonds were immediately transferred to the HLC@Metro Inc. in 2010 and the Authority has not had any other transactions since then, therefore there is no impact to the University's financial statements.

(21) Related-Party Transactions

Transactions between the University and its discretely presented component unit are considered to be related-party transactions. Amounts reported may differ from the component unit's notes to basic financial statements based on various timing differences, all of which have been substantially reconciled to the component unit's balances.

The University leased office space to the Foundation for $8,274 for each of the fiscal years ending June 30, 2023 and 2022. During the years ended June 30, 2023 and 2022, the Foundation provided $6,791,041 and $5,087,821, respectively, of funding to the University for various purposes, such as scholarships, departmental funding, and other programs.

The University provides employees on a reimbursement basis to the Foundation. For the years ended June 30, 2023 and 2022, these expenses were $572,088 and $608,198, respectively. In addition, the University donates development and certain personnel costs to the Foundation, which totaled $5,087,309 and $2,549,838 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the University had an outstanding receivable balance of $2,688,350 and an outstanding payable balance of $6,359. As of June 30, 2022, the University had an outstanding receivable balance of $767,832 but no outstanding payables.

(22) Restatement

Change in Accounting Principle

In fiscal year 2023, the University adopted GASB Statement No. *96, Subscription-Based Information Technology Arrangements*. This standard requires recognition of certain *Subscription-Based Information Technology Arrangements* (SBITA) assets and liabilities for SBITA leases. It establishes a single model for SBITA lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a subscription liability and an intangible right-to-use asset. The University has leases that meet the definition in this standard which lead to the addition of Subscription Based Information Technology Assets, net of amortization, and an increase to our lease asset liability on the Statement of Net Position. Prior to the adoption of Statement No. 96 MSU Denver's fiscal year 2022 beginning net position was ($3.9) million. After applying the requirements of Statement No. 96 the University's restated fiscal year 2022 Net Position is ($3.5) million, as summarized in the table below.

June 30 2021 Ending Net Position	Add in SBITA Asset Not Previously Recorded	Less SBITA Asset Accumulated Amortization not Previously Recorded	Less SBITA Liability not Previously Recorded	Revised June 30, 2021 Net Position
(3,940,736)	5,831,420	(2,193,935)	(3,194,632)	(3,497,883)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Metro State University (the Foundation) is a Colorado nonprofit organization established to promote the general welfare and development of Metropolitan State University of Denver (the University).

The Foundation is the sole member of 965 Santa Fe, LLC (the LLC), a Colorado limited liability company. The LLC owns and rents the Center for Visual Arts (the CVA) facility to the University.

The consolidated financial statements include the accounts of the Foundation and the LLC because the Foundation has both control and an economic interest in the LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Foundation.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowment, held on behalf of others or other long-term purposes of the Foundation are excluded from this definition. The Foundation serves as a repository of funds raised through the *Colorado Rockies Foundation 50/50 Raffle* on behalf of Metropolitan State University of Denver Alumni Association, a separate Colorado nonprofit organization. Restricted cash held for University consists of receipts for Athletic Fields, the University Hospitality Center, and athletic camps hosted by the University.

	2023	2022
Cash and Cash Equivalents	$ 2,460,266	$ 2,429,587
Cash Restricted for Distribution to University	-	14
Cash Restricted for Alumni Association	302,153	330,538
Total	$ 2,862,419	$ 2,760,139

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management's estimate of the allowance for uncollectible promises to give is based on historical collection rates and an analysis of the collectability of individual promises.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment additions over $5,000 with useful lives exceeding one year are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, at present only the building at 965 Santa Fe is subject to depreciation over a 30-year useful life. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred. Property and equipment also includes works of art which are capitalized at original cost, or fair value if donated, and are not depreciated because the Foundation intends to preserve these assets in perpetuity.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- (or certain grantor-) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (see Note 9).

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

The Foundation records contributions in accordance with the requirements of accounting principles generally accepted in the United States of America for nonprofit entities. The Foundation recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

Promises to give are recognized initially at fair value. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor’s payment plan. Amortization of the discounts is recorded as additional contributions revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Endowment management fees consist of fees charged to manage endowment funds during the fiscal year. Fees are assessed to endowment funds on a quarterly basis in accordance with fund agreements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Professional Services, In-Kind Contributions, and Services Received from the University

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. Donated services received from Affiliated Organizations are recorded at the respective fair values of the services received in accordance with accounting principles generally accepted in the United States of America (see Note 12).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Program activities are those that are conducted in accordance with the Foundation's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Foundation's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Costs that are directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. Certain other costs that benefit multiple functional areas have been allocated across program and supporting services based on management's best estimate of the functions that benefit from the expense.

Income Taxes

The Foundation is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under Section 509(a)(1). The LLC is treated as a disregarded entity for tax purposes, and is incorporated into the tax return filed by the Foundation.

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals, corporations, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Recently Implemented Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Implemented Accounting Standard (Continued)

The Foundation adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of the standard did not have a significant impact on the assets or liabilities reported on the consolidated statements of financial position.

Subsequent Events

The Foundation has evaluated subsequent events through REPORT DATE, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30:

	2023	2022
Cash and Cash Equivalents	$ 2,460,266	$ 2,429,587
Investments	4,737,345	2,194,442
Receivable from University	6,359	4,361
Total	$ 7,203,970	$ 4,628,390

The Foundation’s liquidity is structured so its financial assets are available as its general expenditures, liabilities, and other obligations come due. A portion of Foundation’s operations is funded by investment income without donor restrictions which is expendable as needed. To manage unanticipated liquidity needs, the Foundation will calculate, on a regular basis, assumed liquidity requirements for the non-endowment assets. These projections will provide a net total assumed liquidity dollar amount that the Foundation has readily available for expenditures.

The Foundation’s endowment funds consist of donor-restricted and board-designated endowments. Income from earnings are distributed annually from each qualifying endowment fund to its associated expendable account to be available for fulfilling each specific fund’s restricted purpose. The endowment has a spending policy statement, which uses the banded inflation method to determine endowment distributions (see Note 7).

Although no spending is intended from the board-designated endowment (other than amounts appropriated for general expenditures as part of annual endowment spending appropriation), these amounts could be made available if necessary.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and investment trusts with readily determinable fair values based on daily redemption values.

The fair value of the Foundation's investment in private equity is reported at fair value, as determined by the Foundation, utilizing the most current information provided by the investee. This is considered to be a Level 3 measurement.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as identified below, at June 30:

	2023				
		Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	$ 77,294	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					
Bonds	5,623,216	5,623,216	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	4,322,685	4,322,685	-	-	-
Small to Mid-Cap Equity	1,967,412	1,967,412	-	-	-
International Equity	2,180,008	2,180,008	-	-	-
Emerging Market	1,477	1,477	-	-	-
Mutual Funds	205,522	205,522	-	-	-
Hedge Funds (Equity Hedge)	485,425	485,425	-	-	-
Real Estate Investment Trusts	412,983	412,983	-	-	-
Private Equity	499,433	498,103	-	1,330	-
Total	$ 15,775,455	$ 15,696,831	$ -	$ 1,330	$ -
Endowment Investments:					
Cash and Money Market Funds (at Cost)	$ 153,133	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					
Bonds	4,228,072	4,228,072	-	-	-
Equity and Other Mutual Funds:					
Small to Mid-Cap Equity	10,440,496	10,440,496	-	-	-
International Equity	5,885,538	5,885,538	-	-	-
Hedge Funds (Equity Hedge)	1,801,884	980,966	-	-	820,918
Real Estate Investment Trusts	1,099,050	1,099,050	-	-	-
Limited Partnership	5,097	-	-	-	5,097
Total	$ 23,613,270	$ 22,634,122	$ -	$ -	$ 826,015

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

	2022				
		Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	$ 52,107	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					
Bonds	3,591,975	3,591,975	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	4,082,672	4,082,672	-	-	-
Small to Mid-Cap Equity	494,167	494,167	-	-	-
International Equity	1,604,466	1,604,466	-	-	-
Emerging Market	480,568	480,568	-	-	-
Hedge Funds (Equity Hedge)	866,699	866,699	-	-	-
Real Estate Investment Trusts	395,263	395,263	-	-	-
Private Equity	3,283	-	-	3,283	-
Total	$ 11,571,200	$ 11,515,810	$ -	$ 3,283	$ -
Endowment Investments:					
Cash and Money Market Funds (at Cost)	$ 99,622	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					
Bonds	3,381,394	3,381,394	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	7,670,007	7,670,007	-	-	-
Small to Mid-Cap Equity	1,361,025	1,361,025	-	-	-
International Equity	4,058,419	4,058,419	-	-	-
Emerging Market	1,175,273	1,175,273	-	-	-
Hedge Funds (Equity Hedge)	917,038	917,038	-	-	-
Real Estate Investment Trusts	859,026	859,026	-	-	-
Limited Partnership	7,280	-	-	-	7,280
Total	$ 19,529,084	$ 19,422,182	$ -	$ -	$ 7,280

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Below is a reconciliation of the beginning and ending balances of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2023	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	$ -	$ 3,283
Net Realized and Unrealized Loss	-	(1,953)
Distributions	-	-
Balance - End of Year	$ -	$ 1,330
Unrealized Loss Included in Net Investment Return in the Consolidated Statement of Activities Relating to Assets Still Held at June 30, 2023	$ -	$ (1,953)

	2022	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	$ -	$ 5,499
Net Realized and Unrealized Loss	-	(2,216)
Distributions	-	-
Balance - End of Year	$ -	$ 3,283
Unrealized Loss Included in Net Investment Return in the Consolidated Statement of Activities Relating to Assets Still Held at June 30, 2022	$ -	$ (2,216)

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2023:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Companies	1	$ 5,097	$ -	Monthly; Quarterly	90 days
Hedge Funds (Equity Hedge)	1	820,918	200,000	Illiquid	N/A
Total		$ 826,015	$ 200,000		

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2022:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Companies	1	$ 7,280	$ -	Monthly; Quarterly	90 days
Total		$ 7,280	$ -		

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30:

	2023	2022
Within One Year	$ 2,807,672	$ 1,810,784
In One to Five Years	5,058,360	2,227,288
Over Five Years	1,000,000	-
Total	8,866,032	4,038,072
Less: Discount to Net Present Value at Rates Ranging from 3.25% to 8.25%	(948,689)	(187,213)
Less: Allowance for Uncollectible Promises to Give	(55,000)	(25,000)
Total	$ 7,862,343	$ 3,825,859

Promises to give appear as follows in the consolidated statements of financial position:

	2023	2022
Promises to Give, Net	$ 4,218,254	$ 2,563,200
Promises to Give - Charitable Lead Trust, Net	820,900	1,026,311
Endowment Promises to Give, Net	2,823,189	236,348
Total	$ 7,862,343	$ 3,825,859

At June 30, 2023 and 2022, three and two donors accounted for 54% and 47% of total promises to give, respectively.

NOTE 4 PROMISES TO GIVE (CONTINUED)

Charitable Lead Trust Split-Interest Agreement

During the year ended June 30, 2022, a donor established a trust with a local bank naming the Foundation as a partial beneficiary of a charitable lead annuity trust. Under terms of the split-interest agreement, the Foundation is to receive approximately $242,000 annually until the agreement terminates in August 2026. The payments received under the agreement are to support the University's nursing program, scholarships, and wraparound services for students. The receivable for the split-interest agreement is carried at fair value, which the Foundation has estimated based on the present value of its expected future cash inflows. Based on a discount rate of 4.75%, the fair value of the Foundation's interest in the trust was estimated to be approximately $1,213,000, which was recorded in fiscal year 2022 as a contribution with donor restrictions and as promise to give—charitable lead trust. The Foundation received approximately $242,000 and $98,000 from the trust in fiscal years 2023 and 2022, respectively, which were recorded as reductions in the receivable. On an annual basis, the Foundation will revalue the promise to give based on current market conditions.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Center for Visual Arts:		
Land	$ 456,400	$ 456,400
Building	1,023,472	1,023,472
Subtotal	1,479,872	1,479,872
Less: Accumulated Depreciation	(477,820)	(442,420)
Subtotal	1,002,052	1,037,452
Nondepreciated Artwork	265,590	266,190
Total Property and Equipment	$ 1,267,642	$ 1,303,642

NOTE 6 LESSOR AGREEMENT

During the year ended June 30, 2010, the LLC purchased a commercial building at 965 Santa Fe Drive to house the operations of the CVA. Effective March 1, 2010, the LLC and the University entered into a three-year noncancellable lease which has since been renewed through June 30, 2025. Under the agreement, the University paid annual rent for the years ended June 30, 2023 and 2022 in the amount of $100,000. In addition to the annual minimum rent, the University reimburses the LLC for actual expenses incurred for the maintenance and operation of the premises, which approximated $31,000 and $39,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 ENDOWMENT

The Foundation's endowment (Endowment) is composed of 82 individual funds established by donors (Perpetual Endowment) and 157 purpose-restricted quasi-endowment funds (Quasi-Endowment). The funds were established by donors primarily to provide scholarships to eligible students of the University, and to support academic departments, student activities, and other purposes of the University. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors (Board-Designated Endowment). Perpetual Endowment funds are charitable funds whose principal must be preserved in perpetuity as a condition imposed by the donor. Quasi-Endowment funds are purpose-restricted gifts from donors whose principal is designated by the board and intended to be maintained in perpetuity, but which may be expended in accordance with the University's spending-rate policy, with no requirement that any such expenditure be replenished. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's board of directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair values of original Perpetual Endowment gifts, as of each gift date, absent explicit donor instructions to the contrary. At June 30, 2023 and 2022, there were no contrary donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment) and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not required to be retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

NOTE 7 ENDOWMENT (CONTINUED)

The Foundation had the following endowment net asset composition by type of fund as of June 30:

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 1,008,413	$ -	$ 1,008,413
Purpose-Restricted Quasi-Endowment Funds	-	13,426,817	13,426,817
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	11,641,689	11,641,689
Accumulated Investment Gains	-	459,540	459,540
Total	$ 1,008,413	$ 25,528,046	$ 26,536,459

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 921,253	$ -	$ 921,253
Purpose-Restricted Quasi-Endowment Funds	-	9,896,227	9,896,227
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	9,261,462	9,261,462
Accumulated Investment Losses	-	(313,510)	(313,510)
Total	$ 921,253	$ 18,844,179	$ 19,765,432

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

At June 30, 2023, funds with original gift values of $2,267,697, fair values of $2,186,849, and deficiencies of $80,848 were reported in net assets with donor restrictions. At June 30, 2022, funds with original gift values of $6,515,741, fair values of $6,034,893, and deficiencies of $480,848 were reported in net assets with donor restrictions. The deficiencies resulted from unfavorable market fluctuations.

NOTE 7 ENDOWMENT (CONTINUED)

Investment and Spending Policies

The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment. Under this policy, as approved by the board of directors, endowment assets are invested in a manner intended to maintain or increase the dollar value of the portfolio after annual distribution expenses and fees in order to provide the benefit intended by donors. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Effective January 1, 2014, the Foundation adopted a banded inflation method to determine endowment distributions based on the Higher Education Price Index (HEPI), with the resulting rate subject to a minimum of 3% and a maximum of 5%. Barring specific requirements for each individual endowment, distributions from Donor-Restricted Endowments are limited to the excess of the fair values of the Donor-Restricted Endowments over the sum of the original and subsequent gift amounts. In establishing this policy, the Foundation considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

NOTE 7 ENDOWMENT (CONTINUED)

Investment and Spending Policies (Continued)

Changes in Endowment net assets are as follows for the years ended June 30:

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 921,253	$ 18,844,179	$ 19,765,432
Transfers, Net	-	250	250
Investment Return, Net	87,160	1,960,005	2,047,165
Contributions	-	5,382,432	5,382,432
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	-	(658,820)	(658,820)
Endowment Net Assets - End of Year	$ 1,008,413	$ 25,528,046	$ 26,536,459

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 1,159,017	$ 22,016,401	$ 23,175,418
Transfers, Net	-	(17,477)	(17,477)
Investment Loss, Net	(195,903)	(3,905,730)	(4,101,633)
Contributions	-	1,578,219	1,578,219
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(41,861)	(827,234)	(869,095)
Endowment Net Assets - End of Year	$ 921,253	$ 18,844,179	$ 19,765,432

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Purpose Restricted Net Assets:		
Scholarships	$ 3,357,120	$ 3,112,026
Academic, Student, and Other Activities	7,590,654	7,680,599
University Capital Projects	4,222,896	1,831,524
Total	15,170,670	12,624,149
Endowments:		
Purpose-Restricted Quasi-Endowments Subject to Expenditure for Specified Purpose:		
Scholarships	8,550,435	7,371,341
Academic, Student, and Other Activities	4,876,382	2,524,886
Total	13,426,817	9,896,227
Donor-Restricted Investment Earnings Subject to Appropriation and Expenditure:		
Accumulated Losses on Endowment Funds	(80,848)	(480,848)
Scholarships	284,296	95,037
Academic, Student, and Other Activities	256,092	72,301
Total	459,540	(313,510)
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:		
Scholarships	5,741,209	5,376,203
Academic, Student, and Other Activities	5,900,480	3,885,259
Total	11,641,689	9,261,462
Total Endowments	25,528,046	18,844,179
Total Net Assets with Donor Restrictions	$ 40,698,716	$ 31,468,328

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2023	2022
Satisfaction of Purpose Restrictions, Including Spending-Rate Distributions:		
Scholarships	$ 3,253,183	$ 2,429,288
Academic, Student, and Other Activities	3,897,716	2,714,090
University of Capital Projects	528,054	137,365
Total	$ 7,678,953	$ 5,280,743

NOTE 9 BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30:

	2023	2022
Endowment	$ 1,008,413	$ 921,253

During the year ended June 30, 2017, the Foundation's board of directors designated $1,000,000 as reserve funding for the establishment of a new School within the University; this designation was changed to a board-designated endowment for a Dean position during the year ended June 30, 2019.

Management Designations

An additional $1,000,000 was internally designated by management for scholarships and applied to creating matching opportunities for gifts from new or lapsed donors, or stimulating increased levels of support from current donors. During the years ended June 30, 2023 and 2022, none of these funds were undesignated and used to satisfy the extension of donor restrictions under the challenge match program.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Foundation has agreements with the University to use its best efforts to raise cash and in-kind contributions for the University Hospitality Center and for the University's athletic fields. The agreements are conditioned on the Foundation's ability to collect donor contributions restricted to the respective projects; as contributions are collected, the Foundation records a liability to the University, as appropriate, and a corresponding contribution expense.

NOTE 11 RELATED PARTY TRANSACTIONS

Transactions with the University consist of the following during the years ended June 30:

	2023	2022
Funding Provided to the University	$ 7,543,061	$ 4,949,462
Payable to the University	3,008,329	943,694
Payments for Salaries and Benefits to the University	483,248	507,922
Payments for Rent to the University	6,206	8,274
Professional Services Donated by the University	4,382,639	3,526,594
Due from University	6,359	4,361
Reimbursement for CVA Operating Expenses	31,058	39,314
Reimbursement for CVA Rent Expense	100,000	100,000

NOTE 12 IN-KIND CONTRIBUTIONS AND SERVICES RECEIVED FROM THE UNIVERSITY

Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statements of activities are as follows for the year ended June 30:

Nonfinancial Asset	2023 Revenue Recognized	2022 Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Management and Fundraising Staff Compensation	$ 3,354,767	$ 2,549,751	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Cost of Staff Salaries and Benefits
Professional Services	1,027,872	976,843	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Allocated Cost of Goods and Services
Materials	36,505	24,861	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Materials
Equipment	23,918	31,650	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Equipment
	$ 4,443,062	$ 3,583,105				

University-Contributed Nonfinancial Assets

The Foundation received in-kind contributed services from the University as follows during the years ended June 30:

	2023	2022
Program Services - Alumni Relations Operating Costs		
Alumni Relations Operations Staff Compensation - University	$ 606,168	$ 389,066
Professional Services - University	200,638	135,768
General and Administrative:		
Administration Office Compensation - University	1,128,160	808,165
Professional Services - University	399,800	252,305
Donor Development:		
Development Office Compensation - University	1,620,439	1,352,520
Professional Services - University	427,434	588,770
Total	$ 4,382,639	$ 3,526,594

NOTE 13 SUBSEQUENT EVENTS

In September 2023, the Foundation entered into a purchase and sale agreement to purchase land and a building for $4,000,000 from an unrelated third party.

As required by GASB 68 and GASB 75, the schedules and footnotes below contains 10 years of changes in pension liability, net OPEB liability, and disclosures; however, historical information prior to implementing GASB 68 and GASB 75 is neither required nor available.

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA PENSION LIABILITY:

Pension Plan's Fiscal Year Ending December 31, Ten Year Schedule

	2022	**2021**	**2020**	**2019**	**2018**
Employer % of collective net pension liability	1.2506807222%	1.2126080767%	1.3041813264%	1.4118924030%	1.4495925395%
Employer share of collective net pension liability	135,981,212	89,430,319	123,698,899	137,007,271	164,944,395
Employer's covered payroll	46,503,435	42,391,318	45,363,720	46,777,134	45,816,626
Employer's share of the collective net pension liability as a % of employer's covered payroll	292.41%	210.96%	272.68%	292.89%	360.01%
Pension plan's fiduciary net position as a % of total pension liability	60.63%	73.05%	65.34%	62.24%	55.11%

Pension Plan's Fiscal Year Ending December 31, Ten Year Schedule- continued

	2017	2016	2015	2014	2013
Employer % of collective net pension liability	1.4781270908%	1.4924559492%	1.5215440022%	1.5816063970%	1.6167918453%
Employer share of collective net pension liability	295,891,215	274,136,264	160,234,301	148,774,027	144,023,349
Employer's covered payroll	44,952,251	43,902,245	43,884,297	44,178,569	43,104,113
Employer's share of the collective net pension liability as a % of employer's covered payroll	658.23%	624.42%	365.13%	336.76%	334.13%
Pension plan's fiduciary net position as a % of total pension liability	43.20%	42.59%	56.11%	59.84%	61.08%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA OPEB LIABILITY:

Ten Year Schedule

Other Post Employment Benefit Plan's Fiscal Year Ending December 31,

	2022	2021	2020	2019	2018
Employer % of collective net OPEB liability	0.3971121755%	0.3953011646%	0.4337505140%	0.4713903360%	0.4959526592%
Employer share of collective net OPEB liability	3,242,338	3,408,702	4,121,606	5,298,418	6,747,644
Employer's covered payroll	40,297,556	37,837,584	40,110,908	42,385,451	41,946,080
Employer's share of the collective net OPEB liability as a % of employer's covered payroll	8.05%	9.01%	10.28%	12.50%	16.09%
Pension plan's fiduciary net position as a % of total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%

METROPOLITAN STATE UNIVERSITY OF DENVER
REQUIRED SUPPLEMENTARY INFORMATION
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Ten Year Schedule- continued

Other Post Employment Benefit Plan's Fiscal Year Ending December 31,

	2017	2016	2015	2014	2013
Employer % of collective net OPEB liability	0.5125821473%	0.5190749732%	N/A	N/A	N/A
Employer share of collective net OPEB liability	6,661,518	6,729,984	N/A	N/A	N/A
Employer's covered payroll	41,613,811	40,986,143	N/A	N/A	N/A
Employer's share of the collective net OPEB liability as a % of employer's covered payroll	16.01%	16.42%	N/A	N/A	N/A
Pension plan's fiduciary net position as a % of total OPEB liability	17.53%	16.72%	N/A	N/A	N/A

Information is not available prior to 2016. In future reports, additional years will be added until 10 years of historical data are presented.

METROPOLITAN STATE UNIVERSITY OF DENVER
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SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA PENSION/OPEB PLAN:

Pension Plan and OPEB Liability Ten Year Schedule

	MSU Denver's Fiscal Year Ending June 30,							
	2023		**2022**		**2021**		**2020**	
	Jan-June 2023	July- Dec 2022	Jan-June 2022	July- Dec 2021	Jan-June 2021	July- Dec 2020	Jan-June 2020	July- Dec 2019
Required employer base contribution	*10.40%*	*10.40%*	*10.40%*	*10.40%*	*10.40%*	*10.40%*	*10.40%*	*10.15%*
Portion of Required employer base contribution apportioned to the Health Care Trust Fund	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*
Net required employer base contribution apportioned to the SDTF	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.13%
Required employer Amortization Equalization Disbursement contribution	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Required employer Supplimental Amortization Equalization Disbursement contribution	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Required Automatic Adjustment	1.00%	1.00%	1.00%	0.50%	0.50%	0.50%		
Required Defined Contribution Supplement	0.17%	0.10%	0.10%	0.05%	0.05%			
Total Required PERA contribution to the SDTF	**20.55%**	**20.48%**	**20.48%**	**19.93%**	**19.93%**	**19.88%**	**19.38%**	**19.13%**

	2023	**2022**	**2021**	**2020**
	July 1, 2022- June 30, 2023	**July 1, 2021- June 30, 2022**	**July 1, 2020- June 30, 2021**	**July 1, 2019- June 30, 2020**
Pension contributions recognized by PERA (not including HCTF)	$ 8,818,040	$ 8,332,345	$ 7,984,867	$ 8,742,261
Difference between required pension contributions and those recognized by PERA	$ -	$ -	$ -	$ -
OPEB contributions recognized by PERA (only HCTF)	$ 422,258	$ 387,852	$ 388,510	$ 425,445
Difference between required OPEB contributions and those recognized by PERA	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 46,191,696	$ 44,978,872	$ 42,756,410	$ 47,401,811
Percent of contributions recognized by pension plan of employers covered payroll	19%	19%	19%	18%
Percent of contributions recognized by OPEB plan of employers covered payroll	1%	1%	1%	1%

METROPOLITAN STATE UNIVERSITY OF DENVER
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Pension Plan and OPEB Liability Ten Year Schedule

MSU Denver's Fiscal Year Ending June 30,

	2019		**2018**		**2017**		**2016**	
	Jan-June 2019	July- Dec 2018	Jan-June 2018	July- Dec 2017	Jan-June 2017	July- Dec 2016	Jan-June 2016	July- Dec 2015
Required employer base contribution	*10.15%*	*10.15%*	*10.15%*	*10.15%*	*10.15%*	*10.15%*	*10.15%*	*10.15%*
Portion of Required employer base contribution apportioned to the Health Care Trust Fund	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*	*1.02%*
Net required employer base contribution apportioned to the SDTF	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%
Required employer Amortization Equalization Disbursement contribution	5.00%	5.00%	5.00%	5.00%	5.00%	4.60%	4.60%	4.20%
Required employer Supplimental Amortization Equalization Disbursement contribution	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.00%
Required Automatic Adjustment								
Required Defined Contribution Supplement								
Total Required PERA contribution to the SDTF	**19.13%**	**19.13%**	**19.13%**	**19.13%**	**19.13%**	**18.23%**	**18.23%**	**17.33%**

	2019	**2018**	**2017**	**2016**
	July 1, 2018-June 30, 2019	**July 1, 2017-June 30, 2018**	**July 1, 2016-June 30, 2017**	**July 1, 2015-June 30, 2016**
Pension contributions recognized by PERA (not including HCTF)	$ 8,423,882	$ 8,353,678	$ 8,111,165	$ 7,443,386
Difference between required pension contributions and those recognized by PERA	$ -	$ -	$ -	$ -
OPEB contributions recognized by PERA (only HCTF)	$ 428,417	$ 426,763	$ 426,779	N/A
Difference between required OPEB contributions and those recognized by PERA	$ -	$ -	$ -	N/A
Employer's covered payroll	$ 46,012,848	$ 45,201,242	$ 44,800,352	$ 43,503,821
Percent of contributions recognized by pension plan of employers covered payroll	18%	18%	18%	17%
Percent of contributions recognized by OPEB plan of employers covered payroll	1%	1%	1%	N/A

METROPOLITAN STATE UNIVERSITY OF DENVER
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023 and 2022

Pension Plan and OPEB Liability Ten Year Schedule

MSU Denver's Fiscal Year Ending June 30,

	2015		**2014**	
	Jan-June 2015	July- Dec 2014	Jan-June 2014	July- Dec 2013
Required employer base contribution	*10.15%*	*10.15%*	*10.15%*	*10.15%*
Portion of Required employer base contribution apportioned to the Health Care Trust Fund	*1.02%*	*1.02%*	*1.02%*	*1.02%*
Net required employer base contribution apportioned to the SDTF	9.13%	9.13%	9.13%	9.13%
Required employer Amortization Equalization Disbursement contribution	4.20%	3.80%	3.80%	3.40%
Required employer Supplimental Amortization Equalization Disbursement contribution	4.00%	3.50%	3.50%	3.00%
Required Automatic Adjustment				
Required Defined Contribution Supplement				
Total Required PERA contribution to the SDTF	**17.33%**	**16.43%**	**16.43%**	**15.53%**

	2015	**2014**
	July 1, 2014-June 30, 2015	**July 1, 2013-June 30, 2014**
Pension contributions recognized by PERA (not including HCTF)	$ 7,203,967	N/A
Difference between required pension contributions and those recognized by PERA	$ -	N/A
OPEB contributions recognized by PERA (only HCTF)	N/A	N/A
Difference between required OPEB contributions and those recognized by PERA	N/A	N/A
Employer's covered payroll	$ 44,356,828	N/A
Percent of contributions recognized by pension plan of employers covered payroll	16%	N/A
Percent of contributions recognized by OPEB plan of employers covered payroll	N/A	N/A

Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

(A) Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information related to the pension liability.

Changes in assumptions or other inputs used for the net pension liability during 2022 and 2021 are discussed in note 11. However, significant changes in assumptions or other inputs affecting trends in actuarial information related to the pension liability for the remaining years in the schedules above are discussed below.

2022 Changes in Plan Provisions Since 2021

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

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - Annual Increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019 Changes in Plan Provisions Since 2018

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision (AAP). The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increased by 0.50 percent.
  - Employer contribution rates increased by 0.50 percent.
  - Annual Increase (AI) cap is lowered from 1.50 percent per year to 1.25 percent per year.

2018 Changes in Assumptions or Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projections valuation basis, a projected year of depletion of the fiduciary net position (FNP), and the resulting application of the municipal bond index rate.

2017 Changes in Assumptions or Other Inputs Since 2016

- The single equivalent interest rate (SEIR) for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projections valuation basis, a projected year of depletion of the fiduciary net position (FNP), and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State, School, and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date

2016 Changes in Assumptions or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020 for females.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The SEIR for the State and School Divisions was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.

2015 Changes in Assumptions or Other Inputs Since 2014

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

(B) Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information Related to the Other Post-Employment Benefit (OPEB) Lability.

Changes in assumptions or other inputs used for the OPEB liability during calendar year 2022 and 2021 are discussed in note 14. However, significant changes in assumptions or other inputs affecting trends in actuarial information related to the OPEB liability for the remaining years in the schedules above are discussed below.

2022 Changes in Plan Provisions Since 2021

- The total OPEB liability for the Health Care Trust Fund (HCTF), as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. 24-51-313, of Tri-County Health Department (Tri-County Health) effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

2022 Changes in Assumptions or Other Inputs Since 2021

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

2021 Changes in Assumptions or Other Inputs Since 2020

- There were no changes made to the actuarial methods or assumptions.

2020 Changes in Assumptions or Other Inputs Since 2019

- There were no additional changes made to the actuarial methods or assumptions.

2019 Changes in Assumptions or Other Inputs Since 2018

- There were no changes made to the actuarial methods or assumptions.

2018 Changes in Assumptions or Other Inputs Since 2017

- There were no changes made to the actuarial methods or assumptions.

2017 Changes in Assumptions or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.

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

Members of the Legislative Audit Committee and
The Board of Trustees of the Metropolitan University of Denver

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Metropolitan State University of Denver (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 15, 2024. The financial statements of the Metropolitan State University of Denver Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Metropolitan State University of Denver Foundation, Inc.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described on pages 5 - 7, that we consider to be a significant deficiency.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Metropolitan State University of Denver's Response to the Finding

*Government Auditing Standard*s requires the auditor to perform limited procedures on Metropolitan State University of Denver's response to the finding identified in our audit and described on pages 5 - 7 of the report. Metropolitan State University of Denver's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

CliftonLarsonAllen LLP

Denver, Colorado
January 15, 2024

January 15, 2024

Members of the Legislative Audit Committee
Board of Trustees of the Metropolitan State University of Denver
Denver, Colorado

Ladies and Gentlemen:

We have audited the financial statements of the business-type activities and the discretely presented component unit of Metropolitan State University of Denver (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated January 15, 2024.

We have previously communicated to the Board of Trustees 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 in our planning communication dated June 12, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

As described in Note 22, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the fiscal year ending June 30, 2023. GASB Statement No. 96 improves financial reporting for transactions that meet the definition of a subscription-based information technology arrangement and improves the comparability in financial reporting by governments. As a result of the implementation of this standard, the University restated its June 30, 2022 beginning net position as discussed in Note 22 to the financial statements.

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

Accounting estimates

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

- Accounts and loans receivable are recorded net of estimated uncollectible amounts, approximating anticipated losses. Individual accounts are written off against the allowance when collection of the account appears doubtful.

- Capital assets are depreciated using the straight-line method and monthly convention over the estimated useful lives of the assets. Estimated useful lives range from 3 to 50 years.

- Compensated absences and related personnel expenses are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service.

- Summer tuition revenue and fees are recognized based on an estimate that fifty percent of summer courses occur during the fiscal year and the other fifty percent deferred for the courses that occur in the subsequent fiscal year.

- Management's estimate of the net pension liability related to its participation in the PERA pension plan is based on actuarial assumptions and other inputs as described in Note 11 to the financial statements.

- Management's estimate of the net OPEB liability related to its participation in the PERA Health Care Trust Fund plan is based on actuarial assumptions and other inputs as described in Note 13 to the financial statements.

- Fair Value of Derivative Instruments (Interest Rate Swap) - Management has established an estimate for the fair value of the interest rate swaps based on an indicative mid-market valuation. The University obtains a report from an independent specialist to determine the fair value reported as of June 30, 2023 and 2022.

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 misstatements

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

- During the year, management implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The standard required implementation as of the beginning of the earliest period presented, which is as of July 1, 2021 for the University. At the date of implementation, the standard requires the University to determine its Right-to-Use SBITA assets and related liabilities. Instead of determining these values as of July 1, 2021, the University determined the values of these balances as of July 1, 2020. As a result, at the date of implementation (July 1, 2021), assets and beginning net position were overstated by approximately $442,000.

- Due to a timing difference between the CashNet feed from Banner to Workday, the year-end balance within cash and cash equivalents was understated by $483,000 and the year-end balance within accounts receivable was overstated by $483,000.

- Net Position – Net Investment in Capital Assets was understanded by $580,500 due to an error in the calculation. Unrestricted Net Position was overstated by this amount.

Corrected misstatements

One audit adjustment, described below, was identified during the audit process and was corrected by management:

Adjusting Journal Entry - 1				
To properly reflect payments for payables made prior to year end that were not initially refleted as paid in the general ledger as of June 30, 2023.				
Accounts Payable	$	3,027,902	$	-
Cash	$	-	$	3,027,902

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2024.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 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.

Required supplementary information

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

Other information included in the annual reports

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

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This communication is intended solely for the information and use of the State of Colorado Legislative Audit Committee, the Office of the State Auditor, the Board of Trustees 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

CliftonLarsonAllen LLP

Denver, Colorado
January 15, 2024