University of Colorado

Annual Financial Report

June 30, 2021 and 2020

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ABBREVIATIONS AND ACRONYMS

18th Avenue	18th Avenue, LLC
457	PERA Deferred Compensation Plan
AAP	Automatic Adjustment Provision
AED	Amortization Equalization Disbursement
AHEC	Auraria Higher Education Center
AHSB	Anschutz Health Science Building
AI	Annual Increase
AIR	Annual Increase Reserve
Altitude West	Altitude West, LLC
AMP	Alternate Medicare Payment
CARES	Coronavirus Aid, Relief, and Economic Security
Children's Colorado	Children's Hospital Colorado
CMS	Centers for Medicare and Medicaid Services
COF	College Opportunity Fund
C.R.S.	Colorado Revised Statutes
CU Anschutz	University of Colorado Anschutz Medical Campus
CU Boulder	University of Colorado Boulder
CU Denver	University of Colorado Denver
CU Denver | Anschutz	University of Colorado Denver | Anschutz Medical Campus
CU Foundation	University of Colorado Foundation
CU Medicine	University of Colorado Medicine
CUBEC	University of Colorado Boulder Enterprise Corporation
CUPCO	University of Colorado Property Corporation, Inc.
CVA	Campus Village Apartments, LLC
DPCU	Discretely Presented Component Units
ERIP	Early Retirement Incentive Program
FASB	Financial Accounting Standards Board
FEMA	Federal Emergency Management Agency
FNP	Fiduciary Net Position
Fund	CU Healthcare Innovation Fund, L.P.
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
HB	House Bill
HCPF	Colorado Department of Health Care Policy and Financing
HCTF	Health Care Trust Fund
HEERF	Higher Education Emergency Relief Fund
HHS	Department of Health and Human Services
IRC	Internal Revenue Code
IRS	Internal Revenue Service
MD&A	Management's Discussion and Analysis
NACUBO	National Association of College and University Business Officers
NASA	National Aeronautics and Space Administration
NAV	Net Asset Value
NIST	National Institute of Standards and Technology
OPEB	Other Postemployment Benefits
ORP	Optional Retirement Plan
PDPA	Public Deposit Protection Act
PERA	Colorado Public Employees' Retirement Association
Regents	Board of Regents

ABBREVIATIONS AND ACRONYMS

RSI	Required Supplementary Information
S&P	Standard and Poor's
SAED	Supplemental Amortization Equalization Disbursement
SB	Senate Bill
SDTF	State Division Trust Fund
SEC	Securities and Exchange Commission
SOM	School of Medicine
State	State of Colorado
Statement No. 68	Accounting & Financial Reporting for Pensions (as amended)
Statement No. 75	Accounting & Financial Reporting for Postemployment Benefits Other than Pensions
Statement No. 84	Fiduciary Activities
Statement No. 87	Leases
TABOR	Taxpayer's Bill of Rights
Trust	University of Colorado Health and Welfare Trust
UCCS	University of Colorado Colorado Springs
UCHealth	University of Colorado Hospital
ULEHI	University License Equity Holding, Inc.
University	University of Colorado
US Bank	US Bank National Association
VEBA	Voluntary Employees' Beneficiary Association
VRDBs	Variable Rate Demand Bonds

The University of Colorado, Board of Regents, September 2021

Standing left to right:
Ilana Spiegel, 6th Congressional District, Term 2021-27; Glen Gallegos, 3rd Congressional District, Term 2019-25; Chance Hill, 5th Congressional District, Term 2019-25; Nolbert Chavez, 7th Congressional District, Term 2021-27; Callie Rennison, 2nd Congressional District, Term 2021-2027.

Seated left to right:
Lesley Smith, At Large, Term 2019-25; Jack Kroll, Chair, 1st Congressional District, Term 2017-23; Sue Sharkey, Vice Chair, 4th Congressional District, Term 2017-23; Heidi Ganahl, At Large, Term 2017-23.

FROM THE PRESIDENT

Our name says it all. The University of Colorado *is* Colorado's university. As the state's flagship university system, CU plays an important role in Colorado's continued success. We're a world-class public research university that contributes to the nation and the world, but we have a significant impact right here at home.

We're Colorado's third largest employer. With our affiliates, CU generates an economic impact of $12 billion annually for the state. We provide leading edge health care for hundreds of thousands of Coloradans every year. We graduate thousands of students from across the state who fill critical jobs and contribute to communities in Colorado and beyond.

Just as we're dedicated to serving our students and Colorado by providing an affordable, accessible education, we're committed to doing all we can to ensure our fiscal health. And our efforts are, quite literally, paying off as this report shows.

Despite a slight dip in total operating revenues and an increase of roughly 0.5% in operating expenses in Fiscal Year 2021 due to the global pandemic and other factors, CU's net position remains strong. CU faculty secured $1.45 billion in sponsored research funding and gifts in FY 2021 – up from $1.41 billion in FY 2020 – a remarkable feat in an economic downturn, and the fifth consecutive year CU's annual sponsored research funding and gifts have topped $1 billion.

For the total picture of CU's financial health, I encourage you to review this publication. Accessibility, affordability and efficiency remain top priorities as we work to meet the needs of our students and the state. This is how we will ensure our future as a university so we can better the future for generations to come.

Sincerely,

Todd Saliman
President

CPAs & Advisors

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Independent Auditor's Report

The Members of the Legislative Audit Committee
University of Colorado Board of Regents Audit Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary component unit of the University of Colorado (the University), a higher education institution 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 the University'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 of the University of Colorado Medicine (CU Medicine), Altitude West, LLC, and the University License Equity Holding Inc., all blended component units of the University, which represents approximately 12 percent, 25 percent, and 31 percent and 11 percent, 29 percent and 28 percent for the years ended June 30, 2021 and 2020, respectively, of the total assets, net position and operating revenues of the business-type activities of the University. In addition, we did not audit the financial statements of the University of Colorado Foundation (CU Foundation), which represents 100 percent, 100 percent, and 100 percent and 99 percent, 100 percent and 100 percent for the years ended June 30, 2021 and 2020, respectively, of the assets, net position, and revenues of the discretely presented component units of the University. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for CU Medicine, Altitude West, LLC and the University License Equity Holding Inc. and the CU Foundation, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The Members of the Legislative Audit Committee
University of Colorado Board of Regents Audit Committee

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 University'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 University'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.

Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the University, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of the business-type activities aggregate discretely presented component units, and fiduciary component unit of only the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2021 and 2020 and the changes in its financial position, or where applicable its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2021, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, and paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

BKD, LLP

Denver, Colorado
December 2, 2021

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University of Colorado
Management's Discussion and Analysis
June 30, 2021 and 2020 (Unaudited)

Management is pleased to present this financial discussion and analysis of the University of Colorado (the University). It is intended to make the University's financial statements easier to understand and communicate our financial situation in an open, accountable, and transparent manner. It provides an analysis of the University's net position and results of operations for the years ended June 30, 2021 and 2020 (Fiscal Year 2021 and 2020, respectively), with comparative information for the year ended June 30, 2019 (Fiscal Year 2019). University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements.

UNDERSTANDING THE FINANCIAL STATEMENTS

Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2021 and 2020). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, and lenders, and a picture of net position.

Statements of Revenues, Expenses, and Changes in Net Position present the total revenues and expenses of the University for operating, nonoperating, and other undertakings during the fiscal years ended June 30, 2021 and 2020. Their purpose is to assess the University's operating and nonoperating activities.

Statements of Cash Flows present cash receipts and payments of the University during the fiscal years ended June 30, 2021 and 2020. Their purpose is to present the sources of cash coming into the University, how that cash was expended, and the change in the cash balance during the year.

Notes to the Financial Statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements.

Required Supplementary Information (RSI) presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes schedules of the University's proportionate share of the Colorado Public Employees' Retirement Association (PERA) pension liability and other postemployment benefits (OPEB) liability, contributions to the PERA pension and OPEB plans, the changes in the Alternate Medicare Payment (AMP) liability and the OPEB liability and related ratios, and this management's discussion and analysis (MD&A).

Nonfinancial indicators are also available to assess the overall state of the University. Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition, and campus safety. Information about nonfinancial indicators is not included in this analysis but may be obtained from the University's Budget and Finance Office (see www.cu.edu/budgetpolicy/accountability-data-center).

FINANCIAL HIGHLIGHTS

Selected financial highlights for the fiscal year ended June 30, 2021 include:

- University assets total $8,826,519,000, deferred outflows of resources (reflecting losses on bond refundings, certain changes in the pension and OPEB payments, and other items) total $386,671,000, liabilities total $4,882,047,000 and deferred inflows of resources total $496,832,000 (related to the pension and OPEB payments, and other items) resulting in net position of

$3,834,311,000. Of this amount, $2,091,051,000 is net investment in capital assets, $48,566,000 is restricted for nonexpendable purposes, meaning only the earnings on the related investments may be used for purposes dictated by the resource provider, and $746,079,000 is restricted for purposes for which the donor, grantor, or other external party intended. The remaining unrestricted balance is $948,615,000.

- The decrease in the University's net pension liability of $84,444,000 for Fiscal Year 2021 is a result of the changes in underlying actuarial assumptions made by PERA, along with legislative changes enacted in July 2018. See Note 10 for more information. The increase in the University's net other postemployment benefit (OPEB) liability of $220,929,000 for Fiscal Year 2021 is primarily due to a change in the discount rate used to calculate the balance.

- In total, operating revenues decreased approximately 2.4 percent in Fiscal Year 2021 while operating expenses increased approximately 0.5 percent. For comparative purposes, operating revenues increased 3.5 percent in Fiscal Year 2020 while operating expenses increased 1.8 percent. The changes in operating expenses are primarily due to changes in PERA and OPEB funding and assumptions and additional expenses related to COVID-19.

- Effective July 1, 2019, the University of Colorado Health and Welfare Trust (the Trust) is presented as a fiduciary component unit in the University's financial statements. The Trust administers and manages certain health and welfare benefits for participating employees and retirees solely for the benefit of its two remaining members, the University and CU Medicine, and thus met the criteria for component unit status. In accordance with generally accepted accounting principles (GAAP), Fiscal Year 2020 is reported on a comparative basis. MD&A for the Trust can be found in its separately issued financial statements.

STATEMENT OF NET POSITION

Figure 1 illustrates the University's summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The mix of assets, liabilities, and net position has remained consistent with the exception of the PERA pension and OPEB liabilities and related deferred outflows and inflows of resources experiencing changes from year to year. The deferred outflows of resources of $386,671,000 in Fiscal Year 2021, $181,008,000 in Fiscal Year 2020, and $309,204,000 in Fiscal Year 2019 represent the deferred loss on bond refundings and items related to the pension and OPEB liabilities. The pension and OPEB liabilities and the related deferred balances fluctuated due to changes in funding, actuarial assumptions, and experience. Analysis of the University's capital assets and related debt is included in the section Capital Asset and Debt Management, whereas this section provides analysis of the University's noncapital assets and other liabilities.

Figure 1. Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

(in thousands)		2021	2020	2019
Assets				
Current assets	$	3,028,234	2,675,365	926,738
Noncurrent, noncapital assets		1,810,020	1,210,179	2,658,857
Net capital assets		3,988,265	3,883,572	3,723,629
Total Assets		**8,826,519**	**7,769,116**	**7,309,224**
Deferred Outflows				
Loss on bond refundings		43,744	44,993	49,806
Other postemployment benefits-related		187,712	47,615	48,961
Alternate medicare plan-related		33,834	15,662	13,154
PERA pension-related		120,946	71,947	196,246
Other		435	791	1,037
Total Deferred Outflows		**386,671**	**181,008**	**309,204**
Total Assets and Deferred Outflows		**9,213,190**	**7,950,124**	**7,618,428**
Liabilities				
Current liabilities		542,545	684,492	759,596
Noncurrent liabilities		4,339,502	3,882,836	4,013,445
Total Liabilities		**4,882,047**	**4,567,328**	**4,773,041**
Deferred Inflows				
Other postemployment benefits-related		229,151	271,011	101,300
Alternate medicare plan-related		6,626	7,779	5,176
PERA pension-related		259,005	438,004	657,754
Other		2,050	1,684	1,748
Total Deferred Inflows		**496,832**	**718,478**	**765,978**
Total Liabilities and Deferred Inflows		**5,378,879**	**5,285,806**	**5,539,019**
Net Position				
Net investment in capital assets		2,091,051	2,188,403	2,087,469
Restricted for nonexpendable purposes		48,566	48,653	48,633
Restricted for expendable purposes		746,079	625,750	604,806
Unrestricted		948,615	(198,488)	(661,499)
Total Net Position		**3,834,311**	**2,664,318**	**2,079,409**
Total Liabilities, Deferred Inflows and Net Position	**$**	**9,213,190**	**7,950,124**	**7,618,428**

ASSETS

From Fiscal Year 2020 to 2021, the increases in current assets and noncurrent assets were primarily due to increases in the investment balance. Investments increased due to positive market performance, the temporary investment of unspent bond proceeds for capital construction projects at CU Boulder, and increases at CU Anschutz related to the funding of the Health Sciences Building construction project, increased reserves, increased academic support from the University of Colorado Hospital (UCHealth), and increased royalties from the Shingrix vaccine. From Fiscal Year 2019 to 2020, the increases in current assets and noncurrent assets were primarily due to increases in accounts and loans receivable and increases in investments from $127,738,000 of *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) funding received from the Governor's Office on May 21, 2020, and an increase in capital assets due to ongoing construction.

The University's investments were $3,899,474,000 and $3,118,998,000 at June 30, 2021 and 2020, respectively, representing an increase of $780,476,000. The University's investments were $2,862,269,000 at June 30, 2019, representing an increase of $256,729,000 at June 30, 2020. The increases in investments for both years was primarily due to fair value increases and the issuance of new bonds offset by bond proceeds being liquidated and used for projects in addition to the CARES Act funding previously discussed.

Net accounts and loans receivable increased $43,085,000 and $5,376,000 in Fiscal Years 2021 and 2020, respectively. In Fiscal Year 2021, the increase was primarily due to growth in federal government and other accounts receivable, as well as the University of Colorado Medicine's (CU Medicine) growth in patient billing due to reduced COVID restrictions. In Fiscal Year 2020, the increase was primarily due to growth in federal government and other accounts receivable, including invoiced items owed to the University of Colorado Colorado Springs (UCCS) from City of Champions project, a cooperative agreement between UCCS and the Colorado Springs Urban Renewal Authority. Federal government receivables increased in both years due to normal fluctuations in the timing and receipt of payments. In Fiscal Year 2020, patient receivables at CU Medicine decreased as a result of the COVID-19 outbreak and subsequent government mandate to suspend elective procedures during the last quarter of the fiscal year.

LIABILITIES

The University's non-debt-related liabilities were $2,856,526,000, $2,725,917,000, and $3,003,079,000, at June 30, 2021, 2020, and 2019, respectively. These liabilities are comprised of amounts categorized in Figure 2.

Figure 2. Composition of Non-debt-related Liabilities *(in thousands)*

		2021	2020	2019
Accounts payable	$	126,162	112,648	121,192
Accrued expenses		114,999	82,388	128,833
Compensated absences		320,814	292,458	257,876
Unearned revenue		162,829	274,218	181,236
Other postemployment benefits		972,432	751,503	893,196
Alternate medicare payment		119,804	90,199	83,212
Net pension liability		955,089	1,039,533	1,244,558
Risk financing		32,638	30,568	32,850
Construction contract retainage		8,401	11,202	13,652
Funds held for others		17,496	18,571	20,980
Federal Perkins loan		13,051	15,883	19,519
Early retirement incentive program		7,462	2,393	2,544
Asset retirement obligation		1,373	1,312	1,296
Miscellaneous liabilities		3,976	3,041	2,135
Total Non-debt-related Liabilities	**$**	**2,856,526**	**2,725,917**	**3,003,079**

The four largest categories of non-debt-related liabilities are OPEB liabilities, the net pension liability, compensated absences, and unearned revenue.

The University is required to account for and report on OPEB (Note 9). Such benefits include health insurance benefits for University retirees and their dependents. The University has chosen to fund this liability on a pay-as-you-go basis; therefore, there are no assets held in trust to pay future benefits which have been earned by employees. Statement No. 75, *Accounting & Financial Reporting for Postemployment*

Benefits Other than Pensions (Statement No. 75), was effective for Fiscal Year 2018 and required the full recognition of the liability to employees for OPEB. In addition, University employees in PERA can elect to participate in the PERACare program for other postretirement benefits so the University is required to record its proportionate share of PERA's net OPEB liability. As noted in Figure 2, the liability required to be reported in the financial statements totaled $972,432,000 and $751,503,000 in Fiscal Year 2021 and 2020, respectively, $941,595,000 and $712,892,000, respectively, from the University's OPEB plan and $30,837,000 and $38,611,000, respectively, from PERA's OPEB plan. The increase in the University OPEB liability is primarily due to actuarial assumption changes regarding the interest rate and mortality tables.

As discussed in Note 10, the University participates in the statewide PERA cost-sharing defined benefit pension plan. Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68) requires the University to record its "proportionate share" of PERA's net pension liability. The University has no legal requirement to pay this liability in the event of PERA's insolvency nor does it have the ability to determine the employer or employee annual contributions. The liability cannot be prepaid. Per PERA's Fiscal Year 2020 Annual Report, PERA's net pension liability for the state division in which the University participates was $9,484,793,000. The University's Fiscal Year 2021 proportionate share of the liability based on calendar 2020 contributions was $955,089,000. While the change in the net pension liability impacted total liabilities, unrestricted net position, and pension expense, the associated cash flow out of the University remained fixed by the contribution levels set in State statute (see Figure 6). For PERA's 2019 Annual Report, the net pension liability was $9,703,804,000 and the University's Fiscal Year 2020 proportionate share of the liability was $1,039,533,000. The majority of the $84,444,000 and $205,025,000 decrease in Fiscal Year 2021 and Fiscal Year 2020, respectively, can be attributed to changes in actuarial assumptions and ongoing adjustments from the enactment of Senate Bill (SB) 18-200 in Fiscal Year 2019, the provisions of which are outlined in Note 10.

Compensated absences estimate the amount payable to employees in the future for their vested rights under the University's various leave programs. This estimate is based on personnel policies that define the amount of vacation and sick leave to which each employee may be entitled (Note 1). Compensated absences typically increase year-over-year as employees accrue additional vacation days and salaries change, in addition to less vacation being used due to COVID-19.

Unearned revenue represents amounts paid by students, auxiliary enterprise customers, grantors, and contractors for which the University has not met all of its requirements for revenue recognition (Note 7). These amounts will be recognized as revenue in future periods after all conditions have been satisfied. The unearned revenue balance fluctuates from year to year depending on factors such as the timing of the first day of classes and the rate of spending on grants and contracts for which payment has been received in advance. In Fiscal Year 2020, the increase in the unearned revenue balance was primarily related to CARES Act funding that was received in Fiscal Year 2020 but was spent and earned in Fiscal Year 2021.

NET POSITION

The University's net position may have restrictions imposed by external parties, such as donors, or include items that, by their nature are invested in capital assets (property, plant, and equipment) and are therefore not available for expenditure or debt repayment. To help understand these restrictions, the University's net position is shown in four categories, as displayed in Figure 1.

A portion of net position is restricted for either expendable or nonexpendable purposes. This portion is then more specifically delineated by programmatic restrictions. The programmatic category of the restriction is shown on the statement of net position. The majority of the endowment assets benefiting the University are held by the University of Colorado Foundation (CU Foundation), which is a discretely presented component unit (Note 17) and not included in the above amounts. An expendable restriction allows the University to spend the full amount, but only for the purposes identified by the entity providing the money. Unrestricted net position, as defined by GAAP, is available for spending for any lawful purpose under the full discretion of management. However, the University has placed internal limitations on future use by designating unrestricted net position for certain purposes in keeping with management's plans to manage resources (Note 12).

In Fiscal Year 2021, total restricted for nonexpendable net position decreased by $87,000 due to transfers of existing permanent endowments to the CU Foundation. In Fiscal Year 2020, total restricted for nonexpendable net position increased by $20,000 due to additions to existing permanent endowments.

In Fiscal Year 2021, unrestricted net position was positive. Unrestricted net position has been growing each year, due in part to the decreases in the PERA pension liabilities discussed earlier and return on investments. In Fiscal Year 2020, the University's unrestricted net position was negative due to the PERA pension and OPEB liabilities. This means the University's total liabilities and deferred inflows of resources were greater than its assets and deferred outflows of resources.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Figure 3 illustrates the University's summary of revenues, expenses, and changes in net position. A key component of this summary is the differentiation of operating and nonoperating activities. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Nonoperating revenues/expenses include items determined not to fall in the operating category.

Figure 3. Summary of Revenues, Expenses, and Changes in Net Position *(in thousands)*

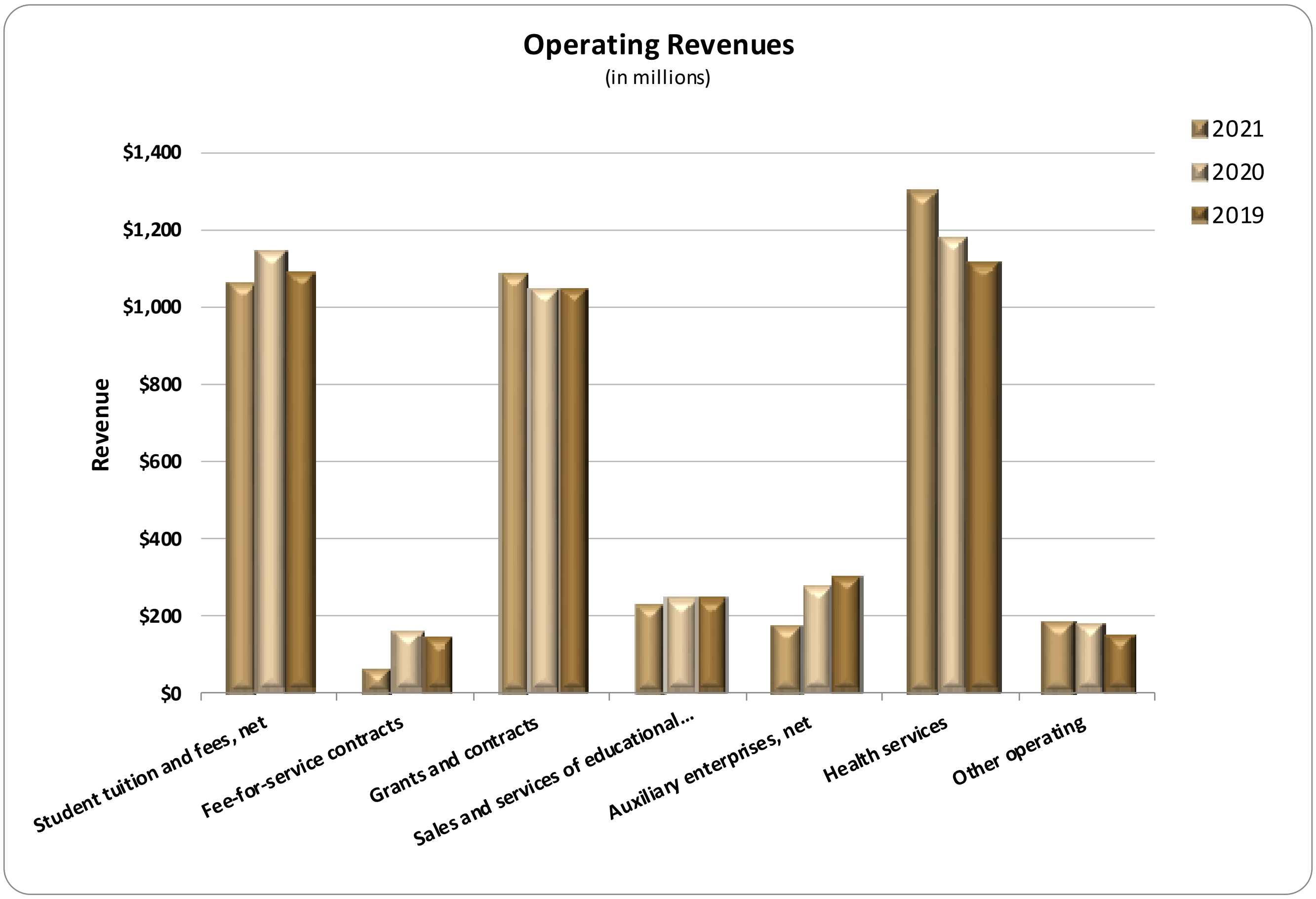
		2021	2020	2019
Operating revenues	$	4,139,499	4,239,623	4,097,809
Operating expenses		4,225,464	4,203,349	4,127,398
Operating Income (Loss)		**(85,965)**	**36,274**	**(29,589)**
Nonoperating revenues, net of nonoperating expenses		1,206,382	475,124	411,085
Income Before Other Revenues		**1,120,417**	**511,398**	**381,496**
Other revenues		49,576	73,511	46,072
Change in Net Position		**1,169,993**	**584,909**	**427,568**
Net Position, beginning of year		2,664,318	2,079,409	1,651,841
Net Position, End of Year	**$**	**3,834,311**	**2,664,318**	**2,079,409**

REVENUES

Figure 4 provides an illustration of operating and nonoperating revenues by major sources excluding capital-related revenues. These sources include both State-appropriated and non-appropriated funds (Note 13). Appropriated funds are those controlled by legislation through the general or special appropriation process and are designated for specific purposes. For the last three fiscal years, appropriated funds primarily included student tuition and fees, State of Colorado (State) stipends, fee-for-service contract revenues, and tobacco litigation settlement monies. Student tuition and fees are included only as an informational item in the State's budget as the revenue is not received from the State, but rather from outside entities. The College Opportunity Fund (COF) provides stipends to qualified undergraduate students; the receiving students then use the stipends to pay a portion of their tuition. In November 1992, Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all the local governments and the State, including the University. In Fiscal Year 2005, the Colorado State Legislature determined in Section 23-5-101.7 of the Colorado Revised Statutes that an institution of higher education may be designated as an "enterprise" for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than 10 percent of its total annual revenue in grants as defined by TABOR. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any provisions of TABOR. In July 2005, the University's Board of Regents (the Regents) designated the University as a TABOR enterprise pursuant to the statute. During the Fiscal Years ended June 30, 2021, 2020 and 2019, the University believes it has met all requirements of TABOR enterprise status (Note 13). The amount of State grants received by the University was 1.05 percent, 1.32 percent, and 1.06 percent of total annual revenues during the Fiscal Years ended June 30, 2021, 2020 and 2019, respectively. The ability of the Regents to increase tuition rates is limited by the State, although the University's operations no longer impact the State's TABOR spending limits due to the University's enterprise status.

Figure 4. Operating and Nonoperating Revenues (Excluding Capital)

(in thousands)		2021	2020	2019
Operating Revenues				
Student tuition and fees, net	$	1,066,344	1,146,847	1,096,060
Fee-for-service contracts		66,396	160,466	143,443
Grants and contracts		1,095,802	1,045,269	1,046,672
Sales and services of educational departments		233,037	245,067	244,912
Auxiliary enterprises, net		179,667	276,945	299,259
Health services		1,309,227	1,185,649	1,118,365
Other operating		189,026	179,380	149,098
Total Operating Revenues		**4,139,499**	**4,239,623**	**4,097,809**
Nonoperating Revenues				
Federal Pell Grant	$	54,470	57,627	58,681
State appropriations		17,113	17,915	15,950
State support for PERA pension		-	8,258	8,585
COVID Aid		248,174	29,419	-
Gifts		251,109	211,207	206,733
Investment income, net		692,400	174,833	163,344
Other nonoperating, net		6,933	38,024	32,324
Total Nonoperating Revenues		**1,270,199**	**537,283**	**485,617**
Total Noncapital Revenues	**$**	**5,409,698**	**4,776,906**	**4,583,426**



The University experienced decreases in most operating revenue sources in Fiscal Year 2021 and increases in most operating revenue sources in Fiscal Year 2020. The decrease in student tuition and fee revenue for Fiscal Year 2021 is due to an overall decrease in Fall and Spring enrollments as a result of the COVID-19 pandemic. Additionally, CU Boulder used CARES Act funding to offset tuition fees for students attending classes remotely, and CU Denver partially waived student fees due to the impact of COVID-19. The decrease in fee revenue is offset by COVID Aid in nonoperating revenues. The increase in tuition and fee revenue for Fiscal Year 2020 reflects a combination of changing enrollment and rate increases for nonresidents. In Fiscal Year 2021, enrollment decreased by 0.76 percent. In Fiscal Year 2020, enrollment increased by 0.57 percent. In Fiscal Years 2021 and 2020, there were no increases in tuition rates for resident undergraduates. In accordance with the resident tuition guarantee at CU Boulder, each incoming freshman undergraduate resident student with in-state classification will have no increase in tuition for their next three years.

In Fiscal Years 2021, 2020, and 2019, the University applied $34,762,000, $83,808,000, and $75,140,000, respectively, of COF stipends against student tuition bills (these amounts are included in tuition revenues), with a per credit hour stipend rate of $40, $94, and $85, respectively. Fee-for-service revenue from the State decreased $94,108,000 between Fiscal Year 2021 and 2020, and increased $17,023,000 between Fiscal Year 2020 and 2019, due to the State budget.

Consistent with the University's goal to increase its focus and national role as a comprehensive research institution, one of the three largest sources of revenue for the University continues to be grants and contracts revenue, which includes funding from federal, state, and local governments, and private sources. Grants and contracts revenue from the federal government represents 78 percent, 77 percent, and 75 percent of total grants and contract revenue for Fiscal Year 2021, 2020, and 2019, respectively. Each grant or contract is restricted in use to the purpose given and limited to the cost principles specified by each sponsor. The increase in Fiscal Year 2021 was due to increased spending on several sponsored project awards from federal sponsors such as the National Aeronautics and Space Administration (NASA), National Institute of Standards and Technology (NIST) and the Department of Health and Human Services (HHS), as well as additional awards from state and private sponsors. The decrease in Fiscal Year 2020 was due to reductions in private grants and contracts. These grants also provide necessary funding for the administrative functions and facilities that support the grants through the facilities and administrative reimbursement. In Fiscal Years 2021, 2020, and 2019, the University received $234,983,000, $217,289,000, and $213,299,000, respectively, of such administrative and facility overhead cost reimbursements. The University pledges portions of this reimbursement revenue and other auxiliary revenues to satisfy its bond obligations, which are commonly referred to as pledged revenues, thus creating a reliance on continued federal research funding.

The decrease in auxiliary enterprise revenues in Fiscal Year 2021 is the result of the ongoing impacts of the pandemic. The decrease in Fiscal Year 2020 is due to refunds made at each campus for services such as Housing and Dining, Athletics, Bookstore, and Parking due to COVID-19.

The majority of health services revenue includes medical practice plan revenues earned through CU Medicine (Notes 1 and 16), which has experienced growth in operating revenue of 10.4 percent and 6.0 percent in Fiscal Year 2021 and Fiscal Year 2020, respectively. In Fiscal Year 2021, net patient services revenue increased 11.5 percent due to recovery from the prior year impacts of the COVID-19 outbreak. In Fiscal Year 2020, net patient services revenue decreased 2.4 percent as a result of the COVID-19 outbreak and the subsequent government mandate to suspend elective services during the last quarter of the fiscal year. Contract income, primarily from CU Medicine's affiliate hospitals, increased 9.5 percent in Fiscal Year 2021 and 27.9 percent in Fiscal Year 2020. In Fiscal Year 2020, the increase in contract income offset the decrease in patient services revenue, driving the overall increase in operating revenue.

As a result of the COVID-19 pandemic, the University received funding under the CARES Act and other federal sources in Fiscal Year 2021 and Fiscal Year 2020. The amount recorded as revenue reflects the portion of the funds received which had been expended through June 30, 2021 and June 30, 2020. As of June 30, 2021 and June 30, 2020, the University expended $121,540 and $6,577,000 under the Coronavirus Relief Fund, $71,339 and $17,812,000 under the Higher Education Emergency Relief Fund (HEERF), and $55,295,000 and $5,030,000 under the Provider Relief Fund, respectively.

Gifts increased $39,902,000 and $4,474,000 in Fiscal Year 2021 and Fiscal Year 2020, respectively, mainly due to a distribution of funds from the CU Foundation to support campus needs with student financial and mental health and Diversity, Equity, and Inclusion efforts. Additionally, there were increased gifts to CU Boulder for the Leeds School of Business expansion and a gift-in-kind of the Trimble Technology Lab at CU Denver.

Investment income net of investment expense was $692,400,000 in Fiscal Year 2021, $174,833,000 in Fiscal Year 2020, and $163,344,000 in Fiscal Year 2019. Investment income is subject to inherent variability due to the requirement to record the majority of investments at fair value. In Fiscal Year 2021, the University's unrealized gains on investments (the difference between the investment's fair value and cost basis) increased by $544,284,000. In Fiscal Year 2020, the University's unrealized gains on investments increased by $52,712,000.

In addition to operating and nonoperating revenues, the University had capital revenues in the amounts depicted in Figure 5.

Figure 5. Capital Revenues *(in thousands)*

		2021	2020	2019
Capital student fee, net	$	12,936	16,147	16,086
Capital appropriations		31,845	31,130	15,818
Capital grants and gifts		4,882	26,214	14,154
Loss on disposal of capital assets		(2,708)	(1,839)	(3,377)
Total Capital Revenues	**$**	**46,955**	**71,652**	**42,681**

The capital student fee is used to fund construction or renovation projects on student facility buildings at CU Boulder, to fund the Student Wellness Center at CU Denver, and to fund the Recreation and Wellness Center, the Family Development Center, and the University Center at UCCS.

The University received capital appropriations from the State of $31,845,000 in Fiscal Year 2021, compared to $31,130,000 in Fiscal Year 2020 and $15,818,000 in Fiscal Year 2019. These monies are used for various controlled maintenance and other capital construction activity and fluctuate year to year based on the State budget. The increase in Fiscal Year 2021 and Fiscal Year 2020 is primarily due to capital expansion funding appropriated to CU Anschutz for its Health Sciences Building.

Capital grants and gifts decreased $21,332,000 in Fiscal Year 2021 and increased $12,060,000 in Fiscal Year 2020 primarily due to a $20,000,000 one-time gift made in Fiscal Year 2020 for the new Health Sciences Building and renovations of the Fitzsimons Building at CU Anschutz. In Fiscal Year 2020, the increase was partially offset with a decrease in capital projects and gifts-in-kind at CU Boulder.

EXPENSES

The programmatic uses of resources are displayed in Figure 7 and include PERA pension expense. Figure 6 demonstrates the impact of SB 18-200 and other factors to the University's Fiscal Year 2021, 2020, and 2019 financial statements. Pension expense decreased by $21,975,000, $152,027,000, and $571,259,000 in Fiscal Year 2021, Fiscal Year 2020, and Fiscal Year 2019, respectively. These changes (and corresponding change in net pension liability) should be compared to the required cash contributions for each of the Fiscal Years 2021, 2020, and 2019, of $63,808,000, $65,557,000, and $63,850,000, respectively.

Figure 6. PERA Pension Expense Compared to Required Contributions *(in thousands)*

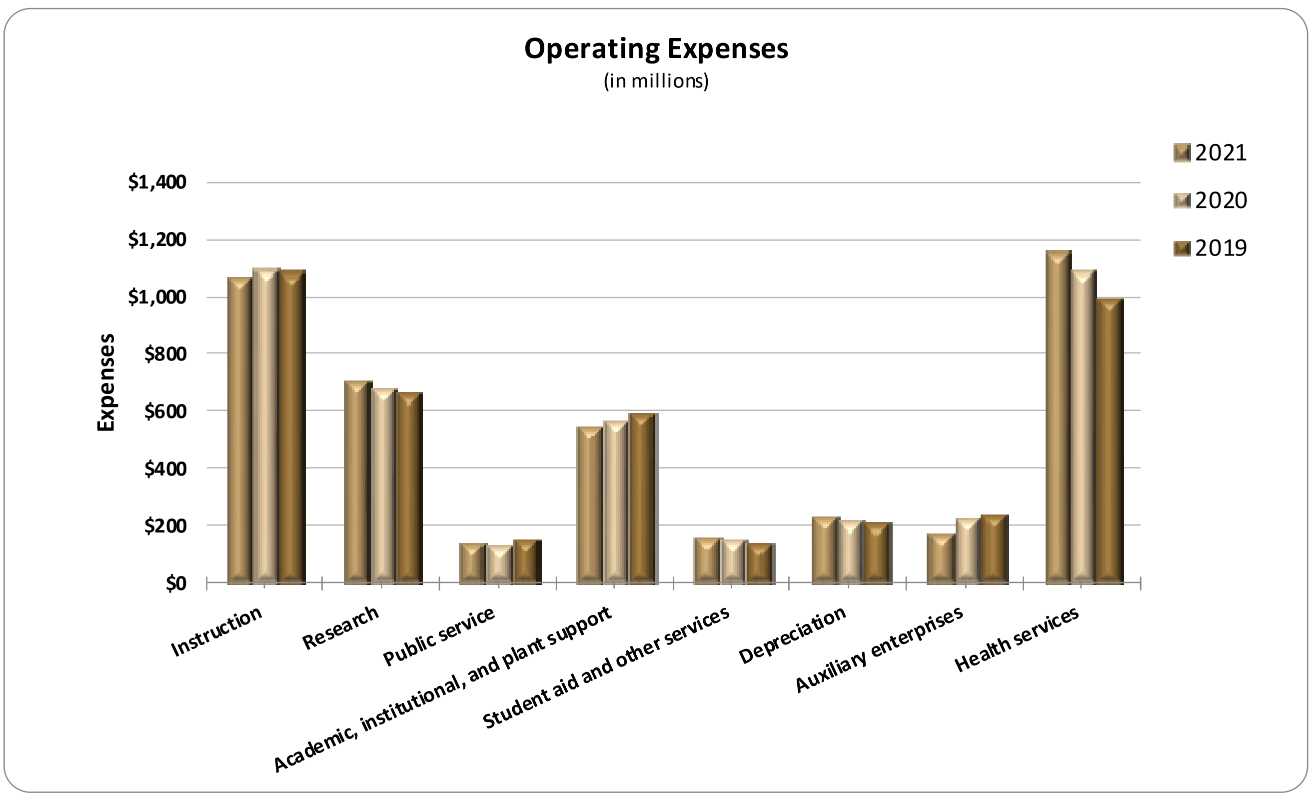
		2021	2020	2019
Pension expense (per financial statements)	$	(248,634)	(226,659)	(74,632)
Expense decrease from prior year		(21,975)	(152,027)	(571,259)
Required contributions		63,808	65,557	63,850

Including the impact of PERA's actuarial valuation changes, as reflected in the audited financial statements and in Figure 7 below, results in total operating expenses increased 0.5 percent for the fiscal year ended June 30, 2021, increased 1.8 percent for the fiscal year ended June 30, 2020, and decreased 7.3 percent for the fiscal year ended June 30, 2019, in part due to PERA's actuarial valuation changes. Excluding the impact of these changes, operating expenses would have increased 0.9 percent, 5.4 percent, and 7.9 percent for the same time period.

The magnitude of the overall increase in operating expense was lower in Fiscal Year 2021 due to the COVID-19 pandemic, which caused decreases in several operating expense categories. The decreases in instruction expense and academic, institutional, and plant support expense are due to furloughs, hiring freezes, lack of merit raises, and travel freezes across all campuses as a result of COVID-19. These decreases were offset by increases in other categories, which demonstrates that the University's focus is basically unchanged over the past three fiscal years. The increase in research expenditures is mainly due to sponsored research expenditures, focused in the College of Engineering at CU Boulder and HHS at CU Anschutz. The increase in public service expense is mainly due to growth in cell-based therapies and protein biologics of the Gates Biomanufacturing Facility at CU Anschutz. The increase in student aid is primarily due to the student portion of CARES Act expenditures, an increase in student emergency aid grants, and an offset to scholarship allowances.

Figure 7. Expense Program Categories *(in thousands)*

		2021	2020	2019
Instruction	$	1,076,987	1,106,172	1,098,320
Research		711,251	682,789	672,006
Public service		143,692	138,901	157,077
Academic, institutional, and plant support		549,198	575,395	596,601
Student aid and other services		166,766	155,361	146,162
Total Education and General		**2,647,894**	**2,658,618**	**2,670,166**
Depreciation		232,428	221,096	215,348
Auxiliary enterprises		179,585	228,565	240,062
Health services		1,165,557	1,095,070	1,001,822
Total Operating Expenses	$	**4,225,464**	**4,203,349**	**4,127,398**



The amounts shown for student aid do not reflect the actual resources dedicated to student aid. The majority of the University's student aid resources are netted against tuition, fee, and auxiliary revenue as a scholarship allowance (Note 14). The University's scholarship allowance was $278,123,000, $261,869,000, and $239,358,000 in Fiscal Years 2021, 2020, and 2019, respectively.

The decrease in auxiliary enterprise expense in Fiscal Year 2021 was mainly due to decreased activity at each campus for services such as Housing and Dining, Athletics, Bookstore, and Parking due to COVID-19. The decrease in auxiliary enterprise expense in Fiscal Year 2020 was mainly due to the athletics legal settlement paid out in Fiscal Year 2019 at CU Boulder, as well as reduced benefits rates for coaches, athletic directors, and police officers at CU Boulder during Fiscal Year 2020.

Increases in expenses related to health services, which are primarily related to CU Medicine, are consistent with the associated increases in health services revenue discussed earlier in this section.

The University, like many public higher education entities, reports its operating expenses by functional classification on the Statement of Revenues, Expenses, and Changes in Net Position. As defined by the National Association of College and University Business Officers (NACUBO), a functional expense classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classifications tell *why* an expense was incurred rather than *what* was purchased. Reporting expenses by functional classification helps donors, granting agencies, creditors, and other readers of the financial statements to understand the various mission-related activities of the institution and their relative importance.

A different method of reporting operating expenses is by natural classification. Per NACUBO, a natural expense classification is a method of grouping expenses according to the type of costs that are incurred. The classifications tell *what* was purchased rather than *why* an expense was incurred.

Figure 8 below provides detail on the University's expenses by natural classification to provide users additional insight into how the University expends its resources. As is common in higher education, the largest portion of expenses relate to salaries and benefits. The information below also highlights the impact of PERA pension changes on total operating expenses.

Figure 8. Natural Classification of Operating Expenses *(in thousands)*

		2021	2020	2019
Salaries	$	2,471,391	2,425,445	2,295,863
Benefits (non-pension)		783,427	757,581	683,660
Pension expense*		(248,634)	(226,659)	(74,632)
Depreciation/amortization		232,911	221,376	215,624
IT licenses/software/equipment		128,531	111,959	96,129
Plant operation/repairs		34,288	37,291	31,998
Scholarships/fellowships		71,285	62,057	38,265
Research		140,591	129,028	139,699
Supplies		504,972	545,329	530,584
Travel		7,250	39,302	54,746
Utilities		61,317	60,560	60,527
Other		38,135	40,080	54,935
Total Operating Expenses	**$**	**4,225,464**	**4,203,349**	**4,127,398**

* This does not include AMP.

CAPITAL ASSETS AND DEBT MANAGEMENT

The University had $6,958,540,000, $6,638,664,000, and $6,296,102,000 of plant, property, and equipment at June 30, 2021, 20120, and 2019, respectively, offset by accumulated depreciation of $2,970,275,000, $2,755,092,000, $2,572,473,000, respectively. The major categories of plant, property, and equipment at June 30, 2021, 2020, and 2019 are displayed in Figure 9. Related depreciation charges of $232,428,000, $221,096,000, and $215,348,000 were recognized in the Fiscal Years 2021, 2020, and 2019, respectively. Detailed financial activity related to the changes in capital assets is presented in Note 5. Figure 10 details the University's current construction commitments.

Figure 9. Capital Asset Categories (before depreciation) *(in thousands)*

		2021	2020	2019
Land	$	101,768	102,448	102,609
Construction in progress		514,042	567,044	425,336
Buildings and improvements		5,090,066	4,771,321	4,612,943
Equipment		673,888	637,513	613,172
Software and other intangibles		100,061	98,451	98,710
Library and other collections		478,715	461,887	443,332
Total Capital Assets (gross)	**$**	**6,958,540**	**6,638,664**	**6,296,102**

Figure 10. Current Construction Projects as of June 30, 2021 *(in thousands)*

Campus/Project Description	Financing Sources	Value*
CU Boulder:		
HVAC upgrades and controls, Electrical Engineering Center	State Senate Bill 19-267 COP Funding	$ 6,612
Aerospace Engineering Sciences Building	Campus cash resources and debt	82,546
Engineering Center Phase I-A (290)	Campus cash resources	28,462
19th Street bridge and trail	Campus cash & Federal Emergency Management Agency (FEMA)	6,285
1135 Broadway Renovation	Campus cash resources	6,000
Ramaley Biology addition	Campus cash resources and debt	21,851
Engineering Center Aerospace Wing and North Tower	Campus cash resources and debt	30,874
Hellems & Rippon Renovation	Campus cash resources and State Funding	35,207
Fleming Tower renovation and system upgrades	Campus cash resources and debt	13,719
CU Denver | Anschutz:		
City Heights Residence Hall	Debt	78,505
Research 2 Basement build-out	Campus cash resources and debt	11,151
Anschutz Health Sciences Building shell space	Campus cash resources and debt	27,996
Anschutz Health Sciences Building	State, campus cash resources, gift, and debt	242,062
UCCS:		
Hybl Sports Medicine and Performance Center	Bond proceeds	2,440

** Value represents budgeted costs for project in thousands*

During Fiscal Year 2021, the University also issued $437,000,000 face value in revenue bonds with proceeds used to refund portions of prior obligations, and to pay certain costs related to the issuance of the Series 2020A-1, 2020A-2, 2020B-1, 2020B-2, 2021A, and 2021B Taxable and Tax-exempt Bonds.

During Fiscal Year 2020, the University issued $544,285,000 face value in revenue bonds with proceeds used to refund portions of prior obligations, and to pay certain costs related to the issuance of the Series 2019A, 2019A-2, 2019B and 2019C Taxable and Tax-exempt Bonds.

During Fiscal Year 2019, the University issued $112,375,000 face value in revenue bonds, of which $48,015,000 were direct placement bonds, with proceeds used to refund portions of prior obligations, and to pay certain costs related to the issuance of the Series 2008 Bonds.

At June 30, 2021, 2020, and 2019, the University had debt (or similar long-term obligations) of $2,025,521,000, $1,791,411,000, $1,634,462,000, respectively, in the categories illustrated in Figure 11. More detailed information about the University's debt is included in Note 8.

Figure 11. Debt Categories *(in thousands)*

		2021	2020	2019
Revenue bonds	$	2,004,561	1,769,286	1,610,739
Capital leases		11,202	11,980	13,207
Notes payable		9,758	10,145	10,516
Total Long-term Debt	**$**	**2,025,521**	**1,791,411**	**1,634,462**

The Regents have adopted a debt management policy that includes limitations on the use of external debt. The University Treasurer will report to the Regents, prior to the issuance of new debt, the effect that the new debt will have on the University's debt capacity ratio to ensure the 7 percent debt ratio limit currently established by the Regents is not exceeded. The ratio is calculated as maximum annual debt service as a percentage of the University's unrestricted current fund expenditures plus mandatory transfers. State statute sets the maximum for this ratio at 10 percent in Colorado Revised Statutes (C.R.S.) 23-20-129.5. A component of this policy is debt capacity, which is the calculated ratio of the University's debt service requirement as compared to certain unrestricted revenues. The University maintained its debt capacity limits in all three fiscal years ended June 30, 2021, 2020, and 2019.

During Fiscal Year 2018 the Regents authorized a commercial paper program for approved capital construction projects with a maximum outstanding amount of $200,000,000. This short-term financing had a fixed maturity of less than 270 days from issuance and was used to fund various remodeling projects at CU Boulder and CU Anschutz. In Fiscal Year 2020, the University issued the twelfth through thirty-third tranches and retired the first through thirty-second tranches of commercial paper with permanent financing. On July 1, 2020, the outstanding balance of $50,000,000 was retired with variable rate demand bonds (VRDBs) Series 2020B-1. The average interest rate of borrowing from inception of the program through its end was 1.44 percent.

The University minimizes financing costs by monitoring current market conditions and by maintaining a bond rating of Aa1 and AA+ and commercial paper ratings of P-1 and F1+ (Moody's and Fitch, respectively).

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Economic factors, particularly those related to COVID-19 since the start of the pandemic, resulted in budget challenges at the University in Fiscal Year 2020, Fiscal Year 2021, and Fiscal Year 2022. In Fiscal Year 2022, the State was able to restore the one-time Fiscal Year 2021 State funding cuts of 58 percent and increase public funding for higher education above the Fiscal Year 2020 level by $81,800,000, or a 9.6 percent increase for all public institutions of higher education in Colorado. This resulted in a $19,100,000 or 7.9 percent State funding increase for the University over Fiscal Year 2020 funding levels. In Fall 2021, the University implemented mandatory vaccination requirements for students, faculty, and staff and is continuing to follow health related guidelines to return to a more in-person learning experience on campus. Overall, estimated University enrollment is projected to increase slightly over the prior year based on preliminary Fall 2021 census estimates, with on-average growth in non-resident student and graduate student populations.

Overall, total budgeted revenues for the University have increased for Fiscal Year 2022 compared to the prior year. Education and General Fund budgeted revenue increased $236,474,000, or 16.4 percent, compared to the June 2020 approved budget for Fiscal Year 2021. Auxiliary and self-funded activities budgeted revenue increased $297,657,000, or 15.9 percent, and restricted fund budgeted revenue increased $287,703,000, or 27 percent. The University's overall revenue budget for Fiscal Year 2022 increased 18.7 percent over the prior year. Tuition rates increased in Fiscal Year 2022, but undergraduate students will not see an effective increase on their student bills, as the University is buying this increase down on a one-year basis.

The University has used and will continue to use federal relief funding (CARES Act Coronavirus Relief Funds, HEERF I, HEERF II, and HEERF III) in Fiscal Year 2020, Fiscal Year 2021, and Fiscal Year 2022 for allowable and pandemic-related expenses. Additionally, the University completely repealed furloughs effective Fiscal Year 2022 and is transitioning to a calendar year compensation cycle effective January 2022 for non-classified staff and faculty (at three of the four campuses), which better aligns with known enrollment and available revenues at these campuses. These efforts allow for compensation decisions—which ultimately increase expenses—to be more informed by real-time revenues in the same year.

University of Colorado

Business-Type Activities
Statements of Net Position

June 30, 2021 and 2020 (*In Thousands*)

		2021	*2020*
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	$	351,247	221,669
Investments (Note 3)		2,165,456	1,989,147
Accounts and loans receivable, net (Note 4)		482,172	434,319
Inventories		20,359	20,788
Other assets		9,000	9,442
Total Current Assets		**3,028,234**	**2,675,365**
Noncurrent Assets			
Investments (Note 3)		1,734,018	1,129,851
Accounts and loans receivable, net (Note 4)		70,007	74,775
Other assets		5,995	5,553
Capital assets, net (Note 5)		3,988,265	3,883,572
Total Noncurrent Assets		**5,798,285**	**5,093,751**
Total Assets	**$**	**8,826,519**	**7,769,116**
Deferred Outflows			
Loss on bond refundings	$	43,744	44,993
Other postemployment benefits-related (Note 9)		187,712	47,615
Alternate medicare payment-related (Note 10)		33,834	15,662
PERA pension-related (Note 10)		120,946	71,947
Other		435	791
Total Deferred Outflows		**386,671**	**181,008**
Total Assets and Deferred Outflows	**$**	**9,213,190**	**7,950,124**
Liabilities			
Current Liabilities			
Accounts payable	$	126,162	112,648
Accrued expenses (Note 6)		114,999	82,388
Compensated absences (Note 6)		19,775	17,869
Unearned revenue (Note 7)		157,050	268,502
Commercial paper (Note 8)		-	50,000
Bonds, capital leases, and notes payable (Note 8)		63,635	92,400
Other postemployment benefits (Note 9)		14,753	16,447
Other liabilities (Note 11)		46,171	44,238
Total Current Liabilities	**$**	**542,545**	**684,492**
Noncurrent Liabilities			
Compensated absences (Note 6)	$	301,039	274,589
Unearned revenue (Note 7)		5,779	5,716
Bonds, capital leases, and notes payable (Note 8)		1,961,886	1,699,011
Other postemployment benefits (Note 9)		957,679	735,056
Alternate medicare payment (Note 10)		119,804	90,199
Net pension liability (Note 10)		955,089	1,039,533
Other liabilities (Note 11)		38,226	38,732
Total Noncurrent Liabilities		**4,339,502**	**3,882,836**
Total Liabilities	**$**	**4,882,047**	**4,567,328**

University of Colorado

Business-Type Activities
Statements of Net Position

June 30, 2021 and 2020 (*In Thousands*)

		2021	*2020*
Deferred Inflows			
Other postemployment benefits-related (Note 9)	$	229,151	271,011
Alternate medicare payment-related (Note 10)		6,626	7,779
PERA pension-related (Note 10)		259,005	438,004
Other		2,050	1,684
Total Deferred Inflows		**496,832**	**718,478**
Total Liabilities and Deferred Inflows	**$**	**5,378,879**	**5,285,806**
Net Position			
Net investment in capital assets	$	2,091,051	2,188,403
Restricted for nonexpendable purposes (endowments)			
Research		21,708	21,708
Academic support		14,404	14,130
Scholarships and fellowships		11,096	11,224
Capital and other		1,358	1,591
Total restricted for nonexpendable purposes (Note 12)		48,566	48,653
Restricted for expendable purposes			
Instruction		191,609	168,865
Research		60,283	47,209
Academic support		55,499	40,252
Student loans and services		25,679	19,120
Scholarships and fellowships		61,778	46,142
Auxiliary enterprises		220,535	209,704
Capital		37,366	31,836
Other		93,330	62,622
Total restricted for expendable purposes		746,079	625,750
Unrestricted (Note 12)		948,615	(198,488)
Total Net Position	**$**	**3,834,311**	**2,664,318**

University of Colorado

Discretely Presented Component Units
Statements of Net Position
June 30, 2021 and 2020 (*In Thousands*)

		2021			*2020*		
		CU Foundation	CUBEC	Total	CU Foundation	CUBEC	TOTAL
Assets							
Current assets							
Cash and cash equivalents	$	40,785	503	41,288	44,845	-	44,845
Contributions receivable, net		31,514	-	31,514	26,725	-	26,725
Other current assets		177	-	177	406	-	406
Total current assets		72,476	503	72,979	71,976	-	71,976
Noncurrent assets							
Investments (Note 3)		2,848,786	9,500	2,858,286	2,091,071	10,000	2,101,071
Contributions receivable, net		108,767	-	108,767	96,975	-	96,975
Capital assets, net		1,252	-	1,252	1,332	-	1,332
Assets held under split-interest agreements (Note 3)		45,089	-	45,089	37,653	-	37,653
Beneficial interest in charitable trusts held by others		15,458	-	15,458	13,388	-	13,388
Total noncurrent assets		3,019,352	9,500	3,028,852	2,240,419	10,000	2,250,419
Total Assets	**$**	**3,091,828**	**10,003**	**3,101,831**	**2,312,395**	**10,000**	**2,322,395**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	$	981	-	981	432	-	432
Payable to the University (Note 4)		12,708	-	12,708	14,214	-	14,214
Liabilities under split-interest agreements		2,853	-	2,853	2,484	-	2,484
Custodial funds		19,738	-	19,738	18,466	-	18,466
Total current liabilities		36,280	-	36,280	35,596	-	35,596
Noncurrent liabilities							
Payable to the University (Notes 4, 17)		-	10,000	10,000	-	10,000	10,000
Funds held in trust for others		3,337	-	3,337	2,391	-	2,391
Liabilities under split-interest agreements		21,928	-	21,928	19,240	-	19,240
Custodial funds		605,172	-	605,172	445,383	-	445,383
Total noncurrent liabilities		630,437	10,000	640,437	467,014	10,000	477,014
Total Liabilities	**$**	**666,717**	**10,000**	**676,717**	**502,610**	**10,000**	**512,610**
Net Position							
Net investment in capital assets	$	1,252	-	1,252	1,332	-	1,332
Restricted for nonexpendable purposes		1,303,836	-	1,303,836	919,651	-	919,651
Restricted for expendable purposes		1,010,346	-	1,010,346	826,235	-	826,235
Unrestricted		109,677	3	109,680	62,567	-	62,567
Total Net Position	**$**	**2,425,111**	**3**	**2,425,114**	**1,809,785**	**-**	**1,809,785**

University of Colorado

Business-Type Activities

Statements of Revenues, Expenses, and Changes in Net Position

June 30, 2021 and 2020 (*In Thousands*)

		2021	2020
Operating Revenues			
Student tuition (net of scholarship allowances of $244,520 in 2021 and $230,013 in 2020; net of bad debt of $2,679 in 2021 and $2,921 in 2020; pledged revenues of $981,877 in 2021 and $1,050,646 in 2020) (Note 8, 13 and 14)	$	981,877	1,050,646
Student fees (net of scholarship allowances of $23,012 in 2021 and $21,926 in 2020; net of bad debt of $167 in 2021 and $131 in 2020; pledged revenues of $3,957 in 2021 and $3,093 in 2020) (Note 8, 13 and 14)		84,467	96,201
Fee-for-service contracts (Note 13)		66,396	160,466
Federal grants and contracts (pledged revenues of $207,199 in 2021 and $192,795 in 2020) (Note 8)		859,909	800,141
State and local grants and contracts (pledged revenues of $17,552 in 2021 and $17,791 in 2020) (Note 8)		80,955	79,082
Nongovernmental grants and contracts (net of bad debt of $0 in 2021 and $258 in 2020)		154,938	166,046
Sales and services of educational departments (net of bad debt of $331 in 2021 and $176 in 2020)		233,037	245,067
Auxiliary enterprises (net of scholarship allowances of $6,694 in 2021 and $5,669 in 2020; net of bad debt of $1,145 in 2021 and $1,649 in 2020; pledged revenues of $4,366 in 2021 and $24,213 in 2020) (Note 8 and 14)		179,667	276,945
Health services (net of contractual adjustments of $1,563,601 in 2021 and $1,385,758 in 2020; net of bad debt of $27,413 in 2021 and $37,849 in 2020; pledged revenues of $19,638 in 2021 and $36,596 in 2020) (Note 8 and 15)		1,309,227	1,185,649
Other operating revenues (net of bad debt of $1,072 in 2021 and $1,809 in 2020; pledged revenues of $1,890 in 2021 and $3,588 in 2020) (Note 8)		189,026	179,380
Total Operating Revenues	**$**	**4,139,499**	**4,239,623**
Operating Expenses			
Education and general			
Instruction	$	1,076,987	1,106,172
Research		711,251	682,789
Public service		143,692	138,901
Academic support		178,191	202,196
Student services		119,496	127,549
Institutional support		241,802	249,213
Operation and maintenance of plant		129,205	123,986
Student aid		47,270	27,812
Total education and general expenses		**2,647,894**	**2,658,618**
Depreciation (Note 5)		232,428	221,096
Auxiliary enterprises		179,585	228,565
Health services (Note 15)		1,165,557	1,095,070
Total Operating Expenses		**4,225,464**	**4,203,349**
Operating Income (Loss)	**$**	**(85,965)**	**36,274**

University of Colorado
Business-Type Activities
Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2021 and 2020 (*In Thousands*)

		2021	*2020*
Nonoperating Revenues (Expenses)			
Federal Pell Grant	$	54,470	57,627
State appropriations (Note 13)		17,113	17,915
State support for PERA pension (Note 10 and 13)		-	8,258
COVID Aid		248,174	29,419
Gifts		251,109	211,207
Investment income (net of investment expenses of $15,506 in 2021 and $9,377 in 2020)		692,400	174,833
Loss on disposal of capital assets (Note 5)		(2,708)	(1,839)
Interest expense on capital asset-related debt (including amortization of deferred loss of $35,243 in 2021 and $17,763 in 2020) (Note 5)		(58,819)	(57,331)
Bond issuance costs		(2,290)	(2,989)
Other nonoperating revenues (pledged revenues of $35 in 2021 and $380 in 2020) (Note 8)		6,933	38,024
Total Nonoperating Revenues (Expenses)		**1,206,382**	**475,124**
Income Before Other Revenues	**$**	**1,120,417**	**511,398**
Other Revenues			
Capital student fee (net of scholarship allowance of $3,897 in 2021 and $4,261 in 2020; pledged revenue of $12,936 in 2021 and $16,147 in 2020) (Note 8 and Note 14)	$	12,936	16,147
Capital appropriations (Note 13)		31,845	31,130
Capital grants and gifts		4,882	26,214
Additions to (transfers of) permanent endowments		(87)	20
Total Other Revenues		**49,576**	**73,511**
Change in net position		**1,169,993**	**584,909**
Net Position, beginning of year		2,664,318	2,079,409
Net Position, End of Year	**$**	**3,834,311**	**2,664,318**

University of Colorado

Discretely Presented Component Units
Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2021 and 2020 (*In Thousands*)

		2021			*2020*
		CU Foundation	**CUBEC**	**Total**	**CU Foundation**
Operating revenues					
Contributions	$	263,072	-	263,072	195,308
Other revenue		5,565	-	5,565	5,064
Total operating revenues		268,637	-	268,637	200,372
Operating expenses					
Institutional support					
Gifts and income distributed to University (Note 17)		182,281	-	182,281	184,507
Administrative		4,822	-	4,822	5,059
Advancement support to the University		29,501	-	29,501	24,409
Depreciation and amortization		80	-	80	95
Total operating expenses		216,684	-	216,684	214,070
Operating Income (Loss)		51,953	-	51,953	(13,698)
Nonoperating revenues (expenses)					
Investment income		563,373	3	563,376	67,702
Increase in Net Position		**615,326**	**3**	**615,329**	**54,004**
Net Position, beginning of year		1,809,785	-	1,809,785	1,755,781
Net Position, End of Year	**$**	**2,425,111**	**3**	**2,425,114**	**1,809,785**

University of Colorado

Business-Type Activities
Statements of Cash Flows
June 30, 2021 and 2020 (*In Thousands*)

		2021	*2020*
Cash Flows from Operating Activities			
Tuition and fees	$	1,135,626	1,298,298
Grants and contracts		947,706	1,194,818
Sales and services of educational departments		233,037	245,067
Auxiliary enterprise charges		182,957	261,300
Health services		1,272,536	1,181,246
Other receipts		217,648	188,605
Payments to employees and benefits		(3,506,318)	(3,540,459)
Payments to suppliers		(628,833)	(680,590)
Payments for scholarships and fellowships		(47,270)	(27,812)
Total Cash Flows Provided by (Used for) Operating Activities		**(192,911)**	**120,473**
Cash Flows from Noncapital Financing Activities			
Federal Pell Grant		54,470	57,627
State appropriations		17,113	17,915
COVID Aid		248,174	29,419
Gifts and grants for other than capital purposes		251,109	211,207
Endowment additions (transfers)		(87)	20
Direct lending receipts		359,906	383,040
Direct lending disbursements		(360,000)	(383,047)
Other student loan receipts		3,962	4,186
Other student loan disbursements		(2,582)	(1,838)
Other loan receipts		2,543	1,186
Other loan disbursements		(1,616)	(11,563)
Other agency transactions		(980)	(2,402)
Total Cash Flows Provided by Noncapital Financing Activities		**572,012**	**305,750**
Cash Flows from Capital and Related Financing Activities			
State capital appropriations		31,845	31,130
Capital student fees		12,936	16,147
Proceeds from capital debt and commercial paper		206,953	465,295
Bond issuance costs paid		(2,290)	(2,989)
Principal paid on capital debt, leases, notes and commercial paper		(7,752)	(357,990)
Interest paid on capital debt, leases and notes		(75,281)	(89,727)
Proceeds from sale of capital assets		9,722	41,225
Purchases and construction of capital assets		(338,087)	(409,292)
Total Cash Flows Used for Capital and Related Financing Activities		**(161,954)**	**(306,201)**
Cash Flows from Investing Activities			
Proceeds from sales and maturities of investments		6,627,949	8,917,414
Purchase of investments		(6,864,142)	(9,121,430)
Investment earnings		148,624	126,005
Total Cash Flows Used for Investing Activities		**(87,569)**	**(78,011)**
Net Increase in Cash and Cash Equivalents		**129,578**	**42,011**
Cash and cash equivalents, beginning of year		221,669	179,658
Cash and Cash Equivalents, End of Year	**$**	**351,247**	**221,669**

University of Colorado

Business-Type Activities
Statements of Cash Flows
June 30, 2021 and 2020 (*In Thousands*)

		2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	$	(85,965)	36,274
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense		232,428	221,096
Items classified as nonoperating revenues		6,933	38,024
State support for PERA pension		-	8,258
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Receivables		(45,533)	(1,296)
Inventories		429	2,162
Other assets		1	2,004
PERA pension-related deferred outflows		(48,999)	124,299
AMP-related deferred outflows		(18,172)	(2,508)
OPEB-related deferred outflows		(140,097)	1,346
Other deferred outflows		356	246
Accounts payable		6,592	1,593
Accrued expenses		32,771	(46,274)
Compensated absences		28,356	34,582
Unearned revenue		(111,389)	92,982
Other postemployment benefits		220,929	(141,693)
Alternate medicare plan		29,605	6,987
Net pension liability		(84,444)	(205,025)
Other liabilities		5,300	(5,148)
PERA pension-related deferred inflows		(178,999)	(219,750)
AMP-related deferred inflows		(1,153)	2,603
OPEB-related deferred inflows		(41,860)	169,711
Net Cash Provided by (Used for) Operating Activities	**$**	**(192,911)**	**120,473**

Noncash Investing, Capital and Financing Transactions			
Donations of noncash items	$	34,489	23,046
Lease-financed acquisitions		2,460	1,184
Purchases of capital assets in accounts payable		34,208	13,185
Change in unrealized gains on investments		544,284	52,712
Proceeds from refunding bonds deposited with escrow agent		235,405	452,149
Amortization of premiums and discounts		17,551	37,041
Amortization of deferred loss		(35,243)	(4,813)

University of Colorado

Fiduciary Activities

Statements of Fiduciary Net Position

June 30, 2021 and 2020 (*In Thousands*)

		2021	2020
Assets			
Current Assets			
Cash, noninterest bearing (see Note 2)	$	1	1
Restricted cash - Flexible spending accounts (see Note 2)		1,161	1,197
Cash equivalents (see Note 3)		25,925	45,696
Total cash and cash equivalents		27,087	46,894
Receivables:			
Premiums, net		75	36,067
Pharmacy rebates		6,517	14,940
Other rebates and refunds		51	714
Premium assessment due from member		984	11,466
Interest receivable		42	29
Total receivables		7,669	63,216
Prepaid expenses		228	272
Total current assets		34,984	110,382
Noncurrent Assets			
Investments - mutual funds (see Note 3)		32,491	13,215
Total Assets	**$**	**67,475**	**123,597**
Liabilities			
Incurred claims (see Note 6)	$	30,455	59,191
Accrued liabilities		911	903
Accounts payable		3,189	3,774
Flexible spending accounts payable		827	787
Total Liabilities		35,382	64,655
Net Position			
Restricted for healthcare payments	$	32,093	58,942
Total Net Position	**$**	**32,093**	**58,942**

University of Colorado

Fiduciary Activities

Statements of Changes in Fiduciary Net Position

June 30, 2021 and 2020 (*In Thousands*)

		2021	*2020*
Additions			
Premiums	$	284,639	560,468
Miscellaneous		-	52
Investment income		297	1,194
Total additions		284,936	561,715
Deletions			
Incurred claims (see Note 6)		287,912	507,033
Claims processing		19,473	26,978
Administrative		2,837	3,014
Wellness initiatives		1,563	1,690
Total deletions		311,785	538,715
Net increase (decrease) in fiduciary net position		**(26,849)**	**23,000**
Net Position			
Net Position, beginning of year		58,942	35,942
Net Position, End of Year	**$**	**32,093**	**58,942**

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNANCE

The University of Colorado (the University) is a comprehensive degree-granting research university in the State of Colorado (the State). It is governed by a nine-member Board of Regents (the Regents) elected by popular vote in the State's general elections. Serving staggered six-year terms, one member is elected from each of the State's seven congressional districts with two Regents elected from the State at large. The University comprises the system office and the following three accredited campuses, each with its unique mission as detailed below:

- **University of Colorado Boulder (CU Boulder)**

  Established in 1861, CU Boulder is a comprehensive graduate research university (with selective admission standards) offering a comprehensive array of undergraduate, master's, and doctoral degree programs.

- **University of Colorado Denver | Anschutz Medical Campus (CU Denver | Anschutz)**

  Originally operated as two separate campuses, the Health Sciences Center and the Denver campus were established in 1883 and 1974, respectively. In 2004, the two campuses were institutionally merged into the University of Colorado Denver. The consolidated institution is an urban comprehensive research university offering a full range of undergraduate, graduate, and professional degree programs in life sciences, professional programs, and liberal arts. The campuses are currently referred to collectively as CU Denver | Anschutz and separately as the University of Colorado Denver (CU Denver) and the University of Colorado Anschutz Medical Campus (CU Anschutz).

- **University of Colorado Colorado Springs (UCCS)**

  Established as a separate campus in 1965, UCCS is a comprehensive graduate research university (with selective admission standards) offering a comprehensive array of undergraduate, master's, and doctoral degree programs.

To accomplish its mission, the University has over 8,700 instructional faculty serving over 66,000 students through 493 degree programs in 26 schools and colleges.

BASIS OF PRESENTATION AND FINANCIAL REPORTING ENTITY

Blended Component Units

The University's financial reporting entity includes the operations of the University and all related entities for which the University is financially accountable. Financial accountability may stem from the University's ability to appoint a majority of the governing board of the related organization, its ability to impose its will on the related organization, its ability to access assets, or its responsibility for debts of the related organization. Blended component units generally include those entities (1) that provide services entirely to the University, (2) in which there is a financial benefit or burden relationship, or (3) in which management of the University has operational responsibility. The University has the following blended component units:

- **University of Colorado Medicine (CU Medicine)**

  University Physicians, Inc. d/b/a CU Medicine, is a Colorado non-profit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC), organized to perform the billing, collection, and disbursement functions for professional services rendered for CU Anschutz as authorized in Section 23-20-114 of the C.R.S. CU Medicine is the School of Medicine's (SOM) faculty practice plan with approximately 3,800 member providers. CU Medicine does not employ physicians or practice medicine directly; it provides the business and administrative support for the clinical faculty employed by the SOM. The members' primary sites of practice are the University of Colorado Hospital Authority (UCHealth) and Children's Hospital Colorado (Children's Colorado), but members also provide limited clinical services at multiple hospital and clinic sites throughout the region, including other UCHealth locations, the National Jewish Medical and Research Center, the Veterans Administration Medical Center, and Denver Health and Hospital Authority. The majority of patients cared for reside within the Denver metropolitan area.

The University appoints a majority of CU Medicine's governing body, and is able to impose its will. Additionally, CU Medicine exclusively benefits the University by providing the services described above.

CU Medicine began participating in a federally funded program available to physicians employed by state-owned medical schools in Fiscal Year 2018. In July 2017, the Centers for Medicare and Medicaid Services (CMS) approved a proposed state Medicaid plan amendment filed by the Colorado Department of Health Care Policy & Financing (HCPF) on behalf of CU Medicine and the SOM. Under the terms of the approved program, CU Medicine received $84,536,000 and $77,998,000 in supplemental payments during Fiscal Years 2021 and 2020, respectively. The supplemental funding is used to maintain and increase patient access to CU Medicine's services and for other programs defined in collaboration with HCPF, and is included in health services revenue in the University's financial statements.

Detailed financial information may be obtained directly from CU Medicine at P.O. Box 110247, Aurora, Colorado 80042-0247.

- **University of Colorado Property Corporation, Inc. (CUPCO)**

Incorporated in 2015 with operations starting in Fiscal Year 2017, CUPCO receives, holds, invests, and administers real and personal property for the benefit of the University. CUPCO carries out its real estate investing activities through direct ownership, management, and operation of certain real estate assets. CUPCO is a non-profit entity under IRC Section 501(c)(3). The University appoints CUPCO's governing body, is able to impose its will on the organization, and the organization provides services entirely to the University. CUPCO does not issue standalone financial statements.

- **18th Avenue, LLC (18th Avenue)**

18th Avenue, LLC (18th Avenue), a Colorado limited liability company, was formed under State laws on April 26, 2006. The University is the sole member. 18th Avenue is organized, operated, and dedicated exclusively to promote the general welfare, development, growth, and well-being of the University, and specifically for the primary purpose of acquiring, owning, operating, and maintaining real property consisting of an office building in Denver, Colorado.

18th Avenue provides services exclusively to the University, owns real property, including the office building and related improvements, located at 1800 Grant Street (which houses the CU System offices), along with the existing loan encumbering the property. 18th Avenue does not issue standalone financial statements.

- **University License Equity Holding, Inc. (ULEHI)**

Originally established in 1992, with a significant reorganization in 2001, ULEHI assists faculty entrepreneurs at the University in building successful companies from research discoveries made at the University. ULEHI holds and manages various interests in entrepreneurial ventures relating to intellectual properties transferred to it by the

University pursuant to a Transfer Agreement dated April 30, 2002. ULEHI is a non-profit entity under IRC Section 501(c)(3). The University appoints a voting majority of ULEHI's governing body, is able to impose its will on the organization, and the organization provides services entirely to the University.

Detailed financial information may be obtained directly from ULEHI at 13001 E. 17th Place, Suite W5130, Aurora, Colorado 80045.

- **Altitude West, LLC (Altitude West)**

Altitude West was formed November 9, 2018, by the Regents with the authorization of the Division of Insurance of the Department of Regulatory Agencies of the State. It was formed to operate as a captive insurance company for the benefit of the University. Altitude West provides workers' compensation insurance for the University's self-insured retention layer of $1,500,000 per claim. The University is the sole member of Altitude West and appoints its board members. The University is financially accountable for Altitude West. Additionally, Altitude West provides benefits solely to the University.

Detailed financial information may be obtained directly from Altitude West at 1800 Grant Street, Suite 700, Denver, Colorado 80203.

Fiduciary Component Unit

- **University of Colorado Health and Welfare Trust (the Trust)**

The University of Colorado Health and Welfare Trust (the Trust) was established June 28, 2010 to administer and manage certain health and welfare benefits for participating employees and retirees. The University of Colorado (the University) and CU Medicine were the Members of the Trust at June 30, 2021. UCHealth was a member of the Trust until June 30, 2020. It is intended that the Trust shall qualify as a "voluntary employees' beneficiary association" (VEBA) under IRC Section 501(c)(9). The Trust is self-insured and is financed through premiums collected from the employer members and their participants. Participant eligibility is determined pursuant to the terms of each Component Plan. The Trust's Board is controlled by the University, the University is able to impose its will on the organization, and the organization provides services entirely to the University and to CU Medicine. Effective July 1, 2019, the Trust is presented as a fiduciary component unit in the University's financial statements.

Detailed financial information may be obtained directly from the Trust at 1800 Grant Street, Suite 620, Denver, Colorado 80203.

Discretely Presented Component Units

The University's financial statements include two supporting organizations as discretely presented component units (DPCU) of the University. The majority of the resources, or income thereon that the supporting organization holds and invests, are restricted to the activities of the University by the donors.

Because these restricted resources held by the supporting organization can only be used by, or for the benefit of, the University, the following supporting organizations are considered DPCU of the University (see Note 17 for additional information):

- **University of Colorado Foundation (CU Foundation)**

Established in 1967, the CU Foundation solicits, receives, holds, invests, and transfers funds for the benefit of the University. The CU Foundation, a nonprofit entity under IRC Section 501(c)(3), has a 15-member board of directors, of which a member of the Regents, the president of the University, and another University designee serve as ex-officio non-voting members. The board of directors elects its own members, other than those serving as ex-officio non-voting members. The CU Foundation, as a not-for-profit entity, follows Financial Accounting Standards Board (FASB) guidance in the preparation of its financial statements, which are then modified to match the University's financial reporting format.

Under an agreement between the CU Foundation and the University, the CU Foundation provides certain development and investment services to the University in exchange for a fee.

Detailed financial information may be obtained directly from the CU Foundation at 1800 Grant Street, Suite 725, Denver, Colorado 80203.

- **University of Colorado Boulder Enterprise Corporation (CUBEC)**

  Established in January 2019, CUBEC is organized and operated exclusively for the benefit of the University of Colorado, with a focus on the Boulder campus. CUBEC supports and strengthens the instructional, research and service programs of the University, including entrepreneurial programs; supports and promotes the development and utilization of the intellectual capital of the University faculty and students; develops new financial resources, funding sources, and funding strategies to support and enhance the University's facilities and programs; provides new opportunities for individuals and organizations that want to collaborate with the University through partnerships, joint ventures, and other such strategies that are otherwise unavailable to the University.

  Under an agreement between the CUBEC and the University, CUBEC provides certain services to the University in exchange for consideration appropriate for the service(s) provided.

  CUBEC, as a not-for-profit entity under IRC Section 501(c)(3), follows FASB guidance in the preparation of its financial statements, which are then modified to match the University's financial reporting format. CUBEC does not issue standalone financial statements.

Joint Ventures and Related Organizations

The University has associations with the following organizations for which it is not financially accountable nor has primary access to the resources. Accordingly, these organizations have not been included in the University's financial statements. Information regarding the nature of the relationships is included in Note 18.

- University of Colorado Hospital (UCHealth)
- Auraria Higher Education Center (AHEC)

Relationship to State of Colorado

Article VIII, Section 5 of the Colorado Constitution declares the University to be a State institution. The Regents of the University are elected by popular vote of the citizens of the State. Therefore, the Board of the University is entirely different from the governing board of the State. The Regents are charged constitutionally with the general supervision of the University and the exclusive control and direction of all funds of and appropriations to the University unless otherwise provided by law. Management of the University is completely separate and distinct from management of the State. The services provided by the University benefit the citizens of the State, rather than serving the State government. The services include provisions of undergraduate and graduate education to the citizens of the State, and conducting extensive amounts of federally and other funded research. Additionally, the University offers more than 200 public outreach programs serving Coloradans and their communities. All outstanding debt of the University is expected to be repaid entirely with resources generated by the University. No State funds are used to repay any debt issued by the University. The State's Annual Report can be obtained from the State Department of Personnel and Administration, Denver, Colorado.

TAX-EXEMPT STATUS

The income generated by the University, as an instrumentality of the State, is generally excluded from federal income taxes under IRC Section 115(1). The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the IRC as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under IRC Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2021 and 2020.

The Trust is operating under the provisions of the *Employee Retirement Income Security Act of 1974*, as amended (ERISA). The VEBA Trust was established pursuant to Section 501 (c)(9) of the IRC of 1986, as amended, and accordingly, the VEBA Trust's net investment income is exempt from income taxes. The Trust obtained an exemption letter from the Internal Revenue Service (IRS) on August 29, 2011, in which the IRS stated that the VEBA Trust was in compliance with applicable requirements of the IRC and Trust management believes that the VEBA Trust continues to qualify and to operate in accordance with applicable provisions of the IRC.

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Additionally, the Trust is reported as a fiduciary component unit. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The University applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

ACCOUNTING POLICIES

Cash and Cash Equivalents are defined for the purposes of reporting cash flows as cash on hand and deposit accounts. Investments in mutual funds and money market funds and securities are presented as investments. CU Medicine, the Trust, and the CU Foundation consider money market funds and securities with a maturity, when acquired, of three months or less to be cash equivalents.

Investments are reported in the financial statements at fair value, which is determined primarily based on quoted market prices or net asset value as of June 30, 2021 and 2020. Contract value is used for the guaranteed investment agreement and amortized costs (which approximate fair value) are used for money market investments. These money market accounts are held with Securities and Exchange Commission (SEC) registered investment companies under Rule 2a7 of the Investment Company Act of 1940.

The classification of investments as current or noncurrent is based on the underlying nature and restricted use of the asset. Current investments are those without restrictions imposed by third parties that can be used to pay current obligations of the University. Noncurrent investments include investments with a maturity in excess of one year, restricted investments (which includes unspent bond proceeds), and those investments designated to be used for long-term obligations.

The University's investment policies permit investments in fixed income, equity securities, and alternative strategies. These policies are implemented using individual securities, mutual funds, commingled funds, and alternative investments for the endowments. All of the University's alternative investments are held at the CU Foundation and follow its valuation methods.

Investments of the CU Foundation include those held as agency funds for the University. The CU Foundation records investment purchases and contributions at the fair values of the investment received at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at their fair values. The fair values of alternative investments not publicly traded on national security exchanges represent the CU Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the management of the CU Foundation. Because of inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Included in the investments portfolio are real estate and note receivable assets. These assets are stated at cost and present value, respectively.

Endowments and similar gift instruments owned by the University and the CU Foundation are primarily recorded as investments in the accompanying financial statements. Endowment funds are subject to the restrictions of donor gift instruments requiring the principal to be invested in perpetuity. Life income funds are used to account for cash or other property contributed to the University subject to the requirement that the University or CU Foundation periodically pay the income earned on such assets to a designated beneficiary. The assets of life income funds become the property of the University or the CU Foundation upon the death of the designated beneficiary. Annuity funds are used to account for property contributed to the University or the CU Foundation in exchange for a promise to pay a fixed amount to the donor for a specified period of time. Gifts-in-kind are recorded at the fair market value as of the date of donation.

Accounts, Contributions, and Loans Receivable are recorded net of estimated uncollectible amounts, approximating anticipated losses.

Contributions receivable for the CU Foundation are unconditional promises to give that are recorded at their estimated net realizable value, discounted using risk-free interest rates effective at the date of the promise to give, if expected to be collected within one year and at the present value of their expected future cash flows if expected to be collected in more than one year. Subsequent to the initial recording of the contribution receivable, the CU Foundation uses the allowance method to record amounts estimated to be uncollectible. The allowance is based on the historical collectability of contributions promised to the CU Foundation and on management's analysis of specific promises outstanding.

For all other receivables, individual accounts are written off against the allowance when collection of the account appears doubtful. Bad debts substantially consist of write-offs for uncollectible balances on self-pay patients and contributions receivable.

Pharmacy rebates are received by the Trust from its prescription drug programs. Pharmacy rebates are recognized in the period corresponding to the period that the participant fills the prescription. Rebates are recorded as a reduction of incurred claims in the statement of revenues, expenses, and changes in net position. In fiscal year 2021 and 2020, there were rebates received from two programs.

Inventories are primarily accounted for using the consumption method and are stated at the lower of cost or market. Cost is determined using either first-in, first-out, average cost, or retail method.

Other Assets consists of prepaid expenses, and travel advances.

Capital Assets are stated at cost at the date of acquisition or at acquisition value at the date of donation. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Intangibles and renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For intangibles and renovations and improvements, the capitalization policy includes items with a value of $75,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Software, both externally purchased and internally developed, with a value of $5,000 or more is capitalized.

All collections, such as works of art and historical artifacts, have been capitalized at cost at the date of acquisition or acquisition value at the date of donation. The nature of certain collections is such that the value and usefulness of the collections does not decrease over time. These collections have not been depreciated in the accompanying financial statements.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

Depreciation is computed using the straight-line method and monthly convention over the estimated useful lives of the assets as displayed in Table 1.1.

Table 1.1. Asset Useful Lives

Asset Class	Years
Land Improvements	10 – 40
Buildings	12 – 50 *
Improvements other than buildings	10 – 40
Equipment	2 – 20
Software	3 – 10
Library and other collections	6 – 15
Intangibles	Varies
Infrastructure	10 – 40

* Certain buildings are componentized and the components may have useful lives similar to improvements or equipment.

Compensated Absences and related personnel expenses are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. Professional exempt and 12-month faculty employees accrue sick leave with pay at the rate of 10 hours per month with a maximum accrual of 960 hours while classified employees earn 6.67 hours per month with a maximum accrual of 360 hours for employees hired after June 30, 1988. Employees hired before June 30, 1988, can accrue up to 360 hours in excess of amount of sick leave earned as of June 30, 1988. Employees earn and accrue vacation leave per the rates in Table 1.2. Vacation accruals are paid in full upon separation, whereas only a portion of sick leave is paid upon specific types of separation, such as retirement.

Table 1.2. Compensated Absence Accrual Rates for Vacation

Type of Employee	Days Earned Per Month*	Maximum Accrual
Classified employees hired on or after January 1, 1968	1-1.75 days	24 – 42 days
Professional exempt and 12-month faculty employees	1.83 days	44 days**

* Rates are for full-time employees; part-time employees earn at pro-rata based on percentage of appointment.
** Vacation accrual in excess of 44 days is deducted to meet the 44 day limit. For Fiscal Year 2020-21, at the discretion of the president for system administration employees, or the chancellor for employees of the relevant campus, which discretion may be delegated, employees who have been unable to take vacation due to the COVID-19 public health emergency may accrue and carry more than forty-four (44) days of vacation leave as of July 1, 2020 through July 1, 2021. This was repealed without further action as of July 1, 2021.

The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

Unearned Revenue consists of amounts received for the provision of education, research, auxiliary goods and services, and royalties that have not yet been earned.

Bonds, Leases, and Notes Payable are debt incurred usually for the acquisition of buildings, equipment, or capital construction and are addressed in Note 8.

Capital leases consist of various lease-purchase contracts and other lease agreements. Such contracts provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes by the Regents. It is reasonably assured that such leases will be renewed in the normal course of business and, therefore, are treated as non-cancelable for financial reporting purposes.

Split-interest Agreements are beneficial interests in various agreements which include gift annuities, charitable remainder annuity trusts and unitrusts, and a pooled income fund. The CU Foundation typically serves as trustee, although certain trusts are administered by outside trustees.

For trusts administered by the CU Foundation, specified earnings are typically paid to a named beneficiary. After termination of the trusts, the assets revert to the CU Foundation to create an endowment to support University activities or to be temporarily restricted for other purposes at the University. Assets received under such agreements are typically marketable equity and fixed-income securities, are recorded at their fair value, and are included in investments in the accompanying financial statements. The estimated net present value of the obligation to named beneficiaries is recorded as a liability under split-interest agreements. A risk-free rate, using U.S. Treasury bonds at the date of the gift, is used in conjunction with actuarially determined life expectancies to calculate present values. The fair value of assets received in excess of the obligation is recognized as contribution revenue at the date of the gift. Changes in the value of the investments are combined with the changes in the estimated liability and are recorded in the accompanying financial statements.

In cases where a split-interest agreement is administered by an outside trustee, the CU Foundation records the estimated fair value of future cash flows from the trust as a contribution receivable from charitable remainder trusts at the point at which the CU Foundation becomes aware of its interest in the trust. Under certain circumstances, the CU Foundation accepts and manages trust funds for which the University or the CU Foundation has beneficial interest but is not the sole beneficiary of the trust. Funds received for which the University or the CU Foundation is not the ultimate beneficiary are included as other liabilities in the accompanying financial statements and are not included in contributions revenue.

Custodial Funds consist of funds held by the CU Foundation for endowments legally owned by other entities, including the University.

Other postemployment benefits (OPEB) consist of post-retirement healthcare and life insurance benefits for retired employees. Substantially all University employees may become eligible for those benefits if they reach normal retirement age while working for the University. The University participates in both a single-employer plan as well as a cost-sharing plan. The University's contributions to the single-employer plan are made on a pay-as-you-go basis and are set by statute for the cost-sharing plan. The University's liability is measured as the portion of the present value of projected benefit payments to be provided to active and inactive employees that is attributable to those employees' past period of service, less the amount of the plan's fiduciary net position, if any, based on actuarial valuations. See Note 9 for more information on both plans. The University uses historical annual payments for OPEB to estimate the current portion of the balance.

Alternate Medicare Payment is described in Note 10.

Other Liabilities are addressed in Note 11 and consist of risk financing, construction contract retainage, funds held for others, the Federal share of Perkins Loans, the asset retirement obligation, the early retirement incentive plan, and miscellaneous.

Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statement of net position includes both the loans receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Deferred Outflows of Resources and Deferred Inflows of Resources. Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period.

For the University, losses related to debt defeasance are included in deferred outflows of resources. The deferred amount will be amortized over the remaining life of the debt refunded. Changes in net pension liability not included in pension expense, and changes in OPEB liability not included in OPEB expense, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date are reported as deferred outflows of resources. Asset retirement obligations and split-interest agreements are recorded as other deferred outflows of resources.

Net Pension Liability is the liability of the University, the employer, to employees for the Colorado Public Employees' Retirement Association (PERA) defined-benefit pension plan, which is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. See Note 10 for more information.

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

> *Net investment in capital assets* represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
>
> *Restricted for nonexpendable purposes* consists of endowments and similar instruments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted for expendable purposes represents net resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position represents net resources derived from student tuition and fees, fee-for-service contracts, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Regents to meet current expenses for any purpose. These resources also include those from auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Fiduciary net position represents the Trust's net position, which is classified as restricted and is expendable in accordance with the requirements stated in the Trust Agreement.

Internal Transactions occur between University operating units, including its formal self-funded internal service units and blended component units. Examples of self-funded operating units are telecommunications, cogeneration, and storerooms. Transactions include the recognition of revenues, expenses, receivables, and payables in the appropriate accounts of the operating units. To accommodate external financial reporting, the internal revenues and receivables are netted against expenses and payables, respectively, and are eliminated at year-end.

Classification of Revenues and Expenses in the accompanying financial statements has been made according to the following criteria:

Operating revenues are derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that are exchange transactions. Examples include student tuition and fees, fee-for-service contracts, sales and services of auxiliary enterprises, healthcare and patient services, grants, and contracts. Tuition and fee revenue for sessions that are conducted over two fiscal years are allocated on a pro-rata basis. Operating revenues of the CU Foundation also include contributions, which are derived from their fundraising mission.

Other operating revenues include rental income, charges for services, transcript and diploma fees, other miscellaneous fees, and miscellaneous revenues from CU Medicine.

Operating expenses are paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University.

Nonoperating revenues and expenses include all revenues and related expenses that do not meet the definition of operating revenues, capital revenues, or endowment additions. They are primarily derived from activities that are non-exchange transactions (e.g., gifts, including those from the CU Foundation), from activities defined as such by the GASB cash flow standards (e.g., investment income), and also the Federal Pell Grant and insurance recoveries. Nonoperating revenues also includes COVID Aid including recognizable lost revenue. CU Boulder received $79,666,000 and $67,005,000 in COVID Aid during Fiscal Years 2021 and 2020, respectively, which was primarily spent on student aid and lost revenue. As of June 30, 2021, CU Boulder had $26,599,000 left to spend. UCCS received $55,573,000 and $7,926,000 in COVID Aid during Fiscal Years 2021 and 2020, respectively, which was primarily spent on student aid and lost revenue. As of June 30, 2021, UCCS had $11,735,000 left to spend. CU Denver | Anschutz received $55,640,5000 and $74,256,000 in COVID Aid during Fiscal Years 2021 and 2020, respectively, which was primarily spent on remote instruction; student services related to enrollment, retention and credential completion; student financial aid; and lost revenue. As of June 30, 2021, CU Denver | Anschutz had $24,707,000 left to spend.

Scholarship Allowances are the difference between the stated charge for the 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 students' behalf. Tuition and fee revenue and certain other auxiliary enterprise revenues are reported net of scholarship allowance in the accompanying financial statements. Certain grants from external governmental and private programs are recorded as either operating or nonoperating revenues in the accompanying financial statements. To the extent that such grant revenues are used to satisfy tuition and fees and other student charges, the University records scholarship allowances. The student aid line under operating expenses represents the amount of financial aid disbursed to students net of the aid applied to the student's account to pay for tuition and fees. See Note 14 for more information.

Health Services Revenue is recognized by CU Medicine as a result of providing care to patients covered under various third parties such as Medicare and Medicaid, private insurance companies, and managed care programs, primarily from fixed-rate agreements. The federal and state governments annually update fixed-rate agreements for Medicare and Medicaid, respectively. In addition to the standard Medicaid program, CU Medicine provides substantial care to Medicaid patients under the Colorado Access program. Contractual arrangements with insurance companies and managed care plans are negotiated periodically for future years.

Health services revenue is reported at the estimated net realizable amounts due from third-party payers and others for services rendered. Net patient services revenue includes care provided to patients who meet certain criteria under CU Medicine's medically indigent care policy as reimbursed with funds provided by the State processed by UCHealth, and co-payments made by care recipients. In accordance with CU Medicine's mission and philosophy, CU Medicine members annually provide substantial levels of charity care to patients who meet certain defined criteria. Charity care relates to services rendered for which no payment is expected. See Note 15 for more information.

Donor Restricted Endowment disbursements of the net appreciation (realized and unrealized) of investments of endowment gifts are permitted by State law, except where a donor has specified otherwise. The amount of earnings and net appreciation available for spending by the University and the CU Foundation is based on a spending rate set by the CU Foundation board on an annual basis. For the years ended June 30, 2021 and 2020, the authorized spending rate was equal to 4 percent of the endowment's trailing 36-month average fair market value as of December 31 for the year preceding the distribution.

Earnings in excess of the amount authorized for spending are available in future years and are included in the value of the related investment. Earnings authorized to be spent are recognized in the University's financial statements as investment or gift revenue for University or CU Foundation-owned endowments, respectively. As of June 30, 2021 and 2020, there was $18,796,000 and $18,057,000, respectively, in net appreciation of investments available for authorization for expenditure as reported in restricted expendable net position.

Application of Restricted and Unrestricted Resources is made on a case-by-case basis by management depending on overall program resources.

Use of Estimates is made in order to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required 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 revenue and expense during the reporting period. Actual results could differ significantly from those estimates.

ADOPTION OF NEW AND FUTURE ACCOUNTING STANDARDS

Effective July 1, 2020, the University adopted the provisions of Statement No. 84 *Fiduciary Activities* (Statement No. 84). Statement No. 84 establishes criteria for identifying fiduciary activities. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary activity exists. Due to the change in the employers of the Trust, as of July 1, 2020, the Trust is reported as a fiduciary component unit of the University under the provisions of Statement No. 84. The University had no other activities that met the requirements of Statement No. 84. As of July 1, 2020, the Trust is reported as a fiduciary component unit of the University under the provisions of Statement No. 84.

The University is required to adopt the provisions of Statement No. 87 *Leases* (Statement No. 87) beginning in Fiscal Year 2022. The impact of adoption will be retroactive to July 1, 2020 (Fiscal Year 2021). The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The impact of the adoption of Statement No. 87 has not yet been determined.

REVISIONS

Certain immaterial revisions have been made to the 2020 financial statements. To agree with the Foundation's issued Fiscal Year 2020 report, the Statement of Net Position for Discretely Presented Component Units and Note 17 were updated; $12,762,000 of net position was reclassed from restricted for expendable purposes to restricted for nonexpendable purposes, and $99,000 was reclassed from administrative expense to distributions to the University. On CU Medicine's summary financial statements, $2,000,000 of current liabilities was reclassed to payable to University in 2020. The amortization of deferred loss disclosed parenthetically on the University's statement of changes in revenues, expenses, and net position was updated from $9,119,000 to $17,763,000 in 2020. Donations of noncash items disclosed in the Noncash Investing, Capital, and Financing Transactions section of the University's Statement of Cash Flows was updated from $441,000 to $23,046,000 to reflect all non-cash donations rather than just those that were capitalized. In Table 3.3, $16,926,000 of bond mutual funds were moved from rated to unrated in 2020. In Note 8, the disclosure for the amount of in-substance defeased debt was updated from $914,805,000 to $702,490,000; the amount of debt defeased was updated from $445,320,000 to $222,660,000; and the amount of escrow agent payments was updated from $20,690,000 to $10,345,000. These revisions do not have a significant impact on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The University's cash and cash equivalents are detailed in Table 2, Cash and Cash Equivalents.

Table 2. Cash and Cash Equivalents ***(in thousands)***

		2021	2020
Cash on hand (petty cash and change funds)	$	326	320
Deposits with U.S. financial institutions		350,903	221,314
Deposits with foreign financial institutions		18	35
Total Cash and Cash Equivalents – University	**$**	**351,247**	**221,669**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. To manage custodial credit risk, deposits with U.S. and foreign 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.

The Trust's cash and restricted cash consist of amounts held in three noninterest bearing demand deposit accounts at Wells Fargo Bank, N.A. The Federal Deposit Insurance Corporation's limit of $250,000 applies to the Trust's balances held at this bank. The Trust does not have a formal policy for custodial credit risk.

NOTE 3 – INVESTMENTS

The University's investments generally include direct obligations of the U.S. government and its agencies, money market funds, municipal and corporate bonds, asset-backed securities, mutual funds, collective investment trust funds, repurchase agreements, corporate equities and alternative non-equity securities. CU Foundation investments are similar to the University's but also include alternative non-equity securities in hedge funds and commodities. Endowments are pooled to the extent possible under gift agreements. The CU Foundation manages a portion of these endowments for the University in accordance with its investment policy.

To the extent permitted, and excluding the University's blended entities, the University pools cash balances for investment purposes. An investment policy statement approved by the Regents directs the Treasurer of the University to meet the following investment objectives:

- liquidity for daily operations,
- protection of the nominal value of assets, and
- generation of distributable earnings at a level commensurate with the time horizon of the investments.

For financial statement purposes, investment income (loss) is reported on a total return basis and is allocated among operational units based on average daily balances, using amortized costs. Average daily balances, based on amortized costs, approximated $2,185,342,000 and $2,039,449,000 for the years ended June 30, 2021 and 2020, respectively. The total return on this pool (excluding blended component units) was 24.44 percent and 6.22 percent for the years ended June 30, 2021 and 2020, respectively.

The Trust's financial assets are authorized for investment primarily in cash equivalents and fixed-income securities using internal resources as well as external managers and commingled and mutual funds, where appropriate, in accordance with the Trust Investment Policy as adopted by the Trust Committee.

FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- **Market approach** – This technique uses prices generated for identical or similar assets or liabilities. The most common example is an investment in public security traded in an active exchange such as the New York Stock Exchange.
- **Cost approach** – The cost approach determines the amount required to replace the current asset and may be ideal for valuing donations of capital assets or historical treasures.
- **Income approach** – This technique converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs should be maximized in fair value measures, and unobservable inputs should be minimized.

GAAP establishes a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- **Level 1** – Quoted prices in active markets for identical assets or liabilities. Example: ownership in shares of a mutual fund company that is publicly traded.
- **Level 2** – Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other-than-quoted prices that are not observable. Example: ownership of a corporate bond that trades on an exchange that is not active.
- **Level 3** – Unobservable inputs. Example: ownership in a private hedge fund that does not trade on a public exchange.

The University owns an interest in one collective investment trust fund at June 30, 2021 and 2020. This trust fund owns investment assets, but the University owns an interest in the private trust itself rather than an interest in each underlying asset. Therefore, the unit of account is the University's ownership interest in the trust, rather than a percentage in individual assets held by the trust. The assets could be sold at an amount different than the Net Asset Value (NAV) per share (or its equivalent) due to the liquidation policy in the trust's agreements with the investors. Redemption frequencies for these funds range from one to seven days and there were no unfunded commitments as of June 30, 2021 and 2020.

The fair value measurements as of June 30, 2021 and 2020 for the University are included in Table 3.1.

Table 3.1. Investments - University and Trust (*in thousands*)

Investment Type	**Level 1**	**Level 2**	**Level 3**	**2021 Total**
U.S. government securities	$ 148,372	218,998	-	367,370
Corporate bonds	-	456,436	181	456,617
Corporate equities	5,364	-	-	5,364
Collateralized mortgage obligations	2,072	101,734	-	103,806
Municipal bonds	110	33,377	-	33,487
Mutual funds	1,511,974	-	-	1,511,974
Held at CU Foundation	-	-	619,228	619,228
Asset-backed securities	-	172,375	1,204	173,579
Alternative non-equity securities:				
Real estate	896	-	-	896
	1,668,788	982,920	620,613	3,272,321
Measured at NAV:				
Equity trust				169,604
Measured at amortized cost:				
Money market funds				338,945
Measured at cost:				
Private equity securities				5,283
Measured at contract value:				
Guaranteed investment agreement				46,115
Investments not requiring fair value:				
Repurchase agreements				67,206
Total Investments – University				**$ 3,899,474**
Money market fund	$ 25,925	-	-	25,925
Mutual funds	32,491	-	-	32,491
Total Investments – Trust	**$ 32,491**	**-**	**-**	**58,416**

Table 3.1. (continued) Investments - University (*in thousands*)

Investment Type	Level 1	Level 2	Level 3	2020 Total
U.S. government securities	$ 67,095	223,960	-	291,055
Corporate bonds	10	474,032	-	474,042
Corporate equities	5,241	-	-	5,241
Collateralized mortgage obligations	1,419	130,537	-	131,956
Municipal bonds	110	44,904	-	45,014
Mutual funds	1,026,548	17	-	1,026,565
Certificates of deposit	527	-	-	527
Held at CU Foundation	-	-	459,572	459,572
Asset-backed securities	698	163,906	1,571	166,175
Alternative non-equity securities:				
Real estate	723	-	-	723
	1,102,371	1,037,356	461,143	2,600,870
Measured at NAV:				
Equity trust				157,064
Measured at amortized cost:				
Money market funds				271,803
Measured at cost:				
Private equity securities				2,675
Measured at contract value:				
Guaranteed investment agreement				73,195
Investments not requiring fair value:				
Repurchase agreements				13,391
Total Investments – University				**$ 3,118,998**
Money market fund	$ 45,696	-	-	45,696
Mutual funds	13,215	-	-	13,215
Total Investments – Trust	**$ 58,911**	**-**	**-**	**58,911**

Details of investments by type for the CU Foundation are included in Table 3.2 (reflecting prior year category changes made in the current year).

Table 3.2. Investments - CU Foundation (*in thousands*)

Investment Type		2021	2020
Cash and cash equivalents	$	19,534	80,321
Mutual funds:			
Domestic equities		116,472	17,836
International equities		254,539	154,087
Fixed income		2,213	2,103
Equity securities		228,599	283,859
Fixed-income securities		198,439	146,307
Alternative non-equity securities:			
Real estate		64,071	60,790
Private equity		434,038	323,445
Commingled equity funds		817,137	503,393
Absolute return funds		350,760	304,803
Venture capital		337,586	197,432
Commodities		24,455	15,798
Other		943	897
Total Investments – CU Foundation	**$**	**2,848,786**	**2,091,071**

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name.

Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. At June 30, 2021 and 2020, the $3,588,000 and $1,809,000, respectively, of private equity securities held by ULEHI are exposed to custodial credit risk. None of the University's other investments are subject to custodial risk.

At June 30, 2021 and 2020, the Trust's cash equivalents consist of shares of a 2a-7-money market fund held in the Wells Fargo Government Money Market Fund (ticker symbol GVIXX), which has a credit rating of Aaam and a weighted average maturity of approximately 32 days. Cash equivalents are reported at amortized cost, which approximates fair value. The Wells Fargo Government Money Market Fund is an open-ended mutual fund and is, therefore, not exposed to custodial credit risk.

At June 30, 2021 and 2020, the Trust's investments consist of the Vanguard Admiral Fund (ticker symbol VFSUX) which invests in short term bonds and is an unrated mutual fund with an average duration of 2.7 years for the underlying investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust has no formal policy for custodial credit risk. At June 30, 2021 and 2020, the Trust did not identify any investments subject to custodial credit risk.

CREDIT QUALITY RISK

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality risk only applies to debt investments. This risk is assessed by national rating agencies, which assign a credit quality rating for many investments. The University's investment policies for the Treasury pool do not permit investments in debt securities that are below investment grade at the time the security is purchased. University policy allows no more than 20 percent of investments to be rated below Baa (Moody's) or BBB (Standard & Poor's (S&P) and Fitch) at the time of purchase. There are several other investment policies tailored to non-pooled investments. Those policies do not restrict investments to a particular credit quality standard. Credit quality ratings are not required for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The CU Foundation does not have a policy concerning credit quality risk. A summary of the University's debt investments and credit quality risk as of June 30, 2021 and 2020 is shown in Table 3.3. Table 3.3 is a subset of Table 3.1 and reflects the Moody's ratings unless S&P is lower. It does not include $2,202,003,000 of non-debt securities and $387,171,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2021, and does not include $1,551,793,000 of non-debt securities and $308,222,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2020.

The Trust has no formal policy for credit risk. At June 30, 2021 and 2020, the Trust believes the credit risk is minimal.

Table 3.3. Debt Investments and Credit Quality Risk - University (*in thousands*)

	2021			2020		
	Unrated	Rated		Unrated	Rated	
Investment Type	**Fair Value**	**Fair Value**	**% of Rated Value by Credit Rating**	**Fair Value**	**Fair Value**	**% of Rated Value by Credit Rating**
U.S. government securities	$ 42,042	41,963	93% Aaa/Aa/A 7% Baa/Ba/B	$ 49,517	65,271	100% Aaa/Aa/A
Bond mutual funds	76,419	-	-	64,683	-	-
Certificates of deposit	-	-	-	527	-	-
Corporate bonds	192	456,425	65% Aaa/Aa/A 35% Baa/Ba/B	1,568	472,474	55% Aaa/Aa/A 45% Baa/Ba/B
Money market mutual funds	-	372,873	100% Aaa	-	307,168	100% Aaa
Municipal bonds	106	33,381	18% Aaa 80% Aa/A 2% Baa/Ba/B	5,654	39,360	24% Aaa 74% Aa/A 2% Baa/Ba/B
Repurchase agreements	67,205	-	-	13,391	-	-
Guaranteed investment agreement	46,115	-	-	73,195	-	-
Asset-backed securities	20,502	153,077	84% Aaa 13% Aa/A 3% Baa/Ba/B 1% Caa/Ca/D	27,024	139,151	82% Aaa 14% Aa/A 3% Baa/Ba/B 1% Caa/Ca/D
Total Debt Investments	**$ 252,581**	**1,057,719**		**$ 235,559**	**1,023,424**	

INTEREST RATE RISK

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. Interest rate risk only applies to debt investments. The University manages interest rate risk using weighted average maturity. Weighted average maturity is a measure of the time to maturity in years that has been weighted to reflect the dollar size of the individual investment within an investment type. The University's investment policy mitigates interest rate risk through the use of maturity limits for each of the investment segment pools.

A summary of the fair value of the University's debt investments and interest rate risk as of June 30, 2021 and 2020 is shown in Table 3.4. Table 3.4 is a subset of Table 3.1 and does not include $2,574,876,000 and $1,858,960,000 of non-debt securities as of June 30, 2021 and 2020, respectively. The main difference in the amount of non-debt securities excluded in Table 3.3 and Table 3.4 is that money market mutual funds are included in Table 3.3 as they have credit risk, but they are excluded from Table 3.4 as they do not have interest rate risk. Also, U.S. government securities are not subject to credit risks but are subject to interest rate risks and are included here but not in the credit quality risk section.

The Trust has no formal policy for interest rate risk. At June 30, 2021 and 2020, the Trust believes the interest rate risk is minimal.

Table 3.4. Debt Investments and Interest Rate Risk ***(in thousands and years)***

Investment Type	2021		2020	
University	Amount	Weighted Average Maturity	Amount	Weighted Average Maturity
U.S. government securities	$ 367,370	13.89	$ 291,055	11.19
Bond mutual funds	76,419	0.99	64,683	1.16
Certificates of deposit	-	-	527	0.18
Corporate bonds	456,617	9.38	474,042	7.35
Municipal bonds	33,487	10.00	45,014	10.69
Repurchase agreements	67,205	0.67	13,391	0.04
Guaranteed investment agreement	46,115	1.37	73,195	2.29
Fixed rate asset-backed securities	129,418	18.80	128,491	18.32
Variable rate asset-backed securities	44,161	18.98	37,684	13.97
Collateralized mortgage obligations	103,806	21.65	131,956	16.20
Total Debt Investments – University	**$ 1,324,598**		**$ 1,260,038**	

The University has investments in asset-backed securities, which consist mainly of mortgages, home equity loans, student loans, automobile loans, equipment trusts, and credit card receivables. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security has repayments that are expected to significantly vary with interest rate changes. The variance may present itself in terms of variable repayment amounts and uncertain early or extended repayments.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer other than the federal government. The University's policy is that exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, or government-sponsored corporations, shall not exceed 10 percent of the market value of the fixed income portfolio. The University had no investments exceeding 5 percent in any one issuer and is therefore not subject to concentration of credit risk. At June 30, 2021 and 2020, the Trust's investments consist of a single short-term duration bond fund.

SPLIT-INTEREST AGREEMENTS

Assets held by the CU Foundation under split-interest agreements are included in investments and consisted of the following as of June 30, 2021 and 2020, as shown in Table 3.5.

Table 3.5. CU Foundation Investments Held under Split-interest Agreements ***(in thousands)***

Type		2021	2020
Assets held in charitable remainder trusts	$	40,470	33,503
Assets held in charitable lead trusts		2,888	2,421
Assets held in life interest in real estate		1,565	1,565
Assets held in pooled income funds		166	164
Total Investments Held under Split-interest Agreements	**$**	**45,089**	**37,653**

NOTE 4 – ACCOUNTS AND LOANS RECEIVABLE

Table 4.1 segregates receivables as of June 30, 2021 and 2020, by type.

Table 4.1. Accounts and Loans Receivable ***(in thousands)***

		2021			
Type of Receivable		**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University					
Student accounts	$	79,038	25,647	53,391	53,391
Federal government		124,192	-	124,192	120,940
Other governments		32,621	-	32,621	32,621
Private sponsors		27,873	-	27,873	27,873
Patient accounts		232,883	25,002	207,881	207,881
DPCU		12,708	-	12,708	12,708
Interest		3,039	-	3,039	3,039
Direct financing lease		14,898	-	14,898	692
Tax revenue from City of Champions		12,771	-	12,771	-
PAC-12 distribution		1,818	-	1,818	1,818
Other		18,749	478	18,271	18,271
Total accounts receivable		560,590	51,127	509,463	479,234
Loans		34,513	1,797	32,716	2,938
Loans to DPCU		10,000	-	10,000	-
Total loans		44,513	1,797	42,716	2,938
Total Receivable – University	**$**	**605,103**	**52,924**	**552,179**	**482,172**

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Table 4.1. (continued) Accounts and Loans Receivable *(in thousands)*

	2020				
Type of Receivable		**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University					
Student accounts	$	84,638	24,355	60,283	60,283
Federal government		88,784	-	88,784	85,650
Other governments		35,509	-	35,509	31,577
Private sponsors		23,595	-	23,595	23,595
Patient accounts		194,366	23,176	171,190	171,190
DPCU		14,214	-	14,214	14,214
Interest		3,698	-	3,698	3,698
Direct financing lease		15,610	-	15,610	713
Tax revenue from City of Champions		12,771	-	12,771	-
PAC-12 distribution		4,025	-	4,025	4,025
Other		35,643	1,251	34,392	36,520
Total accounts receivable		512,853	48,782	464,071	431,465
Loans		37,069	2,046	35,023	2,854
Loans to DPCU		10,000	-	10,000	-
Total loans		47,069	2,046	45,023	2,854
Total Receivable – University	**$**	**559,922**	**50,828**	**509,094**	**434,319**

CONCENTRATION OF CREDIT RISK – PATIENT ACCOUNTS

CU Medicine grants credit without collateral to its patients. The mix of gross receivables from patients and third-party payers as of June 30, 2021 and 2020 is detailed in Table 4.2.

Table 4.2. CU Medicine Concentration of Credit Risk

Category	2021	2020
Managed care	49.9 %	50.8 %
Medicare	12.6 %	12.1 %
Medicaid	15.8 %	13.4 %
Other third-party payers	7.6 %	8.4 %
Self-pay	14.1 %	15.3 %
Total	**100.0 %**	**100.0 %**

NOTE 5 – CAPITAL ASSETS

Table 5 presents changes in capital assets and accumulated depreciation by major asset category for the years ended June 30, 2021 and 2020.

The University had insurance recoveries of $3,356,000 and $779,000 in the years ended June 30, 2021 and 2020, respectively, which are included in nonoperating revenues.

Table 5. Capital Assets *(in thousands)*

Category		2020	Additions	Retirements/ Adjustments	Transfers	2021
Nondepreciable capital assets						
Land	$	102,448	-	(680)	-	101,768
Construction in progress		567,044	278,015	(8,865)	(322,152)	514,042
Collections		20,278	351	-	-	20,629
Total nondepreciable capital		689,770	278,366	(9,545)	(322,152)	636,439
Depreciable capital assets						
Buildings		4,442,075	211	(1,012)	311,822	4,753,096
Improvements other than		329,246	1,617	(521)	6,628	336,970
Equipment		637,513	49,418	(16,745)	3,702	673,888
Software		96,541	1,618	(8)	-	98,151
Other intangibles		1,910	-	-	-	1,910
Library and other collections		441,609	18,321	(1,844)	-	458,086
Total depreciable capital assets		5,948,894	71,185	(20,130)	322,152	6,322,101
Less accumulated depreciation						
Buildings		1,696,893	149,979	(477)	-	1,846,395
Improvements other than		161,480	12,944	(418)	-	174,006
Equipment		472,011	46,581	(14,192)	-	504,400
Software		91,377	2,794	(6)	-	94,165
Other intangibles		630	76	-	-	706
Library and other collections		332,701	20,054	(2,152)	-	350,603
Total accumulated depreciation		2,755,092	232,428	(17,245)	-	2,970,275
Net depreciable capital assets		3,193,802	(161,243)	(2,885)	322,152	3,351,826
Total Net Capital Assets	**$**	**3,883,572**	**117,123**	**(12,430)**	**-**	**3,988,265**

Table 5. (continued) Capital Assets *(in thousands)*

Category		2019	Additions	Retirements/ Adjustments	Transfers	2020
Nondepreciable capital assets						
Land	$	102,609	9,730	(9,891)	-	102,448
Construction in progress		425,336	329,228	(11,878)	(175,642)	567,044
Collections		19,628	650	-	-	20,278
Total nondepreciable capital		547,573	339,608	(21,769)	(175,642)	689,770
Depreciable capital assets						
Buildings		4,300,614	19,430	(35,490)	157,521	4,442,075
Improvements other than		312,329	661	-	16,256	329,246
Equipment		613,172	45,691	(23,215)	1,865	637,513
Software		96,800	550	(809)		96,541
Other intangibles		1,910	-	-	-	1,910
Library and other collections		423,704	18,162	(257)		441,609
Total depreciable capital assets		5,748,529	84,494	(59,771)	175,642	5,948,894
Less accumulated depreciation						
Buildings		1,572,167	140,788	(16,062)	-	1,696,893
Improvements other than		148,793	12,687	-	-	161,480
Equipment		448,456	44,909	(21,354)	-	472,011
Software		88,675	3,506	(804)	-	91,377
Other intangibles		554	76	-	-	630
Library and other collections		313,828	19,130	(257)	-	332,701
Total accumulated depreciation		2,572,473	221,096	(38,477)	-	2,755,092
Net depreciable capital assets		3,176,056	(136,602)	(21,294)	175,642	3,193,802
Total Net Capital Assets	**$**	**3,723,629**	**203,006**	**(43,063)**	**-**	**3,883,572**

NOTE 6 – ACCRUED EXPENSES, COMPENSATED ABSENCES, AND UNPAID CLAIMS LIABILITY

Table 6.1 details the accrued expenses as of June 30, 2021 and 2020 by type.

Table 6.1 Accrued Expenses *(in thousands)*

Type		2021	2020
Accrued salaries and benefits	$	109,804	77,397
Accrued interest payable		3,503	3,662
Other accrued expenses		1,692	1,329
Total Accrued Expenses	**$**	**114,999**	**82,388**

Table 6.2 presents changes in compensated absences for the years ended June 30, 2021 and 2020.

Table 6.2 Compensated Absences (*in thousands)*

		2021	2020
Beginning of year	$	292,458	257,876
Additions		229,624	226,382
Reductions		(201,268)	(191,800)
End of year	**$**	**320,814**	**292,458**
Current compensated absences		19,775	17,869

UNPAID CLAIMS LIABILITY

The Trust establishes a liability based on the ultimate estimated cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet paid. This liability is based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors and is reviewed by the Trust's independent consulting actuary. This includes a liability for claim processing expenses associated with paying claims, which have been incurred, but not yet paid.

Unpaid claims are not discounted. Payments of claims under the Trust are made according to a schedule of benefits, upon submission of a proof of claim by an independent claims processor.

The Trust is fully self-insured and is subject to increased claims expense due to higher than anticipated utilization or a higher than anticipated number of catastrophic claims. Table 6.3 represents changes in the unpaid claims liability during the years ended June 30, 2021 and 2020.

Table 6.3 Unpaid Claims Liability *(in thousands)*

		2021	2020
Claims payable, beginning of year	$	59,191	57,029
Provision for claims expenses			
Provision for covered events of the current year		292,861	514,204
Decrease in provisions for covered events of prior years		(4,949)	(7,171)
Total provision for claims expenses		287,912	507,033
Payments			
Claims expenses attributable to covered events of the current year		262,926	456,724
Claims expenses attributable to covered events of prior years		53,722	48,147
Total payments		316,648	504,871
Claims payable, end of year	$	30,455	59,191

NOTE 7 – UNEARNED REVENUE

As of June 30, 2021 and 2020, the types and amounts of unearned revenue are shown in Table 7.

Table 7. Unearned Revenue *(in thousands)*

		2021		2020	
Type		**Total**	**Current**	**Total**	**Current**
Tuition and fees	$	40,850	40,850	44,322	44,322
Auxiliary enterprises		22,708	22,147	19,418	19,395
Grants and contracts		82,569	82,569	193,864	193,864
Miscellaneous		16,702	11,484	16,614	10,921
Total Unearned Revenue	**$**	**162,829**	**157,050**	**274,218**	**268,502**

NOTE 8 – BONDS, CAPITAL LEASES, AND NOTES PAYABLE

As of June 30, 2021 and 2020, the categories of long-term obligations are summarized in Table 8.1.

Table 8.1. Bonds, Capital Leases, and Notes Payable *(in thousands)*

Type	Interest Rates	Final Maturity		2021	2020
Enterprise system revenue bonds (including premium of $105,757 in 2021 and $117,950 in 2020)	1.50% - 5.00%	6/1/51	$	2,000,584	1,764,145
CU Medicine fixed-rate bonds - private placement	1.00%	11/1/24		3,977	5,141
Total revenue bonds				**2,004,561**	**1,769,286**
Capital leases	0.0-4.58%	Various		11,202	11,980
Notes payable	4.15%	6/1/33		9,758	10,145
Total Bonds, Capital Leases, and Notes Payable			**$**	**2,025,521**	**1,791,411**

Table 8.2 presents changes in bonds and capital leases for the years ended June 30, 2021 and 2020.

Table 8.2. Changes in Bonds, Capital Leases, and Notes Payable *(in thousands)*

Type		Balance 2020	Additions	Retirements	Balance 2021	Current Portion
University						
Revenue bonds	$	1,646,195	437,000	(188,368)	1,894,827	48,032
Plus unamortized premiums		117,950	5,358	(17,551)	105,757	11,378
Revenue bonds from private placement		5,141	-	(1,164)	3,977	1,164
Net revenue bonds		1,769,286	442,358	(207,083)	2,004,561	60,574
Capital leases		11,980	2,460	(3,238)	11,202	2,657
Notes payable		10,145	-	(387)	9,758	404
Total Bonds, Capital Leases, and Notes Payable	**$**	**1,791,411**	**444,818**	**(210,708)**	**2,025,521**	**63,635**
Type		**Balance 2019**	**Additions**	**Retirements**	**Balance 2020**	**Current Portion**
University						
Revenue bonds	$	1,423,960	544,285	(322,050)	1,646,195	74,135
Plus unamortized premiums		132,459	22,532	(37,041)	117,950	14,212
Revenue bonds from private placement		54,320	-	(49,179)	5,141	1,164
Net revenue bonds		1,610,739	566,817	(408,270)	1,769,286	89,511
Capital leases		13,207	1,184	(2,411)	11,980	2,502
Notes payable		10,516	-	(371)	10,145	387
Total Bonds, Capital Leases, and Notes Payable	**$**	**1,634,462**	**568,001**	**(411,052)**	**1,791,411**	**92,400**

REVENUE BONDS

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2021 and 2020 is detailed in Table 8.3.

Table 8.3. Revenue Bonds Detail ***(in thousands)***

Issuance Description		Original Issuance Amount	Outstanding Balance 2021	Outstanding Balance 2020
Enterprise system revenue bonds:				
Refunding Series 2007A -				
Used to refund all of the revenue bond Refunding Series 1999A and Certificates of Participation Series 2003A and 2003B and a portion of revenue bond Refunding Series 1995A, Refunding and Improvement Series 2001B, Series 2002A, and 2002B	$	184,180	27,725	27,725
Series 2009C -				
Used to refund Enterprise System Refund Series 1997, Enterprise System Revenue Refund Bonds Series 2001A for years 2012 through 2026, and Enterprise System Revenue Bonds Series 2002A for years 2014 through		24,510	310	615
Series 2011A -				
Used to fund capital improvements at CU Boulder and UCCS		203,425	-	5,770
Series 2011B -				
Used to partially refund Enterprise System Revenue Bonds Series 2002B, 2003A, 2004, and 2005A		52,600	10,075	21,235
Series 2012A-1 -				
Used to partially refund Enterprise System Revenue Bonds Series 2003A, 2004, 2005A, 2005B, 2006A, and 2007B		121,850	5,635	33,560
Series 2012A-2 -				
Used to partially refund Enterprise System Revenue Bonds Series 2004, 2005A, and 2005B		53,000	1,985	2,910
Series 2012A-3 -				
Used to partially refund Enterprise System Revenue Bonds Series 2005A, 2005B, 2006A, and 2007B		47,165	55	7,890
Series 2012B -				
Used to fund capital improvements at CU Boulder, CU Denver and UCCS		95,705	10,510	14,000
Series 2013A -				
Used to fund capital improvements at CU Boulder, CU Anschutz and UCCS		142,460	3,650	8,510
Series 2013B -				
Used to fund capital improvements at CU Anschutz		11,245	825	2,020
Series 2014A -				
Used to fund capital improvements at CU Boulder		203,485	15,330	27,010
Series 2014B-1 -				
Used to partially refund Enterprise System Revenue Bonds Series 2005B, 2006B, 2007A and 2009		100,440	45,684	92,380
Series 2015A -				
Used to partially refund Enterprise System Revenue Bonds Series 2006A, 2007B, and 2009		102,450	47,548	66,725
Series 2015B -				
Used to partially refund Enterprise System Revenue Bonds Series 2005A		3,925	1,310	1,440
Series 2015C -				
Used to partially refund Enterprise System Revenue Bonds Series 2007A		71,325	47,295	52,355

Table 8.3. (continued) Revenue Bonds Detail ***(in thousands)***

Issuance Description		Original Issuance Amount	Outstanding Balance 2021	Outstanding Balance 2020
Series 2016A -				
Used to fund capital improvements at CU Denver and UCCS	$	31,430	6,535	10,935
Series 2016B-1 -				
Used to partially refund Enterprise System Revenue Bonds Series 2011A		156,810	152,560	153,630
Series 2017A-1 -				
Used to partially refund Enterprise System Revenue Bonds Series 2007A and 2012B		66,930	40,365	51,485
Series 2017A-2 -				
Used to partially refund Enterprise System Revenue Bonds Series 2012B, 2013A and 2014A and to establish escrow accounts for the cross-over refunding of Series 2009B, 2010A and 2010C		471,390	450,945	464,335
Series 2018B -				
Used to fund capital improvements for four UCCS projects including the Hybl Sports Medicine Facility		64,360	62,130	63,275
Series 2019A -				
Used to partially refund Enterprise System Revenue Bonds Series 2010B, Series 2011A, Series 2012 A-1, A-2, A-3, and Series 2013B on a taxable		147,980	142,405	144,925
Series 2019A2 -				
Used to partially refund Enterprise System Revenue Bonds Series 2009C, Series 2010B, Series 2011A, Series 2012 A-1, A-3, Series 2014B-1, Series 2015A, Series 2015B, and Series 2016A on a taxable basis.		101,885	92,265	99,525
Series 2019B -				
Used to fund capital improvement projects at CU Denver (CVA improvements) and CU Anschutz (Campus Utility Project). Additionally used to refund the 2018A bank direct purchase variable rate note for CVA at CU Denver and to refund Commercial Paper for CU Boulder (Fleming		79,795	78,060	79,315
Series 2019C -				
Used to fund the Lynx Crossing housing project (FYSH originally) at CU Denver as well as refunding outstanding Commercial Paper for two CU Boulder projects: Williams Village East and Aerospace		214,625	214,625	214,625
Series 2020A1				
Variable Rate Demand Bonds (VRDBs) used to fund a capital improvement project at CU Anschutz		100,000	100,000	-
Series 2020A2				
VRDBs used to fund three capital improvement projects at CU Anschutz and one CU Boulder project		75,000	75,000	-
Series 2020B1				
VRDBs used to fund three capital improvement projects at CU Anschutz and one CU Boulder project		50,000	50,000	-
Series 2020B2				
Used to partially refund Enterprise System Revenue Bonds Series 2007A, 2011A, 2011B, 2012A-1, 2012A-3, 2012B, 2013A, 2014A, 2014B1, 2015A, 2015B, 2015C, 2016A, 2016B1, 2017A1, 2017A2, 2019A, 2019A2, 2019B, and 2019C on a taxable basis.		140,885	140,885	-

Table 8.3. (continued) Revenue Bonds Detail ***(in thousands)***

Issuance Description		Original Issuance Amount	Outstanding Balance 2021	Outstanding Balance 2020
Series 2021A				
Used to fund capital improvements for one CU Boulder project in the North Wing of Engineering Facility	$	26,595	26,595	-
Series 2021B				
Used to partially refund Enterprise System Revenue Bonds Series 2011B, 2012A1, 2012A2, 2012A3, 2013B, and 2014A1 on a taxable basis		44,520	44,520	-
Total enterprise system revenue bonds - outstanding principal		**3,189,970**	**1,894,827**	**1,646,195**
Series 2014 - CU Medicine Private Placement Fixed Rate Bonds				
Used to fund capital improvements		11,695	3,977	5,141
Total Other Long Term Obligations		**11,695**	**3,977**	**5,141**
Total Outstanding Revenue Bond Principal			1,898,804	1,651,336
Plus premium			105,757	117,950
Total Revenue Bonds			**$2,004,561**	**$1,769,286**

The University's revenue bonds are payable semiannually, have serial and term maturities, and contain optional redemption provisions. The optional redemption provisions allow the University to redeem, at various dates, portions of the outstanding revenue bonds at prices varying from 100 to 101 percent of the principal amount of the revenue bonds redeemed.

The Enterprise System Revenue Bonds are secured by a pledge of all net revenues of auxiliary services, student fees, other self-funded services, research services, and certain other operating and nonoperating revenues, 100 percent of the University's tuition, 100 percent of the University's capital student fees, and 100 percent of the University's indirect cost recoveries. All University revenue bonds are special limited obligations of the Regents and are payable solely from the pledged revenues or the net income of the facilities as defined in the bond resolution. The revenue bonds are not secured by any encumbrance, mortgage, or other pledge of property, except pledged revenues, and do not constitute general obligations of the Regents.

The University's bonds are payable through June 1, 2051. During the years ended June 30, 2021 and 2020, the total principal and interest paid on the University's bonds net of Federal subsidy on the Build America Bonds, excluding refundings, was $79,549,000 and $135,285,000, respectively, which is 6.4 percent and 10.1 percent of the total net pledged revenues of $1,249,450,000 and $1,345,249,000, respectively. Net pledged revenues are 34 percent and 36 percent of the total specific revenue streams, respectively.

On July 1, 2020, the University issued Series 2020A-1 Tax-exempt Enterprise Revenue VRDBs (Green Bonds) for $100,000,000 to fund continued construction on the Anschutz Health Science Building (AHSB), Series 2020A-2 Tax-exempt Enterprise Revenue (VRDBs) for $75,000,000 to fund continued construction on the Imig music building on the Boulder campus and to fund construction on Anschutz Research Basement Build-out projects and AHSB, and Series 2020B-1 Tax-exempt Enterprise Revenue and Refunding (VRDBs) for $50,000,000 to refund the existing Commercial Paper debt outstanding. Initial interest rates are reset weekly (2020A-1) and daily (2020A-2 and 2020A-3). The first interest payment was due August 3, 2020. Interest rate will not exceed 12 percent per annum. The bonds are subject to optional and mandatory sinking fund redemptions. Final maturity is June 1, 2050. In the event that remarketing proceeds are insufficient, a separate Standby Bond Purchase Agreement supports the payment of principal and interest.

On July 10, 2020, the University issued Series 2020B-2 Taxable Enterprise Refunding Revenue Bonds for $140,885,000 for refunding projects consisting of three components. The first is a taxable advance refunding for savings of a portions of the Series 2014B-1, Series 2015A, and Series 2016A of $49,800,000. The second was to restructure debt to provide budget relief in fiscal years 2021 and 2022 by defeasing $60,300,000 of principal and associated interest of $3,900,000 due on June 1, 2021 and 2022. The third component entails paying a portion of interest of $26,500,000 due on December 1, 2020 and June 1, 2021. The refundings provide budget relief of $57,100,000 and $30,700,000 for Fiscal Year 2021 and Fiscal Year 2022 respectively. The refundings resulted in an economic gain of $134,000 and an accounting loss of $31,225,000, which is deferred and amortized over the life of the new bonds. The debt service cash flow decreased by $56,049,000. Interest rates range from 0.53 percent to 2.81 percent for the 2020B-2 Series. The first interest payment was due December 1, 2020. The final maturity of the 2020B-2 Bonds is June 1, 2048.

On April 13, 2021, the University issued Series 2021A Tax-exempt Enterprise Revenue Bonds (Green Bonds) for $26,595,000 to fund capital improvements in the North Wing of the Engineering Facility at CU Boulder and Series 2021B Taxable Enterprise Refunding Revenue Bonds for $44,520,000 to advance refund portions of the Series 2011B, 2012A1, 2012A2, 2012A3, 2013B, and 2014A1 bonds. The refunding resulted in an economic gain of $1,507,000 and an accounting loss of $2,779,000, which is deferred and amortized over the life of the new bonds. The debt service cash flow decreased by $1,560,000. Interest rates on the 2021A Series range from 4 percent to 5 percent, and final maturity is June 1, 2051. Interest rates on the 2021B Series range from 0.22 percent to 1.63 percent, and final maturity is June 1, 2028.

The University's revenue bonds contain provisions to establish and maintain reasonable fees, rates, and other charges to ensure gross revenues are sufficient for debt service coverage. The University is also required to comply with various other covenants while the bonds are outstanding. These covenants, among other things, restrict the disposition of certain assets, require the Regents to maintain adequate insurance, and require the Regents to continue to operate the underlying programs. Management believes the University has met all debt service coverage ratios and has complied with all bond covenants.

In December 2002, CU Medicine entered into a loan agreement with the Fitzsimons Redevelopment Authority to issue variable-rate bonds, Series 2002, in the amount of $20,500,000. Proceeds from the sale of these bonds were used to fund the development, construction, and equipping of CU Medicine's administrative office building. In October 2014, CU Medicine refinanced its variable-rate debt with a fixed-rate bank direct purchase obligation. The direct borrowing, funded by US Bank National Association (US Bank), included a $3,500,000 reduction in principal to a net amount outstanding at the time of the refinance of $11,695,000. The obligation is amortizable over 10 years and initially carried a fixed rate of 2.3 percent. In March 2021, CU Medicine amended its Fitzsimons Redevelopment Authority Revenue Bond, reducing the interest rate to 1.00 percent, as calculated by US Bank. The US Bank financing is subject to the same financial covenants as those included in the original variable-rate obligation, the most significant of which are the maintenance of 60 days' cash on hand (defined as unrestricted cash plus readily marketable securities) and a debt service coverage ratio of 1.25. CU Medicine management believes it is in compliance with its debt service requirements and financial covenants.

Future minimum payments for revenue bonds are detailed in Table 8.4.

Table 8.4. Revenue Bonds Future Minimum Payments *(in thousands)*

		Non-Direct Borrowings			Direct Borrowings		
Years Ending		**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2022	$	48,032	57,035	105,067	1,164	33	1,197
2023		80,935	55,590	136,525	1,164	22	1,186
2024		78,810	53,763	132,573	1,164	10	1,174
2025		295,355	47,782	343,137	485	1	486
2026		83,795	43,585	127,380	-	-	-
2027 - 2031		360,895	173,206	534,101	-	-	-
2032 - 2036		315,810	108,315	424,125	-	-	-
2037 - 2041		215,875	58,398	274,273	-	-	-
2042 - 2046		156,355	21,394	177,749	-	-	-
2047 - 2051		258,965	2,479	261,444	-	-	-
Total	**$**	**1,894,827**	**621,547**	**2,516,374**	**3,977**	**66**	**4,043**

EXTINGUISHMENT OF DEBT

Previous revenue bond issues considered to be extinguished through in-substance defeasance under GAAP are not included in the accompanying financial statements. The amount of debt in this category, covered by assets placed in trust to be used solely for future payments, amounted to approximately $652,405,000 and $702,490,000 as of June 30, 2021 and 2020, respectively. During the year ended June 30, 2021, debt in the amount of $143,465,000 was defeased and escrow agent payments were $193,550,000. During the year ended June 30, 2020, debt in the amount of $222,660,000 was defeased and escrow agent payments were $10,345,000.

CAPITAL LEASES

The University's capital leases are primarily for equipment. The University also has a capital lease with a related party. During the year ended June 30, 2009, CU Denver entered into a $10,272,000 site lease agreement with AHEC associated with the build-out of educational space for CU Denver. As of June 30, 2021 and 2020, the University paid base annual rent to AHEC of approximately $835,000 and $837,000, respectively.

As of June 30, 2021 and 2020, the University had an outstanding liability for all its capital leases approximating $11,202,000 and $11,980,000, respectively, with underlying gross capitalized asset cost approximating $25,881,000 and $25,109,000, respectively, with accumulated amortization of $14,896,000 and $12,485,000 respectively, resulting in underlying net capitalized assets of $10,985,000 and $12,624,000, respectively.

Future minimum payments for all the University's capital lease obligations are detailed in Table 8.5.

Table 8.5. Capital Leases *(in thousands)*

Years Ending June 30		Principal	Interest	Total
2022	$	2,657	473	3,130
2023		2,638	383	3,021
2024		1,496	292	1,788
2025		1,293	199	1,492
2026		2,707	228	2,935
2027 – 2031		411	12	423
Total	**$**	**11,202**	**1,587**	**12,789**

NOTES PAYABLE

18th Avenue has a 20-year mortgage on the property at 1800 Grant Street. The original amount borrowed was $12,450,000 at an interest rate of 4.15 percent with monthly principal and interest payments of approximately $67,000. There is a balloon payment of $3,678,000 due on June 1, 2033.

Future minimum payments for the University's note payable are detailed in Table 8.6.

Table 8.6. Notes Payable Future Minimum Payments *(in thousands)*

Years Ending June 30		Principal	Interest	Total
2022	$	404	397	801
2023		421	380	801
2024		439	362	801
2025		457	344	801
2026		476	325	801
2027 – 2031		2,702	1,303	4,005
2032 – 2036		4,859	354	5,213
Total	**$**	**9,758**	**3,465**	**13,223**

COMMERCIAL PAPER

On April 6, 2018, the Regents authorized a commercial paper program for approved capital construction projects with a maximum outstanding amount of $200,000,000. Each commercial paper note has a fixed maturity date of between 1 and 270 days from issuance and is either taken out at maturity by another commercial paper issuance, retired by permanent financing authorized by the Regents for that purpose, or retired by the University. On July 1, 2020, the outstanding balance of $50,000,000 was retired with VRDB Series 2020-B1.

Table 8.7. Commercial Paper *(in thousands)*

		2021	2020
Beginning of year	$	50,000	135,500
Additions		-	350,627
Retirements		(50,000)	(436,127)
End of year	$	-	50,000

STATE OF COLORADO CERTIFICATES OF PARTICIPATION

The State periodically issues certificates of participation to provide support for various capital construction and controlled maintenance projects throughout the State, including at the University. Annual debt service or lease payments are made by the State and are subject to annual appropriations by the Legislature. As a result, this liability is recognized by the State and not included in the University's financial statements. The certificates are secured by the buildings or equipment acquired with the proceeds and any unexpended lease proceeds. The underlying capitalized assets are contributed to the University from the State and are reflected in the University's financial statements. Campuses may capitalize certain controlled maintenance projects that extend an existing asset's useful life or add to the economic value of the underlying asset.

On December 14, 2005, the State, acting by and through the Regents, issued Certificates of Participation (COP), Series 2005B, with a par value of $192,625,000 and a premium of $7,568,000. The certificates had interest rates ranging from 3.75 to 5.25 percent and matured in November 2030. The proceeds were used to construct seven academic buildings on the CU Anschutz Medical Campus. In 2009, 2012, and 2013, the State issued additional COP to advance refund $18,525,000, $57,595,000, and $71,275,000, respectively, of the principal of the 2005B Certificates of Participation. As of June 30, 2021, the University had underlying gross capitalized assets at CU Anschutz costing approximately $188,801,000, with accumulated amortization of $65,140,000 resulting in an underlying net capitalized asset of $123,661,000.

On October 23, 2008, the State issued State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008, with a par value of $230,845,000, at a net premium of $181,000. The certificates have interest rates ranging from 3.0 to 5.5 percent and mature in November 2027. The proceeds were used to fund various capital projects for the benefit of certain State-supported institutions of higher education in Colorado, including UCCS and CU Boulder. As of June 30, 2021, the University had underlying gross capitalized assets at UCCS costing approximately $17,735,000 with accumulated amortization of $9,681,000 resulting in an underlying net capitalized asset of $8,054,000. As of June 30, 2021, the University had underlying gross capitalized assets at CU Boulder costing approximately $796,000, with accumulated amortization of $328,000 resulting in an underlying net capitalized asset of $468,000.

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000 and a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.84 percent to 5.00 percent and mature in December 2037. Of the proceeds, $120,000,000 was designated for controlled maintenance projects, $19,976,000 of which are at the University. There are projects at all the campuses and include upgrading HVAC, fire sprinklers, electrical services, roof replacement, and elevator repairs. As of June 30, 2021, the University had underlying gross capitalized assets at CU Anschutz costing approximately $4,172,000, with accumulated amortization of $51,000 resulting in an underlying net capitalized asset of $4,121,000.

On June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020A, with a par value of $500,000,000 and a premium of $111,009,000. The certificates have interest rates ranging from 3.00 percent to 5.00 percent and mature in June 2040. The proceeds were used to fund various controlled maintenance projects for the benefit of certain State-supported institutions of higher education in Colorado, of which $6,614,000 are at the University. These projects include fire alarms and classroom security at CU Boulder, and roof repair at UCCS.

On February 17, 2021, the State issued State of Colorado Higher Education Lease Purchase Financing Program Certificates of Participation, Series 2020, with a par value of $64,250,000 and a premium of $16,800,000. The certificates have interest rates ranging from 4.00 percent to 5.00 percent and mature in September 2041. The proceeds were used to fund various capital projects for the benefit of certain State-supported institutions of higher education in Colorado, including CU Anschutz. Of the proceeds, $21,859,000 was designated for the Anschutz Health Sciences Building to cover a portion of the $242,000,000 construction budget, which is expected to be substantially complete in late October 2021.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University participates in two types of OPEB plans – a single-employer plan administered by the University – the University OPEB Plan (University OPEB) and a cost-sharing plan administered by the Colorado Public Employees’ Retirement Association (PERA) – the Health Care Trust Fund (HCTF).

UNIVERSITY OPEB

The University OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and additions to/deductions from the OPEB liability have been determined using the economic resources measurement focus and the accrual basis of accounting.

Plan description. University OPEB provides OPEB for University employees who participate in either the University of Colorado Optional Retirement Plan (ORP) or the University of Colorado PERA Retirement Plans. University OPEB is a single-employer, defined benefit, OPEB plan administered by the University, and established by the Regents (Regent Policy 11.F Benefits) who have the authority to amend plan provisions. No assets are accumulated in a trust that meets the criteria established in GAAP, as the University funds University OPEB on a pay-as-you-go basis. No stand-alone financial report is issued, and University OPEB is not included in the report of a public employee retirement system.

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $610 per month to $1,736 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $716 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

For ORP retirees, normal retirement benefits are available at age 55 with 20 years of service. Early retirement benefits begin at age 55 with 15 years of service. For PERA retirees, normal retirement benefits begin at 20 years of service and the individual must meet requirements as defined by PERA. The individual must retire with PERA concurrent with or prior to retirement from the University. Early retirement is available with fewer than 20 years of service. Healthcare benefits for PERA retirees cease at age 65. Following the death of an active employee, the surviving spouse receives 100 percent of the University contribution for a period of two years. After two years, the surviving spouse receives the portion of the University contribution that the employee earned immediately prior to death.

The percentage of the University contribution the retiree receives is based on the retiree's years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the Trust (see Note 16) which is responsible for administration of healthcare benefits. The University contributed $14,407,000 and $16,062,000 for the fiscal years ended June 30, 2021 and 2020, respectively.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2019. Table 9.1 presents a summary of the employees covered by the benefit terms used in the valuation.

Table 9.1. Employees Covered by University OPEB's Benefit Terms

	Healthcare		Life Insurance	
	ORP	**PERA**	**ORP**	**PERA**
Active employees	13,619	5,085	14,973	5,533
Retirees and beneficiaries	1,380	646	1,910	3,060
Total	**14,999**	**5,731**	**16,883**	**8,593**

Total OPEB Liability. The University OPEB's total OPEB liability at June 30, 2021 of $941,595,000 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The University OPEB's total OPEB liability at June 30, 2020 of $712,892,000 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other inputs. The University OPEB's total OPEB liability in the June 30, 2020 actuarial valuation was determined using the actuarial assumptions and other inputs in Table 9.2, applied to all periods included in the measurement, unless otherwise specified.

Table 9.2. University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Salary increases	PERA's 12/31/2020 assumption for the State Division (Non-Troopers)
Discount rate	2.2% at 06/30/2020 measurement date
	3.5% at 06/30/2019 measurement date

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2019-2020	6.0%	9.0%	6.7%	4.9%	9.0%	7.6%
2020-2021	5.8%	8.5%	6.4%	4.9%	8.5%	7.3%
2021-2022	5.6%	8.0%	6.2%	4.8%	8.0%	7.0%
2022-2023	5.4%	7.5%	5.9%	4.8%	7.5%	6.7%
2023-2024	5.3%	7.0%	5.7%	4.7%	7.0%	6.3%
2023-2025	5.1%	6.5%	5.5%	4.7%	6.5%	6.0%
2025-2026	5.0%	6.0%	5.2%	4.6%	6.0%	5.6%
2026-2027	4.8%	5.5%	5.0%	4.6%	5.5%	5.2%
2027-2028	4.7%	5.0%	4.7%	4.5%	5.0%	4.9%
2028-2029+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.

Administrative expenses trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree+Spouse/Partner
Kaiser Medical	$109.00	$296.50
Exclusive Medical	$50.50	$184.50
High Deductible Medical	$0.00	$15.00
Medicare Primary Medical	$41.31	$207.30
Essential Dental	$0.00	$16.50
Choice Dental	$17.00	$51.50
Premier Dental	$46.50	$82.50

The discount rate was based upon the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generated projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions are based upon Colorado PERA's "Experience Study for the Four Year Period Ending December 31, 2015" for the State Division (Non-Troopers).

Changes in the Total OPEB Liability. Table 9.3 details the changes in the University's total OPEB plan liability during Fiscal Years 2021 and 2020.

Table 9.3. Reconciliation of University OPEB's Total OPEB Liability *(in thousands)*

		Fiscal Year Ending June 30	
		2021	**2020**
University OPEB's total OPEB liability, beginning of year	$	712,892	843,959
Changes recognized for the fiscal year:			
Service cost		49,138	53,400
Interest on total OPEB liaibility		26,392	34,254
Differences between expected and actual experience		287	(206,938)
Changes of assumptions		168,948	3,678
Benefit payments		(16,062)	(15,461)
Net changes		228,703	(131,067)
University OPEB's total OPEB liability, end of year	$	**941,595**	**712,892**
Current portion University OPEB's total OPEB liability		14,753	16,447

Changes of assumptions and other inputs reflect:

- Discount rate changed from 3.50 percent to 2.20 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

Sensitivity of the total OPEB liability to changes in the discount rate. Table 9.4 presents the total OPEB liability of University OPEB, as well as what University OPEB's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate for the fiscal years ended June 30, 2021 and 2020.

Table 9.4. Sensitivity of University OPEB's Total OPEB Liability to Changes in the Discount Rate *(in thousands)*

	1% Decrease	**Discount Rate**	**1% Increase**
Fiscal Year ending June 30	**1.20%**	**2.20%**	**3.20%**
2021	1,122,721	941,595	799,768
	1% Decrease	**Discount Rate**	**1% Increase**
	2.50%	**3.50%**	**4.50%**
2020	839,627	712,892	612,579

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Table 9.5 presents the total OPEB liability of University OPEB, as well as what University OPEB's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates for the fiscal years ended June 30, 2021 and 2020.

Table 9.5. Sensitivity of University OPEB's Total OPEB Liability to Changes in the Trend Rate *(in thousands)*

Fiscal Year ending June 30	**1% Decrease**	**Healthcare Cost Trend Rate**	**1% Increase**
2021	770,782	941,595	1,169,982
2020	597,522	712,892	863,922

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $56,849,000 and $46,995,000 in OPEB expense for the University OPEB Plan in Fiscal Year 2021 and 2020. There are no assets accumulating in trust for the University OPEB plan. Table 9.6 illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2021 and 2020.

Table 9.6. University OPEB's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	250	193,066	-	232,733
Changes in assumptions		171,257	21,322	29,529	27,593
Benefit payments subsequent to the measurement date		14,407	-	16,062	-
Total	**$**	**185,914**	**214,388**	**45,591**	**260,326**

The $14,407,000 reported as deferred outflows of resources as of June 30, 2021, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown in Table 9.7.

Table 9.7. Future Amortization of University OPEB's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Years ending June 30:		
2022	$	(18,681)
2023		(18,681)
2024		(18,681)
2025		(7,813)
2026		(2,846)
2027-2028		23,821
Total	**$**	**(42,881)**

Table 9.8 lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2021 and 2020.

Table 9.8. Amortization of University OPEB's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Date Established	Type of Base	Period Original	Period Remaining		Balance Original	Balance Remaining	Annual Amortization
July 1, 2017	Differences between expected and actual experience	7.4	3.4	$	(87,654)	(40,274)	(11,845)
July 1, 2017	Changes in assumptions	7.4	3.4		(46,406)	(21,322)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	4.5		(1,728)	(1,038)	(230)
July 1, 2018	Changes in assumptions	7.5	4.5		35,919	21,552	4,789
July 1, 2019	Differences between expected and actual experience	7.5	5.5		(209,938)	(151,754)	(27,592)
July 1, 2019	Changes in assumptions	7.5	5.5		3,678	2,698	490
July 1, 2020	Differences between expected and actual experience	7.7	6.7		287	250	37
July 1, 2020	Changes in assumptions	7.7	6.7		168,948	147,007	21,941
					Total	**$ (42,881)**	**(18,681)**

PERA HEALTH CARE TRUST FUND

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

Plan description. The HCTF is established under C.R.S. § 24-51-12, as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. C.R.S. § 24-51-12, 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. 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. 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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 of service 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 on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to C.R.S. § 24-51-208(1)(f), 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 the University were $2,972,000 and $3,164,000 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the University recorded an accounts payable to PERA of $82,000 and $1,000, respectively, which was paid during the subsequent month.

OPEB Liability. At June 30, 2021 and 2020, the University reported a liability of $30,837,000 and $38,611,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF for Fiscal Year 2021 was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The net OPEB liability for the HCTF for Fiscal Year 2020 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 rolled forward to the measurement date. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2020 and 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the University's proportion was 3.25 percent, which was a decrease from 3.44 percent as of December 31, 2019. For the year ended June 30, 2021 and 2020, the University recognized OPEB expense (credit) of $(497,000) and $1,594,000, respectively. Table 9.9 details the sources of the University's deferred outflows of resources and deferred inflows of resources related to PERA's OPEB plan.

Table 9.9. PERA's OPEB Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	82	6,779	128	6,488
Changes of assumptions or other inputs		230	1,891	320	-
Net difference between projected and actual earnings on OPEB plan investments		-	1,260	-	644
Changes in proportionate share		-	4,810	-	3,533
Difference between contributions recognized and proportionate share of contributions		-	23	-	20
Contributions subsequent to the measurement date		1,486	-	1,576	-
Total	**$**	**1,798**	**14,763**	**2,024**	**10,685**

The $1,486,000 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERA’s OPEB that will be recognized in OPEB expense are summarized in Table 9.10.

Table 9.10. Future Amortization of PERA's OPEB Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

Years ending June 30:		
2022	$	(3,499)
2023		(3,296)
2024		(3,392)
2025		(2,985)
2026		(1,202)
2027		(77)
Total	**$**	**(14,451)**

Actuarial assumptions. PERA's total OPEB liability in the December 31, 2019 and 2018 actuarial valuations was determined using the actuarial cost method, actuarial assumptions and other inputs detailed in Table 9.11.

Table 9.11. PERA OPEB

Actuarial Assumptions	December 31, 2019	December 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:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium–free Medicare Part A, the monthly costs/premiums are assumed for the PERA Benefit Structure as detailed in Table 9.12.

Table 9.12. Initial Costs for Members without Medicare Part A

Medicare Plan		Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage / Self-Insured Prescription	$	588	227	550
Kaiser Permanente Medicare Advantage HMO	$	621	232	586

The 2020 and 2019 Medicare Part A premium is $458 and $437 per month, respectively.

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

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

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

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in Table 9.13.

Table 9.13. PERA's OPEB Health Care Cost Trend Rates

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

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

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

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

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

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

The mortality assumption for disabled retirees 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.

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 following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020:

- Actuarial cost method was entry age

- Price inflation of 2.3 percent
- Real wage growth of 0.70 percent
- Wage inflation of 3.00 percent
- Salary increases, including wage inflation, of 3.30–10.90 percent

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.

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

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

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

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

The mortality tables described above are generational mortality tables on a 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 to 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 Table 9.14.

Table 9.14. Target Allocation and Expected Rate of Return

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

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 percent for Fiscal Year 2021 and 2020.

Table 9.15 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.

Table 9.15. Sensitivity of the University's Proportionate Share of PERA's Net OPEB Liability to Changes in the Health Care Cost Trend Rates *(in thousands)*

Fiscal Year Ended 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 at June 30, 2021	**30,040**	**30,837**	**31,765**
Fiscal Year Ended 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 at June 30, 2020	**$ 37,694**	**38,611**	**39,671**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's FNP 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.

Table 9.16 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.

Table 9.16. Sensitivity of the University's Proportionate Share of PERA's Net OPEB Liability to Changes in the Discount Rate *(in thousands)*

		1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net OPEB Liability at 6/30/2021	$	35,324	30,837	27,003
Net OPEB Liability at 6/30/2020	$	43,658	38,611	34,296

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

NOTE 10 – RETIREMENT PLANS AND INSURANCE PROGRAMS

Employees of the University eligible for retirement benefits participate in one of four retirement plans. Eligible student employees participate in a student retirement plan that is funded solely by contributions from the student employees. The University and PERA also offer other voluntary retirement plans. The University offers the Alternate Medicare Payment whose benefits are not restricted to healthcare expenses. The student retirement plan is a defined contribution plan administered by a consortium of higher educational institutions in the State. All other eligible employees of the University participate in one of the three additional plans, PERA plan, the University's optional retirement plan, and CU Medicine's retirement plan.

PERA DEFINED BENEFIT PENSION PLAN

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

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. Most of these changes were in effect as of June 30, 2021.

Plan description. Eligible employees of the University are provided with pensions through the SDTF. Plan benefits are specified in Title 24, Article 51 of the C.R.S., administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal IRC. State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The University of Colorado has both classified and non-classified employees. All classified employees participate in PERA. Prior to legislation passed during the 2006 session, higher education employees had the option to participate in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, the University's employees, except classified employees, are required to participate in their institution's optional plan, if available, and social security unless they are active or inactive members of PERA with at least one year of service credit. In that case, they may elect either PERA or their institution's optional plan.

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 the federal IRC.

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 in certain years, referred to as annual increases (AI) in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, there are no AI for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 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 AI 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. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2021. Eligible employees of the University 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. From January 1, 2020 through June 30, 2020, eligible employees are required to contribute 8.75 percent of their PERA-includable salary; 10.00 percent from July 1, 2020 through June 30, 2021. Table 10.1 summarizes the employer contribution requirements for all employees.

Table 10.1. Employer Contribution Requirements

	1-1-20 to 06-30-20	7-1-20 to 12-31-20	1-1-21 to 06-30-21
Employer Contribution Rate*	10.40%	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	9.38%	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. § 24-51-411	n/a	n/a	0.05%
Total Employer Contribution Rate to the SDTF	**19.38%**	**19.88%**	**19.93%**

*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 $225,000,000 (actual dollars) 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. As a result of SB 18-200, the State contributed to PERA $8,258,000, on behalf of the University on July 1, 2019 and July 1, 2018. These contributions were considered employer contributions for Statement No. 68 reporting purposes. House Bill (HB) 10-1379 suspended the $225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year. A full copy of these bills can be found online at www.leg.colorado.gov.

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. Total contributions recognized by SDTF for the University were $63,808,000 and $73,815,000, for the years ended June 30, 2021 and 2020, respectively, which includes $0 and $8,585,000 support from the State under SB 18-200 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the University recorded an accounts payable to PERA of $7,941,000 and $60,000, respectively, which was paid during the subsequent month.

Pension Liability. The net pension liability for the SDTF for Fiscal Year 2021 was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity to participating employers of the SDTF that are outside of the State's financial reporting entity. Due to the aforementioned suspension of the July 1, 2020 direct distribution payment, the nonemployer contributing entity's proportion is zero percent for Fiscal Year 2021. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State is to recommence annually starting on July 1, 2021.

The net pension liability for the SDTF for Fiscal Year 2020 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity to participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2021 and 2020, the University reported a liability of $955,089,000 and $1,039,533,000, respectively, for its proportionate share of the net pension liability. At December 31, 2020, the University's proportion was 10.07 percent, which decreased from 10.71 percent at December 31, 2019.

For the years ended June 30, 2021 and 2020, the University recognized pension expense (credit) of $(248,634,000) and $(226,659,000), respectively, and revenue of $0 and $8,258,000, respectively, for support from the State as an employer contribution. Table 10.2 details the sources of the University's deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 and 2020.

Table 10.2. Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pension *(in thousands)*

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	23,603	-	38,839	-
Changes of assumptions or other inputs		64,852	-	-	298,161
Net difference between projected and actual earnings on pension plan investments		-	195,481	-	111,997
Changes in proportionate share		-	62,866	-	27,047
Changes in proportionate share of contributions		-	658	-	799
Contributions subsequent to the measurement date		32,491	-	33,108	-
Total	**$**	**120,946**	**259,005**	**71,947**	**438,004**

The $32,491,000 reported as a deferred outflow of resources related to pensions as of June 30, 2021, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in Fiscal Year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions was recognized in pension expense as detailed in Table 10.3.

Table 10.3. Future Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources (*in thousands*)

Years ending June 30:		
2022	$	(48,322)
2023		(24,867)
2024		(67,824)
2025		(29,537)
Total	**$**	**(170,550)**

Actuarial assumptions. The total pension liability in the December 31, 2020 and 2019 actuarial valuations was determined using the actuarial cost method, actuarial assumptions and other inputs detailed in Table 10.4.

Table 10.4. Actuarial Assumptions	December 31, 2019
Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after 12/31/06*	Financed by the AIR

** 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.*

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.

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

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

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 in Table 10.5 were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Table 10.5. Actuarial Assumptions	December 31, 2020
Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 - 10.90 percent
Long-term investment rate of return, net of pension plan	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07;	
and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after 12/31/06*	Financed by the AIR

** 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.

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to 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 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 affirmation 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 Table 10.6.

Table 10.6. Target Allocation and Expected Rate of Return

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

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

In setting the longer 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 percent.

Discount rate. The discount rate used to measure the total pension liability at December 31, 2020 and 2019 was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including 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 Amortization Equalization Distribution (AED) and Supplemental Amortization Equalization Distribution (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 included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State will provide an annual direct distribution of $225,000,000, 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 $225,000,000 direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

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

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

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

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount 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.

Table 10.7 presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent for Fiscal Years 2021 and 2020, 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 or 1-percentage-point higher than those rates.

Table 10.7. Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate *(in thousands)*

Proportionate share of the net pension liability	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2021	$ 1,263,611	955,089	696,042
2020	$ 1,337,327	1,039,533	787,526

Detailed information about the SDTF's FNP is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

ALTERNATE MEDICARE PAYMENT

Plan description. The University offers an Alternate Medicare Payment (AMP) to retirees of the University of Colorado Optional Retirement Plan (ORP) participating in Medicare as an alternative to healthcare coverage provided under the University OPEB Plan (University OPEB). The AMP is a single-employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits (e.g., ad hoc postemployment benefit changes). No assets are accumulated in a trust as the University funds the AMP on a pay-as-you-go basis. No stand-alone financial report is issued, and the AMP is not included in the report of a public employee retirement system.

Benefits. A participant must be in a benefits-eligible position at 50 percent or greater appointment immediately preceding retirement and have met the required number of service years. Only ORP retirees participating in Medicare are eligible to receive AMP benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. AMP benefits are not provided for dependent children. The AMP is non-contributory for the retiree and provides a monthly, non-salary dependent, cash payment to offset healthcare-related costs. As the monthly cash payments are not restricted as to use, they are considered a pension benefit rather than OPEB. Since the AMP's inception, monthly cash payments have been $154 for a retiree, $262 for a retiree plus spouse/same gender domestic partner, and $108 for a surviving spouse.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2019. Table 10.8 is a summary of the employees covered by the benefit terms used in the valuation.

Table 10.8. Employees Covered by AMP's Benefit Terms

Active employees	13,619
Retirees and beneficiaries currently receiving benefit payments	685
Retirees and beneficiaries entitled to but not yet receiving benefit payments	214
Total	**14,518**

Total Pension Liability. The AMP's total pension liability at June 30, 2021 of $119,804,000 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The AMP's total pension liability at June 30, 2020 of $90,199,000 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The University contributed $1,819,000 and $1,828,000 for the years ended June 30, 2021 and 2020, respectively.

Actuarial Assumptions and Other inputs. The AMP's total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial assumptions and other inputs in Table 10.9, applied to all periods included in the measurement, unless otherwise specified.

Table 10.9. AMP's Actuarial Assumptions and Other Inputs

	Measurement Date of June 30	
	2020	**2019**
Actuarial cost method	Entry age	Entry age
Inflation rate	2.50%	2.40%
Salary increases	PERA's 12/31/2020 assumption for the State Division (Non-Troopers)	PERA's 12/31/2019 assumption for the State Division (Non-Troopers)
Discount rate	2.20%	3.50%
Benefit cost trend rate	2.50%	2.50%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions are based upon Colorado PERA's "Experience Study for the Four Year Period Ending December 31, 2015" for the State Division (Non-Troopers).

Changes in the Total Pension Liability. Table 10.10 details the changes in the AMP's total pension liability during Fiscal Years 2021 and 2020.

Table 10.10. Reconciliation of AMP's Total Pension Liability (*in thousands*)

		Fiscal Year Ending June 30	
		2021	**2020**
Total pension liability, beginning of year	$	90,199	83,212
Changes recognized for the fiscal year:			
Service cost		4,854	4,360
Interest on total AMP liability		3,295	3,339
Differences between expected and actual experience		(124)	(3,865)
Changes of assumption		23,408	4,845
Estimated benefit payments		(1,828)	(1,692)
Net changes		29,605	6,987
Total pension liability, end of year	$	119,804	90,199

Changes of assumptions and other inputs reflect:

- Discount rate changed from 3.50 percent to 2.20 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

Sensitivity of the total pension liability to changes in the discount rate. Table 10.11 presents the total pension liability of the AMP, as well as what the AMP's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Table 10.11. Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate (*in thousands*)

Fiscal Year Ended June 30		1% Decrease 1.20%	Current Rate 2.20%	1% Increase 3.20%
2021	$	145,137	119,804	100,082
		1% Decrease 2.50%	**Current Rate 3.50%**	**1% Increase 4.50%**
2020	$	107,998	90,199	76,242

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. The University recognized $12,099,000 and $8,910,000 of pension expense for the AMP in Fiscal Year 2021 and 2020, respectively. Table 10.12 presents the AMP's deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2021 and 2020.

Table 10.12. AMP Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		2021		2020	
		Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes of assumptions	$	32,015	1,684	13,834	2,058
Differences between expected and actual experience		-	4,942	-	5,721
Benefit payments subsequent to the measurement date		1,819	-	1,828	-
Total	**$**	**33,834**	**6,626**	**15,662**	**7,779**

The $1,819,000 reported as deferred outflows of resources as of June 30, 2021, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP's total pension liability in the year ending June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in Table 10.13

Table 10.13. Future Amortization of AMP's Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

Years ending June 30:		
2022	$	3,950
2023		3,950
2024		3,950
2025		3,310
2026		3,050
2027-2029		7,179
Total	**$**	**25,389**

Table 10.14 lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2021 and 2020.

Table 10.14. Amortization of AMP Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Date Established	Type of Base	Period Original	Period Remaining		Balance Original	Balance Remaining	Annual Amortization
July 1, 2016	Differences between expected and actual experience	8.5	3.5	$	(101)	(41)	(12)
July 1, 2016	Changes in assumptions	8.5	3.5		10,999	4,529	1,294
July 1, 2017	Differences between expected and actual experience	8.5	4.5		(3,377)	(1,789)	(397)
July 1, 2017	Changes in assumptions	8.5	4.5		(3,180)	(1,684)	(374)
July 1, 2018	Differences between expected and actual experience	8.3	5.3		(109)	(70)	(13)
July 1, 2018	Changes in assumptions	8.3	5.3		4,940	3,155	595
July 1, 2019	Differences between expected and actual experience	8.3	6.3		(3,865)	(2,933)	(466)
July 1, 2019	Changes in assumptions	8.3	6.3		4,845	3,677	584
July 1, 2020	Differences between expected and actual experience	8.5	7.5		(124)	(109)	(15)
July 1, 2020	Changes in assumptions	8.5	7.5		23,408	20,654	2,754
			Total changes		**$**	**25,389**	**3,950**

PERA DEFINED CONTRIBUTION PLANS

Voluntary Investment Program

Plan description. Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an IRC 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 comprehensive annual financial report for the 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. The employees' contributions to this 401(k) plan approximated $4,744,000 and $4,800,000 for the years ended June 30, 2021 and 2020, respectively. Employees are immediately vested in their own contributions, and investment earnings.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan description. Employees of the State 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. § 23-51-151(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 IRC 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 contribution rates for the period January 1, 2020 through June 30, 2021 are summarized in Table 10.15.

Table 10.15. PERA DC Plan Employee and Employer Contribution Rates

	1-1-20 to 06-30-20	7-1-20 to 12-31-20	1-1-21 to 06-30-21
Employee Contribution Rates	8.75%	10.00%	10.00%
Employer Contribution Rates	10.15%	10.15%	10.15%

Additionally the employers are required to contribute AED and SAED to the SDTF as shown in Table 10.16.

Table 10.16. PERA DC Plan AED and SAED Contribution Rates

	1-1-20 to 06-30-20	7-1-20 to 12-31-20	1-1-21 to 06-30-21
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%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413*	n/a	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505*	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	n/a	n/a	0.05%
Total employer contribution rate to the SDTF	**10.25%**	**10.75%**	**10.80%**

* 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.

The University's participating employees' contributions to this DC plan approximated $21,000 and $17,000 for the years ended June 30, 2021 and 2020, respectively, and employer contributions were $22,000 and $20,000, respectively. Less than 10 employees of the University opted to participate in this plan during the years ended June 30, 2021 and 2020.

PERA DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) 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 years 2020 and 2019, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their mandatory percent PERA contribution) to a maximum of $19,500 and $19,000, respectively. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional $6,500 contribution in 2020, and $6,000 in 2019 for total contributions of $26,000 and $25,000, respectively. Participants are also eligible for the special 457 plan catch-up beginning the last three years immediately preceding the participant's normal retirement age. Contributions and earnings made by CU employees are tax deferred, although the 457 plan does permit a Roth option. At December 31, 2020 and 2019, the 457 plan had 19,438 and 18,919 participants, respectively. The University employees' contributions to the 457 plan approximated $21,563,000 and $20,140,000 for the years ended June 30, 2021 and 2020, respectively.

UNIVERSITY OPTIONAL RETIREMENT PLAN

Under the University's optional retirement plan (ORP), a 401(a) plan, certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the years ended June 30, 2021 and 2020, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $170,044,000 and $166,936,000 during the years ended June 30, 2021 and 2020, respectively. The employees' contribution under the ORP approximated $84,775,000 and $83,214,000 during the years ended June 30, 2021 and 2020, respectively.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

UNIVERSITY VOLUNTARY RETIREMENT SAVINGS PLAN

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. The plan is administered by the University. For calendar year 2021 and 2020, the plan had a contribution limit of $19,500, and allowed catch-up contributions of $6,500. As of January 1, 2020 contributions could be made on a before-tax or after-tax basis. The employees' contributions to this 403(b) plan approximated $60,569,000 and $53,875,000 for the years ended 2021 and 2020, respectively. Of the total contributed for the years ended June 30, 2021 and 2020, respectively, approximately $51,717,000 and $50,720,000 was before-tax and $8,852,000 and $3,155,000 was after-tax. The University does not contribute to this plan.

CU MEDICINE RETIREMENT PLAN

CU Medicine sponsors a defined contribution retirement plan for its permanent employees that is administered by the Teachers Insurance Annuities Association's College Retirement Equities Fund. The board of directors for CU Medicine has the authority to amend plan provisions. Employees are eligible for participation in the plan after completing one year of service. On behalf of eligible employees, CU Medicine contributed an amount equal to 7 percent of eligible employees' salaries for the years ended June 30, 2019 through May 31, 2020. Between June 1, 2020 and September 30, 2020, in response to estimated declining revenue associated with the coronavirus pandemic, CU Medicine reduced the contribution to 2 percent of eligible employee's salary. Effective October 1, 2020, CU Medicine restored the contribution equal to 7 percent of eligible employees' salaries through the year ended June 30, 2021. Contributions to the plan approximated $1,800,000 and $1,836,000, for the years ended June 30, 2021 and 2020, respectively.

HEALTH INSURANCE PROGRAMS

The University's contributions to its various health insurance programs approximated $241,725,000 and $246,657,000 during the years ended June 30, 2021 and 2020, respectively. See Note 1 and 16 for discussion of the Trust.

NOTE 11 – OTHER LIABILITIES

Table 11.1 details other liabilities as of June 30, 2021 and 2020.

Table 11.1. Other Liabilities ***(in thousands)***

		2021		2020	
Type		**Total**	**Current Portion**	**Total**	**Current Portion**
Risk financing	$	32,638	14,226	30,568	12,204
Construction contract retainage		8,401	8,401	11,202	10,366
Deposits		17,496	17,496	18,571	18,571
Federal Perkins loan		13,051	2,151	15,883	548
Early retirement incentive program		7,462	1,101	2,393	852
Asset retirement obligation		1,373	-	1,312	-
Miscellaneous		3,976	2,796	3,041	1,697
Total Other Liabilities	**$**	**84,397**	**46,171**	**82,970**	**44,238**

RISK FINANCING-RELATED LIABILITIES

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; medical malpractice; employee occupational injuries; graduate medical students' health; and natural disasters. The University finances these risks through various self-insurance programs, including through Altitude West for workers' compensation. The University finances the cost and risks associated with employee health benefit programs through the Trust. Under the terms of the Trust, the University is self-insured for medical claims.

The University utilizes a protected self-insurance program for its property, liability, and workers' compensation risks. The University has established a separate self-insurance program for the purpose of providing professional liability coverage for CU Denver | Anschutz and UCHealth. A separate self-insurance program has also been established to provide health insurance for graduate medical students and eligible dependents at CU Anschutz.

All self-insurance programs assume losses up to certain limits and purchase a defined amount of excess insurance for losses over those limits. These limits range from $325,000 to $1,500,000 per occurrence.

Reserves for unpaid claims under these programs are actuarially reviewed and evaluated for adequacy each year. The Property, General Liability, and Workers' Compensation reserve of $18,711,000 and the Graduate Medical Student Health Benefits reserve of $1,676,000 are reported on an undiscounted basis, and the CU Denver | Anschutz Professional Liability reserve of $12,251,000 is reported at a discount basis using 2.14 percent. Over the past three years, the Property, General Liability, and Workers' Compensation reserve has incurred four claims for which the amount of settlement exceeded insurance coverage. As of June 30, 2021, $1,700,000 had been collected from carriers for these claims. Over the past three years, the Graduate Medical Student Health Benefits reserve and the CU Denver | Anschutz Professional Liability reserve have collected $5,804,000 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss coverage. There were no significant reductions or changes in insurance coverage from the prior year.

The amount recorded as risk financing-related liabilities represents reserves based upon the annual actuarial valuation and includes reserves for incurred but not reported claims. Such liabilities depend on many factors, including claims history, inflation, damage awards, investment return, and changes in legal doctrine. Accordingly, computation of the claims liabilities requires an annual estimation process. Claims liabilities are reevaluated on a periodic basis and take into consideration recently settled claims, frequency of claims, and other relevant factors.

Changes in the balances of risk financing-related liabilities for the years ended June 30, 2021 and 2020 are presented in Table 11.2.

Table 11.2. Risk Financing-related Liabilities *(in thousands)*

		Property, General Liability, and Workers' Compensation	Professional Liability	Graduate Medical Student Health Benefits	Total
Balance as of June 30, 2019	**$**	**19,308**	**10,710**	**2,832**	**32,850**
Fiscal Year 2020:					
Claims and changes in estimates		5,900	943	10,469	17,312
Claim payments		(7,586)	(1,208)	(10,800)	(19,594)
Balance as of June 30, 2020	**$**	**17,622**	**10,445**	**2,501**	**30,568**
Fiscal Year 2021:					
Claims and changes in estimates		7,530	3,636	13,294	24,460
Claim payments		(6,441)	(1,830)	(14,119)	(22,390)
Balance as of June 30, 2021	**$**	**18,711**	**12,251**	**1,676**	**32,638**

DIRECT LENDING

The University participates in two student lending programs operated by the federal government, Direct Student Loan and the State School as Lender. These programs enable eligible students or parents to obtain a loan to pay for the student's cost of attendance directly through the University rather than through a private lender. The University is responsible for handling the complete loan process, including funds management as well as promissory note functions.

For the Direct Lending program, the University is not responsible for collection of these loans or for defaults by borrowers; therefore, these loans are not recognized as receivables in the accompanying financial statements. Direct lending activity during the years ended June 30, 2021 and 2020 was $360,000,000 and $383,047,000, respectively.

FEDERAL PERKINS LOANS

The Federal Perkins Loan program, which provided low-interest loans to college students with exceptional financial need, expired on September 30, 2017. Beginning with the 2019-2020 Award Year and for all subsequent award years, the United States Department of Education (ED) requires a capital distribution from the University's Perkins Fund on an annual basis for institutions that continue participating in the Perkins Loan Program. Institutions, such as the University, must return to ED the federal share of the institution's Perkins Fund. In Fiscal Years 2021 and 2020, the University returned $2,657,000 and $1,753,000, respectively, to ED.

EARLY RETIREMENT INCENTIVE PROGRAM

The University provides an early retirement incentive program (ERIP) to tenured professors who are at least 55 years of age and whose age and years of service total at least 70. These professors must also be participants in the University's ORP. The ERIP provides eligible participants with an incentive equal to twice the professor's base salary and supplemental pay. In return, the participants will retire and relinquish tenure immediately. There were 58 and 19 participants as of June 30, 2021 and 2020, respectively. Benefits under the ERIP are payable over a five-year period. Participation in this program does not impact the Optional Retirement Plan or OPEB. The liability as of June 30, 2021 and 2020 was $7,462,000 and $2,393,000, respectively, measured at a discounted present value using a rate of 5 percent. Table 11.3 presents changes in the ERIP for the years ended June 30, 2021 and 2020.

Table 11.3. Early Retirement Incentive Program
(in thousands)

		2021	2020
Beginning of year	$	2,393	2,544
Additions		5,919	1,445
Reductions		(850)	(1,596)
End of year	**$**	**7,462**	**2,393**
Current ERIP		1,101	852

NOTE 12 - NET POSITION

Unrestricted net position is one component of the University's financial statements, which represents the net position held by the collective units of the University as of June 30. Balances fluctuate throughout the year and are reported as of a point-in-time. The University designates unrestricted net position by their intended purpose. Unobligated funds are generally available for campus use or support of schools, colleges, departments, or units. These funds are generated by nonrecurring revenue surpluses, such as departmental share unspent indirect cost recoveries, or year-end balances resulting from lower than expected spending levels, such as vacancy savings from an unfilled position. Campus leadership holds these funds in general categories based on internal policy or intended use. Their designation may change in accordance with directives from leadership, including Regent directives. Obligated Funds are unrestricted net position that are obligated to specific projects or are held for contractual payments, such as faculty start-up.

University policy requires each campus provide the Regents prior to December 31 a detailed report on designated net position. This report enhances clarity and frequency of internal communications and provides context for Regent decisions on key budget items. These reports are available on the Regents' website.

Table 12 presents changes in the University's nonexpendable net position for the years ended June 30, 2021 and 2020. In Fiscal Year 2021, the University received additions and adjustments to endowments of $46,000 and transferred $133,000 of endowments to the Foundation for an overall decrease to restricted for nonexpendable net position. In

Fiscal Year 2020, the University received $20,000 in additional endowments that increased restricted for nonexpendable net position.

Table 12. Restricted Nonexpendable Net Position (*in thousands)*

		2021	2020
Beginning of year	$	48,653	48,633
Additions/adjustments		46	20
Reductions		(133)	-
End of year	**$**	**48,566**	**48,653**

NOTE 13 – SPENDING LIMITATIONS

In November 1992, the Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State, including the University. During the year ended June 30, 2005, the Colorado State Legislature determined in C.R.S. § 23-5-101.7 that an institution of higher education may be designated as an enterprise for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than 10 percent of its total annual revenues in grants as defined by TABOR. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

In July 2005, the Regents designated the University as a TABOR enterprise pursuant to the statute. During the years ended June 30, 2021 and 2020, the University believes it has met all requirements of TABOR enterprise status. Specifically, the Regents retain the authority to issue revenue bonds and the amount of State support received by the University was 1.05 percent and 1.32 percent during the years ended June 30, 2021 and 2020, respectively, as shown in Table 13.

Table 13. TABOR Enterprise State Support Calculation *(in thousands)*

		2021	2020
Local government grants	$	433	108
Tobacco litigation settlement & Marijuana appropriations		17,113	17,915
Capital appropriations		31,845	31,130
State COP annual debt service payments for CU Boulder		1,099	814
State COP annual debt service payments for UCCS		1,754	1,579
State COP annual debt service payments for CU Anschutz		8,145	7,781
State Support for PERA pension		-	8,258
Total State Support	**$**	**60,389**	**67,585**
Total TABOR enterprise revenues	$	5,764,803	5,127,948
Ratio of State support to total revenues		1.05%	1.32%

A portion of the University is subject to revenue and expense limitations imposed by the Colorado State Legislature through the annual appropriation process. For the years ended June 30, 2021 and 2020, the University's appropriated funds included $34,762,000 and $83,808,000, respectively, received for students that qualified for stipends from the College Opportunity Fund (COF) and $66,396,000 and $160,466,000, respectively, as fee-for-service contract revenue, as well as certain cash funds as specified in the State's annual appropriations bill.

Appropriated cash funds include the student-paid portion of tuition, mandatory student fees, and certain other revenue sources, which are recognized in various revenue lines, as appropriate, in the accompanying financial statements. For the years ended June 30, 2021 and 2020, expenses were within the appropriated spending authority.

Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues, in addition to certain other revenue sources. All other revenues and expenses reported by the University represent non-appropriated funds and are excluded from the annual appropriations bill.

NOTE 14 – SCHOLARSHIP ALLOWANCES

During the years ended June 30, 2021 and 2020, scholarship allowances were provided by the following funding sources in amounts detailed in Table 14.

Table 14. Scholarship Allowances *(in thousands)*

For years ended June 30		2021			2020		
Funding Source Description		**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**	**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**
University general resources	$	106,574	2,996	109,570	110,720	2,875	113,595
University auxiliary resources		12,898	324	13,222	11,985	487	12,472
Colorado Commission on Higher Education financial aid program		40,796	764	41,560	37,027	467	37,494
Federal programs, including Federal Pell grants		78,000	1,826	79,826	72,163	1,312	73,475
Other State of Colorado programs		1,068	33	1,101	179	8	187
Private programs		1,153	32	1,185	296	1	297
Gift fund		30,940	719	31,659	23,830	519	24,349
Total Scholarship Allowances	**$**	**271,429**	**6,694**	**278,123**	**256,200**	**5,669**	**261,869**

NOTE 15 – HEALTH SERVICES REVENUE AND EXPENSE

Health services revenue of $1,309,227,000 and $1,185,649,000 is comprised of $1,306,921,000 and $1,183,489,000 at CU Anschutz and $2,306,000 and $2,160,000 at UCCS for the years ended June 30, 2021 and 2020 respectively. Health services revenue is recorded net of contractual adjustments approximating $1,563,601,000 and $1,385,758,000 and net of bad debt expense on uncollectible patient account receivables approximating $26,763,000 and $37,260,000 from CU Medicine, $54,000 and $0 from various departments at CU Anschutz, and $15,000 and $764,000 from UCCS for the years ended June 30, 2021 and 2020, respectively. For the year ended June 30, 2020, there were bad debt recoveries of $175,000 at CU Anschutz. Charity care provided during the years ended June 30, 2021 and 2020, based on estimated service costs of providing charity care, totaled approximately $4,820,000 and $5,791,000, respectively.

NOTE 16 – BLENDED AND FIDUCIARY COMPONENT UNIT INFORMATION

The University has five blended component units: CU Medicine, CUPCO, 18th Avenue, ULEHI, Altitude West, and one fiduciary component unit: the Trust. Table 16 presents summary financial information for the University's business-type blended component units as of and for the years ended June 30, 2021 and 2020.

Table 16. Summary Financial Information for Blended Component Units *(in thousands)*

As of and for the year ended June 30, 2021		CU Medicine	CUPCO	18th Avenue	ULEHI	Altitude West	Total
Condensed Statements of Net Position							
Assets							
Current assets	$	563,742	1,695	1,196	1,591	17,815	586,039
Capital assets, net		32,938	-	10,550	-	-	43,488
Other assets		436,231	-	-	5,283	302	441,816
Total Assets	**$**	**1,032,911**	**1,695**	**11,746**	**6,874**	**18,117**	**1,071,343**
Liabilities							
Current liabilities	$	79,872	-	981	-	8,073	88,926
Payable to the University		6,972	-	-	-	-	6,972
Noncurrent liabilities		3,550	-	9,354	-	-	12,904
Total Liabilities	**$**	**90,394**	**-**	**10,335**	**-**	**8,073**	**108,802**
Net Position							
Net investment in capital assets	$	28,648	-	793	-	-	29,441
Restricted for expendable purposes		-	-	-	-	302	302
Unrestricted		913,869	1,695	618	6,874	9,742	932,798
Total Net Position	**$**	**942,517**	**1,695**	**1,411**	**6,874**	**10,044**	**962,541**
Condensed Statements of Revenues, Expenses, and Changes in Net Position							
Operating revenues (expenses)							
Patient service revenues	$	825,542	-	-	-	-	825,542
Contract income		454,862	-	-	-	-	454,862
Other operating revenues		3,401	-	2,397	4,516	5,648	15,962
Operating expenses		(1,143,221)	(109)	(1,242)	(1,497)	(3,113)	(1,149,182)
Depreciation and amortization		(4,601)	-	(520)	-	-	(5,121)
Operating income		**135,983**	**(109)**	**635**	**3,019**	**2,535**	**142,063**
Nonoperating revenues (expenses)							
Investment income		11,283	-	-	-	1,464	12,747
Other nonoperating revenues		55,081	1,069	-	-	-	56,150
Contributions to affiliated organizations		(26,001)	-	-	-	-	(26,001)
Other nonoperating expenses		(102)	-	(414)	-	-	(516)
Total nonoperating revenues (expenses)		40,261	1,069	(414)	-	1,464	42,380
Change in Net Position		**176,244**	**960**	**221**	**3,019**	**3,999**	**184,443**
Net Position, beginning of year		766,273	735	1,190	3,855	6,045	**778,098**
Net Position, end of year	**$**	**942,517**	**1,695**	**1,411**	**6,874**	**10,044**	**962,541**
Condensed Statements of Cash Flows							
Net cash flows provided by (used for)							
Operating activities	$	136,820	(115)	1,214	(788)	3,448	140,579
Non-capital financing activities		29,286	-	-	-	-	29,286
Capital and related financing activities		(5,355)	1,750	(801)	-	-	(4,406)
Investing activities		(32,911)	-	-	1,031	(5,782)	(37,662)
Net Increase in Cash and Cash Equivalents		**127,840**	**1,635**	**413**	**243**	**(2,334)**	**127,797**
Cash and cash equivalents, beginning of year		220,527	60	698	1,348	7,026	229,659
Cash and Cash Equivalents, End of Year	**$**	**348,367**	**1,695**	**1,111**	**1,591**	**4,692**	**357,456**

Table 16. (continued) Summary Financial Information for Blended Component Units *(in thousands)*

As of and for the year ended June 30, 2020		CU Medicine	CUPCO	18th Avenue	ULEHI	Altitude West	Total
Condensed Statements of Net Position							
Assets							
Current assets	$	397,694	59	777	1,348	13,054	412,932
Capital assets, net		34,005	681	11,071	-	-	45,757
Other assets		393,568	-	-	2,507	311	396,386
Total Assets	**$**	**825,267**	**740**	**11,848**	**3,855**	**13,365**	**855,075**
Liabilities							
Current liabilities	$	48,435	5	900	-	7,320	56,660
Payable to the University		6,124	-	-	-	-	6,124
Noncurrent liabilities		4,435	-	9,758	-	-	14,193
Total Liabilities	**$**	**58,994**	**5**	**10,658**	**-**	**7,320**	**76,977**
Net Position							
Net investment in capital assets	$	28,219	681	926	-	-	29,826
Restricted for expendable purposes		-	-	-	-	311	311
Unrestricted		738,054	54	264	3,855	5,734	747,961
Total Net Position	**$**	**766,273**	**735**	**1,190**	**3,855**	**6,045**	**778,098**
Condensed Statements of Revenues, Expenses, and Changes in Net Position							
Operating revenues (expenses)							
Patient service revenues	$	740,760	-	-	-	-	740,760
Contract income		415,578	-	-	-	-	415,578
Other operating revenues		3,442	2,932	2,578	922	6,280	16,154
Operating expenses		(1,082,109)	(1,494)	(1,310)	(2,072)	(4,262)	(1,091,247)
Depreciation and amortization		(4,545)	(1,042)	(518)	-	-	(6,105)
Operating income		**73,126**	**396**	**750**	**(1,150)**	**2,018**	**75,140**
Nonoperating revenues (expenses)							
Investment income		27,806	-	-	-	481	28,287
Other nonoperating revenues		5,085	-	-	-	-	5,085
Contributions to affiliated organizations		(18,280)	-	-	-	-	(18,280)
Other nonoperating expenses		(184)	(637)	(429)	-	-	(1,250)
Total nonoperating revenues (expenses)		14,427	(637)	(429)	-	481	13,842
Change in Net Position before special item		**87,553**	**(241)**	**321**	**(1,150)**	**2,499**	**88,982**
Special item		**-**	11,773	**-**	**-**	**-**	11,773
Change in Net Position after special item		**87,553**	**11,532**	**321**	**(1,150)**	**2,499**	**100,755**
Net Position, beginning of year		678,720	(10,797)	869	5,005	3,546	**677,343**
Net Position, end of year	**$**	**766,273**	**735**	**1,190**	**3,855**	**6,045**	**778,098**
Condensed Statements of Cash Flows							
Net cash flows provided by (used for)							
Operating activities	$	75,768	(102)	1,270	(1,127)	4,130	79,939
Non-capital financing activities		(13,254)	(3,578)	(877)	-	-	(17,709)
Capital and related financing activities		(4,436)	-	-	-	-	(4,436)
Investing activities		(13,161)	-	-	232	61	(12,868)
Net Increase in Cash and Cash Equivalents		**44,917**	**(3,680)**	**393**	**(895)**	**4,191**	**44,926**
Cash and cash equivalents, beginning of year		175,610	3,740	305	2,243	2,835	184,733
Cash and Cash Equivalents, End of Year	**$**	**220,527**	**60**	**698**	**1,348**	**7,026**	**229,659**

CU Medicine is a blended component unit of the University. The University paid CU Medicine rental amounts of \$3,370,000 and \$2,883,000 during the years ended June 30, 2021 and 2020, respectively. As CU Medicine is a blended component unit, these amounts are eliminated.

In February 2020, CU Medicine committed to invest \$1,000,000 as a limited partner in the CU Healthcare Innovation Fund, L.P. (the Fund). The partnership is a strategic health care fund affiliated with CU Anschutz. Other limited partners include ULEHI, UCHealth and Children's Colorado. The Fund invests in ventures across the health care spectrum and its close affiliation with the campus provides access to unique opportunities. As of June 30, 2021 and 2020, CU Medicine had invested \$293,000 and \$193,000, respectively. CU Medicine accounts for its participation on the cost basis. ULEHI has initially committed to provide up to \$10,000,00 to the Fund as a limited partner and non-managing member of the General Partner. As of June 30, 2021, ULEHI's investment was valued at \$3,588,000 based upon the NAV of its ownership interest in partners' capital of the Fund.

During the year ended June 30, 2021, total distributions by ULEHI to the University were \$1,431,222 related to investments by ULEHI.

On August 30, 2019, CUPCO's board of directors approved the transfer of Campus Village Apartments, LLC (CVA) to CU Denver and on September 12, 2019, the University approved the transfer. CVA, a Delaware limited liability company, was formed under the laws of the State of Delaware on May 25, 2005. CUPCO was the sole member. CVA is organized, operated, and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth, and well-being of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping, and operating a student housing facility located in Denver, Colorado, as well as improvements and amenities related to this facility. During Fiscal Year 2020, buildings and equipment with a book value of \$30,581,000 and related debt of \$48,015,000 was transferred to CU Denver. The impacts of this transfer were eliminated in the combined financial statements.

The Trust paid medical claims on behalf of the University of \$291,750,000 and \$242,159,000 during the years ended June 30, 2021 and 2020, respectively. The University's payments to the Trust were \$241,725,000 and \$246,657,000 for the years ended June 30, 2021 and 2020, respectively, and the employees' payments were \$32,938,000 and \$32,170,000, respectively. As of June 30, 2021 and 2020, the University had no accounts receivable owed from the Trust and no accounts payable due to the Trust.

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNITS

The University has two discretely presented component units: CU Foundation and CUBEC.

UNIVERSITY OF COLORADO FOUNDATION

Distributions made by the CU Foundation to the University were approximately \$182,281,000 and \$184,507,000 during the years ended June 30, 2021 and 2020, respectively. This amount has been recorded as University grant or gift revenue and the CU Foundation operating expense in the accompanying financial statements and does not include undistributed income on University endowments.

Since July 1, 2007, the University has contracted with the CU Foundation to manage a portion of its investments. As of June 30, 2021 and 2020, respectively, \$350,042,000 and \$253,039,000 of non-endowed investments, less University accrued expenses, are being managed by the CU Foundation.

The University is the ultimate beneficiary of substantially all restricted and trust funds held by the CU Foundation and is income beneficiary of a significant portion of endowment funds held by the CU Foundation. In addition, the University contracts with the CU Foundation to manage its endowments. The University has endowments and other assets held by the CU Foundation approximating $269,186,000 and $206,533,000 as of June 30, 2021 and 2020, respectively.

The CU Foundation collected a 1.5 percent annual advancement support fee of $5,500,000 for the year ended June 30, 2021, and a 1.5 percent annual advancement support fee of $4,700,000 for the year ended June 30, 2020. The CU Foundation paid the University $29,501,000 and $24,409,000 to help cover development costs for the years ended June 30, 2021 and 2020, respectively, which is reported as other operating revenue.

As of June 30, 2021 and 2020, the University recorded an accounts receivable from the CU Foundation of $12,708,000 and $14,214,000, respectively.

UNIVERSITY OF COLORADO BOULDER ENTERPRISE CORPORATION

In June 2020, CU Boulder loaned CUBEC $10,000,000 for an equity investment in CU Hotel, LLC, a joint venture with HRV Hotel Partners to construct and operate a conference center and hotel. The loan is conditioned upon subsequent equity investment. Initially there are interest-only loan payments with an open-ended term. CUBEC had no other significant activity for the years ended June 30, 2021 and 2020.

NOTE 18 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

UNIVERSITY OF COLORADO HOSPITAL (UCHealth)

In accordance with 1991 State legislation, UCHealth was established as a separate and distinct entity. Requests for additional information should be addressed to UCHealth, Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, Colorado 80045.

CU Denver | Anschutz and CU Medicine have several types of financial transactions with UCHealth. On an annual basis, CU Denver | Anschutz or CU Medicine and UCHealth enter into agreements specifying the fees to be charged for services and the allocation of expenses between the two organizations. In certain circumstances, CU Denver | Anschutz may bear the entire cost of certain services in exchange for educational or other services provided by UCHealth. In some instances, the fee charged by CU Denver | Anschutz, CU Medicine, or UCHealth is a set amount for specific services to be provided. In other circumstances, the fee charged is based upon the amount or type of services requested by either CU Denver | Anschutz or UCHealth.

Examples of services provided by CU Denver | Anschutz to UCHealth include telecommunications services, rental of office space, and resident doctors. Examples of services provided by UCHealth to CU Denver | Anschutz are patient services for sponsored research projects. In general, amounts receivable from, or payable to, UCHealth are settled within the following calendar quarter.

Total payments issued by UCHealth to CU Denver | Anschutz approximated $65,227,000 and $57,427,000 for years ended June 30, 2021 and 2020, respectively. Total payments issued by CU Denver | Anschutz to UCHealth for the years ended June 30, 2021 and 2020 approximated $12,502,000 and $13,113,000, respectively.

For the years ended June 30, 2021 and 2020, UCHealth distributed approximately $22,242,000 and $25,652,000, respectively, reported as gift revenue by the University.

During the years ended June 30, 2021 and 2020, CU Medicine recognized approximately $260,158,000 and $229,880,000, respectively, in contract income from the UCHealth system for SOM services, including faculty, department, programmatic support, medical direction, on-call coverage, clinical lab and other related facility functions, and clinical services. Receivables from related parties include approximately $8,738,000 and $11,776,000 of net payments due from the UCHealth system at June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, the University recorded an accounts receivable from UCHealth of $3,848,000 and $4,334,000, respectively, for various services provided. As of June 30, 2021 and 2020, the University had $208,000 and $118,000 accounts payable owed to UCHealth, respectively. Generally, amounts due are paid during the current or subsequent month.

AURARIA HIGHER EDUCATION CENTER

AHEC, established by legislation in 1974, is jointly governed and utilized by CU Denver, the Community College of Denver, and Metropolitan State University of Denver. The institutions share the costs of operating common educational, library, and other auxiliary facilities. Costs of the common facilities are shared in accordance with an operating agreement between AHEC and the respective institutions. During the years ended June 30, 2021 and 2020, the University incurred expenses related to the common facilities approximating $11,850,000 and $11,389,000, respectively, for payments to AHEC. CU Denver also collected AHEC mandatory student fees of $2,570,000 and $5,585,000 from CU Denver students during the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, the University recorded an accounts payable to AHEC of $978,000 and $470,000, respectively, for services rendered but not yet paid, and for fees collected for the spring end of term but not yet paid. As of June 30, 2021 and 2020, the University had $39,000 and $384,000 accounts receivable due from AHEC.

In addition, the University leases space from AHEC. As of June 30, 2021 and 2020, the University has future operating lease payment obligations to AHEC of $2,941,144 and $3,601,785. For related party lease transactions, see Note 8.

Detailed financial information may be obtained directly from AHEC at 1201 5th Street Suite 370, Denver, Colorado 80217.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

The University leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights or meet other capital lease criteria and, therefore, the related assets and liabilities are not recorded in the accompanying financial statements. For the years ended June 30, 2021 and 2020, total rental expense under these agreements approximated $24,140,000 and $20,954,000 for the University, respectively. Future minimum payments for these operating leases are shown in Table 19.

Table 19. Operating Leases Minimum Lease Obligations *(in thousands)*

Years Ending June 30		Minimum Lease
2022	$	19,640
2023		14,624
2024		12,821
2025		11,762
2026		10,956
2027 – 2031		40,389
2032 – 2036		5,120
Total	**$**	**115,312**

Contracts have been entered into for the purpose of planning, acquiring, constructing, and equipping certain building additions and other projects with outstanding amounts totaling approximately $405,841,000 and $338,369,000 as of June 30, 2021 and 2020, respectively. These additions will be funded or financed by donor contributions, appropriations from the State, issuance of revenue bonds, and other financings. As of June 30, 2021 and 2020, the amount of capital construction appropriations authorized from the State for these projects approximated $30,176,000 and $36,605,000, respectively.

Substantial amounts are received and expended by the University under federal and state grants and contracts, and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University's financial position or operations.

CU Medicine, as a member of the healthcare industry, is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued to increase with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. CU Medicine management believes that CU Medicine is in substantial compliance with fraud and abuse statutes as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The University is a defendant in a number of legal actions. While the final outcome of many of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability not covered by insurance, if any, for these legal actions will not have a material effect on the University's financial position or operations.

NOTE 20 – SUBSEQUENT EVENTS

LINE OF CREDIT

On July 1, 2021 the University entered into a $100,000,000 operating line of credit with PNC Bank (Credit Agreement), pursuant to the 26th Supplemental Bond Resolution adopted by the Regents on June 17, 2021. Under the Credit Agreement with PNC Bank, the University may borrow up to $100,000,000 for any lawful purpose of the University including to pay operating expenses and costs of capital projects. The primary purpose of entering into this agreement is to provide an additional source of liquidity to the University and to allow it to more efficiently invest monies in the pooled funds of the University. As of the date the financial statements were issued, there have been no drawings under the Credit Agreement and there are no current plans to do so. If monies are borrowed under the agreement, the University would pay variable rate of interest at 1 month LIBOR plus 50 basis points. The agreement is a three-year agreement that expires on June 30, 2024, and any amounts drawn under the agreement must be repaid within the three-year term. The University also makes a fixed annual payment to PNC Bank for any unused portion of the agreement.

BOND ISSUANCES

On October 7, 2021, the Board issued a total of $227,605,000 C-2 Bonds comprised of the following bonds as Parity Obligations under the Master Resolution which were purchased by Wells Fargo Municipal Capital Strategies, LLC.:

(a) The Regents of the University of Colorado, University Enterprise Refunding Revenue Bonds, Taxable Convertible to Tax-Exempt Series 2021C-2A, in the aggregate principal amount of $41,660,000.
(b) The Regents of the University of Colorado, University Enterprise Refunding Revenue Bonds, Taxable Convertible to Tax-Exempt Series 2021C-2B, in the aggregate principal amount of $62,100,000.

(c) The Regents of the University of Colorado, University Enterprise Refunding Revenue Bonds, Taxable Convertible to Tax-Exempt Series 2021C-2C, in the aggregate principal amount of $123,845,000.

These bonds refund and defease portions of the previously issued Series 2015A, Series 2016B-1 and Series 2017A-2 (Refunded Bonds). The proceeds, along with funds contributed by the University are being held by Zions Bank as Escrow Agent to pay all interest and principal to the respective call dates of the Refunded Bonds. The issuance of the refunding bonds and the defeasance of the Refunded Bonds will result in significant cash flow and present value savings to the University.

On November 2, 2021 the University sold $202,460,000 of University Enterprise Revenue Bonds Series 2021 C-3 and C-4, scheduled to close on November 16, 2021. Proceeds from the issue, plus original issue premium paid by investors, will be used to immediately retire $225 million Series 2020 A-1, A-2 and B-1 variable rate demand bonds and pay costs of issuance related to the C-3 and C-4 bonds. The Series C-3 and C-4 bonds have coupon interest rates of between 2 percent and 5 percent. The $125 million of Series C-3 bonds are being issued in term rates mode (Put Bonds) maturing on October 15, 2025 and October 15, 2026 in the amounts of $65 million and $60 million, respectively. The $77.46 million of Series C-4 bonds are issued as fixed-rate bonds, maturing serially from June 1, 2022 through June 1, 2051.

On November 18, 2021, the University issued $69,575,000 of taxable advance refunding bonds, University Enterprise Revenue Refunding Bonds, Series 2021 C-1. The newly issued bonds are fixed rate bonds with interest rates of 0.323 percent to 2.979 percent and mature in various amounts on June 1 from 2022 to 2049. The Series 2021 C-1 Bonds advance refunded portions of Series 2012 A-2, 2012 B, 2018 B and 2019 B. The transaction will result in significant cash flow and present value saving on debt service for the University.

CU SOUTH DENVER

On October 13, 2021, the Board of Regents approved entering into an agreement for the sale of property located in Lone Tree, Colorado, and known as CU South Denver, for $10,000,000. The agreement provides the buyer of the property an inspection period that expires December 8, 2021. If following the inspection period, the buyer elects to move forward with the purchase, the sale is expected to be completed no later than December 15, 2021. The net book value of the land, building, and improvements was $36,198,000 as of June 30, 2021.

Required Supplementary Information

University of Colorado

Required Supplementary Information

June 30, 2021 and 2020 (*In Thousands*) (*Unaudited*)

SCHEDULE OF CHANGES IN UNIVERSITY OPEB'S TOTAL OPEB LIABILITY AND RELATED RATIOS

		Fiscal Year Ending			
University OPEB Plan		**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Service cost	$	49,138	53,400	49,754	53,099
Interest cost		26,392	34,254	28,404	24,648
Differences between expected and actual experience		287	(206,938)	(1,728)	(87,654)
Changes of assumptions		168,948	3,678	35,919	(46,406)
Benefit payments		(16,062)	(15,461)	(15,163)	(17,211)
Net change in Total OPEB liability		228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)		712,892	843,959	746,773	820,297
Total OPEB liability (ending)	$	941,595	712,892	843,959	746,773
Covered-employee payroll	$	2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a percentage of payroll		45.85%	41.45%	50.75%	50.62%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA OPEB LIABILITY

MEASUREMENT DATE	PROPORTION OF COLLECTIVE NET OPEB LIABILITY (A)	PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY (B)	COVERED PAYROLL (C)	PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (B/C)	PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY
DECEMBER 31, 2020	3.2452312656%	$ 30,837	$ 300,190	10.27%	32.78%
DECEMBER 31, 2019	3.4351836004%	$ 38,611	$ 308,898	12.50%	24.49%
DECEMBER 31, 2018	3.6189452649%	$ 49,237	$ 305,926	16.09%	17.03%
DECEMBER 31, 2017	3.7222136080%	$ 48,374	$ 302,484	15.99%	17.53%
DECEMBER 31, 2016	3.8085462272%	$ 49,379	$ 300,390	16.44%	16.72%

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA OPEB PLAN

FISCAL YEAR-END	STATUTORILY REQUIRED CONTRIBUTION (A)	CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTION (B)	CONTRIBUTION DEFICIENCY (EXCESS) (A-B)	COVERED PAYROLL (C)	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL (B/C)
JUNE 30, 2021	$ 2,972	$ 2,972	$ -	$ 291,406	1.02%
JUNE 30, 2020	$ 3,164	$ 3,164	$ -	$ 310,204	1.02%
JUNE 30, 2019	$ 3,136	$ 3,136	$ -	$ 307,467	1.02%
JUNE 30, 2018	$ 3,345	$ 3,345	$ -	$ 327,981	1.02%
JUNE 30, 2017	$ 3,067	$ 3,067	$ -	$ 300,673	1.02%

University of Colorado

Required Supplementary Information

June 30, 2021 and 2020 (*In Thousands*) (*Unaudited*)

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA PENSION LIABILITY

MEASUREMENT DATE	PROPORTION OF COLLECTIVE NET PENSION LIABILITY (A)	PROPORTIONATE SHARE OF COLLECTIVE NET PENSION LIABILITY (B)	COVERED PAYROLL (C)	PROPORTIONATE SHARE OF COLLECTIVE NPL AS A PERCENTAGE OF COVERED PAYROLL (B/C)	PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
DECEMBER 31, 2020	10.0696852041%	$ 955,089	$ 300,190	318.16%	65.34%
DECEMBER 31, 2019	10.7126353636%	$ 1,039,533	$ 308,898	336.53%	62.24%
DECEMBER 31, 2018	10.9376365281%	$ 1,244,558	$ 305,926	406.82%	55.11%
DECEMBER 31, 2017	11.0227933269%	$ 2,206,541	$ 302,484	729.47%	43.20%
DECEMBER 31, 2016	11.1571798445%	$ 2,049,366	$ 300,390	682.24%	42.59%
DECEMBER 31, 2015	11.1631105031%	$ 1,175,591	$ 296,983	395.84%	56.11%
DECEMBER 31, 2014	11.2723667751%	$ 1,060,337	$ 292,225	362.85%	59.84%
DECEMBER 31, 2013	11.3970757002%	$ 1,015,248	$ 284,977	356.26%	61.08%

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA PENSION PLAN

FISCAL YEAR-END	STATUTORILY REQUIRED CONTRIBUTION (A)	CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTION (B)	CONTRIBUTION DEFICIENCY (EXCESS) (A-B)	COVERED PAYROLL (C)	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL (B/C)
JUNE 30, 2021	$ 63,808	$ 63,808	$ -	$ 291,406	21.90%
JUNE 30, 2020	$ 65,557	$ 73,815	$ (8,258)	$ 310,204	23.80%
JUNE 30, 2019	$ 63,850	$ 72,435	$ (8,585)	$ 307,467	23.56%
JUNE 30, 2018	$ 61,138	$ 61,138	$ -	$ 327,981	18.64%
JUNE 30, 2017	$ 58,698	$ 58,698	$ -	$ 300,673	19.52%
JUNE 30, 2016	$ 54,561	$ 54,561	$ -	$ 299,112	18.24%
JUNE 30, 2015	$ 50,696	$ 50,696	$ -	$ 295,357	17.16%
JUNE 30, 2014	$ 46,824	$ 46,824	$ -	$ 288,904	16.21%
JUNE 30, 2013	$ 40,368	$ 40,368	$ -	$ 279,476	14.44%
JUNE 30, 2012	$ 30,527	$ 30,527	$ -	$ 279,810	10.91%

SCHEDULE OF CHANGES IN ALTERNATE MEDICARE PAYMENT'S TOTAL PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year Ending				
AMP	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Service cost	$ 4,854	4,360	3,985	4,262	3,194
Interest on total AMP pension liability	3,295	3,339	2,751	2,231	2,391
Differences between expected and actual experience	(124)	(3,865)	(109)	(3,377)	(101)
Changes of assumptions	23,408	4,845	4,940	(3,180)	10,999
Benefit payments	(1,828)	(1,692)	(1,566)	(1,448)	(1,349)
Net change in total pension liability	29,605	6,987	10,001	(1,512)	15,134
Total pension liability (beginning)	90,199	83,212	73,211	74,723	59,589
Total pension liability (ending)	$ 119,804	90,199	83,212	73,211	74,723
Covered-employee payroll	$ 1,692,641	1,436,909	1,369,276	1,187,065	943,644
Total pension liability as a percentage of payroll	7.08%	6.28%	6.08%	6.17%	7.92%

NOTE 1 – UNIVERSITY OPEB'S TOTAL OPEB LIABILITY

FUNDED STATUS

No assets are held in trust to pay for plan benefits.

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS TO UNIVERSITY OPEB

Changes in assumptions or other inputs effective for the June 30, 2020 measurement date are as follow:

- Discount rate changed from 3.50 percent to 2.20 percent.
- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

Changes in assumptions or other inputs effective for the June 30, 2019 measurement date are as follow:

- Discount rate changed from 3.85 percent to 3.50 percent.
- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.
- Health care trend rates were updated.
- Health care claim costs and retiree contributions were updated based upon recent experiences.

Changes in assumptions or other inputs effective for the June 30, 2018 measurement date are as follow:

- Discount rate changed from 3.60 percent to 3.85 percent.
- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total OPEB Liability of about 8 percent.

Changes in assumptions or other inputs effective for the June 30, 2017 measurement date are as follow:

- Discount rate changed from 2.85 percent to 3.60 percent.
- Health care trend rates were updated.
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants.
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
  - Mortality rates
  - Withdrawal rates
  - Retirement rates (apply to PERA participants only)

NOTE 2 – PERA'S NET OPEB LIABILITY

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

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

- Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- 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.
- 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.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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

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

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

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

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

NOTE 3 – PERA'S NET PENSION LIABILITY

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

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

- 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.
- 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.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

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

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

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

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

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

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

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

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.
- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

NOTE 4 – UNIVERSITY'S ALTERNATE MEDICARE PAYMENT TOTAL PENSION LIABILITY

FUNDED STATUS

No assets are held in trust to pay for plan benefits.

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other inputs effective for the June 30, 2020 measurement date are as follow:

- Discount rate changed from 3.50 percent to 2.20 percent.
- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

Changes in assumptions or other inputs effective for the June 30, 2019 measurement date are as follow:

- Discount rate changed from 3.85 percent to 3.50 percent.
- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

Changes in assumptions or other inputs effective for the June 30, 2018 measurement date are as follow:

- Discount rate changed from 3.60 percent to 3.85 percent.
- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total Pension Liability of about 10 percent.

Changes in assumptions or other inputs effective for the June 30, 2017 measurement date are as follow:

- Discount rate changed from 2.85 percent to 3.60 percent.
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females.
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
    - Mortality rates
    - Withdrawal rates

Changes in assumptions or other inputs effective for the June 30, 2016 measurement date are as follow:

- A decrease in the discount rate from 3.85 percent to 2.85 percent.

Principal Administrative Officers

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Venkat Reddy, Chancellor, University of Colorado Colorado Springs
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Chad Marturano, Acting Chief Financial Officer
Michael Lightner, Vice President for Academic Affairs
Michael Sandler, Vice President for University Communication
Jeremy Hueth, Vice President, University Counsel, and Secretary to the Board of Regents
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Theodosia Cook, Chief Diversity Officer

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Carla Ho'a, Vice Chancellor and Chief Financial Officer, University of Colorado Boulder
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Amy Gannon, Associate Vice Chancellor for Financial Services and Controller, University of Colorado Denver | Anschutz Medical Campus
Carolyn Rupp, Controller/Executive Director of Accounting, University of Colorado Colorado Springs
Vicki Nichol, Campus Controller, University of Colorado Boulder

Officers and Staff as of September 2021

Produced by the Office of University Controller and the Office of the President.

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