METROPOLITAN STATE UNIVERSITY OF DENVER
FINANCIAL AND COMPLIANCE AUDIT

Years Ended June 30, 2021 and 2020

LEGISLATIVE AUDIT COMMITTEE

OFFICE OF THE STATE AUDITOR

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To the Members of the Legislative Audit Committee

We have completed the financial statement and compliance audit of Metropolitan State University of Denver as of and for the year ended June 30, 2021. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Lisa Meacham

Lisa Meacham, Partner

January 27, 2022

METROPOLITAN STATE UNIVERSITY OF DENVER
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METROPOLITAN STATE UNIVERSITY OF DENVER
REPORT SUMMARY (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020

Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged Plante & Moran, PLLC (Plante Moran) 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, 2021. Plante Moran 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. Plante Moran conducted the related fieldwork from May 2021 to January 2022.

The purpose and scope of Plante Moran's audit were to:

- Express an opinion on the financial statements of the University as of and for the year ended June 30, 2021. 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*.

- Perform tests of the University's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, as it relates to financial reporting.

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2021 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports

Plante Moran expressed an unmodified opinion on the University's financial statements as of and for the year ended June 30, 2021.

Plante Moran 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. Plante Moran noted no matters involving the internal control over financial reporting and its operation that Plante Moran consider to be material weaknesses and one matter that Plante Moran considers to be a significant deficiency, as noted in the 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*, located on page 114.

In addition to issuing a report on the University's compliance with internal control over financial reporting, we also performed procedures in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) over a major federal program as determined by the Office of the State Auditor. The purpose of our procedures was not to issue an opinion over the University's compliance with the federal program tested, but rather to provide the results of testing on those major programs at the University to the Office of the State Auditor to support an opinion on those programs for the State of Colorado, which will be included in the Statewide Single Audit Report. As a result of the testing procedures performed in accordance with Uniform Guidance we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Summary of Findings and Recommendations

The University has one finding which is considered sensitive in nature related to information technology general controls and is outlined further in the report on internal control over financial reporting and compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* located on page 114. *Government Auditing Standards* allow for information that is considered to be sensitive in nature, such as detailed information related to information technology system security, to be issued through a separate "classified or limited use" report. This is due to the potential damage that could be caused by the misuse of that information.

Plante Moran considers the specific technical details of this finding to be sensitive in nature and not appropriate for public disclosure. Therefore the details of the summarized findings have been provided to the University.

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

Summary of Progress in Implementing Prior Year Audit Recommendations

The audit report for the year ended June 30, 2020 included two findings and recommendations. We determined based on our fiscal year 2021 testing that these findings were implemented. A detailed description of the progress on the audit comments and recommendations are contained in the disposition of prior audit recommendations section located on pages 7 – 8.

METROPOLITAN STATE UNIVERSITY OF DENVER
RECOMMENDATION LOCATOR (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020

The following table presents the recommendations from the June 30, 2021 audit and their disposition as of June 30, 2021:

Recommendation No.	Page No.	Recommendation Summary	University's Response	Implementation Date
1	5	Metropolitan State University of Denver should improve information technology access controls.	Agree	May 31, 2022

Organization

Established in 1963 as Colorado's "College of Opportunity," Metropolitan State University of Denver (the "University", or "MSU Denver") is the fourth largest higher education institution in Colorado, in relation to the number of students served, 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 99 minors, 47 certificates, and 40 licensure programs through its College of Business, School of Education, School of Hospitality, College of Letters, Arts and Sciences, and College of Health and Applied Sciences. Degrees include Bachelor of Science, Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Music, Bachelor of Music Education, and twelve Masters majors and ten Masters certificates. Academic bachelor 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 programs in nursing, healthcare management, criminal justice, premedicine, prelaw, and preveterinary science. The Master's major programs include art in teaching, social work, professional accountancy, health administration, business administration, cybersecurity, Clinical Behavioral Health, and Human Nutrition and Dietetics.

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
2021	13,139	501	13,641
2020	14,067	521	14,588
2019	14,570	538	15,108

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

Fiscal Year	Faculty	Staff	Total
2021	713	550	1,263
2020	825	544	1,369
2019	836	533	1,369

This schedule should be read in conjunction with the 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* found on page 114. *Government Auditing Standards* allow for information that is considered sensitive in nature, such as detailed information related to information technology system security, to be issued through a separate "classified or limited use" report because of the potential damage that could be caused by the misuse of this information. We consider the specific technical details of this finding, along with the response, to be sensitive in nature and not appropriate for public disclosure. Therefore, this finding is provided in summary form below and the details have been provided to the University.

Information Technology General Controls – Banner Information Security

Metropolitan State University of Denver (MSU Denver or the University) utilizes an enterprise resource planning system called Banner for various financial processes, including financial reporting, procurement, payroll, and others. The University's Information Technology Services (ITS) department is responsible for managing IT general controls for Banner. IT general control management duties relevant to information security for Banner are divided among the database administrator, infrastructure, security management, and systems administration functions within ITS.

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

The purpose of the audit work was to review IT general controls related to information security over the Banner system, through inquiries with ITS staff and reviewing supporting documentation and configuration settings.

What problems did the audit work identify and how were the results of the audit work measured? (Condition and Criteria)

We identified two areas needing improvement related to information security controls over Banner. We measured the results of our audit work against MSU Denver's IT policies and the Colorado Information Security Policies (CISP), issued by the Governor's Office of Information Technology and the Office of the State Controller's policy, Internal Control System, which requires state agencies to use the Standards for Internal Control in the Federal Government (Green Book), published by the U.S. Government Accountability Office, as its framework for its system of internal controls.

Why did these problems occur? (Cause)

These problems occurred due to the following reasons:

- University management's risk assessment of certain Banner information security controls did not consider or establish a risk tolerance associated with the identified problems.
- University management did not clearly define and formalize its expectations with certain information security procedures.

Why do these problems matter? (Effect)

Without effectively designed, formalized, and operational Banner information security policies and processes, the risk increases that unauthorized individuals could retain access to Banner, that unauthorized changes could occur within the system, and that staff are not performing controls and processes within management's risk tolerance. Consequently, such risks could potentially result in the misappropriation of University assets and/or material misstatements to the University's financial statements.

Classification of Finding: Significant Deficiency

Recommendation

Metropolitan State University Denver should improve its information security controls over Banner by:

A. Implementing the recommendation noted in Part A of the confidential finding.
B. Implementing the recommendation noted in Part B of the confidential finding.

Management's Response (Views of responsible officials and corrective action plan):

A. Agree. Implementation date May 31, 2022.
B. Agree. Implementation date May 31, 2022.

METROPOLITAN STATE UNIVERSITY OF DENVER
DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
YEARS ENDED JUNE 30, 2021 AND 2020

The following table presents the recommendations from the June 30, 2018, 2019 and 2020 audits and their dispositions as of June 30, 2021:

Recommendation No.	Recommendation Summary	Disposition	Planned Corrective Action
2020-016	The University should improve its internal controls over unusual and significant accounting transactions by fully executing its existing policies and procedures, including allocating the appropriate level of resources to research and implement required accounting procedures, while ensuring that all related transactions are correctly recorded and reported.	Implemented	N/A
2020-050	The University should strengthen its internal controls over and ensure it complies with federal Higher Education Emergency Relief Funds Program's reporting requirements for the Student Aid portion of the HEERF grant by developing and implementing policies and procedures for identifying and researching the specific reporting requirements and ensuring that staff	Implemented	N/A

Recommendation No.	Recommendation Summary	Disposition	Planned Corrective Action
	submit the required reports within federally required timeframes.		
2019-1	The University should improve information technology access controls.	Partially Implemented	Current classification: Significant deficiency in internal control.
2018-2	The University should improve information technology controls over disaster recovery plan.	Implemented	N/A

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Independent Auditor's Report

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

Report on the Financial Statements

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 institution of higher education, which is an enterprise fund of the State of Colorado, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Metropolitan State University of Denver's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements and related notes to the financial statements of Metropolitan State University of Denver Foundation, Inc. (the "Foundation"), which represent all of the assets, net assets, and revenue of the sole discretely presented component unit as of and for the year ended June 30, 2021. Those financial statements and related notes to the financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. We did not audit the financial statements and related notes to the financial statements of the Foundation and HLC @ Metro, Inc., which represent all of the assets, net assets, and revenue of the discretely presented component units as of and for the year ended June 30, 2020. Those financial statements and related notes to the financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited under *Government Auditing Standards*. The financial statements of HLC @ Metro, Inc. were audited under *Government Auditing Standards*.

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

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

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

Opinions

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

Emphasis of Matters

As described in Note 19 to the financial statements, the University's inclusion of HLC @ Metro, Inc. as a discretely presented component unit in the year ended June 30, 2020 changed in the year ended June 30, 2021. HLC @ Metro, Inc. is now presented as a blended component unit. Our opinion is not modified with respect to this matter.

As described in Note 22 to the financial statements, in 2021, the University adopted the new accounting guidance of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the University's proportionate share of 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, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The report summary, recommendation locator, and description of Metropolitan State University of Denver are presented for purposes of additional analysis and are not a required part of the basic financial statements. The report summary, recommendation locator, and description of Metropolitan State University of Denver have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of Metropolitan State University of Denver's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Metropolitan State University of Denver's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 27, 2022

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, 2021 and 2020. 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, and the financial statements of the HLC @ Metro, Inc. are included as a blended 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 and its blended component unit, but not the discretely presented component unit.

Financial Highlights

MSU Denver's financial position, as a whole, increased approximately $75.3 million during the year ended June 30, 2021. However, $43.2 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 post-employment benefits (OPEB) for PERA Care. 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. On May 9, 2018 the Colorado General Assembly passed Senate Bill 18-200, which changed various benefits related to the defined benefit retirement plan, including but not limited to increasing employee and employer contribution amounts, redefining includable salary, creating a three year hiatus between retirement and when the first cost of living increase is issued, as well as required annual state contributions to the plan. These factors along with the strong equity market, were the reasons for the plan's improvement, and hence the considerable negative expense for the University of approximately $43.2 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 $31.8 million. This increase is a result of the University's significant reductions in expenditures, discussed below in the "Statement of Revenues, Expenses, and Changes in Net Position", as well as Coronavirus Relief Funds (CRF) funds that supported operations, and Higher Education Emergency Relief Funds (HEERF) that were permitted to replace some of the lost revenue resulting from the pandemic.

In fiscal year 2020 net position, as a whole, increased approximately $56.1 million from fiscal year 2019. However, $41.2 million of the reported increase is caused by changes in the PERA unfunded pension and OPEB liabilities. If the results of GASB 68 and 75 were removed a better reflection of MSU Denver's fiscal year 2020 operations would result and the University's net position would show an increase of $14.9 million from fiscal year 2019.

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

	Fiscal Year 2021	**Fiscal Year 2020**
Net Position (GAAP)	(4,324,577)	(79,637,887)
Add back in: GASB 68- Pension	144,183,016	186,916,944
Add back in: GASB 75- OPEB	5,985,784	6,463,131
Net Position excluding Pension and OPEB	145,844,223	113,742,188

- In fiscal year 2021, the level of funding for MSU Denver's College Opportunity Fund (COF) stipends was set by the General Assembly at $40.00 per eligible credit hour, which is $54.00 lower than the fiscal year 2020 rate of $94.00 per eligible credit hour, resulting in an overall decrease of $23.2 million.
- MSU Denver's June 30, 2021 current assets of $158.3 million were sufficient to cover current liabilities of $34.5 million. The current ratio of 4.59 (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, 2020 current assets of $149.5 million were sufficient to cover current liabilities of $62.0 million. The current ratio of 2.41.
- The University had outstanding bonds payable of $129.7 million and $135.2 million in fiscal year 2021 and 2020 respectively.

- MSU Denver's final headcount in undergraduate and graduate is reflected in the table below:

Undergraduate Headcount	2020-21	2019-20	Increase/ (Decrease)
Summer *(End of Term)*	6,726	6,378	348
Fall *(End of Term)*	17,988	19,193	(1,205)
Spring *(End of Term)*	16,371	17,815	(1,444)

Graduate Headcount	2020-2021	2019-20	Increase
Summer *(End of Term)*	422	335	87
Fall *(End of Term)*	1,098	887	211
Spring *(End of Term)*	1,094	872	222

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, 2021 and 2020. 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		
		2021	**2020**	**2019**
			(In thousands)*	
Assets:				
Current assets	$	158,283	149,549	94,971
Other non-capital assets		5,394	7,595	23,134
Net capital assets		156,295	165,784	164,756
Total assets	$	319,972	322,928	282,861
Deferred Outflows of resources		22,704	21,210	30,770
Total Assets and Deferred Outflows		342,676	344,138	313,631
Liabilities:				
Current liabilities	$	34,482	62,025	30,469
Noncurrent liabilities		274,530	300,923	329,733
Total liabilities	$	309,012	362,948	360,202
Deferred inflows of resources		37,989	60,827	89,125
Total Liabilities and Deferred Inflows		347,001	423,775	449,327
Net position				
Net investment in Capital Assets	$	23,387	26,896	26,870
Restricted for expendable purposes		1,122	1,149	7,958
Unrestricted		(28,834)	(107,682)	(170,524)
Total net position	$	(4,325)	(79,637)	(135,696)

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

At June 30, 2021 and 2020, MSU Denver's total assets and deferred outflows of resources were $342.7 million and $344.1 million, respectively, which is a decrease of $1.5 million and an increase of $30.5 million, respectively, when compared to the prior years.

At June 30, 2021 and 2020, MSU Denver's total liabilities and deferred inflows of resources were $347.0 million and $423.8 million, respectively, which is a decrease of $76.8 million and of $25.6 million, respectively, when compared to the prior years.

Decreases in cash, and depreciable assets as well as offsetting increases in accounts receivable-other were the primary reasons for the $1.5 million decrease in total assets and deferred outflows of resources in fiscal year 2021 when compared to fiscal year 2020, which is discussed in greater detail below.

Cash and cash equivalents decreased $16.5 million in fiscal year 2021 when compared to fiscal year 2020. There was a $33.5 million reduction caused by a timing difference that came from the deposit of the Coronavirus Relief Funds (CRF) in fiscal year 2020 despite being intended for fiscal year 2021 expenses. There was also a $1.7 million reduction due to a timing difference from timely payroll withholding payments in fiscal year 2021. However, these reductions were offset, in part, by the University's cost saving efforts which offset that decline by approximately $19 million.

In fiscal year 2021 accounts receivable-other increased $23.4 million when compared to fiscal year 2020 which was primarily due to a $20.7 million increase related to a timing difference in payments from Higher Education Emergency Relief Funds (HEERF). There was another $2.4 million increase as a result of a timing issue from the fee for service payment from the State of Colorado.

The University's depreciable assets declined by $8.5 million as a result of normal depreciation of $11.2 million offset with additions as well as transfers from construction in progress, such as the completion of the Student Health Center renovation.

Decreases in unearned revenue, deferred inflows of resources, net pension liability, bonds payable, the derivative instrument liability, and other non-current liabilities were the primary reasons for the $76.8 million decrease in total liabilities and deferred inflows of resources in fiscal year 2021 when compared to fiscal year 2020, which is discussed in greater detail below.

Unearned Revenue decreased $28.3 million in fiscal year 2021, of which $33.4 million was from the Governor's CRF funds discussed above. There was also a $3.4 million offsetting increase as a result of the revenue recognition criteria related to the institutional HEERF funds. More specifically, institutional HEERF funds could only be recognized as revenue as they were spent in proportion to the student HEERF awards. The difference in spending between student and institutional funds is merely a timing difference as of June 30, 2021 and all funds are expected to be spent by fiscal year 2022.

The net pension liability along with the deferred pension inflow decreased by a total of $36.8 million in fiscal year 2021 when compared to fiscal year 2020. This decrease is primarily a result of strong equity markets and positive yearly returns.

In fiscal year 2021 non-current bonds payable decreased $5.6 million, which is due to timely payments of existing debt (see note 6 for more information on the Series 2020 bond).

The derivative instrument liability decreased $4.4 million in fiscal year 2021 as a result of changing market conditions.

In fiscal year 2021 other non-current liabilities decreased $1.4 million when compared to fiscal year 2020 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.

Increases in cash, accounts receivable-other, and deferred outflows of resources related to the interest rate swap, offset with reductions in restricted cash and deferred outflows of resources-pension and OPEB were the primary reasons for the $30.5 million increase in total assets and deferred outflows of resources in fiscal year 2020 when compared to fiscal year 2019, which is discussed in greater detail below.

Cash and cash equivalents increased by $51.3 million in fiscal year 2020 when compared to fiscal year 2019. $33.5 million of this increase is due to the deposit of the Governor's Coronavirus Relief Funds (CRF), that was transferred in fiscal year 2020 but intended to be used in fiscal year 2021, and therefore unspent as of June 30, 2020. These CRF funds are to be used in line with federal guidance issued or to be issued on what constitutes a necessary expenditure under the Coronavirus Aid, Relief, and Economic Security Act (CARES). There were also increases from the 3 percent tuition increase, the 50 percent closure of the tuition window, the 5 percent increase in the Metro Bond Fee, coupled with the closure of that fee's window, and the new Student Technology Fee. Previously, the tuition window allowed students to take 13-18 credit hours for the price of 12; however, beginning in fiscal year 2020 the tuition rate at 13 credit hours and greater increased $134 per credit hour, which is 50% of the per credit hour increase between 1 and 12 credit hours. The Metro Bond fee window worked similarly to the tuition window and with its closure the Metro Bond fee is no longer discounted for taking more credit hours. The tuition and Metro Bond fee windows were originally intended to encourage financially disadvantaged students to take more credit hours. However, research was conducted to determine if the windows were accomplishing their desired effect and it was determined that many students in the window didn't realize there was a price advantage and would have taken the courses anyway. Furthermore, when economically disadvantaged students who were not taking advantage of the window were surveyed they said they couldn't take more classes because of work or other life commitments; alerting the University to the fact that this window was not meeting its desired effect and was therefore voted to be closed over three years. This increase in cash was offset by a $14.2 reduction in restricted cash due to the almost complete liquidation of the hotels' cash reserves to defease the series 2010 bonds, as well as decreases in the series 2019 bond proceeds for work on the PE Events Center remodel.

In fiscal year 2020 accounts receivable-other increased by $2.8 million when compared to fiscal year 2019 which was comprised of a timing difference in the payments received for the College Opportunity Fund stipends of approximately $1.6 million. There was also a $1.1 million increase related to the payment of the institutional portion of the federal CARES Funds.

There was an $7.0 million increase in deferred outflows of resources related to the interest rate swap offset by a $16.5 million reduction in the deferred outflows of resources related to the pension and OPEB plans in fiscal year 2020 compared to fiscal year 2019, which is attributable to the change in the University's proportional share of the unfunded PERA pension and OPEB liabilities.

Decreases in the net pension and OPEB liabilities, as well as bonds payable, accounts payable, and other current liabilities, offset with increases in unearned revenue and the derivative instrument liability were the primary reasons for the $25.6 million decrease in total liabilities and deferred inflows of resources in fiscal year 2020 when compared to fiscal year 2019, which is discussed in greater detail below.

Net pension and net OPEB liabilities, along with deferred inflows of resources decreased by a total of $57.7 million in fiscal year 2020 when compared to fiscal year 2019. This decrease is a result of strong equity markets, PERA receiving its second annual cash contribution from the State of Colorado and having a full year to realize the benefits that came with SB18-200 which was passed in 2018.

In fiscal year 2020 non-current bonds payable decreased $5.3 million, which is due to the timely payments of existing debt (see note 6 for more information on the Series 2020 bond).

Accounts payable decreased $2.1 million, of which, $1.4 million was due to a decrease in amounts owed to Wells Fargo, MSU Denver's credit card provider, due to reduced spending. Another $653 thousand of this decrease is a result of the completion of the PE/Events Center remodeling project.

Other non-current liabilities decreased $2.7 million, primarily due to a scheduled repayment of the FCC of the Perkins loan program.

Unearned Revenue increased $34.5 million in fiscal year 2020, of which $33.4 million was from the Governor's CRF funds discussed above. There was also an increase of approximately $945 thousand due to increases in summer tuition deferrals.

The interest rate swap liability increased $7.0 million in fiscal year 2020 as a result of change in the financial market.

Of the total ($4.3) million in net position in fiscal year 2021, $23.4 million is net investment in capital assets, $1.1 million is restricted for expendable purposes for student loans, and ($28.8) million is unrestricted. Of the total ($79.6) million in net position in fiscal year 2020, $26.9 million is net investment in capital assets, $1.1 million is restricted for expendable purposes for student loans, and ($107.7) 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 2021 and 2020. 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.

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

	June 30 2021	2020	2019
		(In thousands)*	
Operating revenues:			
Tuition and fees, net	$ 106,324	$ 140,431	$ 124,362
Fee for service	12,966	26,837	23,652
Sales and services	8,292	12,227	16,322
Grants and contracts	33,510	34,206	31,181
Other operating revenues	4,625	4,706	4,147
Total operating revenues	165,717	218,407	199,664
Operating expenses	189,669	212,649	214,578
Operating income (loss)	(23,952)	5,758	(14,914)
Nonoperating revenues:			
Pell grants	26,470	30,525	30,931
Federal Stimulus	66,663	7,036	—
Intergovernmental revenue	1,280	2,109	2,347
Investment and interest income (loss)	(1,403)	5,795	3,261
Interest expense on capital asset-related debt	(6,266)	(8,686)	(7,633)
Debt Issuance Cost	—	(186)	(63)
Gain/(Loss) on sale/disposal of capital assets	(20)	(385)	(64)
Nonoperating gifts and donations	4,492	4,318	4,354
Other non operating revenue	945	874	698
Perkins loan termination	204	83	58
State PERA contribution	—	1,088	1,138
Net nonoperating revenues	92,365	42,571	35,027
Income/(Loss) before other revenues	68,413	48,329	20,113
Other revenues			
Capital Student Fee, net	6,900	7,729	6,581
Increase/(Decrease) in net position	75,313	56,058	26,694
Net position at beginning of year	(79,638)	(135,696)	(156,818)
Restatement-Change in Reporting Entity	—		(5,976)
Restatement-Change in Accounting Principle			404
Net position at beginning of year as restated	(79,638)	(135,696)	(162,390)
Net position at end of year	$ (4,325)	$ (79,638)	$ (135,696)

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

Tuition and fees revenue, net, accounted for $106.3 million of the $165.7 million in operating revenue in fiscal year 2021. The tuition and fees revenue amount is net of scholarship allowances of $56.0 million and bad debt of $3.0 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.

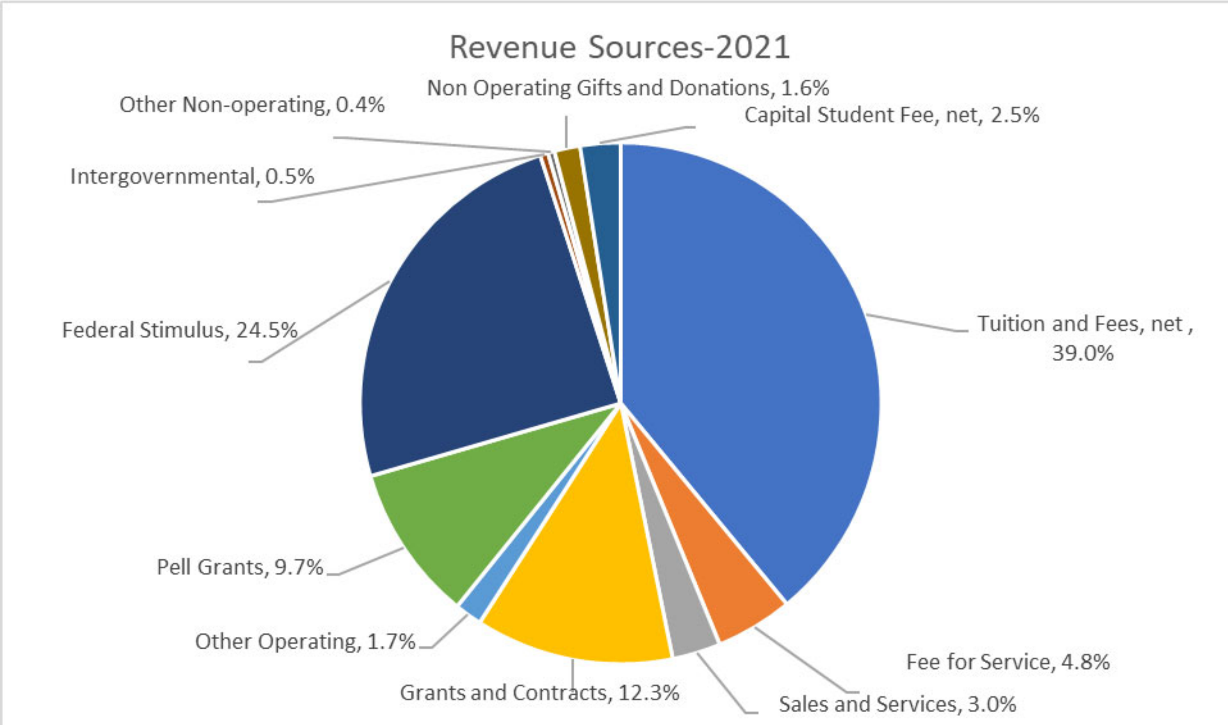
Net tuition and fee revenue decreased $34.1 million, or 24.3%, from fiscal year 2020. This decrease is a result of the $23.2 million decrease in COF (discussed above) as well as waiving certain on-campus fees including the AHEC facility fee, bus pass fee, Tivoli Park fee, and the campus recreation and athletics fees due to COVID. There was also a $2.3 million reduction due to the termination of the Detroit Institute of Music Education (DIME) program, as well as reduction of 6.2% and 9.1% in the fall and spring undergraduate enrollment, respectively. These decreases were offset by a 3.0% tuition increase beginning in spring 2021 as well as small increases in Master's courses as well as an increase from the combined student technology/online fee.

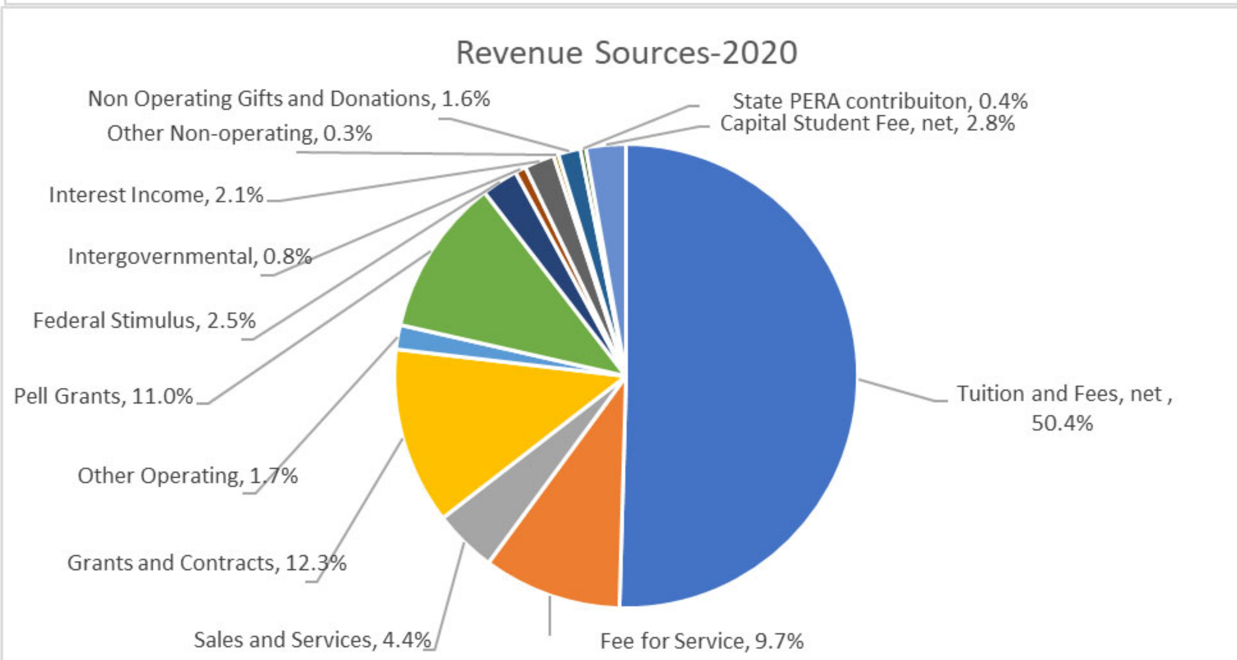
In Fiscal year 2021 the University presented two restatements to prior period balances. The first restatement of -$6.0 million was due to the change in role and mission of the HLC@Metro Inc. after the University's acquisition in fiscal year 2020. (*Please see footnotes 19 and 22 for more information about the acquisition of the HLC@Metro Inc)* The second restatement of $404 thousand was a result of the adoption of GASB Statement No. *84 Fiduciary Activities and GASB Statement No.* 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. (see footnotes 1e and 22 for more information about the adoption of GASB 84.)*

In fiscal year 2020 tuition and fees revenue, net, accounted for $140.4 million of the $218.4 million in operating revenue. The tuition and fees revenue amount is net of scholarship allowances of $59.4 million and bad debt of $3.7 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.

Fiscal year 2020 net tuition and fee revenue increased $16.1 million, or 12.9%, from fiscal year 2019. There was a 3.0% increase in tuition rates in fiscal year 2020 and the tuition window was closed by 50%. There was also a new student technology fee, an increase of 5% in existing student fees and the Metro Bond fee window was closed entirely. Scholarship discounts and allowances increased $3.6 million from fiscal year 2019 almost entirely due to increases in Colorado Student Grants.

The following are graphic illustrations of total revenue (operating and nonoperating) by source for MSU Denver for fiscal years 2021 and 2020, respectively. Each major revenue component is displayed relative to its proportionate share of total revenue.


Revenue Sources-2021
Other Non-operating, 0.4%
Non Operating Gifts and Donations, 1.6%
Capital Student Fee, net, 2.5%
Intergovernmental, 0.5%
Federal Stimulus, 24.5%
Tuition and Fees, net , 39.0%
Pell Grants, 9.7%
Other Operating, 1.7%
Fee for Service, 4.8%
Grants and Contracts, 12.3%
Sales and Services, 3.0%


Revenue Sources-2020
Non Operating Gifts and Donations, 1.6%
State PERA contribuiton, 0.4%
Capital Student Fee, net, 2.8%
Other Non-operating, 0.3%
Interest Income, 2.1%
Intergovernmental, 0.8%
Federal Stimulus, 2.5%
Pell Grants, 11.0%
Tuition and Fees, net , 50.4%
Other Operating, 1.7%
Grants and Contracts, 12.3%
Sales and Services, 4.4%
Fee for Service, 9.7%

In fiscal year 2021 there was a $23.0 million decrease in operating expenses over fiscal year 2020. The entries related to GASB 68 and 75 accounted for $3.1 million of the reduction in operating expense, while true operating expenses decreased by $19.8 million.

$5.9 million of the $19.8 million decrease in operations was due to reductions in salaries and benefits, resulting from furloughs, hiring freezes, and reduced staff due to COVID, with an additional $1.9 million decrease from compensated absences.

There was a $3.2 million reduction in travel and official functions as a result of the pandemic, as well as a $5.5 million decrease in payments to providers related to on-campus student services, i.e. student health and the AHEC on campus fees, i.e. bus pass, bond, and the Tivoli park fee. There was also a $3.8 million reduction in expenses related to the hotel.

In fiscal year 2020 there was a $1.9 million decrease in operating expenses over fiscal year 2019. The entries related to GASB 68 and 75 accounted for $20.3 million of the reduction in operating expense, while true operating expenses increased by $18.4 million.

$6.8 million of the $18.4 million increase in operations was due to increases in salaries and benefits, which was from a 3% across the board salary increase for all faculty, administrators, and classified staff as well as maintaining the University adopted averages of the "College and University Professionals Association" (CUPA) when determining minimum pay. There was also a $1.3 million increase as a result of additions to compensated absences due to increased leave balances.

Another $5.7 million of the total $18.4 million increase in fiscal year 2020 was due to direct student aid payments from the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES), with an additional increase of $1.3 million related to COVID-19 response efforts also funded by CARES funds.

There was also a $1.1 million increase in depreciation in fiscal year 2020 when compared to fiscal year 2019.

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):	2021	2020	2019
Instruction	56,663,451	66,006,372	75,595,723
Research	269,638	313,916	532,327
Public Service	2,436,633	2,608,230	2,772,875
Academic Support	20,390,792	22,525,692	23,162,788
Student Services	20,165,211	18,371,155	20,581,418
Institutional Support	24,178,661	27,674,017	25,749,784
Operation of Plant	12,191,698	13,340,039	13,594,772
Scholarships and Fellowships, net	11,179,341	8,175,047	2,891,407
Auxiliary Enterprise Expenditures	30,985,241	43,192,972	39,106,579
Depreciation	11,207,968	10,441,859	10,590,024
Total Operating Expenses	189,668,634	212,649,300	214,577,697

Operating Expenses excluding the effects of GASB 68 and 75:	2021	2020	2019
Instruction	78,134,101	86,344,837	85,603,764
Research	317,436	340,715	566,534
Public Service	2,928,089	3,008,264	2,963,966
Academic Support	25,982,840	27,775,765	25,627,126
Student Services	24,731,859	22,515,079	22,420,607
Institutional Support	29,370,499	32,251,412	27,724,841
Operation of Plant	12,352,512	13,488,259	13,635,157
Scholarships and Fellowships, net	11,179,341	8,175,047	2,891,407
Auxiliary Enterprise Expenditures	36,675,265	48,373,681	42,294,045
Depreciation	11,207,968	10,441,859	10,590,024
Total Operating Expenses	232,879,910	252,714,918	234,317,471

Statements of Cash Flows

The statements of cash flows present relevant information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities. It also helps the users of financial statements gauge MSU Denver's ability to generate cash flows and meet financial obligations as they mature.

Condensed Statements of Cash Flows

		June 30		
		2021	**2020**	**2019**
			(In thousands*)	
Net cash provided by (used in):				
Operating activities	$	(77,778)	(23,798)	(18,597)
Noncapital financing activities		67,538	74,401	35,181
Capital and related financing activities		(5,875)	(19,906)	(1,873)
Investing activities		(1,473)	5,766	3,254
Net (decrease)/increase in cash		(17,588)	36,463	17,965
Cash and cash equivalents:				
Beginning of year		128,238	91,775	73,810
End of year	$	110,650	128,238	91,775

* Amounts could differ slightly from the Statement of Cash Flows due to rounding

MSU Denver's cash and cash equivalents and restricted cash decreased by $17.6 million in fiscal year 2021 when compared to fiscal year 2020. This decrease is primarily due to the $33.5 million in Coronavirus Relief Funds (CRF) passed through the Governor's office to the University at the end of fiscal year 2020 despite it being intended for fiscal year 2021. There was also a timing difference related to faster payments related to payroll withholdings, and the spend down of $993 thousand of hotel cash reserves. However, these reductions were offset by the University's cost saving efforts of approximately $19 million.

MSU Denver's cash and cash equivalents and restricted cash increased by $36.9 million in fiscal year 2020 when compared to fiscal year 2019. This increase is primarily due to the $33.7 million in Coronavirus Relief Funds (CRF) passed through the Governor's office to the University. All but $249 thousand of the $33.7 million was set aside to be spent in fiscal year 2021. There was also a $10.5 million increase in tuition and fees as a result of the 3% tuition increase, the 50% closure of the tuition window, the 5% increase in the Metro Student Bond fee and the new Student Technology fee. Additionally, there was a $9.2 million reduction in restricted cash due to the spend down of the hotel's cash reserves to defease the Series 2010 bonds

The major sources of unrestricted cash inflows in fiscal year 2021 and 2020 were $104.0 million and $126.7 million, respectively from tuition and fees, $36.6 million and $39.4 million, respectively, from federal stimulus funds, $13.0 million and $26.8 million, respectively, from fee for service revenue, $13.3 million and $34.5 million, respectively, from grants and contracts, and $26.3 million and $30.5 million, respectively, in Pell grants. The primary outflows are $144.4 million and $149.7 million, respectively, for payments to or for employees, $66.3 million and $73.0 million, respectively, for payments to suppliers and $1.8 million and $48.7 million, respectively, for the acquisition of capital assets.

Capital Assets

At June 30, 2021, the University had $156.3 million in property, plant, and equipment, net of accumulated depreciation of $78.5 million. Depreciation charges were $11.2 million for the current year compared to $10.4 million in fiscal year 2020 and $9.4 million in fiscal year 2019.

Details of these assets are shown in the table below:

Capital Assets, Net of Depreciation at Year-End

		June 30		
		2021	**2020**	**2019**
			(in thousands)	
Construction in progress	$	3,503	4,540	3,580
Land		1,005	1,005	1,005
Equipment		5,730	6,632	6,239
Buildings		113,478	118,054	84,679
Leasehold/land improvements		32,579	35,552	32,773
Total	$	156,295	165,783	128,276

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 6 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 sequester, the subsidy paid MSU Denver 45% of the interest amount on both the series 2009 and 2010 bonds. 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
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	2,758,975	1,241,539	45%	1,159,597	(81,942)
2017	2,822,365	1,270,064	45%	1,182,430	(87,634)
2016-2012	14,835,023	6,675,760	45%	6,336,401	(339,359)
2011-2010	4,638,304	2,087,237	45%	2,087,237	0
Total Reduction in Series 2010 Bond Subsidy Payments					**(718,623)**
Average Subsidy Rate Received				42.87%	

Series 2010 Bond Interest Payments and Corresponding Subsidy Receipts

June 30	Interest Payment	Original Interest Subsidy	Original % of Subsidy Payments	Modified Interest Subsidy	Difference
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	522,413	235,086	45%	219,570	(15,516)
2017	532,910	239,810	45%	223,263	(16,547)
2016-2012	2,781,804	1,251,812	45%	1,188,088	(63,724)
2011	543,193	244,437	45%	244,437	(0)
Total Reduction in Series 2010 Bond Subsidy Payments					**(135,738)**

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 available cash funds 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. These bonds are paid with the student bond fee discussed above.

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 $47,710,000 of direct placement, Series 2020, Institutional Enterprise Revenue Bonds. These bonds were issued at a variable interest rate equal to 80% of 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.

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. Because it was the intent of University management to attach the interest rate swap with the Series 2020 bonds noted above and all other intended assets and liabilities were transferred in fiscal year 2020, the University is reflecting the interest rate swap on the fiscal 2020 financial statements. 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 negative fair value of $7.1 million and $11.5 million as of June 30, 2021 and 2020, respectively. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

At June 30, 2021, the University had $132.2 million in outstanding debt payments compared to $138.2 million at June 30, 2020 and $94.7 million at June 30, 2019. The table below summarizes these amounts by type of debt:

Outstanding Debt at Year-End

		June 30	
	2021	2020	2019
		(In thousands)	
Series 2009	$ 41,140	42,695	44,210
Series 2010	8,010	8,290	8,565
Series 2014	1,452	1,858	2,253
Series 2016	24,705	25,285	25,850
Series 2019	6,050	7,165	8,250
Series 2020	46,345	47,710	—
Capital lease	4,539	5,159	5,545
Total	$ 132,241	138,162	94,673

In January, 2020 Moody's Investor's Service affirmed the A1 underlying rating on the University's enterprise revenue debt and in April, 2021 Standard & Poor's Global Ratings revised its outlook from negative to stable and affirmed its underlying 'A' rating on the University's revenue debt.

Economic Outlook and Metropolitan State University of Denver's Future

After going remote in March 2020, due to the COVID-19 pandemic, MSU Denver will reopen the campus and welcome students and staff back beginning fall 2021. Eighty percent of the fall 2019 on-campus section numbers have been restored to an on-campus offering, for fall 2021, with the remaining courses transitioning to on-line to accommodate the changing needs of our students. In an ongoing effort to keep the campus safe vaccines were mandated with weekly testing requirements for those with exceptions to the vaccine. Face coverings will also be required, and the University will continue to follow all public health and safety orders. The University's efforts to date have resulted in a 1% positivity rate on campus which is 3.2% lower than that of the City and County of Denver.

The University is looking forward with a strategy of "recover, stabilize, and build" which includes a commitment to investing in the MSU Denver workforce. This includes a 1.75% across the board pay increase for faculty, professional staff and administrators beginning in October 2021. Additionally, one-time stipends with amounts ranging from $700 to $1,500 are payable in November 2021, with an additional $500 one-time stipend for those employees who were hired before July 2021 and stay through the spring 2022 semester. Other resources have been pledged to address salary equity and compression issues, as well as professional development initiatives. Furthermore, classroom upgrades across 150 spaces are being scheduled to continue to provide a healthy, attractive, urban campus experience. Another area of focus for the University is the technical infrastructure. MSU Denver has a four-year project plan to replace the University's Finance and Human Resource (HR) systems, and to either reengineer or replace the University's Student system. This plan was submitted to the state with a request of $14.9 million in capital construction funds over the life of the project, and the first year's full request of $1.3 million was approved. The University will contribute $1.6 million of its own resources towards this project and plans to have the Finance and HR modules implemented by January 1, 2023. There is also a three-year network modernization project to improve wireless capabilities on campus that was also submitted to the state for approval of $2.8 million in capital construction funds. The first year's funding of $1.3 million on this project was also approved. The University will contribute $750 thousand over the life of the project of its own resources for a total project budget of $3.5 million.

The University did not raise tuition in fall 2021, and reinstated the on-campus fees that were waived during the pandemic. However, the bus pass fee remains to be optional until a more permanent arrangement can be made with RTD. In fiscal year 2020 the University reduced its tuition window by 50% with the remaining 50% to be closed in fiscal year 2022. This decision was made after research was conducted and determined it was not promoting financially disadvantaged students to take more credit hours as was originally intended.

In fiscal year 2021 the University was able to recover $22.8 million in lost revenue from the Higher Education Emergency Relief Fund (HEERF), and it is anticipated another $20 million will be recovered in fiscal year 2022; however, this funding was not sufficient to cover all the lost revenue that resulted from the pandemic. The University is still managing the restrictions and requirements of the HEERF funds and does not currently expect to be awarded additional support. The severity of the continued impact of the pandemic on the University's financial condition, results of operations, and cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, the extent and severity of the impact on the University's community, and whether or not there will be any additional federal support, all of which are uncertain and cannot be predicted.

MSU Denver retained its Taxpayer's Bill of Rights (TABOR) enterprise status during fiscal year 2021 by receiving less than 10% in state funding. The College Opportunity Fund (COF) stipend was set by the General Assembly for fiscal year 2021 at a reduced rate of $40 per eligible credit hour for resident undergraduate students as a result of the pandemic, but the stipend was increased to $94 per eligible credit hour for fiscal year 2022, which is currently appropriated at $37.1 million, per the long bill. MSU Denver received $13.0 million in fee-for-service revenue in fiscal year 2021, and is budgeted to receive $35.4 million in fiscal year 2022. This increased funding from the State of Colorado represents an additional $8 million in additional funds when compared to fiscal year 2020 funding.

In an effort to manage costs the University continually monitors the market and when possible leverages favorable conditions to reduce bond interest costs. On August 2, 2021, the University issued the Series 2021, Institutional Enterprise Revenue Refunding Bonds as a direct placement with PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds offer a more favorable rate with a five-year term. This refunding is expected to yield an estimated present value savings of $6.4M. *(Please see note 23 for more information related to the Series 2021 bonds.)*

Beginning in fiscal year 2022 the University must adopt GASB Statement No. 87, *Lease Accounting*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases such as building space, copiers, and computers classified as operating leases disclosed in Note 5. The effects on the statement of revenues, expenses and changes in net position is not expected to be significant.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to MSU Denver at Campus Box 98, P.O. Box 173362, Denver, CO 80217

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020 (restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 109,283,233	$ 125,801,684
Accounts receivable – student (net of allowance for doubtful accounts of $4,174,366 and $3,635,210, respectively)	15,316,030	13,977,419
Accounts receivable – other	29,533,744	6,116,559
Loans receivable	1,093,095	1,170,840
Prepaid expense	3,020,809	2,451,587
Investments	35,811	30,756
Total current assets	**158,282,722**	**149,548,845**
Noncurrent assets:		
Restricted cash	1,366,739	2,436,645
Investments	768,949	639,994
Prepaid expense	97,540	100,205
Loans receivable (net of allowance for doubtful accounts $451,728 and $571,477, respectively)	3,160,970	4,418,461
Land	1,005,185	1,005,185
Construction in progress	3,503,007	4,539,992
Depreciable assets, net:		
Equipment	5,730,363	6,632,030
Buildings	113,477,526	118,054,129
Leasehold and land improvements	32,579,144	35,552,332
Total depreciable capital assets, net	151,787,033	160,238,491
Total noncurrent assets	**161,689,423**	**173,378,973**
Total assets	**319,972,145**	**322,927,818**
Deferred Outflows of Resources		
Deferred pension outflow	15,400,409	9,471,963
Deferred OPEB outflow	240,597	281,023
Deferred Ouflow Interest Rate Swap	7,063,126	11,457,017
Total deferred outflows of resources	**22,704,133**	**21,210,003**
Total assets and deferred outflows of resources	**$ 342,676,278**	**$ 344,137,821**

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020 (restated)
Liabilities		
Current liabilities:		
Accounts payable	$ 5,007,941	$ 2,934,585
Accrued interest payable	387,056	403,099
Accrued payroll	5,340,237	6,378,694
Unearned revenue	15,196,218	43,497,503
Compensated absences	583,651	474,439
Bonds payable	4,050,000	3,935,000
Capital leases	649,884	619,656
Deposits held in custody and other current liabilities	1,964,602	2,161,267
Other Current Liabiliities	1,302,179	1,620,983
Total current liabilities	**34,481,769**	**62,025,226**
Noncurrent liabilities:		
Net pension liability	123,698,899	137,007,271
Net OPEB liability	4,121,606	5,298,418
Compensated absences	6,145,018	6,034,799
Interest rate swap liability	7,063,126	11,457,017
Bonds payable	125,686,135	131,237,571
Capital leases	3,889,300	4,539,184
Other non-current liabilities	3,925,700	5,348,849
Total noncurrent liabilities	**274,529,784**	**300,923,109**
Total liabilities	**309,011,553**	**362,948,335**
Deferred Inflows of Resources		
Deferred pension inflow	35,884,527	59,381,636
Deferred OPEB inflow	2,104,775	1,445,736
Total deferred inflows of resources	**37,989,302**	**60,827,372**
Total liabilities and deferred inflows of resources	**347,000,855**	**423,775,707**
Net position		
Net Investment in Capital Assets	23,386,644	26,895,679
Restricted for expendable purposes, Loans	1,122,372	1,148,458
Unrestricted	(28,833,593)	(107,682,024)
Total net position	**(4,324,577)**	**(79,637,887)**

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, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 1,611,505	$ 1,226,392
Cash Restricted for Distribution to University	42	117,528
Cash Restricted for Alumni Association	225,128	18,884
Investments	11,501,371	8,939,678
Receivable from University	3,814	8,916
Promises to Give, Net	1,635,910	1,624,727
Prepaid Expenses and Other Assets	21,618	38,723
Property and Equipment, Net	1,334,802	1,370,202
Endowment:		
Cash Restricted for Endowment	26,350	-
Promises to Give, Net	1,271,778	1,313,203
Investments	21,877,290	16,742,947
Total Assets	$ 39,509,608	$ 31,401,200
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	$ 183,432	$ 87,715
Accounts Payable to University	357,229	175,313
Funds Held for Distribution to University	42	117,528
Funds Held for Alumni Association	225,128	18,884
Paycheck Protection Program Loan	-	71,700
Total Liabilities	765,831	471,140
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,363,314	3,175,890
Board-Designated	1,159,017	979,371
Invested in Property and Equipment, Net	1,334,802	1,370,202
Total Without Donor Restrictions	7,857,133	5,525,463
With Donor Restrictions	30,886,644	25,404,597
Total Net Assets	38,743,777	30,930,060
Total Liabilities and Net Assets	$ 39,509,608	$ 31,401,200

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS-TYPE ACTIVITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020 (restated)
Operating revenues:		
Student tuition and fees, (including gross tuition of $29,471,845 and $30,467,990, respectively, pledged for bonds) net of scholarship allowances of $55,977,903 and $59,360,538, and bad debt expense of $3,027,701 and $3,650,472, respectively	$ 106,324,359	$ 140,431,267
Fee for service	12,966,242	26,836,913
Sales and services of educational departments	96,292	172,601
Sales and services of auxiliary enterprises	8,195,258	12,054,520
Federal grants and contracts	8,440,872	8,268,863
State grants and contracts	24,495,393	25,380,900
Local grants and contracts	341,773	510,129
Private grants and contracts	231,955	46,123
Operating interest income	325,816	296,744
Other operating revenues	4,298,829	4,409,146
Total operating revenues	165,716,789	218,407,206
Operating expenses:		
Instruction	56,663,451	66,006,373
Research	269,638	313,916
Public service	2,436,633	2,608,230
Academic support	20,390,792	22,525,692
Student services	20,165,211	18,371,155
Institutional support	24,178,661	27,674,017
Operation of plant	12,191,698	13,340,039
Scholarships and fellowships	11,179,341	8,175,047
Auxiliary enterprise expenditures	30,985,241	43,192,972
Depreciation	11,207,968	10,441,859
Total operating expenses	189,668,634	212,649,300
Operating Income/(loss)	(23,951,845)	5,757,906
Nonoperating revenues (expenses):		
Pell grants	26,470,089	30,525,025
Federal Stimulus	66,663,057	7,035,777
Intergovernmental revenue (including $1,280,497 and $1,316,670, respectively, pledged for bonds)	1,280,497	2,109,422
Investment and interest income (including realized interest of $1,526,994 and $2,156,177, respectively, pledged for bonds)	(1,403,009)	5,795,479
Interest expense on capital asset related debt	(6,266,147)	(8,686,000)
Debt Issuance Costs	–	(186,250)
Gain/(Loss) on sale/disposal of fixed assets	(20,335)	(385,179)
Nonoperating gifts and donations	4,491,821	4,317,671
Perkins Loan termination	204,246	82,701
State PERA contribution	–	1,088,406
Other nonoperating	945,062	874,411
Net nonoperating revenue	92,365,281	42,571,463
Loss before other revenues	68,413,436	48,329,369
Other revenues		
Capital student fees, (including gross fees of $7,627,576 and $7,913,574, respectively, pledged for bonds) net of scholarhip allowances of $3,553,152 and $3,597,482, and bad debt expense of $216,546 and $226,102, respectively	6,899,874	7,729,097
Total other revenues	6,899,874	7,729,097
Increase/(Decrease) in net position	75,313,310	56,058,466
Net position at beginning of year	(79,637,887)	(130,596,910)
Restatement- Change in Reporting Entity		(5,404,458)
Restatement-Change in Accounting Principle		305,015
Net position at beginning of year, as restated		(135,696,353)
Net position at end of year	$ (4,324,577)	$ (79,637,887)

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 159,248	$ 6,720,908	$ 6,880,156
Services Received from University	1,917,906	-	1,917,906
In-Kind Contributions	-	18,795	18,795
Endowment Management Fees	340,517	-	340,517
Net Investment Return	1,974,181	3,717,397	5,691,578
Rent and Other Income	311,188	-	311,188
Net Assets Released from Restrictions	4,975,053	(4,975,053)	-
Total Revenue, Support, and Gains	9,678,093	5,482,047	15,160,140
EXPENSES			
Program Services Expense:			
Support Provided to University	4,739,543	-	4,739,543
CVA Operating Expenses	62,030	-	62,030
Total Program Expenses	4,801,573	-	4,801,573
Supporting Services Expense:			
General and Administrative Costs	589,516	-	589,516
Donor Development Costs	1,955,334	-	1,955,334
Total Supporting Services Expenses	2,544,850	-	2,544,850
Total Expenses	7,346,423	-	7,346,423
CHANGE IN NET ASSETS	2,331,670	5,482,047	7,813,717
Net Assets - Beginning of Year	5,525,463	25,404,597	30,930,060
NET ASSETS - END OF YEAR	$ 7,857,133	$ 30,886,644	$ 38,743,777

METROPOLITAN STATE UNIVERSITY OF DENVER
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	$ 3,371	$ 6,460,088	$ 6,463,459
Services Received from University	1,927,251	-	1,927,251
In-Kind Contributions	-	167,172	167,172
Endowment Management Fees	281,805	-	281,805
Gross Special Events Revenue	6,884	-	6,884
Less: Cost of Direct Benefits to Donors	(3,677)	-	(3,677)
Net Special Events Revenue	3,207	-	3,207
Net Investment Return	104,447	46,005	150,452
Rent and Other Income	276,287	-	276,287
Net Assets Released from Restrictions	4,702,075	(4,702,075)	-
Total Revenue, Support, and Gains	7,298,443	1,971,190	9,269,633
EXPENSES			
Program Services Expense:			
Support Provided to University	4,446,466	-	4,446,466
CVA Operating Expenses	65,921	-	65,921
Total Program Expenses	4,512,387	-	4,512,387
Supporting Services Expense:			
General and Administrative Costs	644,802	-	644,802
Donor Development Costs	1,966,947	-	1,966,947
Total Supporting Services Expenses	2,611,749	-	2,611,749
Total Expenses	7,124,136	-	7,124,136
CHANGE IN NET ASSETS	174,307	1,971,190	2,145,497
Net Assets - Beginning of Year	5,351,156	23,433,407	28,784,563
NET ASSETS - END OF YEAR	$ 5,525,463	$ 25,404,597	$ 30,930,060

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS TYPE ACTIVITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

		2021	2020 (restated)
Cash flows from operating activities:			
Cash received:			
Tuition and fees	$	103,980,861	126,660,854
Fee for service		12,966,242	26,836,913
Sales and services		7,751,827	11,588,941
Grants and contracts		13,329,785	45,636,045
Student loans collected		1,566,251	1,602,936
Direct lending inflows		64,508,589	75,906,495
Other operating receipts		9,136,417	5,945,627
Cash payments:			
Payments to or for employees		(144,386,124)	(149,671,454)
Payments to suppliers		(66,308,027)	(72,970,675)
Direct lending outflows		(64,282,895)	(75,718,765)
Scholarships disbursed		(15,815,268)	(19,427,407)
Net cash used in operating activities		(77,552,342)	(23,610,490)
Cash flows from noncapital financing activities:			
Federal Stimulus		36,576,369	39,443,462
Nonoperating gifts and donations		4,438,601	4,265,855
Pell grants		26,297,287	30,503,845
Net cash provided by noncapital financing activities		67,312,257	74,213,162
Cash flows from capital and related financing activities:			
Interest subsidy		1,508,585	1,566,090
Debt issuance costs		—	(186,250)
Interest on capital asset related debt		(6,418,625)	(9,867,262)
Proceeds from bond sale		—	47,710,000
Principal paid on bonds		(5,300,000)	(54,070,697)
Principal paid on capital leases		(619,656)	(609,690)
Non operating gifts and donations		—	228,611
Proceeds for capital student fee		6,743,908	7,557,447
Acquisition of capital assets		(1,789,475)	(12,234,159)
Net cash provided by (used in) capital and related financing activities		(5,875,263)	(19,905,910)
Cash flows from investing activity:			
Investment earnings		(1,403,009)	5,776,398
Collection of loans		—	11,250
Sale of investments		—	38,788
Purchase of investments		(70,000)	(60,000)
Net cash provided by investing activities		(1,473,009)	5,766,436
Net increase/(decrease) in cash		(17,588,357)	36,463,198
Beginning cash and cash equivalents including restricted cash		128,238,329	91,775,131
Ending cash and cash equivalents including restricted cash	$	110,649,972	128,238,329

METROPOLITAN STATE UNIVERSITY OF DENVER
BUSINESS TYPE ACTIVITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

		2021		2020 (restated)
Reconciliation of net operating loss to net cash used in operating activities:				
Operating Income (loss)	$	(23,951,845)	$	5,884,335
Adjustment to reconcile:				
Depreciation expense		11,207,968		10,441,859
Direct Lending/Other Expenses		(654,739)		46,203
Provision for bad debt		4,050,118		4,915,729
Nonoperating revenue		682,208		728,501
State PERA contribution		—		1,088,406
Decrease (increase) in assets:				
Accounts receivable – student		(4,530,310)		(4,288,790)
Loans receivable		1,078,218		1,153,783
Prepaid expense		(565,056)		(929,469)
Accounts receivable – other		(23,504,758)		(1,774,939)
Increase in deferred outflows:				
Deferred pension outflow		(5,888,021)		16,529,849
Increase (decrease) in liabilities/deferred inflows:				
Net pension liability		(14,485,185)		(29,386,350)
Deferred pension inflow		(22,838,070)		(28,297,524)
Accounts payable		2,233,942		(1,493,646)
Unearned revenue		1,785,404		1,158,490
Accrued payroll		(1,043,512)		284,605
Other liabilities		(1,128,704)		328,466
Net cash used in operating activities	$	(77,552,342)	$	(23,610,490)
Noncash transactions				
Retirement of capital assets	$	(20,335)	$	(22,404)
Donation of capital assets		—		50,000
Write-off of uncollectible accounts receivable		3,254,141		4,629,696
Write-off of uncollectible loans receivable		376,522		240,879
Amortization of premiums and discounts on debt		136,435		138,698
Unrealized gain on investments		77,499		19,081

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, 2021 and 2020. 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, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted (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 and required a restatement of ($5.4) million; however, no change was needed for the Authority. *(please see note 22 for more information on this change in presentation.)* The Authority had no financial transactions as of June 30, 2021 or 2020. 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 19 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 in fiscal year 2021 and 2020, as well as contractually restricted cash in fiscal year 2020 for the HLC@Metro Inc..

Accounts Receivable: Accounts receivable result 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. Non-current investments represent those items that are intended to be held longer than twelve months regardless of their original maturity date.

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: Depreciation is computed using the straight-line 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.

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.

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.

Capital Leases: Capital leases consist of a lease-purchase contract for improvements related to the Science building on the Auraria Campus. The building owned by Auraria Higher Education Center (AHEC), is occupied by the University, the University of Colorado at Denver (UCD), and the Community College of Denver (CCD). The Science building has office space and technologically advanced student labs. The University also has a few capital leases for information technology related equipment. Such contracts provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes.

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.

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, and interest expense.
- *Other revenues* consist of 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 2021 or 2020.

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, 2021, the University adopted GASB Statement No. 84 *Fiduciary Activities*, (GASB 84) and GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These statements established criteria for identifying fiduciary activities, with a focus generally on 1) whether the University has possession of the assets 2) the amount of control over those assets, and 3) the beneficiaries with whom a fiduciary relationship exists. Activity primarily related to student clubs, study abroad, and tri institutional student fees were modified based on this standard and are now shown on the Statement of Changes in Revenue, Expenses, and Changes in Net Position. The adoption for GASB 84 has been applied retroactively. *See note 22 for more information*.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the University's financial statements for the year ending June 30, 2022. All other requirements of the statement are effective for the University's financial statements for the year ending June 30, 2021, however there was no impact to the University's financial statements for June 30, 2021. Lease modification requirements are effective one year later.

(2) Cash and Cash Equivalents and Investments

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

		2021	
		Bank Balance	**Carrying Amount**
Cash on hand	$	—	33,776
Cash in checking and depository accounts at banks		2,161,307	603,441
Total cash on hand and in banks	$	2,161,307	637,217

		2020	
		Bank Balance	**Carrying Amount**
Cash on hand	$	—	34,386
Cash in checking and depository accounts at banks		2,141,835	1,114,742
Total cash on hand and in banks	$	2,141,835	1,149,128

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.

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.

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, 2021, $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, 2021 and 2020, the University had cash on deposit with the State Treasurer of $109,862,755 and $126,805,266, respectively, which represented approximately .62 percent of the total $17,744.6 million and 1.31 percent of the total $9,633.8 million fair value of deposits in the State Treasurer's Pool (Pool). The $109,862,755 and $126,805,266 on deposit as of June 30, 2021 and 2020, respectively, includes $1,366,739 and $2,436,644 of restricted cash as of June 30, 2021 and 2020, respectively, which as of June 30, 2021 and 2020 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 (see note 6 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 $3,157,003 in fiscal year 2021 and an unrealized net gain of $3,444,730 in fiscal year 2020. These net unrealized gains/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, 2021.

(a) Other Investments

1) As of June 30 2021 and 2020, the University has invested $190,634 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, 2021 and 2020, the fair value of the University's investment remained at $190,634.

2) The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2021, and 2020, the University has reoccurring fair value measurements of $614,126 and $480,117, 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, 2021 and 2020 are reflected in the table below *(percents may not total to 100.00% due to rounding)*:

Current Asset Allocation for TIAA-CREF Lifecycle 2020 Fund		
	06/30/21	06/30/20
US Equity	31.7%	29.6%
Fixed Income	38.1%	40.2%
International Equity	13.7%	13.8%
Inflation-Protected Assets	6.3%	5.9%
Short-Term Fixed Income	6.3%	5.9%
Direct Real Estate	3.7%	4.3%
Short-Term Investments, Other Assets & Liabilities, Net	0.1%	0.2%
	100%	**100%**
Current Asset Allocation for TIAA-CREF Lifecycle 2030 Fund		
	06/30/21	06/30/20
US Equity	43.4%	44.5%
Fixed Income	29.3%	28.0%
International Equity	18.7%	19.1%
Inflation-Protected Assets	2.4%	2.0%
Short-Term Fixed Income	2.4%	2.0%
Direct Real Estate	3.7%	4.3%
Short-Term Investments, Other Assets & Liabilities, Net	0.1%	0.2%
	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 13.7% and 13.8% in international equities in fiscal year 2021 and 2020 respectively. 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, 2021 and 2020:

	Balance, June 30, 2020	Additions	CIP transfers	Retirements/Adjustments	Balance, June 30, 2021
Land	1,005,185	-	-	-	1,005,185
Construction in progress	4,539,992	1,330,705	(2,251,095)	(116,595)	3,503,007
Depreciable capital assets					
Equipment	23,489,983	525,759	-	(95,742)	23,920,000
Buildings	140,597,500		77,273	-	140,674,773
Leasehold improvements	63,542,444		2,173,822	(8)	65,716,258
Less accumulated depreciation:					
Equipment	(16,857,953)	(1,407,091)	-	75,406	(18,189,638)
Buildings	(22,543,371)	(4,653,876)	-	-	(27,197,247)
Leasehold improvements	(27,990,112)	(5,147,002)	-	-	(33,137,114)
Net depreciable capital assets	160,238,491	(10,682,210)	2,251,095	(20,344)	151,787,032
Total capital assets, net	165,783,668	(9,351,505)	-	(136,939)	156,295,224

	Balance, June 30, 2019	Additions	CIP transfers	Retirements	Balance, June 30, 2020
Land	1,005,185	-	-	-	1,005,185
Construction in progress	3,580,360	8,721,395	(7,761,763)	-	4,539,992
Depreciable capital assets					
Equipment	21,863,574	1,974,121	-	(347,712)	23,489,983
Buildings	102,810,082	37,056,264	731,154	-	140,597,500
Leasehold improvements	56,292,363	219,472	7,030,609	-	63,542,444
Less accumulated depreciation:					
Equipment	(15,624,606)	(1,558,656)	-	325,309	(16,857,953)
Buildings	(18,130,678)	(4,412,693)	-	-	(22,543,371)
Leasehold improvements	(23,519,602)	(4,470,510)	-	-	(27,990,112)
Net depreciable capital assets	123,691,133	28,807,998	7,761,763	(22,403)	160,238,491
Total capital assets, net	128,276,678	37,529,393	-	(22,403)	165,783,668

(4) Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

		June 30, 2020	Additions	Deletions	June 30, 2021	Amounts due within one year
Bonds payable	$	135,172,571	-	(5,438,698)	129,733,873	4,050,000
Capital lease payable		5,158,841	-	(619,656)	4,539,184	649,884
Compensated absences		6,509,238	287,422	(67,991)	6,728,669	583,651
Interest Rate Swap Agreement		11,457,017		(4,393,891)	7,063,126	
Total noncurrent liabilities		146,840,649	287,422	(6,126,346)	141,001,725	5,283,535

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

		June 30, 2019	Additions	Deletions	June 30, 2020	Amounts due within one year
Bonds payable	$	91,436,269	47,710,000	(3,973,698)	135,172,571	3,935,000
Capital lease payable		5,544,793	223,738	(609,690)	5,158,841	619,656
Compensated absences		4,410,677	2,098,561		6,509,238	474,439
Interest Rate Swap Agreement			11,457,017		11,457,017	
Total noncurrent liabilities		101,391,739	50,032,298	(4,583,388)	146,840,649	5,029,095

Interest Rate Swap Agreement

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. The Swap Agreement had a notional value of $48.7 million and a negative fair value of $7.1M and $11.5 million as of June 30, 2021 and 2020, respectively. The fair value of the Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021 and 2020. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

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. In addition, the University was to pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR, with a 1% LIBOR floor, plus 150 basis points. This arrangement produced an interest rate on the Series 2020 Bonds equal to approximately 4.612% and helps ensure the

University can leverage a low interest rate in an otherwise unpredictable market. However, on December, 31, 2020, an amendment to the pricing certificate for the Series 2020 bonds was executed, resulting in the removal of the 1% LIBOR floor with all other terms and conditions unchanged. This arrangement yielded an interest rate equal to approximately 3.95%. MSU Denver classified this Swap Agreement in level 2 of the fair value hierarchy; whereby, RBC, the counterparty to the Swap Agreement, determined the fair value as of June 30, 2021 and 2020 using an indicative mid-market valuation.

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, 2021, RBC's credit rating is rated Aa2 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

Operating Leases

The University leases building space, land, copiers, computers, and small off-site storage units under operating lease agreements with AHEC and with private organizations. The University has three ground leases with AHEC totaling $3.00 for the ground where the HLC, the Student Success Building (SSB) and the Aerospace Building (AES) were built. Total rental payments for the years ended June 30, 2021 and 2020 under all agreements was $3,509,276 and $3,739,459, respectively. As of June 30, 2021, minimum future rentals required by these agreements are as follows:

Fiscal years ending:	
2022	2,451,831
2023	2,184,409
2024	1,452,420
2025	722,064
2026	651,792
2027	478,114
	$ 7,990,630

In addition to these operating leases, the University occupies other space on the Auraria Campus owned by AHEC. The use of this space is not formalized under an official lease agreement (with a lease term and future payment obligations) but is rather a component of the shared campus costs and is, therefore, reflected in note 16.

Capital Leases

During fiscal year 2009, the University entered into a capital lease 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 lease requires annual principal payments and semiannual interest payments. In fiscal years 2021 and 2020, the principal payments totaled $490,930 and $466,384, respectively, and interest payments equaled $244,193 and $269,906, respectively. In fiscal year 2019, the University entered into a capital lease for a storage array and 4-nodes unit. The lease requires annual principal payments with imputed interest payments. In fiscal years 2021 and 2020, the principal payments were $85,177 and $82,954, and the interest payments were $7,033 and $9,257, respectively. In fiscal year 2020 the University entered into a capital lease for VMWare. The lease requires annual principal payments with imputed interest payments. In fiscal years 2021 and 2020, the principal payments totaled $43,549 and $42,412, and the interest payments totaled $4,860, respectively.

The following is a schedule of future minimum capital lease payments as of June 30, 2021:

		Principal	Interest	Total
Fiscal year(s) ending June 30:				
2022		649,884	221,629	871,513
2023		680,205	189,970	870,175
2024		622,872	156,654	779,526
2025		606,968	123,060	730,028
2026		640,441	88,449	728,890
2027 – 2028		1,338,815	64,966	1,403,781
Total	$	4,539,185	844,728	5,383,913

As of June 30, 2021, assets acquired under a capital lease obligation included leasehold improvements totaling $8,581,884 and equipment/software totaling $720,589, with total accumulated amortization totaling $5,017,376 and $307,707, respectively. The associated amortization expense on those assets is included in depreciation expense. During fiscal year 2021, amortization of $558,245 was recorded.

As of June 30, 2020, assets acquired under a capital lease obligation included leasehold improvements totaling $8,581,884 and equipment/software totaling $720,589, with total accumulated amortization totaling $4,598,023 and $168,816, respectively. The associated amortization expense on those assets is included in depreciation expense. During fiscal year 2020, amortization of $535,871 was recorded.

(6) Bond Obligations

Total outstanding bonds are summarized below:

Issue	Date issued	Amount issued	June 30 2021	June 30 2020
2009 Taxable Institutional Enterprise Revenue Bonds	11/17/09	$ 55,190,000	41,140,000	42,695,000
2010 Taxable Institutional Enterprise Revenue Bonds	6/11/10	10,575,000	8,010,000	8,290,000
Less discount on 2010 Bonds, net of amortization			(28,412)	(29,908)
2014 (Direct Placement) Institutional Enterprise Revenue Bonds	6/13/2014	4,000,000	1,452,540	1,857,540
2016 Institutional Enterprise Revenue Bonds	1/27/2016	27,450,000	24,705,000	25,285,000
Plus premium on 2016 Bonds, net of amortization			2,062,007	2,199,938
2019 (Direct Placement) Bank Qualified Enterprise Revenue Bonds	1/31/2019	8,250,000	6,050,000	7,165,000
2020 (Direct Placement) Bank Qualified Enterprise Revenue Bonds	4/17/2020	47,710,000	46,345,000	47,710,000
Total			$ 129,736,135	135,172,570

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, 2021 are summarized in the table below. All non-direct placement debt has a fixed interest rate.

Fiscal year	Principal	Interest	Total
2022	$ 2,490,000	3,959,415	6,449,415
2023	2,560,000	3,836,672	6,396,672
2024	2,640,000	3,709,415	6,349,415
2025	2,720,000	3,573,263	6,293,263
2026	2,810,000	3,420,505	6,230,505
2027 – 2031	15,685,000	14,518,134	30,203,134
2032 – 2036	18,675,000	9,710,920	28,385,920
2037 – 2041	19,175,000	4,145,884	23,320,884
2042 – 2046	7,100,000	922,000	8,022,000
	73,855,000	$ 47,796,208	121,651,208
Unamortized discount, net	(28,412)		
Unamortized premium, net	2,062,007		
	$ 75,888,595		

(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 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, 2021, the University received $718,623 less in subsidy payments than what was expected before sequester. As of June 30, 2021 and 2020, the University has received $14,087,167 and $13,009,668, respectively, in subsidy payments since the bond's inception. These bonds are collateralized by future revenues the University has pledged. See note 7 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, 2021 the University received $135,738 less in subsidy payments than what was expected before sequester. As of June 30, 2021 and 2020, the University has received $2,508,276 and $2,302,196, respectively, in subsidy payments since the bond's inception. These bonds are collateralized by future revenues the University has pledged. See note 7 for more information on pledged revenues.

The Series 2010 bonds are shown net of unamortized discount of $28,412.

(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 are 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. These bonds are not subject to the bond subsidy payments from the federal government. These bonds are collateralized by future revenues the University has pledged. See note 7 for more information on pledged revenues.

The Series 2016 bonds are shown net of unamortized premium of $2,062,007.

Direct Placement Bonds

The University has three 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 7 for more information on pledged revenues). Principal and interest requirements on all non-direct placement outstanding bonds at June 30, 2021 are summarized in the table below. The Series 2019 direct placement debt has a fixed interest rate and the Series 2014 and Series 2020 have a variable interest rate that is calculated as 65.001% of LIBOR, plus a tax free loan margin of 0.99% per annum for the Series 2014 and 80% of LIBOR plus 150 basis points for the Series 2020. Prior to the amendment on the Series 2020 bonds pricing certificate on December 31, 2020, there was a 1% LIBOR floor on the 80% of LIBOR the University owed to JP Morgan Chase; however, that amendment removed that floor, although no other terms and conditions were modified. This new arrangement yielded an interest rate equal to approximately 3.95%.

For purposes of this table the rate used to calculate future interest owed on the Series 2014 and Series 2020 was the rate that was in effect as of June 30, 2021.

Fiscal year	Principal	Interest	Total
2022	$ 1,560,000	1,989,567	3,549,567
2023	3,020,000	1,898,412	4,918,412
2024	3,110,000	1,803,939	4,913,939
2025	2,952,540	1,707,753	4,660,293
2026	2,865,000	1,610,918	4,475,918
2027 – 2031	8,925,000	6,937,956	15,862,956
2032 – 2036	10,810,000	4,957,715	15,767,715
2037 – 2041	13,115,000	2,556,099	15,671,099
2042 – 2045	7,490,000	179,771	7,669,771
	53,847,540	$ 23,642,130	77,489,670

(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 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 subject to 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 subject to 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 (with a 1% LIBOR floor) plus 150 basis points per annum. However, on December 31, 2020 an amendment to the pricing certificate was executed and the 1% LIBOR floor was removed, with no other changes to the terms and conditions. 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.

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 July 1, 2021. The maturity date of these bonds is July 1, 2043. 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, 2021 are summarized in the table below.

Fiscal year	Principal	Interest	Total
2022	4,050,000	5,948,982	9,998,982
2023	5,580,000	5,735,084	11,315,084
2024	5,750,000	5,513,354	11,263,354
2025	5,672,540	5,281,016	10,953,556
2026	5,675,000	5,031,423	10,706,423
2027 – 2031	24,610,000	21,456,090	46,066,090
2032 – 2036	29,485,000	14,668,635	44,153,635
2037 – 2041	32,290,000	6,701,983	38,991,983
2042 – 2046	14,590,000	1,101,771	15,691,771
	127,702,540	$ 71,438,338	199,140,878
Unamortized discount, net	(28,412)		
Unamortized premium, net	2,062,007		
	$ 129,736,135		

(7) Pledged Revenue

None of the University's buildings are used as collateral for the bonds; rather the University has pledged future revenues to repay $127,702,540 in outstanding revenue bonds. Pledged revenue includes 10% of resident and nonresident tuition, 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.

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 $199,140,878 payable through fiscal year 2046. The total revenue pledged was $40,566,135 and $42,526,830 for June 30, 2021 and 2020, respectively.

The following table shows information for pledged revenues for fiscal years 2021 and 2020:

	2021	2020
Tuition	$ 13,926,769	17,080,016
Mandatory Fees	15,545,076	13,387,974
Facility fee	7,627,576	7,913,574
Unrestricted Net Income	1,526,994	2,156,177
Net Continuing Education	144,336	137,015
Federal Subsidy	1,280,497	1,316,670
Indirect cost recovery	514,887	535,404
	$ 40,566,135	42,526,830

(8) 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, 2021 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 Current Liability" in fiscal year 2021 and 2020.

(9) 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, 2021 and 2020 are $583,651 and $474,439, respectively.

The estimated costs of noncurrent compensated absences for which employees are vested for the years ended June 30, 2021 and 2020 are $6,145,018 and $6,034,799, respectively. Fiscal years 2021 and 2020 operating expenses include an increase of $219,431 and $2,098,561, respectively for the estimated compensated absence liability.

(10) 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 11) 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-CREF, 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, 2021, and 2020 were $7,863,543 and $7,785,745, respectively. The plan members' contributions for the fiscal year ended June 30, 2021, and 2020 were $5,598,170 and $5,529,742, 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.

(11) 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 and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

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

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

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

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

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

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

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

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

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

Contribution provisions as of June 30, 2021. 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 2020 through December 2021 are summarized in the table below:

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees except State Troopers)	8.75%	10.00%	10.50%
State Troopers Only	10.75%	12.00%	12.50%

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year. A portion of the direct distribution allocated to the SDTF is considered a non-employer contribution for financial reporting purposes. As of December 31, 2020 and 2019, MSU Denver's proportionate share of this contribution was $0, and $1,088,406, respectively.

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 $7,984,867 and $8,742,261 for the years ended June 30, 2021 and 2020 respectively.

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

At June 30, 2021 and 2020, MSU Denver reported a liability of $123,698,899 and $137,007,271, respectively for its proportionate share of the net pension liability. The net pension liability for the SDTF as of June 30, 2021 and 2020 was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, and 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2020 and 2019. MSU Denver's proportion of the net pension liability was based on MSU Denver's contributions to the SDTF for the calendar year 2020 and 2019 relative to the total contributions of participating employers and the State as a non-employer contributing entity to the SDTF.

At December 31, 2020 and 2019, MSU Denver's proportion was 1.30 and 1.41 percent, respectively, which was a decrease of 11 basis points. MSU Denver's proportion was 1.45 percent at December 31, 2018, resulting in a decrease of 4 basis point from December 31, 2018 to 2019.

For the year ended June 30, 2021, and 2020, MSU Denver recognized pension expense of ($34,749,061) and ($31,124,075), respectively. At June 30, 2021 and 2020, MSU Denver reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30 2021		June 30 2020	
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,056,949	-	$ 5,118,887	
Changes of assumptions or other inputs	8,399,371	-	-	39,296,637
Net difference between projected and actual earnings on pension plan investments	-	25,317,863	-	14,760,912
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	10,566,664	-	5,324,088
Contributions subsequent to the measurement date	3,944,090		4,353,076	
Total	15,400,410	35,884,527	9,471,963	59,381,636

The $3,944,090 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	$	(6,701,711)
2023		(5,067,564)
2024		(6,329,466)
2025		(6,329,466)

Actuarial Assumptions. The total pension liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Dec 31, 2019	Dec 31, 2018
Actuarial cost method	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.50 percent	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent	3.50-9.17 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)	1.25 percent compounded annually	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by Annual Inc. Reserve	Finance by Annual Inc. Reserve

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

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

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

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

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Discount rate. As of December 31, 2020 and 2019 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

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

- 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, 2021 and 2020, 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, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	163,657,280	123,698,899	90,148,274

As of June 30, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	176,255,635	137,007,271	103,793,491

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 $667,217 and $674,080 payable to the SDTF as of June 30, 2021 and 2020, respectively, which was comprised entirely of the June contributions legally required to be made to the plan.

(12) Other Retirement Plans

i) Defined Contribution Retirement Plan (DC Plan)

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

Funding Policy – All participating employees in the PERA DC Plan and the 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, 2020 through June 30, 2021 are summarized in the tables below:

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee Contribution Rates:			
Employee contribution (all employees except State Troopers)	10.00%	10.00%	10.50%
State Troopers Only	12.00%	12.00%	12.50%
Employer Contribution Rates:			
On behalf of all employees except State Troopers)	10.15%	10.15%	10.15%
State Troopers Only	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, 2021	As of June 30, 2020
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	.50%	N/A
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	.05%	N/A
Total employer contribution rate to the SDTF[1]	**10.80%**	**10.25%**

[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 2021 and 2020 MSU Denver had one member in the PERA DC Plan; with employer contributions totaling $1,596 and $1,433, respectively, which was equal to the required contribution amounts. There were no outstanding payables due to PERA as of June 30, 2021, or 2020 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, 2021 and 2020 was $2,541,423 and $2,587,699, respectively. Employee contributions for the fiscal years ended June 30, 2021 and 2020 were 7.5% of the covered payroll in the amount of $190,481 and $193,832, respectively.

13) 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. In calendar year 2020, participants were 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 $19,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,500 contribution in 2020. Contributions and earnings are tax-deferred. At December 31, 2020, the Plan had 47 MSU Denver participants.

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, 2021 the 415(m) plan had two participants.

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

i) <u>Health Care Trust Fund</u>

Summary of Significant Accounting Policies

<u>OPEB</u>. *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

<u>Plan description</u>. 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to

carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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 $388,510 and $425,445 for the years ended June 30, 2021 and 2020, respectively.

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

At June 30, 2021 and 2020, the University reported a liability of $4,124,294 and $5,298,418, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020 and 2019, the University's proportion was .43 percent and .47 percent, respectively, which was a decrease of 4 and 2.5 basis points from its proportion measured as of December 31, 2019 and 2018, respectively.

For the years ended June 30, 2021 and 2020 the University recognized OPEB expense of ($88,837) and $226,163, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	10,939	906,127	17,583	890.329
Changes of assumptions or other inputs	30,796	252,733	43,957	-
Net difference between projected and actual earnings on OPEB plan investments	-	168,412	-	88,438
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	777,502	-	466,969
Contributions subsequent to the measurement date	198,862	-	219,483	-
Total	240,597	2,104,775	281,023	1,445,736

$198,862 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	$	(449,564)
2023		(449,564)
2024		(436,706)
2025		(400,443)
2026		(305,600)
Thereafter		(21,163)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Dec 31, 2019	Dec 31, 2018
Actuarial cost method	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.50 percent	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate	3.50 percent in aggregate
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	8.10 percent for	5.60 percent for

	2020, gradually decreasing to 4.50 percent in 2029	2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually rising to 4.50 percent in 2029	3.50 percent for 2019,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

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

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Prescription	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected 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 June 30, 2021	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	4,015,077	4,121,606	4,245,619

As of June 30, 2020	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	5,172,557	5,298,418	5,443,861

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, 2019, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

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

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

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

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

Sensitivity of the 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 June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	4,721,374	4,121,606	3,609,151

As of June 30, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	5,990,928	5,298,418	4,706,177

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 $34,233 and $35,478 payable to the HCTF as of June 30, 2021 and 2020, 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.

(15) 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 24-10-101, claims that accrued before January 1, 2019 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2019, and before January 1, 2023 brought under state law are limited to $387,000 per person and $1,093,000 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 building additions with outstanding amounts totaling $42,007 and $42,829 as of June 30, 2021, and 2020, respectively.

(16) 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 2021	2020
Administration of Auraria Higher Education Center and operation and maintenance of plant	$ 10,868,839	10,868,839
Controlled Maintenance	1,010,400	1,010,400
Library and Media Center	5,052,093	4,971,331
Total	$ 16,931,332	16,850,570

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, 2022, the University's portion of shared costs is estimated to be $17,472,017 (unaudited).

(17) 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, 2021 and 2020, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2021 and 2020, the University had a total re-appropriation of $26,923,391 and $63,969,142, respectively. For years ended June 30, 2021 and 2020, the University's appropriated funds consisted of $13,957,149 and $37,132,229, respectively, received from students that qualified for stipends from the College Opportunity Fund and $12,966,242 and $26,836,912, respectively, as fee-for-service contract revenue. As of June 30, 2021, and 2020 the University's total appropriation of cash funds for the student's share of tuition was $114,494,674 and $118,684,107, 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.

(18) 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 either directly from the Higher Education Emergency Relief Funds (HEERF) or as a pass through via the State of Colorado from Coronavirus Relief Funds (CRF). For the years ended June 30, 2021 and 2020, the University recognized non-operating revenue totaling of $66.7 million and $7.0 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, 2021, and 2020, the University had $3.4 million and $0, respectively in unearned institutional HEERF revenue. The University expects that by the close of the award all HEERF funds will be 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 were received in May 2020, with $33.4 million unspent and recorded in unearned revenue, until it was spent in 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 full impacts of the pandemic are yet to be realized as the University continues to grapple with additional expenses, revenue shortfalls, and increased compliance requirements related to the federal awards. The table below shows the summary of funds awarded and expended under the federal stimulus programs as of June 30.

		Award	Expenses 30-Jun-21	Expenses 30-Jun-20	Amount Expected to be Spent by 30-Jun-22	Expected Unspent Award
CARES (HEERF I)	Student	$ 7,195,042	1,445,944	5,749,098	-	-
	Institutional	$ 7,195,041	5,444,889	1,037,235	712,917	-
	HSI/MSI^	$ 1,065,372	784,902	-	280,470	-
CRRSA (HEERF II)	Student	$ 7,195,042	6,797,527	-	397,515	-
	Institutional	$ 19,171,046	19,171,046	-	-	-
	HSI/MSI^	$ 1,700,550	500,000	-	1,200,550	-
ARPA (HEERF III)	Student	$ 23,103,865	-	-	23,103,865	-
	Institutional	$ 22,524,146	2,299,061	-	20,225,085	-
	HSI/MSI^	$ 2,854,712	-	-	2,854,712	-
	CRF	$ 33,694,364	33,444,921	249,443	-	-
	Other	$ 133,000	133,000	-	-	-
	Grand Total	$ 125,832,180	$ 70,021,289	$ 7,035,777	$ 48,775,114	$ -

^ HSI/MSI-"Hispanic Serving Institutions/Minority Serving Institutions"

(19) 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. On this year's report, fiscal year 2020 information was changed to be consistent with blended presentation of fiscal year 2021. The HLC@Metro net position was $0, and ($467) thousand, as of June 30, 2021 and 2020, respectively. In fiscal year 2021 the Paycheck Protection Program Loan was forgiven in its entirety, clearing the Statement of Net Position of all balances except for a small timing issue related to an outstanding payable and an offsetting cash balance of $150 thousand which will clear in fiscal year 2022. The HLC@Metro Inc, reported no operational revenues or expenses in fiscal year 2021 and only reports the non-operating revenue of the forgiven loan. In fiscal year 2020 the HLC@Metro Inc. reported total operating revenues and operating expenses of $7.0 million each with an additional net non-operating revenue of $4.9 million leaving ($467) thousand in net position after adding in the ($5.4) million beginning net position. 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/. The financial report for fiscal year 2020 for the HLC@Metro, Inc. can be obtained by calling 303 605-5965.

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.

(20) 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, 2021 and 2020. During the years ended June 30, 2021 and 2020, the Foundation provided $4,336,203 and $4,051,590, 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, 2021 and 2020, these expenses were $447,863 and $359,100, respectively. In addition, the University donates development and certain personnel costs to the Foundation, which totaled $1,917,906 and $1,697,236 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, the University had no outstanding payables due to the Foundation.

(21) Federal Paycheck Protection Program (PPP) Loan

On April 11, 2020 the HLC@Metro Inc. received a $467,100 PPP loan as a part of the federal stimulus funding that resulted from the COVID-19 pandemic. This loan was retained by the HLC@Metro Inc. after other assets and liabilities were transferred to the University on June 30, 2020, because the University was not eligible for the loan. All terms and conditions of the loan were met and on June 23, 2021 the loan was forgiven in full, with no payments due.

(22) Restatement

Change in Accounting Principle

In fiscal year 2021 the University adopted GASB Statement No. *84 Fiduciary Activities and GASB Statement No.* 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* These standards establish criteria for identifying fiduciary activities of all state and local governments. After an in-depth analysis the University did not identify any activity that was required to be shown on fiduciary fund financial statements; however many internal accounts previously shown as Deposits Held in Custody for Others were moved over as business type activity and are now shown as revenues and expenses on the Statement of Revenues Expenses and Changes in Net Position; however, the impact to net position was modest. Fiscal year 2020 was restated to show this change in accounting and the fiscal year 2019 ending net position was restated.

Prior to the adoption of Statement No. 84 MSU Denver's fiscal year 2020 beginning net position was ($130.6) million. After applying the requirements of Statement No. 84 and transferring $305 thousand from Deposits Held in Custody for Others to Net Position, the University's restated fiscal year 2020 Net Position is ($130.2) million.

Change in Reporting Entity

As noted in note 19, the acquisition of most of the assets and liabilities of the HLC@Metro Inc. on June 30, 2020 changed the nature and purpose of the HLC@Metro Inc. to an advisory board for the University. This transformation required the University to report that component unit's financial information in the same column as the University's information, necessitating a restatement of prior year balances shown in this report. Prior to fiscal year 2021, the HLC@Metro Inc's. fiscal year 2020 beginning Net Position was ($5.4) million. After blending those balances with the University's, and taking into consideration the change in accounting principle noted above, the restated fiscal year 2020 beginning Net Position is ($135,696,353).

The table below summarizes these restatements.

	Before Restatement	GASB 84 Adjustment from Deposits Held In Custody	HLC@Metro Inc's Net Position	June 30, 2019 as Restated
Net Position as of June 30, 2019	(130,596,910)	305,015	(5,404,458)	(135,696,353)

(23) Subsequent Event

On August 2, 2021, the University issued the Series 2021, Institutional Enterprise Revenue Refunding Bonds as a direct placement with PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds offer a more favorable rate with a five-year term. Prior to issuing the refunding bonds the University was paying 80% of LIBOR plus 150 basis points. After the refunding the University must pay 80% of LIBOR plus 46 basis points, which is an estimated present value savings of $6.4 million.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Metropolitan State University of Denver Foundation, Inc. (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".

Future Accounting Standards Updates

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)* which is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets. The new standard takes effect for the year ended June 30, 2023 for the Foundation.

Management is currently evaluating the potential impact of this ASU on the Foundation's consolidated financial statements.

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, HLC@Metro, and athletic camps hosted by the University.

	2021	2020
Cash and Cash Equivalents	$ 1,611,505	$ 1,226,392
Cash Restricted for Distribution to University	42	117,528
Cash Restricted for Alumni Association	225,128	18,884
Cash Restricted for Endowment	26,350	-
Total	$ 1,863,025	$ 1,362,804

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2021 and 2020.

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.

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.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 10).

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.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Subsequent Events

The Foundation has evaluated subsequent events through September 29, 2021, 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:

	2021	2020
Cash and Cash Equivalents	$ 1,611,505	$ 1,226,392
Investments	3,794,150	1,248,078
Receivable from University	3,814	8,916
Total	$ 5,409,469	$ 2,483,386

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 individual'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.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units, as a practical expedient to estimate the fair value of a limited liability company, which does not have a readily determinable fair value. The investment, which is valued using NAV per share as practical expedient is not classified in the fair value hierarchy.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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:

	2021				
		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)	$ 1,874,137	$ 1,874,137	$ -	$ -	$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	1,588,852	1,588,852	-	-	-
Bond	2,002,615	2,002,615	-	-	-
Emerging Market Funds	316,795	316,795	-	-	-
High-Yield Bond	648,018	648,018	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	2,766,779	2,766,779	-	-	-
Small to Mid-Cap Equity	1,048,031	1,048,031	-	-	-
International Equity	700,660	700,660	-	-	-
Emerging Market	435,597	435,597	-	-	-
Real Estate Investment Trusts	114,388	114,388	-	-	-
Private Equity	5,499	-	-	5,499	-
Total	$ 11,501,371	$ 11,495,872	$ -	$ 5,499	$ -
Endowment Investments:					
Cash and Money Market Funds (at Cost)	$ 72,280	$ 72,280	$ -	$ -	$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	716,245	716,245	-	-	-
Bond	5,457,931	5,457,931	-	-	-
Emerging Market Funds	800,250	800,250	-	-	-
High-Yield Bond	1,843,602	1,843,602	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	6,940,361	6,940,361	-	-	-
Small to Mid-Cap Equity	2,700,668	2,700,668	-	-	-
International Equity	1,894,804	1,894,804	-	-	-
Emerging Market	1,174,210	1,174,210	-	-	-
Real Estate Investment Trusts	256,530	256,530	-	-	-
Limited Partnership	20,409	-	-	-	20,409
Total	$ 21,877,290	$ 21,856,881	$ -	$ -	$ 20,409

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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:

	2020				
		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)	$ 1,205,908	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	1,415,860	1,415,860	-	-	-
Bond	1,464,736	1,464,736	-	-	-
High-Yield Bond	310,038	310,038	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	2,357,583	2,357,583	-	-	-
Small to Mid-Cap Equity	800,104	800,104	-	-	-
International Equity	601,996	601,996	-	-	-
Emerging Market	302,073	302,073	-	-	-
Futures and Commodity	203,317	203,317	-	-	-
Real Estate Investment Trusts	84,553	84,553	-	-	-
Limited Partnership	184,300	-	-	-	184,300
Private Equity	9,210	-	-	9,210	-
Total	$ 8,939,678	$ 7,540,260	$ -	$ 9,210	$ 184,300
Endowment Investments:					
Cash and Money Market Funds (at Cost)	$ 657,751	$ -	$ -	$ -	$ -
Fixed Income Mutual Funds:					-
U.S. Government Securities	728,573	728,573	-	-	-
Bond	3,632,907	3,632,907	-	-	-
High-Yield Bond	703,180	703,180	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	5,640,861	5,640,861	-	-	-
Small to Mid-Cap Equity	1,914,267	1,914,267	-	-	-
International Equity	1,504,378	1,504,378	-	-	-
Emerging Market	747,479	747,479	-	-	-
Futures and Commodity	844,128	844,128	-	-	-
Real Estate Investment Trusts	189,620	189,620	-	-	-
Limited Partnership	179,803	-	-	-	179,803
Total	$ 16,742,947	$ 15,905,393	$ -	$ -	$ 179,803

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:

	2021 Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	$ -	$ 9,210
Net Realized and Unrealized Loss	-	(3,711)
Distributions	-	-
Balance - End of Year	$ -	$ 5,499
Unrealized Loss Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2021	$ -	$ (3,711)

	2020 Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	$ -	$ 70,275
Net Realized and Unrealized Gain (Loss)	-	(61,065)
Distributions	-	-
Balance - End of Year	$ -	$ 9,210
Unrealized Gain (Loss) Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2020	$ -	$ (61,065)

The Foundation has an investment in a limited liability company that calculates NAV per share, with a fair value of $20,409 and $364,103 at June 30, 2021 and 2020, respectively. Redemptions are permitted monthly and quarterly with a 90-day redemption notice. The Foundation has no unfunded commitments as of June 30, 2021 and 2020. The investment's objective is to provide exposure to European and U.S. subinvestment grade corporate debt while seeking to achieve total returns with modest volatility and focusing on capital preservation and risk mitigation.

NOTE 4 PROMISES TO GIVE

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

	2021	2020
Within One Year	$ 2,288,290	$ 2,160,073
In One to Five Years	674,252	851,749
Over Five Years	-	-
Total	2,962,542	3,011,822
Less: Discount to Net Present Value at Rates Ranging from 3.25% to 5.50%	(29,854)	(48,892)
Less: Allowance for Uncollectible Promises to Give	(25,000)	(25,000)
Total	$ 2,907,688	$ 2,937,930

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

	2021	2020
Promises to Give, Net	$ 1,635,910	$ 1,624,727
Endowment Promises to Give, Net	1,271,778	1,313,203
Total	$ 2,907,688	$ 2,937,930

At June 30, 2021 and 2020, three and four donors accounted for 59% and 55% of total promises to give, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
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	(407,020)	(371,620)
Subtotal	1,072,852	1,108,252
Nondepreciated Artwork	261,950	261,950
Total Property and Equipment	$ 1,334,802	$ 1,370,202

NOTE 6 LEASES

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, 2022. Under the agreement, the University paid annual rent for the years ended June 30, 2021 and 2020 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 approximate $29,000 and $33,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 ENDOWMENT

The Foundation's endowment (Endowment) is composed of 74 individual funds established by donors (Perpetual Endowment) and 138 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, 2021 and 2020, 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

NOTE 7 ENDOWMENT (CONTINUED)

- Other resources of the Foundation
- The investment policies of the Foundation

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

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 1,159,017	$ -	$ 1,159,017
Purpose-Restricted Quasi-Endowment Funds	-	11,167,907	11,167,907
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	8,939,632	8,939,632
Accumulated Investment Gains	-	1,908,862	1,908,862
Total	$ 1,159,017	$ 22,016,401	$ 23,175,418

	2020		
Board-Designated Endowment Funds	$ 979,371	$ -	$ 979,371
Purpose-Restricted Quasi-Endowment Funds	-	8,256,610	8,256,610
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	8,516,200	8,516,200
Accumulated Investment Gains	-	303,969	303,969
Total	$ 979,371	$ 17,076,779	$ 18,056,150

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, 2021 and 2020, deficiencies of $-0- and $34,543 have been reported in net assets with donor restrictions on those dates, respectively. The deficiencies resulted from unfavorable market fluctuations. The Foundation has suspended distributions from these funds until such time as the deficiencies are recovered via market returns; however, there is no legal obligation for the Foundation to fund the deficiencies.

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

NOTE 7 ENDOWMENT (CONTINUED)

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.

Investment and Spending Policies (Continued)

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.

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

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 979,371	$ 17,076,779	$ 18,056,150
Transfers, Net	-	15,913	15,913
Investment Return, Net	220,406	3,717,397	3,937,803
Contributions	-	1,776,182	1,776,182
Matching Pursuant to Donor Agreements	-	12,500	12,500
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(40,760)	(642,074)	(682,834)
Change in Donor Intent	-	59,704	59,704
Endowment Net Assets - End of Year	$ 1,159,017	$ 22,016,401	$ 23,175,418

	2020		
Endowment Net Assets - Beginning of Year	$ 1,023,178	$ 15,867,910	$ 16,891,088
Transfers, Net	-	15,369	15,369
Investment Return, Net	(3,807)	46,005	42,198
Contributions	-	1,696,648	1,696,648
Matching Pursuant to Donor Agreements	-	20,000	20,000
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(40,000)	(623,310)	(663,310)
Change in Donor Intent	-	54,157	54,157
Endowment Net Assets - End of Year	$ 979,371	$ 17,076,779	$ 18,056,150

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Purpose Restricted Net Assets:		
Scholarships	$ 3,375,264	$ 2,469,531
Academic, Student, and Other Activities	5,320,583	5,695,225
University Capital Projects	174,396	163,062
Total	8,870,243	8,327,818
Endowments:		
Purpose-Restricted Quasi-Endowments Subject to Expenditure for Specified Purpose:		
Scholarships	8,656,276	7,133,610
Academic, Student, and Other Activities	2,511,631	1,123,000
Total	11,167,907	8,256,610
Donor-Restricted Investment Earnings Subject to Appropriation and Expenditure:		
Scholarships	1,002,800	151,985
Academic, Student, and Other Activities	906,062	151,985
Total	1,908,862	303,969
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:		
Scholarships	5,088,594	4,873,783
Academic, Student, and Other Activities	3,851,038	3,642,417
Total	8,939,632	8,516,200
Total Endowments	22,016,401	17,076,779
Total Net Assets with Donor Restrictions	$ 30,886,644	$ 25,404,597

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:

	2021	2020
Satisfaction of Purpose Restrictions, Including Spending-Rate Distributions:		
Scholarships	$ 2,324,020	$ 1,959,614
Academic, Student, and Other Activities	2,561,883	2,466,751
University of Capital Projects	101,650	297,350
Extension of Donor Restrictions Under Challenge Match		
Scholarships	(12,500)	(21,640)
Total	$ 4,975,053	$ 4,702,075

NOTE 9 BOARD-DESIGNATED NET ASSETS

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

	2021	2020
Endowment	$ 1,159,017	$ 979,371

HLC@Metro transferred excess revenues of $2,000,000 to the Foundation during the year ended June 30, 2017. The 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. The remaining $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, 2021 and 2020, $12,500 and $21,640, respectively, of the funds were undesignated and used to satisfy the extension of donor restrictions under the challenge match program.

NOTE 10 IN-KIND CONTRIBUTIONS AND SERVICES RECEIVED FROM THE UNIVERSITY

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

	2021	2020
Program Services:		
Materials	$ 7,381	$ 56,992
Equipment	11,414	110,180
Donor Development:		
Development Office Compensations - University	1,917,906	1,927,251
Special Events:		
Cost of Direct Benefits to Donors	-	3,677
Total	$ 1,936,701	$ 2,098,100

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Foundation has agreements with the University to use its best efforts to raise cash and in-kind contributions for University Hospitality Center (HLC@Metro), and for recently completed construction and improvement of 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 HLC@Metro or the University, as appropriate, and a corresponding contribution expense.

The agreements also require HLC@Metro to transfer excess revenues, after paying expenses and funding certain reserves, to the Foundation. The Foundation may use the funds distributed from HLC@Metro's excess revenues to further the general academic objectives and priorities of the University so long as at least 50% of such funds are used for scholarships.

NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, the Foundation received a loan from UMB Bank totaling $71,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The Foundation is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On May 17, 2021, the SBA processed the Foundation's PPP Loan forgiveness application and notified UMB Bank that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Foundation was legally released from the debt and the loan forgiveness has been recorded as a paycheck protection loan forgiveness during the year ended June 30, 2021.

NOTE 13 RELATED PARTY TRANSACTIONS

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

	2021	2020
Funding Provided to the University	$ 4,739,543	$ 4,446,466
Payable to the University	357,271	292,841
Payments for Salaries and Benefits to the University	430,784	379,276
Payments for Rent to the University	8,274	8,274
Professional Services Donated by the University	1,917,906	1,927,251
Due from University	3,814	8,916
Reimbursement for CVA Operating Expenses	29,156	32,763
Reimbursement for CVA Rent Expense	100,000	100,000

NOTE 14 GLOBAL PANDEMIC

The COVID-19 global pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2022 operations and financial results, including investment valuations, return on investments, and ability to secure contributions. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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,				
	2020	2019	2018	2017	2016
Employer % of collective net pension liability	1.3041813264%	1.4118924030%	1.4495925395%	1.4781270908%	1.4924559492%
Employer share of collective net pension liability	123,698,899	137,007,271	164,944,395	295,891,215	274,136,264
Employer's covered payroll	45,363,720	46,777,134	45,816,626	44,952,251	43,902,245
Employer's share of the collective net pension liability as a % of employer's covered payroll	272.68%	292.89%	360.01%	658.23%	624.42%
Pension plan's fiduciary net position as a % of total pension liability	65.34%	62.24%	55.11%	43.20%	42.59%

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

	2015	2014	2013	2012
Employer % of collective net pension liability	1.5215440022%	1.5816063970%	1.6167918453%	N/A
Employer share of collective net pension liability	160,234,301	148,774,027	144,023,349	N/A
Employer's covered payroll	43,884,297	44,178,569	43,104,113	N/A
Employer's share of the collective net pension liability as a % of employer's covered payroll	365.13%	336.76%	334.13%	N/A
Pension plan's fiduciary net position as a % of total pension liability	56.11%	59.84%	61.08%	N/A

Information is not available prior to 2013. In future reports, additional years will be added until 10 years of historical data are presented.

METROPOLITAN STATE UNIVERSITY OF DENVER
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021 and 2020

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

Ten Year Schedule

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

	2020	2019	2018	2017	2016
Employer % of collective net OPEB liability	0.4337505140%	0.4713903360%	0.4959526592%	0.5125821473%	0.5190749732%
Employer share of collective net OPEB liability	4,121,606	5,298,418	6,747,644	6,661,518	6,729,984
Employer's covered payroll	46,777,134	46,777,134	45,816,626	44,952,251	43,902,245
Employer's share of the collective net OPEB liability as a % of employer's covered payroll	8.81%	11.33%	14.73%	14.82%	15.33%
Pension plan's fiduciary net position as a % of total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

Ten Year Schedule- continued

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

	2015	2014	2013	2012
Employer % of collective net OPEB liability	N/A	N/A	N/A	N/A
Employer share of collective net OPEB liability	N/A	N/A	N/A	N/A
Employer's covered payroll	N/A	N/A	N/A	N/A
Employer's share of the collective net OPEB liability as a % of employer's covered payroll	N/A	N/A	N/A	N/A
Pension plan's fiduciary net position as a % of total OPEB liability	N/A	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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021 and 2020

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA PENSION PLAN:

Pension Plan and OPEB Liability Ten Year Schedule

	MSU Denver's Fiscal Year Ending June 30,							
	2021		2020		2019		2018	
	Jan-June 2021	July- Dec 2020	Jan-June 2020	July- Dec 2019	Jan-June 2019	July- Dec 2018	Jan-June 2018	July- Dec 2017
Required employer base contribution	*10.40%*	*10.40%*	*10.40%*	*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	9.38%	9.38%	9.38%	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%	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	0.50%	0.50%						
Required Defined Contribution Supplement	0.05%							
Total Required PERA contribution to the SDTF	**19.93%**	**19.88%**	**19.38%**	**19.13%**	**19.13%**	**19.13%**	**19.13%**	**19.13%**

	2021	2020	2019	2018
	July 1, 2019- June 30, 2021	**July 1, 2019- June 30, 2020**	**July 1, 2018- June 30, 2019**	**July 1, 2017- June 30, 2018**
Pension contributions recognized by PERA (not including HCTF)	$ 7,984,867	$ 8,742,261	$ 8,423,882	$ 8,353,678
Difference between required pension contributions and those recognized by PERA	$ -	$ -	$ -	$ -
OPEB contributions recognized by PERA (only HCTF)	$ 388,510	$ 425,445	$ 428,417	$ 426,763
Difference between required OPEB contributions and those recognized by PERA	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 42,756,410	$ 47,401,811	$ 46,012,848	$ 45,201,242
Percent of contributions recognized by pension plan of employers covered payroll	19%	18%	18%	18%
Percent of contributions recognized by OPEB plan of employers covered payroll	1%	1%	1%	1%

METROPOLITAN STATE UNIVERSITY OF DENVER
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021 and 2020

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA OPEB PLAN:

Pension Plan and OPEB Liability Ten Year Schedule

	MSU Denver's Fiscal Year Ending June 30,							
	2017		2016		2015		2014	
	Jan-June 2017	July- Dec 2016	Jan-June 2016	July- Dec 2015	Jan-June 2015	July- Dec 2014	Jan-June 2014	July- Dec 2013
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%	4.60%	4.60%	4.20%	4.20%	3.80%	3.80%	3.40%
Required employer Supplimental Amortization Equalization Disbursement contribution	5.00%	4.50%	4.50%	4.00%	4.00%	3.50%	3.50%	3.00%
Required Automatic Adjustment								
Required Defined Contribution Supplement								
Total Required PERA contribution to the SDTF	**19.13%**	**18.23%**	**18.23%**	**17.33%**	**17.33%**	**16.43%**	**16.43%**	**15.53%**

	2017	2016	2015	2014
	July 1, 2016- June 30, 2017	**July 1, 2015- June 30, 2016**	**July 1, 2014- June 30, 2015**	**July 1, 2013- June 30, 2014**
Pension contributions recognized by PERA (not including HCTF)	$ 8,111,165	$ 7,443,386	$ 7,203,967	N/A
Difference between required pension contributions and those recognized by PERA	$ -	$ -	$ -	N/A
OPEB contributions recognized by PERA (only HCTF)	$ 426,779	N/A	N/A	N/A
Difference between required OPEB contributions and those recognized by PERA	$ -	N/A	N/A	N/A
Employer's covered payroll	$ 44,800,352	$ 43,503,821	$ 44,356,828	N/A
Percent of contributions recognized by pension plan of employers covered payroll	18%	17%	16%	N/A
Percent of contributions recognized by OPEB plan of employers covered payroll	1%	N/A	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 2021 and 2020 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.

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 2021 and 2020 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.

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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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*

Independent Auditor's Report

To Management, the Members of the Legislative
Audit Committee, and the Board of Trustees
Metropolitan State University of Denver

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Metropolitan State University of Denver (the "University"), an institution of higher education, which is an enterprise fund of the State of Colorado, as of and for the year ended June 30, 2021 and the related financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 27, 2022. Our report includes a reference to other auditors, who audited the financial statements of Metropolitan State University of Denver Foundation, Inc., as described in our report on the Metropolitan State University of Denver's financial statements. The financial statements of 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 compliance and other matters associated with Metropolitan State University of Denver Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of Metropolitan State University of Denver Foundation, Inc.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs on pages 5-6 as recommendation No. 1 that we consider to be a significant deficiency.

To Management, the Members of the Legislative
Audit Committee, and the Board of Trustees
Metropolitan State University of Denver

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*.

We noted certain matters that we have reported to management of the University in a separate letter dated January 27, 2022

The University's Response to Finding

The University's response to the finding identified in our audit is described in the schedule of findings and questioned costs on pages 5-6. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Plante & Moran, PLLC

January 27, 2022

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

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") as of and for the year ended June 30, 2021 and have issued our report thereon dated January 27, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our contract with the State of Colorado, Colorado Office of the State Auditor (OSA), dated May 18, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the University. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the University's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the University, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated January 27, 2022 regarding 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to OSA and university management in our meeting about planning matters on May 19, 2021.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the University are described in Note 1 to the financial statements. As described in Notes 1 and 22, during 2021, the University adopted GASB 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. This resulted in a restatement of balances for the year ended June 30, 2020, including a restatement of beginning of the year net position of approximately $305,000. Additionally, in 2021, the University concluded that a change in reporting entity had occurred related to HLC @ Metro, Inc., which was previously reported as a discretely presented component unit. Details of the impact of this change on the financial statements are described in Note 19.

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

We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 as follows:

- **Student Accounts Receivable Allowance for Uncollectible Accounts** - Management has established the student accounts receivable allowance by applying estimated uncollectible percentages to the balances based upon the aging. The uncollectible percentages were estimated based upon prior experience at the University.

- **Student Loans Receivable Allowance for Uncollectible Accounts** - Management has established the student loans receivable allowance by applying estimated uncollectible percentages to the balance upon their status (e.g., current, past due, and in default). The uncollectible percentages were estimated based upon prior experience at the University.

- **Liability for Unused Sick Days** - Management calculated the liability for unused sick days based on eligible service requirements and sick leave years worked. The liability is calculated based upon past historical experience and the limitations related to payments made under the terms offered.

- **Pension and OPEB Liability** - Management's estimate of the unfunded liability for the pension plan and OPEB plan was calculated by multiplying the University's portion of the contributions made to the respective pension plans by the total pension liability of the plans provided by an independent actuary. The independent actuary used a number of assumptions to determine the overall unfunded liability of the plans.

- **Fair Value of Derivative Instruments (Interest Rate Swap)** - Management has established an estimate for the fair value of the interest rate swaps based on the zero-coupon method. The University obtains a report from an independent specialist to determine the fair value reported as of June 30, 2021.

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

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was in Note 18 related to the impact of the COVID-19 pandemic on the University. To assist with the economic impact of the pandemic, during the fiscal year ended June 30, 2021, the University was awarded Higher Education Emergency Relief Fund (HEERF II and III) grants of approximately $77 million, of which $30 million is required to be given to students as emergency grants. Additionally, Coronavirus Relief Funds (CRF) passed through the State of Colorado totaling approximately $34 million that were received in the year ended June 30, 2020 were recognized into revenue in the year ended June 30, 2021.

Difficulties Encountered in Performing the Audit

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

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

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the University, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 27, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's 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.

This information is intended solely for the use of the State of Colorado Legislative Audit Committee, the Office of 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.

Plante & Moran, PLLC

January 27, 2022