

**Colorado School of Mines  
Financial Statements and Independent Auditor's Reports**

**Financial Audit  
Years Ended June 30, 2022 and 2021**

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## Independent Auditors' Report

Members of the Legislative Audit Committee and Board of Trustees:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Colorado School of Mines (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Colorado School of Mines as of June 30, 2022 and 2021, 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.

We did not audit the financial statements of the Colorado School of Mines Foundation, Inc. (the Foundation), a discretely presented component unit, discussed in Note 1 to the financial statements, for the years ended June 30, 2022 and 2021. Those financial statements were audited by another auditor, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of another auditor.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

##### *Colorado School of Mines – a portion of the business-type activities of the State of Colorado*

As discussed in Note 1, the financial statements of the University, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State of Colorado that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Implementation of GASB Statement No. 87***

During fiscal year ended June 30, 2022, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*. As a result of the implementation of this standard, the University reported a restatement for the change in accounting principle (see Note 14 to the financial statements) as of July 1, 2020. Our auditors' opinion was not modified with respect to the restatement.

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the defined benefit pension plan schedules and other post-employment benefit schedules 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Denver, Colorado  
December 14, 2022

# Colorado School of Mines

## Management Discussion and Analysis

(unaudited)

Management is pleased to present this financial discussion and analysis of the Colorado School of Mines (University). It is intended to make the University's financial statements easier to understand and communicate the University's financial situation in an open and accountable manner. It provides an objective analysis of the University's financial position (Statements of Net Position) and results of operations (Statements of Revenues, Expenses, and Changes in Net Position) as of and for the years ended June 30, 2022 and 2021 (Fiscal Years 2022 and 2021, respectively) with comparative information for Fiscal Year 2020. University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements, as well as the underlying system of internal controls.

### Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help your assessment of the University's financial activities. Since the presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following six parts:

- **Independent Auditors' Report** presents unmodified opinions prepared by our auditors, an independent certified public accounting firm, on the fairness, in all material respects, of our 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. 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 creditors; and a picture of net positions and their availability for expenditure by the University.
- **Statements of Revenues, Expenses and Changes in Net Position** present the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time. Their purpose is to assess the University's operating and nonoperating activities.
- **Statements of Cash Flows** present the cash receipts and disbursements of the University during a period of time. Their purpose is to assess the University's ability to generate net cash flows to meet its obligations as they come due.
- **Notes to the Financial Statements** present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion and analysis to indicate where details of the financial highlights may be found.

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## Management Discussion and Analysis

(unaudited)

- **Required Supplementary Information (RSI)** presents additional information that differs from the basic financial statements. In this report, the RSI includes schedules on the University's proportionate share of the public Employees Retirement Association (PERA) pension and other post-employment benefit (OPEB) liabilities and related information.

We recommend that you combine this financial discussion and analysis with relevant nonfinancial indicators to assess the overall health of the University. Examples of nonfinancial indicators include trend and quality of student applicants and commitments, student retention, graduation rates, building condition, and campus safety. Information about nonfinancial indicators is not included in this discussion and analysis but may be obtained from the University's Office of Communications and Marketing. It should be noted that the University's financial statements include the presentation of a discretely presented component unit, the Colorado School of Mines Foundation, Incorporated (the Foundation), which is a required presentation by accounting standards. The Foundation is not included in this financial discussion and analysis.

### Financial Highlights

Selected financial highlights for Fiscal Year 2022 include:

- Total University assets decreased by 1.1 percent, total University liabilities decreased by 11.4 percent and total net position increased by 28.4 percent. The decrease in total liabilities is primarily due to the decrease in the University's proportionate share of the total liability of both Pension and Other Post-Employment Benefits (OPEB). The increase in net position is primarily the result of decreases in the University's proportionate share of the net pension and OPEB liabilities and net increases in capital assets.
- Operating revenues increased by 16.5 percent while operating expenses increased by 35.7 percent. The increase in operating revenue is primarily attributed to increases in tuition and fee revenue, room and board and the reinstating of funding received from the State under the Fee for Service agreement. Additionally, in Fiscal Year 2021 the University received direct federal support under the Higher Education Emergency Relief Fund (HEERF) of \$13,540,000 in response to the impacts of the COVID-19 pandemic. Revenue received under the HEERF programs provided both direct and indirect emergency student relief, support for safety, testing, lost revenue, enhanced enrollment efforts, and other expenses to address the impacts of the pandemic; see Note 18 for additional information. Operating expenses increased primarily due to a smaller negative adjustment from the amortization of deferred outflows and inflows of pension liability, increase in auxiliary expense and operation of plant and maintenance. The following sections provide further explanations of the University's financial health.

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- In Fiscal Year 2022 the University implemented GASB Statement No. 87 Leases. The implementation of this standard required the University to restate balances related to lease revenue and expense for Fiscal Year 2021. The change to net position in Fiscal Year 2021 from this restatement is immaterial to the financial statements.

### Statements of Net Position

Table 1 - Condensed Statements of Net Position presents a financial snapshot of the University and serves, over time, as a useful indicator of the strength of the University's financial position. It presents the fiscal resources (assets), claims against those resources (liabilities), and residual net position available for future operations (net position). Analysis of the University's deferred outflows and inflows of resources, capital assets, and related debt is included in the section titled Capital Assets and Debt Management, while this section provides analysis of the University's noncapital assets and liabilities.

**Table 1 - Condensed Statements of Net Position as of June 30, 2022, 2021, and 2020 (in thousands)**

	2022	2021	2020	2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
<b>Assets</b>							
Cash and Restricted Cash	\$ 161,688	162,207	183,329	(519)	(0.3%)	(21,122)	(11.5%)
Other Noncapital Assets	86,774	92,063	59,577	(5,289)	(5.7%)	32,486	54.5%
Net Capital Assets	526,076	529,270	493,432	(3,194)	(0.6%)	35,838	7.3%
<b>Total Assets</b>	<b>\$ 774,538</b>	<b>783,540</b>	<b>736,338</b>	<b>(9,002)</b>	<b>(1.1%)</b>	<b>47,202</b>	<b>6.4%</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 23,276</b>	<b>41,311</b>	<b>33,165</b>	<b>(18,035)</b>	<b>(43.7%)</b>	<b>8,146</b>	<b>(24.6%)</b>
<b>Liabilities</b>							
Non-debt Liabilities	\$ 218,694	274,196	331,388	(55,502)	(20.2%)	(57,192)	(17.3%)
Debt Liabilities	316,259	329,843	291,659	(13,584)	(4.1%)	38,184	13.1%
<b>Total Liabilities</b>	<b>\$ 534,953</b>	<b>604,039</b>	<b>623,047</b>	<b>(69,086)</b>	<b>(11.4%)</b>	<b>(19,008)</b>	<b>(3.1%)</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 79,482</b>	<b>77,977</b>	<b>113,167</b>	<b>1,505</b>	<b>(1.9%)</b>	<b>(35,190)</b>	<b>(31.1%)</b>
<b>Net Position</b>							
Net Investment in Capital Assets	\$ 228,522	226,761	235,121	1,761	0.8%	(8,360)	(3.6%)
Restricted:							
Nonexpendable Purposes	7,861	7,302	6,243	559	7.7%	1,059	17.0%
Expendable Purposes	21,899	28,135	18,250	(6,236)	(22.2%)	9,885	54.2%
Unrestricted	(74,903)	(119,363)	(226,325)	44,460	(37.2%)	106,962	(47.3%)
<b>Total Net Position</b>	<b>\$ 183,379</b>	<b>142,835</b>	<b>33,289</b>	<b>40,544</b>	<b>28.4%</b>	<b>109,546</b>	<b>329.1%</b>

### Assets

Cash and restricted cash comprised approximately 65.1 percent and 63.8 percent of the University's total noncapital assets as of June 30, 2022 and 2021, respectively. Restricted cash of \$25,481,000 and \$36,187,000, as of June 30, 2022 and 2021, respectively, primarily consists of funds that have been received but not yet spent for restricted grants, gifts, and contracts as well as unspent revenue bond proceeds that will be used for capital related activity. Total cash and restricted cash decreased during Fiscal Year 2022 primarily due to increased spending from restricted grants, gifts, and contracts. The Statements of Cash Flows provide additional information on where cash is received and how it is used by the University.

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**Non-Debt Liabilities**

The University's non-debt related liabilities totaling \$218,694,000 and \$274,196,000 as of June 30, 2022 and 2021, respectively, comprise 40.9 percent and 45.4 percent, respectively, of the total liabilities. The University entered into a \$44,250,000, 30-year financed purchase in Fiscal Year 2021 for a new residence hall, 1750 Jackson Street. The financed purchase liability comprises 0.2 percent of the total non-debt related liability.

The net pension liability comprises 74.5 percent and 78.9 percent, respectively, of total non-debt related liabilities. Each year, the University records its share of the statewide net pension liability. The University's net pension liability decreased 24.7 percent from 2021 to 2022 and 11.1 percent from 2020 to 2021. The decrease in Fiscal Year 2022 is primarily attributed to the University's decrease in proportionate share of the unfunded net PERA liability. PERA operates on a calendar year, PERA's net pension liability for the years ending December 31, 2021 and 2020 was \$7,375,039,000 and \$9,484,793,000, respectively. The University's portion of PERA's liability for the Fiscal Years ending June 30, 2022 and 2021 was \$162,868,000 and \$216,330,000, respectively. Pursuant to GASB 68, the University is required to record its percent of the statewide net pension liability, and is under no obligation to fund the liability, nor does the University have any ability to affect funding, benefit, or annual required contribution decisions of the plan. The Public Employees Retirement Association of Colorado (PERA) and the State's General Assembly control those decisions. See Note 12 of the accompanying financial statements for more information related to the net pension liability.

As a result of implementing Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations (ARO)*, in Fiscal Year 2019, the University recorded a liability and a deferred outflow, net of amortization expense, for the future costs associated with the disposal of assets requiring remediation. The University has a recorded liability of \$204,000 and \$192,000 as of June 30, 2022 and 2021, respectively. As of June 30, 2022, there remains a deferred outflow of \$159,000.

In Fiscal Year 2018, as a result of implementing Governmental Accounting Standards Board Statement No. 75, *Reporting for Other Post-Employment Benefits Other Than Pensions (OPEB)*, the University recorded as a liability, its proportionate share of the PERA retiree healthcare costs. PERA subsidizes a portion of a PERA retiree's healthcare costs and it is this subsidy that is categorized as an OPEB liability. Colorado PERA's unfunded liability for OPEB as of December 31, 2021 and 2020 was \$862,305,000 and \$950,225,000 respectively and the University share of that liability is \$6,398,000 and \$7,444,000 as of June 30, 2022 and 2021, respectively. See Note 13 of the accompanying financial statements for more information related to the OPEB liability.

Unearned revenue is comprised of tuition and fees that represents cash collected for the summer term that extends beyond the end of the Fiscal Year and sponsored project amounts paid by grantors and contractors for which the University has not yet met all of the requirements for revenue recognition. Unearned revenue decreased 12.7 percent from prior year due to the use grant revenue. Unearned revenue amounts will be recognized as revenue in future periods after all requirements have been satisfied. See Note 8 for additional information on the University's unearned revenues.

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The non-debt related liabilities decreased from 2021 to 2022 which is due mainly to the decrease in net pension liability of \$53,462,000 and from 2020 to 2021 with the decrease in net pension liability of \$27,040,000.

**Net Position**

A portion of the University's net position has restrictions imposed by external parties, such as donors, or amounts that are invested in capital assets (property, plant, and equipment) which are therefore, not immediately available to spend. To help understand these restrictions, the University's net position is shown in four categories.

- The largest category of net position relates to the University's net investment in capital assets. This consists of the University's capital assets less accumulated depreciation and related debt issued to fund the purchase or construction of those assets. This amount represents the University's investments in campus facilities and equipment that is necessary to carry out the teaching, research, and student-centered mission of the University. The increase in Fiscal Year 2022 occurred due to the University's commitment to improving the students on campus experience through new and renovated student and academic facilities along with various infrastructure improvements. Additional discussion on the University's capital activity is included in the Capital Assets and Debt Management section of this discussion and analysis.
- Net position restricted for nonexpendable purposes represents gift funds received from donors whereby the donor has specified the original principal be set aside for perpetual investment (endowment) with a set amount of spendable distribution based on University policy. The majority of the endowment assets benefiting the University are managed by the Foundation, which is a discretely presented component unit. See Note 14 for additional information.
- Net position restricted for expendable purposes represents funds received for specific purposes, but for which the University is allowed to fully expend those funds in accordance with the purposes identified by the individual or entity providing the funds. This includes spendable distributions and accumulated undistributed earnings from the University's endowments.
- Unrestricted net position represents the amount available for spending for any appropriate and necessary purpose and are at the full discretion of management. In some instances, management or the Board has placed internal designations on the use of these funds. As discussed above, the negative unrestricted net position reflects the recording of the University's proportionate share of the statewide net pension and OPEB liabilities and the associated pension expenses beyond the University's annual required contributions. Table 2 – Unrestricted Net Position reflects the impact on

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the University's unrestricted net position of recording the net pension and OPEB liabilities and associated deferred outflows and inflows of resources.

**Table 2 – Unrestricted Net Position (in thousands)**

	6/30/22	6/30/21
Unrestricted Net Position with Pension Impact	\$ (74,903)	(119,363)
Cumulative effect on Unrestricted Net Position associated with the net pension liability and OPEB	226,980	266,349
<b>Unrestricted Net Position without Pension &amp; OPEB</b>	<b>\$ 152,077</b>	<b>146,986</b>

Because the University is not required, and has no plans, to fund the net pension or OPEB liabilities, the unrestricted net position without the pension and OPEB impact is used for budgetary and operational purposes.

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

Table 3 - Condensed Statements of Revenues, Expenses and Changes in Net Position presents the financial activity of the University during the Fiscal Year. A key component of these statements is the differentiation between operating and nonoperating activities. Operating revenues, such as tuition and auxiliary operations, are earned primarily by providing services to the students and various constituencies of the University. Operating expenses are incurred to provide services, primarily instruction and research, or acquire goods necessary to carry out the mission of the University for which the University earns operating revenues. Nonoperating revenues are received when goods or services are not directly provided and include contributions, certain state appropriations and support, investment income or loss, federal interest subsidies, and Pell grant revenue. Nonoperating expenses include interest on long-term debt, bond issuance costs, and gains/losses on disposals of assets.

**Table 3 - Condensed Statements of Revenues, Expenses and Changes in Net Position for Years Ended June 30, 2022, 2021, and 2020 (in thousands)**

	2022	2021	2020	Increase (Decrease)			
				2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Operating Revenues	\$ 301,519	258,799	272,579	42,720	16.5%	(13,780)	(5.1%)
Operating Expenses	293,593	216,405	212,164	77,188	35.7%	4,241	2.0%
<b>Operating Income</b>	<b>7,926</b>	<b>42,394</b>	<b>60,415</b>	<b>(34,468)</b>	<b>(81.3%)</b>	<b>(18,021)</b>	<b>(29.8%)</b>
Net Nonoperating Revenues	18,828	49,043	35,220	(30,215)	(61.6%)	13,823	39.2%
<b>Income Before Other Revenues</b>	<b>26,754</b>	<b>91,437</b>	<b>95,635</b>	<b>(64,683)</b>	<b>(70.7%)</b>	<b>(4,198)</b>	<b>(4.4%)</b>
Other Revenues	13,790	18,109	8,547	(4,319)	(23.8%)	9,562	111.9%
<b>Increase in Net Position</b>	<b>40,544</b>	<b>109,546</b>	<b>104,182</b>	<b>(69,002)</b>	<b>(63.0%)</b>	<b>5,364</b>	<b>5.1%</b>
Net Position, Beginning of Year	142,835	33,289	(71,069)	109,546	329.1%	104,358	(146.8%)
Adjustment for change in accounting principle	-	-	176	-	0.0%	-	(100.0%)
<b>Net Position, End of Year</b>	<b>\$ 183,379</b>	<b>142,835</b>	<b>33,289</b>	<b>40,544</b>	<b>28.4%</b>	<b>109,722</b>	<b>(329.6%)</b>

Table 4 - Operating and Nonoperating Revenues for the Years Ended June 30, 2022, 2021, and 2020 provides gross operating and nonoperating (noncapital) revenues by major sources. As Table 4 shows, the University's total operating revenues increased 16.5 percent and decreased



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## Management Discussion and Analysis

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5.1 percent for Fiscal Years 2022 and 2021, respectively, and total revenues increased 4.1 percent over last Fiscal Year remained flat between Fiscal Years 2020 and 2021.

**Table 4 - Operating and Nonoperating Revenues for Years Ended June 30, 2022, 2021, and 2020** *(in thousands)*

	2022	2021	2020	Increase (Decrease)			
				2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
<b>Operating Revenues</b>							
Student Tuition and Fees, net	\$ 153,487	139,096	146,383	14,391	10.3%	(7,287)	(5.0%)
Grants and Contracts	84,081	80,791	76,711	3,290	4.1%	4,080	5.3%
Fee for Service	19,429	7,233	17,314	12,196	168.6%	(10,081)	(58.2%)
Auxiliary Enterprises, net	37,727	26,230	25,142	11,497	43.8%	1,088	4.3%
Other Operating	6,795	5,449	7,029	1,346	24.7%	(1,580)	(22.5%)
<b>Total Operating Revenues</b>	<b>\$ 301,519</b>	<b>258,799</b>	<b>272,579</b>	<b>42,720</b>	<b>16.5%</b>	<b>(13,780)</b>	<b>(5.1%)</b>
<b>Nonoperating Revenues</b>							
State Appropriations	\$ 3,380	4,234	3,606	(854)	(20.2%)	628	17.4%
State Support for Pensions	1,694	-	1,933	1,694	100.0%	(1,933)	(100.0%)
Contributions	24,580	22,370	23,798	2,210	9.9%	(1,428)	(6.0%)
Investment Income, net	(12,692)	8,972	7,490	(21,664)	(241.5%)	1,482	19.8%
Federal Nonoperating	13,766	25,878	8,076	(12,112)	(46.8%)	17,802	220.4%
Interest on long term debt	(13,112)	(12,398)	(9,120)	(714)	5.8%	(3,278)	35.9%
Other Nonoperating, net	1,212	(13)	(563)	1,225	(9423.1%)	550	(97.7%)
<b>Total Nonoperating Revenues</b>	<b>\$ 18,828</b>	<b>49,043</b>	<b>35,220</b>	<b>(30,215)</b>	<b>(61.6%)</b>	<b>13,823</b>	<b>39.2%</b>
<b>Total Revenues (noncapital)</b>	<b>\$ 320,347</b>	<b>307,842</b>	<b>307,799</b>	<b>12,505</b>	<b>4.1%</b>	<b>43</b>	<b>0.0%</b>

The University has experienced increases in several sources of operating revenue in Fiscal Year 2022, in contrast with decreases in most sources the prior year. Student Tuition and Fees (net of scholarship allowance) increased 10.3 percent from Fiscal Year 2021 due to an increase in tuition revenue and increase in state support through the Colorado Opportunity Fund (COF), the per credit hour rate was returned to \$94 after a single year decrease of \$40 in the per credit hour rate in fiscal 2021. The majority of the University's financial aid resources are applied to the students' accounts, and is recorded as a scholarship allowance, net of tuition and fee revenue. The University's total financial aid resources benefiting students were \$50,124,000, \$46,588,000, and \$42,994,000, in Fiscal Years 2022, 2021, and 2020, respectively. Comparatively, gross tuition increased \$16,695,000 in 2022 from 2021 and decreased \$5,118,000 in 2021 from 2020.

Grants and Contracts revenue for Fiscal Year 2022 increased 4.1 percent over Fiscal Year 2021. The University remains committed to increasing its focus and national role as a research institution. In Fiscal Year 2022, the University secured restricted research awards of \$101,417,000, compared to \$101,422,000 in Fiscal Year 2021 and \$95,216,000 in Fiscal Year 2020. The University continues to focus on securing funding from both federal and private industry sources as additional resources are focused on research and other sponsored programs. Revenue from the Federal Government represents approximately 74.8 percent and 76.8 percent of total grants and contracts revenue for Fiscal Years 2022 and 2021, respectively. Grants and contracts generally allow for reimbursement of a portion of any related administrative and facility overhead costs; in Fiscal Years 2022 and 2021, the University received reimbursements of approximately \$17,473,000 and \$17,089,000, respectively.



# Colorado School of Mines

## Management Discussion and Analysis

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The University receives funding from the State of Colorado in two ways; (1) fee-for-service contracts with the Colorado Department of Higher Education and (2) stipends to qualified undergraduate students used to pay a portion of tuition. In Fiscal Year 2022 our fee-for-service contract increased by \$12,196,000 and decreased by \$10,081,000 in Fiscal Year 2021. The level of funding received from the State is dependent on the State's budgetary process and decisions, which experienced an impact due to COVID-19 in Fiscal Year 2021.

The anticipated funding related to student stipends is incorporated into the University's student tuition rates. Table 5 – College Opportunity Fund (COF) – Undergraduate Student Stipends reflects the amount of COF stipends applied toward student accounts, the per credit hour stipend allotted per student approved by the State Legislature, and the total number of stipend eligible hours that students applied for during the past three years.

**Table 5 – College Opportunity Fund –Undergraduate Student Stipends**

		2022	2021	2020
Student stipends	\$	8,148,000	3,423,000	8,057,000
Stipend allotment		94/hour	40/hour	94/hour
Stipend eligible hours		86,695	85,577	85,718

Nonoperating revenues fluctuate from year to year due to the type of revenues being recognized. Over the past three Fiscal Years, contribution revenues, received primarily from the Foundation, have remained relatively flat. The University has experienced fluctuations in investment income over the last three Fiscal Years due to continued volatility in the financial markets that impact the fair market value of the University's investments held by the Foundation and amounts held by the State Treasurer. The University experienced unrealized gains and (losses) in Fiscal Years 2022, 2021, and 2020 of (\$14,343,000), \$7,201,000, and \$3,592,000, respectively. The realized investment income was \$2,132,000, \$2,227,000, and \$4,371,000, respectively, for the same periods. Federal nonoperating revenues consist of interest subsidies received for taxable Build America Bonds (BAB) issued by the University, financial aid received under the Pell program and the revenue earned under the various CARES Act programs. The University received \$884,000, \$890,000, and \$1,128,000 in federal interest subsidies in Fiscal Years 2022, 2021, and 2020, respectively. The amount of federal subsidies received is tied to the interest payments being made on the bonds. The decrease in revenue experienced during the past three years reflects the decrease in interest payments being made on the bonds. Revenues from the Pell program for Fiscal Years 2022, 2021, and 2020 were \$3,416,000, \$3,428,000, and \$3,530,000, respectively. Revenues fluctuate based on student activity in the Pell program. The federal government provided relief from the effects of COVID-19 through the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan. The University received funding under the CARES Act from the Higher education Emergency Relief Fund (HEERF) \$2,717,000 for Fiscal Year 2022, and CARES Act from the Higher education Emergency Relief Fund (HEERF) \$4,790,000, the Coronavirus Relief Fund (CRF) \$13,427,000, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of \$1,723,000, the American Rescue Plan (ARP) of \$1,620,000 for Fiscal Year 2021 and CARES Act from the Higher education Emergency Relief Fund (HEERF) of \$1,709,000 in Fiscal Year 2020.

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The programmatic and natural classification uses of University resources are displayed in Table 6 –Operating Expenses by Function and Natural Classifications.

**Table 6 - Operating Expenses by Function and Natural Classifications for Years Ended June 30, 2022, 2021, and 2020 (in thousands)**

By Functional Expense	Increase (Decrease)						
	2022	2021	2020	2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Education and General							
Instruction	\$ 76,929	50,131	54,426	26,798	53.5%	(4,295)	(7.9%)
Research	55,216	46,890	43,461	8,326	17.8%	3,429	7.9%
Public Service	1,048	238	410	810	340.3%	(172)	(42.0%)
Academic Support	20,202	13,722	13,994	6,480	47.2%	(272)	(1.9%)
Student Services	12,975	10,017	9,955	2,958	29.5%	62	0.6%
Institutional Support	27,300	18,085	18,613	9,215	51.0%	(528)	(2.8%)
Operation and Maintenance of Plant	30,311	20,253	21,519	10,058	49.7%	(1,266)	(5.9%)
Scholarships and Fellowships	7,764	7,050	5,256	714	10.1%	1,794	34.1%
<b>Total Education and General</b>	<b>231,745</b>	<b>166,386</b>	<b>167,634</b>	<b>65,359</b>	<b>39.3%</b>	<b>(1,248)</b>	<b>(0.7%)</b>
Auxiliary Enterprises	35,005	23,649	22,995	11,356	48.0%	654	2.8%
Depreciation and amortization	26,843	26,370	21,535	473	1.8%	4,835	22.5%
<b>Total Operating Expenses</b>	<b>\$ 293,593</b>	<b>216,405</b>	<b>212,164</b>	<b>77,188</b>	<b>35.7%</b>	<b>4,241</b>	<b>2.0%</b>
<b>By Natural Classification</b>							
Salaries and Benefits	\$ 166,685	110,147	110,169	56,538	51.3%	(22)	0.0%
Operating Expenses	100,065	79,888	80,460	20,177	25.3%	(572)	(0.7%)
Depreciation	26,843	26,370	21,535	473	1.8%	4,835	22.5%
<b>Total Operating Expenses</b>	<b>\$ 293,593</b>	<b>216,405</b>	<b>212,164</b>	<b>77,188</b>	<b>35.7%</b>	<b>4,241</b>	<b>2.0%</b>

Total operating expenses increased 35.7 percent from Fiscal Year 2021 to 2022 and 2.0 percent from Fiscal Year 2020 to 2021. The increase in Fiscal Year 2022 is primarily due to greater auxiliary activity and instruction costs combined with an increase in operation and maintenance of plant. The prior year increase is primarily due to increased research activity and higher depreciation costs. The University reported total pension and OPEB expenses of (\$37,676,000) for Fiscal Year 2022 compared to (\$82,848,000) for Fiscal Year 2021. These pension and OPEB related expenses impact most of the functional expense categories.

Excluding the impact of recording pension and OPEB expenses related to the net pension and OPEB liabilities described above, total operating expenses increased by 91.6 percent from Fiscal Year 2021 to Fiscal Year 2022 and 1.9 percent from Fiscal Year 2020 to Fiscal Year 2021. Increases in supplies and other operating expenses, and salaries and wages expense from Fiscal Year 2021 to Fiscal Year 2022 are the primary contributors to the increase in operating expense.

Supplies and other operating expense increased by \$16,783,000 as the University increased its investment in technology and experienced increased insurance costs.

In Fiscal Year 2021 the University opted to hold wages flat due to the uncertainty of the COVID-19 pandemic. In Fiscal Year 2022 the University restored wage increases for all classes of employees. The amounts reported for salaries and wages reflect the University resources dedicated to supporting employees.

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**Capital Assets and Debt Management**

As indicated in Table 7 - Capital Asset Categories, the University's capital assets consist of land, works of art, construction in progress, land improvements, buildings and improvements, software, equipment, library materials, right to use, and intangible assets with a gross book value of \$849,772,000, \$829,877,000, and \$769,506,000 at June 30, 2022, 2021 and 2020, respectively. Accumulated depreciation and accumulated amortization on depreciable assets totaled \$323,646,000, \$300,607,000 and \$277,064,000, at June 30, 2022, 2021 and 2020, respectively. The University continues to invest in academic and auxiliary facilities to enhance the educational and campus experience for students. During the construction of a project, costs are accumulated in construction in progress. Upon completion of the project, the costs are moved out of construction in progress into the appropriate asset classification.

**Table 7 - Capital Asset Categories (before depreciation) as of June 30, 2022, 2021, and 2020 (in thousands)**

				Increase (Decrease)			
	2022	2021	2020	2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Land	\$ 16,222	\$ 14,103	13,210	2,119	15.0%	893	6.8%
Works of Art	234	234	202	-	0.0%	32	15.8%
Construction in Progress	19,718	10,323	114,671	9,395	(91.0%)	(104,348)	(91.0%)
Land Improvements	36,134	36,122	28,429	12	0.0%	7,693	27.1%
Buildings & Improvements	660,186	655,224	511,242	4,962	0.8%	143,982	28.2%
Software	2,346	2,257	2,249	89	3.9%	8	0.4%
Equipment	99,368	96,693	85,737	2,675	2.8%	10,956	12.8%
Library materials	13,532	13,332	13,166	200	1.5%	166	1.3%
Right to Use	1,382	989	-	393	21.8%	989	100.0%
Intangible	600	600	600	-	0.0%	-	0.0%
<b>Total Capital Assets</b>	<b>\$ 849,722</b>	<b>829,877</b>	<b>769,506</b>	<b>19,845</b>	<b>2.4%</b>	<b>60,371</b>	<b>7.8%</b>
<b>Accumulated Depreciation</b>	<b>\$ 323,495</b>	<b>300,554</b>	<b>276,074</b>	<b>22,941</b>	<b>7.6%</b>	<b>24,480</b>	<b>8.9%</b>
<b>Amortization of RTU</b>	<b>\$ 151</b>	<b>53</b>	<b>990</b>	<b>98</b>	<b>184.9%</b>	<b>(937)</b>	<b>(94.6%)</b>
<b>Net Capital Assets</b>	<b>\$ 526,076</b>	<b>529,270</b>	<b>494,422</b>	<b>(3,194)</b>	<b>(0.6%)</b>	<b>34,848</b>	<b>7.0%</b>

During the past three years, the University has completed or began construction on the following capital projects:

**Active Projects**

- Labriola Innovation Complex. This \$23,900,000, 32,000 sq. foot Innovation Complex provides state-of-the-art maker spaces and hands-on learning spaces where students will cultivate teamwork, innovation and successful engineering outcomes through spaces built for education, design, prototype building and testing.
- Beck Venture Center. This \$23,700,000 project creates new space that fosters entrepreneurial and innovative ideas to grow. This building will connect all academic departments at the University and entrepreneurs with the infrastructure, resources and funding needed to achieve their goals of developing sustainable and

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successful commercial entities based on either Mines-derived or individual-derived technologies in a nearly 21,000 sq. foot building.

- Enterprise Resource Planning (ERP) Modernization. This multi-phase, four-year \$12,738,000 system modernization project will create streamlined processes throughout the University. The first phase will include Human Capital Management, Finance and Payroll. The second phase of the project will include Student Information Systems.
- Solar project for 7 locations across campus Photovoltaic (PV) panels which will provide 6% of all campus energy use, at a cost of approximately \$5,000,000. This project is anticipated to be completed in Fiscal Year 2023.
- 1600 Jackson Street Renovation. This \$3,700,000 renovation will upgrade mechanical and electrical systems including replacing large HVAC air handlers, temperature controls and electrical distribution. Also included is the replacement of windows, changes to the 2nd floor offices and break room, and the addition of modular work stations.

### Active and Completed Projects

#### Completed

The University completed many large projects in Fiscal Year 2021, and wrapped up a few smaller projects in Fiscal Year 2022. The largest project completed in Fiscal Year 2022:

- The University completed the install of an Alumni Interactive recognition display located in the Starzer Welcome Center for a cost of \$310,000 in Fiscal Year 2022.

#### Active

A list of the larger on-going or planned capital projects is detailed in Table 8 – Current Capital Construction Projects. Further detail regarding capital asset activity can be found in Note 4.

**Table 8 – Current Capital Construction Projects** *(in thousands)*

Project Description	Financing Sources	Budget
Labriola Innovation Complex	University resources	\$ 23,900
Beck Venture Center	University resources	23,700
ERP Modernization	State appropriation, University resources	12,700
Solar Pannels	University resources	5,000

In addition to operating and nonoperating revenues, the University received capital revenues in the amount shown in Table 9 – Capital Revenues. Year to year Capital Appropriations from the State are varied as they are based on the level of approved funding by the State for a respective project. In Fiscal Year 2022 the federal government partnered with the University to

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build a research building previously funded in small part by the State. With the change in ownership, the University reverted \$1,857,000 for the unearned State appropriation, offset by the ongoing state support for the ERP Modernization project. Within Capital Grants and Gifts, in Fiscal Year 2022, the University received gifts provided by donations to fund the Beck Venture Center, McNeil Hall, the CoorsTek Center for Applied Science and Engineering building and real

property located at 19<sup>th</sup> Street and Illinois Street. The property will be used to expand research, office, student, and academic space on campus in the future.

**Table 9 – Capital Revenues for the Years Ended June 30, 2022, 2021, and 2020** *(in thousands)*

Revenue Classification	2022	2021	2020	Increase (Decrease)			
				2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Capital appropriations and contributions from the State	\$ (1,068)	(2)	1,217	(1,066)	53,300%	(1,219)	(100.2%)
Capital grants and gifts	13,895	16,563	7,330	(2,668)	16.1%	9,233	125.9%
<b>Total Capital Revenues</b>	<b>\$ 12,827</b>	<b>16,561</b>	<b>8,547</b>	<b>(3,734)</b>	<b>(22.5%)</b>	<b>8,014</b>	<b>93.8%</b>

Table 10 – Deferred Outflows/Inflows of Resources represent the consumption and acquisition of net position of certain activities representing the change in fair value. These deferred outflows and inflows of resources are amortized to expense over a period of years depending on the specific type. See Notes 5 and 12 and the Required Supplementary Information for additional information.

**Table 10 – Deferred Outflows/Inflows of Resources at June 30, 2022, 2021, and 2020** *(in thousands)*

Type	2022	2021	2020	Increase (Decrease)			
				2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Loss on bond refunding	\$ 8,020	9,072	10,159	(1,052)	(11.6%)	(1,087)	(10.7%)
Components of pension liability	14,514	27,320	16,418	(12,806)	(46.9%)	10,902	66.4%
Components of OPEB	583	497	538	86	17.3%	(41)	(7.6%)
SWAP valuation	-	4,273	5,900	(4,273)	(100.0%)	(1,627)	(27.6%)
Components of ARO	159	149	150	10	6.7%	(1)	(0.7%)
<b>Total Deferred Outflows of Resource</b>	<b>\$ 23,276</b>	<b>41,311</b>	<b>33,165</b>	<b>(18,035)</b>	<b>(43.7%)</b>	<b>8,146</b>	<b>24.6%</b>
Components of pension liability	68,740	66,050	109,830	2,690	4.1%	(43,780)	(39.9%)
Components of OPEB	4,071	4,342	3,337	(271)	(6.2%)	1,005	30.1%
Components of Leases	6,347	7,585	-	(1,238)	(16.3%)	7,585	100.0%
SWAP valuation	324	-	-	324	100.0%	-	0.0%
<b>Total Deferred Inflows of Resources</b>	<b>\$ 79,482</b>	<b>77,977</b>	<b>113,167</b>	<b>1,505</b>	<b>1.9%</b>	<b>(35,190)</b>	<b>(31.1%)</b>

In accordance with accounting standards, the University is required to separately disclose the change in the fair market value of the interest rate swap. As of June 30, 2022, 2021, and 2020, the outstanding swap had a fair market value of (\$4,525,000), (\$9,645,000), and (\$12,838,000), respectively.

The University's long-term obligations, both current and noncurrent portions, as shown in Table 11 – Long-Term Debt Categories, are comprised principally of various revenue bonds issued to finance construction of the capital assets discussed above. As of June 30, 2022, 2021, and 2020,



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bonds and leases payable of \$312,105,000, \$320,674,000, and \$291,659,000, respectively, were outstanding.

**Table 11 – Long-Term Debt Categories at June 30, 2022, 2021, and 2020 (in thousands)**

Debt Type	2022	2021	2020	Increase (Decrease)			
				2022 vs 2021		2021 vs 2020	
				Amount	Percent	Amount	Percent
Revenue bonds	\$ 268,653	276,358	291,659	(7,705)	(2.8%)	(15,301)	(5.2%)
Financed Purchase	42,792	43,537	-	(745)	(2.8%)	43,537	100.0%
Leases	660	779	-	(119)	(1.9%)	779	100.0%
<b>Total Long-Term Debt</b>	<b>\$ 312,105</b>	<b>320,674</b>	<b>291,659</b>	<b>(8,569)</b>	<b>(2.7%)</b>	<b>29,015</b>	<b>9.9%</b>

Two of the University's outstanding bond issues qualify as Build America Bonds and one qualifies as a Qualified Energy Conservation Bond (QECB). As such, the University expects to receive a cash subsidy payment from the United States Treasury, referred to as Federal Direct Payments, equal to a percentage of the interest payable on the bonds on or around each interest payment date.

### Factors Impacting Future Periods

In Fiscal Year 2022 the University was able to maintain and improve the quality of academic programs, undertake new strategic initiatives, and meet its core mission and ongoing operational needs. This flexibility is impacted by many factors, principally by student enrollment and the resulting tuition and fees revenue, research volume, the level of state support, and the University's largest expense, compensation costs. COVID-19 affected the University's impact and planning for each of these factors in Fiscal Years 2021 and 2020 but less so in Fiscal Year 2022.

The University is focused on keeping tuition increases low. In Academic Year 2023 the Board of Trustees approved an increase of 2.1 percent for resident undergraduate tuition rates and a 3.0 percent increase in non-resident rates. After keeping resident tuition flat for two consecutive years and non-resident tuition for one year, the University has determined the need for slight increases for the Academic Year 2022 of 3.0 percent to resident tuition rates and 3.0 percent to non-resident tuition rates. This compares to Academic Years 2021 and 2020 where resident tuition remained flat and non-resident rates remained flat for 2021 and experienced a 3.0 percent increase in 2020. Table 12 – Full Time Tuition and Room and Board Charges per Year provides a trend of tuition and room and board charges for the academic years 2019 to 2022.

**Table 12 - Full Time Tuition and Room and Board Charges per Year**

Academic Year	Annual Full-time Undergraduate Tuition Rates		Annual Room and Board (avg.)		
	Residents*	Non-residents	Double	Single	Meal Plan
2023	\$ 17,520	39,600	9,610	11,924	6,500
2022	17,160	38,460	9,196	11,411	6,220
2021	16,650	37,350	8,800	10,920	6,120
2020	16,650	37,350	8,462	10,500	5,960

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Fall 2022 total enrollment increased 3.3 percent from Fall 2021. This increase was primarily due to our strong retention rate and new enrollment primarily in undergraduate degree programs.

**Table 13 - Fall Enrollment Trends**

Academic Year	Undergraduate Students			Graduate Students			Total		
	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents	Total
2022	3,159	2,574	5,733	912	763	1,675	4,071	3,337	7,408
2021	3,029	2,414	5,443	907	822	1,729	3,936	3,236	7,172
2020	2,903	2,308	5,211	867	676	1,543	3,770	2,984	6,754

Table 14 – Fall Semester Undergraduate Admissions trends highlights the University’s ability to attract freshmen students and transfer students. As demonstrated by Tables 13 and 14, the University continues to be successful in attracting new students.

**Table 14 - Fall Semester Undergraduate Admissions Trends**

Fall of Year	Number of Applicants	Number Accepted	Percent Accepted	Number Committed	Percent Committed
2022	11,357	6,537	57.6%	1,659	25.4%
2021	12,674	7,100	56.0%	1,570	22.1%
2020	12,682	6,964	54.9%	1,338	19.2%

Due to the financial impacts of COVID-19 on the State of Colorado, the state’s allocation of the budget for higher education has fluctuated significantly over the last three years. For Fiscal Year 2022 the University’s allocation of the higher education budget is \$2,632,000 higher than the prior year’s allocation. Table 15 - State Operating Support shows the trend in State Support for the Fiscal Years 2020 to 2023.

**Table 15 – State Operating Support (in thousands)**

Fiscal Year	State Support *	Total Operating Revenues **	% of Total State Operating Support to Total Operating Revenues
2023	\$ 30,209	405,057	7.5%
2022	27,577	301,519	9.1%
2021	10,656	258,799	10.7%
2020	25,371	258,980	4.1%

\*State support includes student stipends and a fee-for-service contract funded from the College Opportunity Fund.

\*\*Fiscal Year 2023 Amount of State Support is based on amounts included in the State’s Long Appropriation Act (Long Bill). Total Operating Revenues is based on the University’s Fiscal Year 2023 projected revenues.

The State is currently in their budget process for Fiscal Year 2024 and at this time it is unknown what funding will be allocated to Higher Education and specifically the University.

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**Financial Sustainability:**

In 2016, the University developed a strategic plan, Mines@150, which charts out a path to enhance the University's distinction and excellence. The plan focuses on a signature experience for our students, entrepreneurship and innovation, growing the scale and impact of our research, and attracting private partners. We are well underway in our implementation of the plan which includes growth and diversification of our revenue stream. As part of the revenue diversification, in Fiscal Year 2018 we developed an online platform in order to offer certain graduate degrees and certificates to students around the world. We have seen growth in enrollment of online students driven from newly created online graduate degree and certificate programs. Additionally, in fall 2020, we announced our fundraising campaign "A Campaign for Mines@150". The intent of this campaign is to garner private support for the initiatives that are represented in the strategic plan.

The University continues to look at ways to control increases in operating costs. The University continually evaluates administrative processes and develops processes for streamlining services and providing efficiencies and value-added services. As a result of one of these initiatives, the University implemented an administrative shared services model in Fiscal Year 2019. The shared services model consolidates procurement, travel, accounts payable, payroll services, and accounting services mitigating the need for duplicative processes across the organization. The University is also in the process of updating the ERP system for Finance and Human Resource processing. The University is looking forward to the efficiencies gained with the launch of this new system

In January 2017, the University began offering an alternative retirement plan for newly hired academic and administrative faculty. As of July 1, 2021, the employer contribution to the Mines Defined Contribution Plan (MDCP) is 12 percent compared to the combined 21.00 percent required retirement contribution to PERA. All academic and administrative faculty hired starting January 1, 2017 that do not have at least one year of prior PERA service credit are enrolled in the MDCP. All academic and administrative faculty hired starting January 1, 2017 that have at least one year of prior PERA service credit have a one-time irrevocable option to either stay in PERA or enroll in the MDCP. The financial savings to the University have exceeded \$13,000,000 since inception and are expected to increase significantly in future years as the workforce turns over and a larger percentage of academic and administrative faculty are part of the MDCP.

As the University looks forward, it must ensure that the human capital, physical infrastructure, and financial aid resources accommodates student academic and social needs and expectations, optimizes the professional opportunities for its faculty, fosters growth in research, and enhances business process, all with a single focus of being a world-class institution. The University's Fiscal Year 2022 budget was developed to devote resources to all of these strategic areas as well as to respond to the possible impacts that the pandemic could continue to have on the University.



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**Future Capital Projects**

Due to growth in undergraduate enrollment, research and entrepreneurship and innovation initiatives, our planning efforts on multiple projects that will either be fully or primarily funded by existing student fees, external gifts and or grants, and state appropriations. Continuation of these critical projects will improve the University's infrastructure and enhance the student experience in alignment with our strategic plan, Mines@150. The planning projects that we are moving forward with are:

**Early Childhood Education Center.** The University is planning for an early childhood education center providing service to Mines employees and graduate students. The current plan includes a 11,500 gross square foot, \$9,200,000 building providing educational opportunities to approximately 100 children ranging in age from infant to pre-kindergarten.

**Parking Garage and Classroom Building.** To accommodate growth and construction projects on existing surface lots, the University is planning to build a parking garage on campus with approximately 870 spaces. The garage will be wrapped with a classroom building providing 51,000 gross square feet of classroom and faculty space. The project budget is estimated at \$74,500,000. Construction is expected to begin in Fiscal Year 2023 and be completed in Fiscal Year 2024.

**Student Housing.** The University's master plan calls for an expansion of student housing to increase connectiveness on campus and improve the student experience. Housing goals include providing enough housing for sophomores and expanding housing capacity for upper-level and graduate students. Capital project planning has commenced and currently envisions a new sophomore residential facility south of 19<sup>th</sup> street on campus as well as the renovation and expansion of the existing apartment-style units at Mines Park on the west side of campus. These projects are still begin planned but are expected to begin late in Fiscal Year 2023 or early in Fiscal Year 2024.

**Dining and Recreation.** Concurrent with the expansion of student housing as well as to accommodate increasing enrollment, the University plans to construct additional dining and recreation facilities on campus. These projects are still in the planning phases but may commence by Fiscal Year 2024.

**Economic Outlook**

Despite the increased economic volatility, the impact of increasing inflation and other economic matters, the University believes it is well-positioned financially. The University continues to make strategic decisions when operating expense increases outpace operating revenue increases. Enrollment remains strong and is growing in both the undergraduate and graduate student space. The University has been deliberate in keeping tuition increases low for the last few academic years, in academic year 2021-2022 the university made the decision to increase tuition revenue by 3.0 percent for resident students and 3.0 percent for non-resident students. The University has continued to experience strong enrollment, over the last few academic years the University has increased total enrollment from fall 2020 to fall 2022 by 9.7 percent. We are

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also experiencing continued growth in sponsored research from federal and industry sponsors. Lastly, philanthropic support remained robust as we are fully engaged in the Campaign for Mines@150.

**Requests for Information**

This financial report is designed to provide a general overview of the University's finances for all those with an interest in the University's finances. Questions concerning any other information provided in this report or requests for additional financial information should be addressed to the Department of Finance and Administration, 1500 Illinois Street, Golden, Colorado 80401-1887

# Colorado School of Mines

## Statements of Net Position

Years Ended June 30 2022 and 2021 *(in thousands)*

	2022		2021 as restated	
	University	Component Unit	University	Component Unit
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 136,207	13,194	\$ 126,020	18,856
Accounts and loans receivable, net	41,739	12,295	40,910	30,461
Other assets	3,300	-	1,934	-
<b>Total Current Assets</b>	<b>\$ 181,246</b>	<b>25,489</b>	<b>\$ 168,864</b>	<b>49,317</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ 25,481	-	\$ 36,187	-
Investments	34,442	394,203	39,993	436,907
Accounts and loans receivable	1,583	5,841	2,389	11,587
Other assets	5,710	310	6,837	205
Capital assets, net	526,076	-	529,270	100
<b>Total Noncurrent Assets</b>	<b>\$ 593,292</b>	<b>400,354</b>	<b>\$ 614,676</b>	<b>448,799</b>
<b>Total Assets</b>	<b>\$ 774,538</b>	<b>425,843</b>	<b>\$ 783,540</b>	<b>498,116</b>
<b>Deferred Outflows of Resources</b>				
Loss on bond refundings	\$ 8,020	-	\$ 9,072	-
SWAP Valuation	-	-	4,273	-
Pension related	14,514	-	27,320	-
OPEB related	583	-	497	-
Asset retirement obligation	159	-	149	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 23,276</b>	<b>-</b>	<b>\$ 41,311</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 21,338	9,055	\$ 18,057	3,168
Accrued compensated absences	732	-	787	-
Unearned revenue	16,380	-	18,765	-
Bonds and notes payable	8,573	-	7,533	-
Other liabilities	697	-	1,155	-
<b>Total Current Liabilities</b>	<b>\$ 47,720</b>	<b>9,055</b>	<b>\$ 46,297</b>	<b>3,168</b>
<b>Noncurrent Liabilities</b>				
Accrued compensated absences	\$ 7,802	-	\$ 8,449	-
Bonds and notes payable	303,161	-	312,665	-
Leases payable	371	-	476	-
Interest rate swap agreement	4,525	-	9,645	-
Net pension liability	162,868	-	216,330	-
Net OPEB liability	6,398	-	7,444	-
Other liabilities	2,108	39,772	2,733	46,463
<b>Total Noncurrent Liabilities</b>	<b>\$ 487,233</b>	<b>39,772</b>	<b>\$ 557,742</b>	<b>46,463</b>
<b>Total Liabilities</b>	<b>\$ 534,953</b>	<b>48,827</b>	<b>\$ 604,039</b>	<b>49,631</b>
<b>Deferred Inflows of Resources</b>				
Leases	\$ 6,347	-	\$ 7,585	-
SWAP	324	-	-	-
Pension related	68,740	-	66,050	-
OPEB related	4,071	-	4,342	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 79,482</b>	<b>-</b>	<b>\$ 77,977</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	\$ 228,522	-	\$ 226,761	-
<b>Restricted for nonexpendable purposes</b>				
Instruction	\$ 3,360	-	\$ 3,360	-
Scholarships and fellowships	2,051	113,082	2,051	126,851
Other	2,450	100,940	1,891	116,683
<b>Total restricted for nonexpendable purposes</b>	<b>\$ 7,861</b>	<b>214,022</b>	<b>\$ 7,302</b>	<b>243,534</b>
<b>Restricted for expendable purposes</b>				
Scholarships and fellowships	\$ 5,738	72,941	\$ 6,809	65,008
Loans	1,262	1,379	1,611	1,465
Research	7,557	2,277	7,196	2,431
Capital projects	4,020	5,711	7,991	7,906
Other	3,322	52,866	4,528	82,387
<b>Total restricted for expendable purposes</b>	<b>\$ 21,899</b>	<b>135,174</b>	<b>\$ 28,135</b>	<b>159,197</b>
Unrestricted	\$ (74,903)	27,820	\$ (119,363)	45,754
<b>Total Net Position</b>	<b>\$ 183,379</b>	<b>377,016</b>	<b>\$ 142,835</b>	<b>448,485</b>

**Colorado School of Mines**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
Years Ended June 30, 2022 and 2021 *(in thousands)*

	<b>2022</b>		<b>2021 as restated</b>	
	<b>University</b>	<b>Component Unit</b>	<b>University</b>	<b>Component Unit</b>
<b>Operating Revenues</b>				
Tuition and fees, (net of scholarship allowance of \$48,726 in 2022 and \$44,936 in 2021)	\$ 153,487	-	\$ 139,096	-
Fee-for-service	19,429	-	7,233	-
Federal grants and contracts	62,877	-	62,041	-
State grants and contracts	4,612	-	4,101	-
Nongovernmental grants and contracts	16,592	-	14,649	-
Auxiliary enterprises, (net of scholarship allowance of \$1,398 in 2022 and \$1,652 in 2021)	37,727	-	26,230	-
Contributions	-	33,076	-	34,192
Other operating revenues	6,795	2,227	5,449	705
<b>Total Operating Revenues</b>	<b>\$ 301,519</b>	<b>35,303</b>	<b>\$ 258,799</b>	<b>34,897</b>
<b>Operating Expenses</b>				
Education and General				
Instruction	\$ 76,929	-	\$ 50,131	-
Research	55,216	-	46,890	-
Public service	1,048	-	238	-
Academic support	20,202	-	13,722	-
Student services	12,975	-	10,017	-
Institutional support	27,300	45,241	18,085	38,069
Operation and maintenance of plant	30,311	-	20,253	-
Scholarships and fellowships	7,764	-	7,050	-
Total Education and General	231,745	45,241	166,386	38,069
Auxiliary enterprises	35,005	-	23,649	-
Depreciation and amortization	26,843	-	26,370	-
<b>Total Operating Expenses</b>	<b>\$ 293,593</b>	<b>45,241</b>	<b>\$ 216,405</b>	<b>38,069</b>
<b>Operating Income (Loss)</b>	<b>\$ 7,926</b>	<b>(9,938)</b>	<b>\$ 42,394</b>	<b>(3,172)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations, non-capital	\$ 3,380	-	\$ 4,234	-
State Support for pensions	1,694	-	-	-
Federal appropriations, non-operating	4,032	-	-	-
Contributions from the Foundation	19,698	-	18,442	-
Contributions	4,882	-	3,928	-
Investment loss, net	(12,692)	(61,531)	8,972	106,030
Interest on debt	(13,112)	-	(12,398)	-
Federal nonoperating revenue	9,734	-	25,878	-
Other nonoperating expenses	(13)	-	(689)	-
Other nonoperating revenue	1,225	-	676	-
<b>Net Nonoperating Revenues</b>	<b>\$ 18,828</b>	<b>(61,531)</b>	<b>\$ 49,043</b>	<b>106,030</b>
<b>Income Before Other Revenues</b>	<b>\$ 26,754</b>	<b>(71,469)</b>	<b>\$ 91,437</b>	<b>102,858</b>
Capital appropriations and contributions from State	(1,068)	-	(2)	-
Capital grants and gifts	13,895	-	16,563	-
Additions to permanent endowments	963	-	1,033	-
Settlement proceeds	-	-	515	-
<b>Total Other Revenues</b>	<b>\$ 13,790</b>	<b>-</b>	<b>\$ 18,109</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>40,544</b>	<b>(71,469)</b>	<b>109,546</b>	<b>102,858</b>
Net Position, Beginning of Year	142,373	448,485	33,289	345,627
Changes for change in accounting principle	462	-	-	-
<b>Net Position, End of Year</b>	<b>\$ 183,379</b>	<b>377,016</b>	<b>\$ 142,835</b>	<b>448,485</b>

# Colorado School of Mines

## Statements of Cash Flows

Years Ended June 30, 2022 and 2021 *(in thousands)*

	2022	2021 as restated
<b>Cash Flows from Operating Activities:</b>		
Tuition and fees	\$ 150,318	\$ 132,152
Grants and contracts	102,820	74,054
Sales of services from auxiliary enterprises	37,573	26,267
Collection of loans to students	1,451	1,097
Receipts from the Foundation	1,792	1,528
Other operating receipts	5,661	4,621
Direct lending receipts	32,628	32,605
Direct lending disbursements	(32,628)	(32,625)
Payments to employees	(143,241)	(132,857)
Payments for employee benefits	(61,431)	(58,484)
Payments to suppliers	(85,124)	(70,373)
Developmental services fees	(2,202)	(2,200)
Scholarships disbursed	(7,632)	(6,890)
Loans issued to students	(1,058)	(649)
<b>Net cash used for operating activities</b>	<b>\$ (1,073)</b>	<b>\$ (31,754)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Receipts from the Foundation	\$ 17,698	\$ 17,470
State appropriations, non-capital	3,380	4,200
Gifts and grants for other than capital purposes	6,132	5,450
Additions to permanent endowments	964	1,033
Principal payments on noncapital debt	-	(370)
Interest payments on noncapital debt	-	(9)
Funds invested with the Foundation	(2,067)	(1)
Federal nonoperating revenue	15,388	13,495
Agency inflows	9,692	9,512
Agency outflows	(9,689)	(9,517)
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 41,498</b>	<b>\$ 41,263</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
State appropriations, capital	\$ (1,068)	\$ (2)
Capital gifts	3,377	8,309
Academic facility fees	4,155	4,034
Receipts as lessor	1,566	1,542
Bond proceeds	-	344
Bond issuance and other loan costs	(13)	(19)
Acquisition and construction of capital assets	(21,716)	(21,235)
Principal payments on capital debt	(7,230)	(9,387)
Interest payments on capital debt	(13,880)	(14,250)
Payments as lessee	(368)	(232)
Federal nonoperating revenue	884	1,451
<b>Net cash used for capital and related financing activities</b>	<b>\$ (34,293)</b>	<b>\$ (29,445)</b>
<b>Cash Flows from Investing activities:</b>		
Interest and dividends on investments	(6,651)	(1,186)
<b>Net cash provided used for investing activities</b>	<b>\$ (6,651)</b>	<b>\$ (1,186)</b>
Net Decrease in cash and cash equivalents	(519)	(21,122)
Cash and cash equivalents, Beginning of Year	162,207	183,329
<b>Cash and cash equivalents, End of Year</b>	<b>\$ 161,688</b>	<b>\$ 162,207</b>



# Colorado School of Mines

## Statements of Cash Flows

Years Ended June 30, 2022 and 2021 *(in thousands)*

	2022	2021 as restated
<b>Reconciliation of Operating Income to Net Cash Provided by</b>		
<b>Operating Activities:</b>		
Operating Income	\$ 7,926	\$ 42,394
<b>Adjustments</b>		
Depreciation and amortization expense	26,843	26,370
Noncash operating expenses	5,460	485
Receipts of items classified as non-operating revenues	3,845	2,287
Academic construction fee split out of tuition to capital	(4,155)	(4,034)
Operating activity from SRECNA shown with capital financing	(1,720)	(1,823)
<b>Changes in assets and liabilities:</b>		
Accounts and loans receivable	2,550	(15,355)
Other assets	(1,366)	(27)
Loans to students	947	799
Accounts payable and accrued liabilities	2,084	3,412
Unearned revenue	(2,385)	(2,002)
Accrued compensated absences	(702)	574
Other liabilities	(55,529)	(31,197)
<b>Changes in deferred outflows and inflows:</b>		
Deferred outflows - Pension	12,806	(10,902)
Deferred outflows - OPEB	(86)	40
Deferred outflows - Other	(10)	1
Deferred inflows - Pension	2,690	(43,780)
Deferred inflows - OPEB	(271)	1,004
Deferred inflows - Other	-	-
<b>Net cash used for operating activities</b>	<b>\$ (1,073)</b>	<b>(31,754)</b>
<b>Noncash Investing, Capital and Financing Activities:</b>		
Capital assets acquired by donations, state funded, and payable increases	10,104	5,021
Fair value change in interest rate swap	(5,120)	(3,193)
Realized/unrealized gains on investments	(5,561)	10,652
Administrative fees on investments	480	454
Accretion of interest on deep discount debt	344	397
Amortization of premiums/discounts	(1,568)	(1,628)
Amortization of deferred losses and swap termination	529	(479)
Loss on disposal of assets	(210)	(707)
Construction In Progress adjustments and deductions	(5,133)	(450)
State Support for Pensions	1,694	-
Federal noncapital financing receivable (CARES)	(2,506)	782
Federal capital financing receivable (BABS)	-	(561)
Bond underwriter costs	-	106
Capital debt forgiven	-	5,480
Building acquired by capital lease	216	44,249

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Note 1: Basis of Presentation and Summary of Significant Accounting Policies

#### Governance

Colorado School of Mines (the University) is a public institution of higher education with a primary emphasis in engineering and science education and research. The University is governed by a nine-member Board of Trustees. Seven voting members are appointed by the Governor of the State of Colorado with the consent of the Colorado Senate. Two non-voting members, representing the faculty and students of the University, are voted in by the respective constituents.

#### Financial Reporting Entity and Basis of Presentation

The University's financial reporting entity includes the operations of the University and all related entities for which the University is financially accountable or that provide services to the University, referred to as blended component units. 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. The University includes the following blended component units:

- Colorado School of Mines Building Corporation: established in June 1976 as a separate corporation under the laws of the State of Colorado. The purpose of the corporation was to build a facility that would house the United States Geological Survey (USGS). The Corporation collects annual rent payments from the USGS. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.
- Mines Applied Technology Transfer Inc. (MATTI): established in 2002 as a separate corporation under the laws of the State of Colorado with a December 31 year-end. The purpose of MATTI, a not-for-profit 501(c)(3), is to further the education, research, development and public services objectives of the University and to further the transfer of newly created technologies from the University to the private sector. The corporation is operated exclusively for the benefit of the University. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.

#### Discretely Presented Component Unit

The University's financial statements include one supporting organization as a discretely presented component unit (DPCU) of the University.

Colorado School of Mines Foundation, Incorporated (the Foundation) is a legally separate entity incorporated under Article 40, Title 7 of the Colorado Revised Statutes of 1973. The Foundation was established in 1928 to promote the welfare, development and growth of the University. The Foundation has a determination letter from the Internal Revenue Service stating it qualifies under Section 501(c)(3) of the Internal Revenue Code as a public charity. Although the University does not control the timing of receipts received by the Foundation, the majority of

# **Colorado School of Mines**

## **Notes to Financial Statements**

Years Ended June 30, 2022 and 2021 *(in thousands)*

resources or income thereon the Foundation holds and invests are restricted by the donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. Separately issued financial statements are available by contacting the Foundation at PO Box 4005, Golden, Colorado, 80401-0005.

### **Relationship to State of Colorado**

Article VIII, Section 5 of the Colorado Constitution declares the University to be a state institution. Thus, for financial reporting purposes, the University is included as part of the State primary government.

### **Basis of Accounting and Presentation**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been 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.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

### **Significant Accounting Policies**

#### **Cash and Cash Equivalents**

The University considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of funds invested through the State Treasurer's Cash Management Program and money market funds with brokers.

#### **Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents include amounts where use is constrained either through external party restrictions or imposition by law. Restricted purposes include gifts, endowments, debt funded project construction and debt service reserves.



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using values provided by the investment managers, along with managements estimates. Investments include, but are not limited to, funds managed by the Foundation on behalf of the University.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

### Accounts and Loans Receivable

Accounts and loans receivable consist of tuition and fee charges to students, charges for auxiliary enterprise services provided to students, advances to faculty, staff, and students, activity related to research and other sponsored contracts and grants, and short and long-term loans issued to students under various federal and other loan programs to cover tuition and fee charges. Receivables are recorded net of estimated uncollectible amounts. The University also administers student loans on behalf of the discretely presented component unit. The student loans administered by the University are recorded as a receivable from the student, included with loans to students in the Statement of Net Position, and a liability to the component unit.

### Inventories

Inventories are stated at the lower of cost, determined using the FIFO (first-in, first-out) method, or market.

### Bond Issuance Costs

Bond issuance costs incurred on revenue bond issues are expensed in the year the bond issue occurs.

### Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation, if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the University:

Land Improvements	20	Years
Building and improvements	20-50	Years
Leasehold Improvements	20	Years
<i>Lesser of lease term or 20yrs</i>		
Equipment	3-20	Years
Software	3-10	Years
Library Materials	10	Years

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.

# **Colorado School of Mines**

## **Notes to Financial Statements**

Years Ended June 30, 2022 and 2021 *(in thousands)*

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For renovations and improvements, the capitalization policy includes items with a value of \$50,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

Assets recorded under financed purchase agreements are recorded at the present value of future minimum lease payments and are amortized over either the term of the lease or the estimated useful life of the asset, whichever period is shorter. Such amortization is included as depreciation expense in the accompanying financial statements.

Intangible assets are carried at cost and are comprised of an indefeasible right to use certain fiber optic cables. Intangible assets are amortized over 20 years.

### **Compensated Absences**

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time-off or, in limited circumstances, as a cash payment. Expense and the related liabilities that are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time-off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time-off are recognized as expense when the time-off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect as of June 30 plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

### **Unearned Revenue – Tuition, Fees and Grants**

Unearned revenue represents student tuition and fees, for which the University has not provided the associated services, and advances on grants and contract awards for which the University has not provided services or has not met all of the applicable eligibility requirements.

### **Bonds**

Bonds represent debt by borrowing or financing usually for the acquisition of land, buildings, equipment, or capital construction. The University has an International Swaps and Derivatives Association (ISDA) Master Swap Agreement in order to convert certain variable rate debt to a synthetic fixed rate, thereby economically hedging against changes in the cash flow requirements of the University's variable interest rate debt obligations (Note 9).

### **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent losses on various bond refunding, net pension related items, other post retirement obligation items and future asset retirement obligations.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

Deferred inflows of resources represent right to use assets, the market to market valuation of the University's SWAP agreement, net pension liability related items and other post retirement obligation items.

For current re-funding and advance refunding resulting in defeasance of debt, the difference between the re-acquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources on the Statement of Net Position and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The University recognized a deferred inflow in Fiscal Year 2022 and a deferred outflow in Fiscal Year 2021 for the mark to market valuation of the SWAP agreement.

For the net pension liability related items, the difference between expected and actual experiences, the difference between projected and actual earnings on pension plan investments, the impact on the net pension liability resulting from changes in plan related assumptions, the changes in the University's proportionate share of the net pension liability, and contributions paid to PERA subsequent to the plan's measurement date are all reported as either a deferred outflow or a deferred inflow of resources on the Statement of Net Position and are amortized as a component of pension expense over varying amounts of time.

The Right to Use Lease activities includes the future payments expected from lease agreements where the University has provided a level of control over the access and right to use the assets. These agreements exceed a 12-month period and the total present value expected from the agreement exceeds the capitalization threshold set by the University. Lease revenue will be recorded ratably over the term of the underlying agreement.

The Asset Retirement Obligation (ARO) liability is the estimated costs of legally enforceable obligations required to sell, retire, recycle or dispose of specific assets. The legally enforceable obligation could come from federal, state or local laws and regulations, binding contracts, court judgments. These costs include but are not limited to specific cleaning processes, environmental remediation, transportation and disposal. The University recognizes this liability over the useful life of the assets with legally enforceable obligations.

### Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

**Operating revenues** – Operating revenues include activities that have the characteristics of exchange or exchange like transactions, program-specific, or government-mandated non-exchange transactions, such as (1) student tuition and fees, net (includes Colorado Opportunity Fund stipends (COF)) (2) state fee for service contract (3) sales and services of auxiliary enterprises, (4) contracts and grants for research activities and other sponsored programs and (5) interest on student loans.

**Nonoperating revenues** – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenue sources that are not deemed operating revenues including Federal Pell revenue, Federal

# **Colorado School of Mines**

## **Notes to Financial Statements**

Years Ended June 30, 2022 and 2021 *(in thousands)*

Pandemic Aid revenue, state appropriations for non-capital, state support for pensions, and interest subsidy payments associated with Build America Bonds.

### **Scholarship Discounts and Allowances**

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other Federal, State or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, and other student charges, the University has recorded a scholarship allowance.

### **Donor Restricted Endowments**

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 Foundation is based on a spending rate set by the Foundation board on an annual basis. For the years ended June 30, 2022 and 2021, the authorized spending rate was equal to the 4.25 percent of the rolling 36-month average market value of the endowment investments. Earnings net of fees in excess of the amount authorized for spending are available in future years and are included in the value of the related investment.

### **Application of Restricted and Unrestricted Resources**

The University first applies restricted resources when an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available.

### **Income Taxes**

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal and state income tax on any unrelated business taxable income. No tax liability has been determined related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2022 and the University paid \$5,400 for the 2021 liability.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Reclassifications

Certain prior year amounts have been reclassified to conform with the 2022 presentation.

### Note 2: Cash and Cash Equivalents, and Investments

The University's and DPCU cash and cash equivalents as of June 30 are detailed in Table 2.1, Cash and Cash Equivalents.

**Table 2.1 Cash and Cash Equivalents *(in thousands)***

Type	2022	2021
<b>University</b>		
Cash on hand	\$ 15	16
Cash with U.S. financial institutions	16,155	18,790
Cash with State Treasurer	145,518	143,401
<b>Cash and Cash Equivalents - University</b>	<b>\$ 161,688</b>	<b>162,207</b>
<b>Discretely Presented Component Unit</b>		
Cash with U.S. financial institutions	13,194	18,856
<b>Cash and Cash Equivalents - DPCU</b>	<b>\$ 13,194</b>	<b>18,856</b>

### Deposits

The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2022, the University had cash on deposit with the State Treasurer of \$145,664,000 which represented approximately 0.69 percent of the total \$21,060,900,000 fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2021, the University had cash deposit with the Treasury of \$143,401,000 which represented approximately 0.81 percent of the total \$17,744,600,000 fair value of deposits in the Pool. As of June 30, 2022, and 2021, the Pool's resources included \$47,200,000 and 36,100,000 of cash on hand, respectively, and \$21,013,700,000 and \$17,708,500,000 of investments, respectively.

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

Additional information on investments of the State Treasurer's Pool may be obtained in the state's Annual Comprehensive Financial Report for the year ended June 30, 2022.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

Deposits not with the Treasury are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance (FDIC) and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (the Public Deposit Protection Act) or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor – government's name. Accordingly, none of the University's deposits as of June 30, 2022 and 2021 are deemed to be exposed to custodial credit risk. As of June 30, 2022, and 2021, the DPCU maintained balances in various operating accounts in excess of federally insured limits totaling approximately \$13,000,000 and \$18,600,000, respectively.

### Investments

The University has authority to invest institutional funds in any investment deemed advisable by the governing board per section 15-1-1106, C.R.S. The University may legally invest in direct obligations of, and other obligations guaranteed as to principal by, the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest, to a limited extent, in equity securities.

**Credit Quality Risk-** Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk only applies to debt investments. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The University has no investment policy that would further limit its investment choices beyond those allowed by State statute. The corporate bond funds shown in table 2.2 are mutual funds and therefore are not rated.

**Interest Rate Risk-** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate risk only applies to debt investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Interest rate risk inherent in the University's investments is measured by monitoring the modified duration of the overall investments portfolio. Modified duration estimates the sensitivity of the University's investments to changes in the interest rates. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk-** Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. At June 30, 2022 and 2021, no single investment of the University's exceeded 5 percent of the total investments.

Most of the University's investments are managed by the Colorado School of Mines Foundation (Foundation), on behalf of the University and are reflected in the Foundation's Long-term Investment Pool (LTIP). The University's investments represent a proportionate share of the Foundation's LTIP and therefore, the University does not own any specific investments. As such

## **Colorado School of Mines**

### **Notes to Financial Statements**

Years Ended June 30, 2022 and 2021 *(in thousands)*

the fair value measurement for the University's investments are reported as a Level 3 as described below. The University investments are under the Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding for the University. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio. This policy minimizes concentration credit risk.

The Foundation categorizes fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are significant other than quoted prices that are observable for the investment either directly or indirectly; Level 3 are significant unobservable inputs where little or no market data is available, which requires the entity to develop its own assumptions. The fair value measurement of investments of June 30, 2022 and 2021 are shown in Table 2.2 Fair Value Measurements.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 2.2 Fair Value Measurements *(in thousands)***

2022					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
<b>University</b>					
Corporate equity securities	\$ 213	-	-	-	213
Investments with Foundation	-	-	34,229	-	34,229
<b>Total Investments - University</b>	<b>\$ 213</b>	<b>-</b>	<b>34,229</b>	<b>-</b>	<b>34,442</b>
<b>Liabilities</b>					
Interest Rate Swap Agreement	-	4,525	-	-	4,525
<b>Total Liabilities - University</b>	<b>-</b>	<b>4,525</b>	<b>-</b>	<b>-</b>	<b>4,525</b>
<b>Discretely Presented Component Unit</b>					
Cash equivalents	52,622	-	-	-	52,622
Corporate equity securities	72,290	-	-	95,735	168,025
Hedge funds	-	-	-	39,511	39,511
Private equity	-	-	-	101,217	101,217
Corporate bond funds	12,212	-	-	-	12,212
Split-interest agreements	3,115	-	-	-	3,115
Gift annuity agreements	2,743	8	-	-	2,751
Beneficial interest investments	-	-	14,750	-	14,750
<b>Total Investments-DPCU</b>	<b>\$ 142,982</b>	<b>8</b>	<b>14,750</b>	<b>236,463</b>	<b>394,203</b>
2021					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
<b>University</b>					
Corporate equity securities	\$ 199	-	-	-	199
Investments with Foundation	-	-	39,794	-	39,794
<b>Total Investments - University</b>	<b>\$ 199</b>	<b>-</b>	<b>39,794</b>	<b>-</b>	<b>39,993</b>
<b>Liabilities</b>					
Interest Rate Swap Agreement	-	9,645	-	-	9,645
<b>Total Liabilities - University</b>	<b>-</b>	<b>9,645</b>	<b>-</b>	<b>-</b>	<b>9,645</b>
<b>Discretely Presented Component Unit</b>					
Cash equivalents	21,715	-	-	-	21,715
Corporate equity securities	102,525	-	-	134,527	237,052
Hedge funds	-	-	-	35,982	35,982
Private equity	-	-	-	98,380	98,380
Corporate bond funds	14,150	-	-	-	14,150
Split-interest agreements	6,583	-	250	-	6,833
Gift annuity agreements	3,414	1	-	-	3,415
Beneficial interest investments	-	-	19,380	-	19,380
<b>Total Investments-DPCU</b>	<b>\$ 148,387</b>	<b>1</b>	<b>19,630</b>	<b>268,889</b>	<b>436,907</b>



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

The following table details each major category for the Colorado School of Mines Foundation investments at fair value using net asset value (NAV).

**Table 2.3 Investments in Certain Entities that Calculate NAV Per Share *(in thousands)***

Fund Description	June 30, 2022 Fair Value	June 30, 2021 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity	\$ 54,871	82,735	-	Quarterly	2 to 45 days
International equity	40,865	51,792	-	Monthly	5 to 30 days
Hedge funds	39,511	35,982	-	Quarterly to annually	30 to 90 days
Private equity funds	101,217	98,380	27,384	N/A	N/A
<b>Total Investments - DPCU</b>	<b>\$ 236,464</b>	<b>268,889</b>	<b>27,384</b>		

### Note 3: Accounts and Loans Receivable

Table 3.1, Accounts Receivable, segregates receivables as of June 30, 2022 and 2021, by type.

**Table 3.1 Accounts Receivable *(in thousands)***

2022				
Type of Receivable	Gross Receivable	Allowance	Net Receivable	Net Current Portion
<b>University</b>				
Student accounts	\$ 5,237	1,298	3,939	3,939
Student loans	2,471	56	2,415	832
Federal Government	19,239	-	19,239	19,239
Private sponsors	5,643	-	5,643	5,643
DPCU	8,857	-	8,857	8,857
Other	3,235	6	3,229	3,229
<b>Total Receivable - University</b>	<b>\$ 44,682</b>	<b>1,360</b>	<b>43,322</b>	<b>41,739</b>
<b>Discretely Presented Component Unit</b>				
Contributions*	\$ 18,765	629	18,136	12,295
Due from University	1,379	-	1,379	-
<b>Total Receivable - DPCU</b>	<b>\$ 20,144</b>	<b>629</b>	<b>19,515</b>	<b>12,295</b>
2021				
Type of Receivable	Gross Receivable	Allowance	Net Receivable	Net Current Portion
<b>University</b>				
Student accounts	\$ 5,807	1,003	4,804	4,804
Student loans	3,461	98	3,363	974
Federal Government	26,058	-	26,058	26,058
Private sponsors	3,351	61	3,290	3,290
DPCU	2,906	-	2,906	2,906
Other	2,892	14	2,878	2,878
<b>Total Receivable - University</b>	<b>\$ 44,475</b>	<b>1,176</b>	<b>43,299</b>	<b>40,910</b>
<b>Discretely Presented Component Unit</b>				
Contributions*	\$ 43,641	1,593	42,048	30,461
Due from University	1,465	-	1,465	-
<b>Total Receivable - DPCU</b>	<b>\$ 45,106</b>	<b>1,593</b>	<b>43,513</b>	<b>30,461</b>

\*The allowance on the contributions receivable is comprised of uncollectible and unamortized discounts of \$295 and \$334 respectively, as of June 30, 2022 and \$780 and \$812, respectively, for June 30, 2021.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Note 4: Capital Assets

In Fiscal Year 2022 the University implemented GASB 87 Leases requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases. The University restated Fiscal Year 2021 to include the impact of the new standard. The University leases various buildings and equipment some of which remain current year expense based on certain criteria under GASB 87. The assets and related amortization are included in the University's Capital Asset total and included in tables 4.1 Capital Assets.

The University leases office space at three Colorado locations and leases equipment used in operations. The terms on the leases vary, may include non-standard increases, but do not include guarantees, prepayments or incentives. The leases extend through Fiscal Year 2026.

Table 4.1, Capital Assets, presents the changes in capital assets and accumulated depreciation by major asset category for the years ended June 30, 2022 and 2021.

**Table 4.1 Capital Assets** *(in thousands)*

Category	Balance 2021	Additions	Deletions	Transfers	Balance 2022
<b>Nondepreciable capital assets</b>					
Land	\$ 14,103	2,183	70	6	16,222
Works of art	234	-	-	-	234
Construction in progress	10,323	11,900	67	(2,438)	19,718
<b>Total nondepreciable assets</b>	<b>\$ 24,660</b>	<b>14,083</b>	<b>137</b>	<b>(2,432)</b>	<b>36,174</b>
<b>Depreciable capital assets</b>					
Land improvements	\$ 36,122	-	-	12	36,134
Buildings and improvements	655,224	4,415	-	546	660,185
Software	2,257	89	-	-	2,346
Equipment	96,693	4,971	4,169	1,874	99,369
Library materials	13,331	203	2	-	13,532
Intangible assets	600	-	-	-	600
<b>Total depreciable capital assets</b>	<b>\$ 804,227</b>	<b>9,678</b>	<b>4,171</b>	<b>2,432</b>	<b>812,166</b>
<b>Less accumulated depreciation</b>					
Land improvements	\$ 15,779	1,548	-	-	17,327
Buildings	208,211	17,748	-	-	225,959
Software	2,194	56	-	-	2,250
Equipment	61,650	7,172	3,802	-	65,020
Library materials	12,320	188	2	-	12,506
Intangible assets	400	33	-	-	433
<b>Total accumulated depreciation</b>	<b>\$ 300,554</b>	<b>26,745</b>	<b>3,804</b>	<b>-</b>	<b>323,495</b>
Net depreciable capital assets	\$ 503,673	(17,067)	367	2,432	488,671
<b>Right-to-use assets</b>					
Right-to-use buildings	\$ 635	-	-	-	635
Right-to-use equipment	355	392	-	-	747
<b>Total right-to-use assets</b>	<b>\$ 990</b>	<b>392</b>	<b>-</b>	<b>-</b>	<b>1,382</b>
<b>Total accumulated amortization</b>	<b>\$ 53</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>151</b>
<b>Total Net Capital Assets</b>	<b>\$ 529,270</b>	<b>(2,690)</b>	<b>504</b>	<b>-</b>	<b>526,076</b>

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 4.1 Capital Assets, continued** *(in thousands)*

Category	Balance 2020	Additions	Deletions	Transfers	Balance 2021
<b>Nondepreciable capital assets</b>					
Land	\$ 13,210	1,139	246	-	14,103
Works of art	202	32	-	-	234
Construction in progress	114,671	9,654	-	(114,002)	10,323
<b>Total nondepreciable assets</b>	<b>\$ 128,083</b>	<b>10,825</b>	<b>246</b>	<b>(114,002)</b>	<b>24,660</b>
<b>Depreciable capital assets</b>					
Land improvements	\$ 28,429	-	-	7,693	36,122
Buildings and improvements	511,242	44,670	438	99,750	655,224
Software	2,249	14	6	-	2,257
Equipment	85,737	6,569	2,172	6,559	96,693
Library materials	13,166	165	-	-	13,331
Intangible assets	600	-	-	-	600
<b>Total depreciable capital assets</b>	<b>\$ 641,423</b>	<b>51,418</b>	<b>2,616</b>	<b>114,002</b>	<b>804,227</b>
<b>Less accumulated depreciation</b>					
Land improvements	\$ 14,421	1,358	-	-	15,779
Buildings	191,606	16,780	175	-	208,211
Software	2,148	51	5	-	2,194
Equipment	55,398	7,909	1,657	-	61,650
Library materials	12,135	185	-	-	12,320
Intangible assets	366	34	-	-	400
<b>Total accumulated depreciation</b>	<b>\$ 276,074</b>	<b>26,317</b>	<b>1,837</b>	<b>-</b>	<b>300,554</b>
<b>Net depreciable assets</b>	<b>\$ 365,349</b>	<b>25,101</b>	<b>779</b>	<b>114,002</b>	<b>503,673</b>
<b>Right-to-use assets</b>					
Right-to-use buildings	\$ 635	-	-	-	635
Right-to-use equipment	355	-	-	-	355
<b>Total right-to-use assets</b>	<b>\$ 990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>990</b>
<b>Total accumulated amortization</b>	<b>\$ -</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>53</b>
<b>Total Net Capital Assets</b>	<b>\$ 494,422</b>	<b>35,979</b>	<b>1,025</b>	<b>-</b>	<b>529,270</b>

The interest expense related to capital asset debt incurred by the University during the years ended June 30, 2022 and 2021, was \$13,112,000 and \$12,398,000, respectively.

In Fiscal Year 2021, the University early implemented GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. Under prior accounting standards, the University was required to capitalize interest costs for construction projects as part of the cost of the related capital assets. GASB 89 allows the University to expense this interest as a period cost. If the University had not early implemented GASB Statement 89 the amount of interest that would have been capitalized for the year ended June 30, 2021, would have been \$839,166.

### Note 5: Deferred Outflows and Inflows of Resources

Table 5.1, Deferred Outflows and Inflows of Resources details the types and amounts of deferred outflows and inflows of resources as of June 30, 2022 and 2021.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 5.1 Deferred Outflows of Resources** *(in thousands)*

<b>Deferred Outflows</b>	<b>2022</b>	<b>2021</b>
Loss on bond refundings	\$ 8,020	\$ 9,072
SWAP valuation	-	4,273
Pension Related	14,514	27,320
OPEB Related	583	497
Asset Retirement Obligation	159	149
<b>Total Deferred Outflows of Resources</b>	<b>\$ 23,276</b>	<b>\$ 41,311</b>

  

<b>Deferred Inflows</b>	<b>2022</b>	<b>2021</b>
Leases	\$ 6,347	\$ 7,585
SWAP valuation	324	-
Pension Related	68,740	66,050
OPEB Related	4,071	4,342
<b>Total Deferred Inflows of Resources</b>	<b>\$ 79,482</b>	<b>\$ 77,977</b>

### Note 6: Accounts Payable and Accrued Liabilities

Table 6.1, Accounts Payable and Accrued Liabilities, details the accounts payable and accrued expenses as of June 30, 2022 and 2021.

**Table 6.1 Accounts Payable and Accrued Liabilities** *(in thousands)*

<b>Type</b>	<b>2022</b>	<b>2021</b>
Accounts payable - vendors	\$ 12,510	\$ 9,549
Accrued salaries and benefits	7,611	7,214
Accrued interest payable	1,217	1,294
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 21,338</b>	<b>\$ 18,057</b>

### Note 7: Compensated Absences

Table 7.1, Compensated Absences, presents the changes in compensated absences for the years ended June 30, 2022 and 2021.

**Table 7.1 Compensated Absences** *(in thousands)*

	<b>2022</b>	<b>2021</b>
Beginning of the year	\$ 9,236	8,663
Increases (Decreases) Sick	231	(19)
Increases (Decreases) Annual	(933)	592
<b>End of the year</b>	<b>\$ 8,534</b>	<b>9,236</b>
<b>Current Portion</b>	<b>\$ 732</b>	<b>787</b>

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Note 8: Unearned Revenue

Table 8.1, Unearned Revenue, details the types and amounts of unearned revenue as of June 30, 2022 and 2021.

**Table 8.1 Unearned Revenue *(in thousands)***

Type	2022	2021
Tuition and fees	\$ 5,793	6,183
Grants and contracts	9,230	12,034
Miscellaneous	1,357	548
<b>Total Unearned Revenue</b>	<b>\$ 16,380</b>	<b>18,765</b>

### Note 9: Bonds and Financed Purchases

As of June 30, 2022 and 2021, the categories of long-term obligations are detailed in Table 9.2, Bonds and Financed Purchases Payable. Table 9.3, Changes in Bonds and Financed Purchases Payable, presents the changes in bonds and financed purchases payable for the years ended June 30, 2022 and 2021.

#### Revenue Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2022 and 2021 is detailed in Table 9.4, Revenue Bond Detail.

The University's fixed rate revenue bonds are payable semi-annually, have serial maturities, contain sinking fund requirements and contain optional redemption provisions. The University's variable rate demand bonds are payable annually, contain sinking fund requirements and contain optional redemption provisions. The optional redemption provisions allow the University to redeem, at various dates, portions of the outstanding revenue bonds at varying prices. All University revenue bonds are special limited obligations of the University. The revenue bonds are secured only by certain pledged revenues and are not pledged by any encumbrance, mortgage, or other pledge of property, and the revenue bonds do not constitute general obligations of the University.

The revenue bonds are secured by a pledge of all net revenues as defined by the bond documents. As of June 30, 2022 and 2021, net auxiliary pledged revenues, total net pledged revenues, and the associated debt service coverage are shown in Table 9.1, Net Pledged Revenues. The University's net pledged revenues will continue to be pledged for the life of the associated revenue bonds as detailed in Table 9.2, Bonds and Financed Purchases Payable. The outstanding principal and interest of the related pledged debt is detailed in Table 9.5, Revenue Bonds Future Minimum Payments. The University believes it is in compliance with all existing pledged revenue requirements of its outstanding bonds.



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 9.1 Net Pledged Revenues** *(in thousands)*

Source of Net Pledged Revenue	2022	2021
<b>Prior Bond Obligation:</b>		
Auxiliary Gross Revenues		
Facilities	\$ 34,118	27,502
Student Services Fee Revenue	3,093	3,936
Auxiliary Renewal & Replacement	907	680
Total Auxiliary Revenues	38,118	32,118
Total Auxiliary Operating Expenses	(19,818)	(17,100)
Net Auxiliary Revenues	18,300	15,018
Total Prior Obligations Debt Service	1,385	1,385
Prior Obligations Debt Service Coverage	13.21	10.84
<b>Parity Bond Obligations</b>		
Institution Enterprise Revenues:		
Student Tuition	\$ 17,950	16,800
Indirect Cost Recoveries	17,473	17,089
Academic Facility Fees	4,155	4,034
Federal Interest Subsidy	884	890
Net Institutional Enterprise Revenues	\$ 40,462	\$ 38,813
Net Pledged Revenues for Parity Debt	\$ 57,377	\$ 52,445
Total Parity Debt Service	16,858	18,098
Parity Debt Service Coverage	3.40	2.90
<b>Subordinate Bond Obligations</b>		
Total Subordinate Debt Service	-	1,036
Coverage of Parity and Subordinate Bonds	3.40	2.74
Total Debt Service Coverage	3.22	2.62

The Auxiliary Facility Enterprise Revenue bonds specify debt service coverage requirements for the auxiliary facilities. The debt service coverage provisions require net pledged revenues to be equal to 110 percent of the combined principal and interest payments, excluding any reserves, on the Auxiliary Bonds and any additional bonds due during any subsequent Fiscal Year. The Auxiliary Facility Enterprise Revenue bonds are payable from net pledged revenues on parity with the other bonds and the note payable.

A master resolution adopted by the Board includes a covenant by the Board which provides, in summary, that, while the Bonds are outstanding, and subject to applicable law, the Board will continue to impose such fees and charges as are included within the gross revenues and will continue the present operation and use of the institutional enterprise and the facilities. The Board will continue to maintain such reasonable fees, rental rates and other charges for the use of all facilities and for services rendered by the Institutional Enterprise as will return annually gross revenue sufficient to pay the prior bond obligations, to pay operation and maintenance expenses, to pay the annual debt service requirements of the bonds and any parity obligations payable from the net revenues. In addition, the Board will make any deposits required to the reserve fund. The debt covenant includes provisions relating to other matters such as maintenance of insurance coverage for the facilities. The Master Resolution prohibits the Board

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

from selling, destroying, abandoning, otherwise disposing of or altering at any time the property comprising a part of the facilities until all bonds payable out of net revenues have been paid or provision has been made to pay all such bonds. The University believes it is in compliance with these covenants.

The Series 2009B qualify as Build America Bonds and the Series 2011 bonds qualify as Qualified Energy Conservation Bonds for purposes of the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law on February 17, 2009. Pursuant to ARRA, for the Series 2009B the University expects to receive a cash subsidy payment from the United States Treasury, referred to as Federal Direct Payments, equal to 35 percent of the interest payable on the bonds on or around each interest payment date. For the Series 2011 bonds, the University expects to receive Federal Direct Payments equal to 70 percent of the interest payable on the bonds on or around each interest payment date. Due to federal budget cuts that started during Fiscal Year 2013, the University received approximately 5.7 and 5.7 percent less in payments under this program for Fiscal Years 2022 and 2021, respectively. Pursuant to the Colorado Recovery Act, the Board may pledge any Federal Direct Payments received to the payments of the bonds. The Board has pledged such payments to the payment of all bonds. In Fiscal Years 2022 and 2021, the University received \$884,000 and \$890,000, respectively, in Federal Direct Payments.

As of June 30, 2021, the series 2009B bonds were the only remaining bonds receiving a subsidy. The 2011 bonds were paid off on December 1, 2020; the subsidy for this series was thus halved in Fiscal Year 2021 compared to previous years and not received in Fiscal Year 2022.

The Series 2009B, 2012B, 2016B, and 2017C revenue bonds qualify for the State Intercept Program established pursuant to Section 23-5-139 CRS. The State Intercept Program provides for the institutions of higher education to utilize the State of Colorado's credit rating. The State Treasurer is obligated to make principal and interest payments when due with respect to the revenue bonds issued by state supported institutions of higher education if such institution will not make the payment by the due date.

The following table provides a summary of the University's long-term debt obligations as of June 30, 2022 and 2021 (in thousands):

**Table 9.2 Bonds, Financed Purchase, and Leases Payable** *(in thousands)*

Type	Interest Rates	Final Maturity	Balance 2022	Balance 2021
Auxiliary Facilities Enterprise Revenue Bonds	5.14% - 5.40%	2028	\$ 6,178	7,213
Institutional Enterprise Revenue Bonds				
Variable Rate Demand Bonds	0.069%*	2038	35,335	36,185
Fixed Rate Bonds	2.00% - 6.29%	2043	215,545	221,315
Fixed Rate Bonds (Direct Placement)	2.02% - 4.9%	2030	11,595	11,645
<b>Total Bonds Payable</b>			<b>\$ 268,653</b>	<b>276,358</b>
Financed Purchase	4.51%	2050	\$ 42,792	43,537
Leases Payable	1.64% - 9.3%	2029	660	779
<b>Total Bonds, Financed Purchase, and Leases Payable</b>			<b>\$ 312,105</b>	<b>320,674</b>

\*Variable rate demand bonds are set at an adjustable rate as discussed below. The rates reflected in the table are as of June 30, 2022.



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

In May 2018, the University refunded the 2010A variable rate demand bonds with the issuance of the 2018A variable rate institutional enterprise revenue bonds. In addition, the University negotiated a new support fee of 0.50 percent. The interest rate on the Series 2018A variable rate demand bonds is calculated based on 67 percent of the one-month London interbank offered rate (LIBOR) plus 50 basis points. The interest rate on the Series 2018A as of June 30, 2022 and 2021 (including basis points) was 1.697 percent and 0.569 percent, respectively.

Table 9.3, Changes in Bonds and Financed Purchases Payable presents the changes in bonds, and financed purchases for the years ended June 30, 2022 and 2021.

**Table 9.3 Changes in Bonds, Financed Purchase and Leases Payable** *(in thousands)*

Type	Balance 2021	Additions	Deductions	Balance 2022	Current Portion
Revenue bonds payable	\$ 256,069	349	6,485	249,933	7,505
Plus unamortized premiums	20,295	-	1,571	18,724	-
Less unamortized discounts	6	-	2	4	-
<b>Total Bonds Payable</b>	<b>\$ 276,358</b>	<b>349</b>	<b>8,054</b>	<b>268,653</b>	<b>7,505</b>
Financed Purchase	43,537	-	745	42,792	779
Leases	779	-	119	660	289
<b>Total Bonds and Leases Payable</b>	<b>\$ 320,674</b>	<b>349</b>	<b>8,918</b>	<b>312,105</b>	<b>8,573</b>

  

Type	Balance 2020	Additions	Deductions	Balance 2021	Current Portion
Revenue bonds payable	\$ 269,743	12,046	25,720	256,069	6,485
Plus unamortized premiums	21,925	-	1,630	20,295	-
Less unamortized discounts	9	-	2	7	-
<b>Total Bonds Payable</b>	<b>\$ 291,659</b>	<b>12,046</b>	<b>27,348</b>	<b>276,357</b>	<b>6,485</b>
Financed Purchase	-	44,249	712	43,537	745
Leases	-	779	-	779	303
<b>Total Bonds, Financed Purchase and Leases Payable</b>	<b>\$ 291,659</b>	<b>57,074</b>	<b>28,060</b>	<b>320,673</b>	<b>7,533</b>

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

Table 9.4, Revenue Bond Detail presents a summary description of the University's outstanding revenue bonds for the years ended June 30, 2022 and 2021.

**Table 9.4 Revenue Bond Detail** *(in thousands)*

Issuance Description	Original Issuance Amount	Outstanding Balance 2022	Outstanding Balance 2021
<b>Auxiliary Facilities Enterprise Revenue Bonds:</b>			
Capital Appreciation, Series 1999 - Used to fund capital improvements for residence halls, residential housing, student center and fraternity housing facilities.	\$ 7,794	6,183	7,219
<b>Total Auxiliary Facilities Enterprise Revenue Bonds</b>	<b>\$ 7,794</b>	<b>6,183</b>	<b>7,219</b>
<b>Institutional Enterprise Revenue Bonds:</b>			
<u>Series 2009B</u>			
Taxable Direct Payment Build America Bonds. Used to fund construction or renovation of certain campus capital projects including a new residence hall, Weaver Towers, wellness center and other capital improvements. Repayment begins in 2024.	42,860	42,860	42,860
<u>Series 2012B</u>			
Used to fund construction of a new residence hall and dining facility, renovate the Student Center, provide bridge funding for construction for a new welcome center, and refund all of the Series 2002 bonds and a portion of the Series 2004 bonds.	47,345	4,045	4,160
<u>Series 2016A and B</u>			
Used to fund construction, improvements, and equipping of CoorsTek Center; advance refunding portion of the Series 2009A bonds and Series 2009C bonds.	34,690	16,740	19,615
<u>Series 2017A</u>			
Used to fund construction and improvements to campus-wide generators, a chiller plant, the Green Center roof and a new operations building. Repayment begins in 2023.	27,675	27,675	27,675
<u>Series 2017B</u>			
Used to fund construction of a new residence hall, parking garage, Innovative learning space and improvements to campus utilities. Repayment begins in 2021.	71,880	71,470	71,680

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Series 2017C

Used to advanced refund a portion of the Institutional Enterprise Revenue Bonds, Series 2012B. Repayment begins in 2022.

	35,030	34,030	35,030
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### Series 2018A

Used to refund all of the variable rate demand Institutional Enterprise Revenue Bonds, Series 2010A. Repayment begins in 2020.

	37,885	35,335	36,185
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<b>Total Institutional Enterprise Revenue Bonds</b>	<b>\$</b>	<b>297,365</b>	<b>232,155</b>	<b>237,205</b>
<b>Direct Placement Institutional Enterprise Revenue Bonds:</b>				
Series 2020 - Used to refund all of the Series 2010B Taxable Direct Payment Build America Bonds. Repayment begins in 2022.	\$	11,645	11,595	11,645
<b>Total Direct Placement Institutional Enterprise Revenue Bonds</b>	<b>\$</b>	<b>11,645</b>	<b>11,595</b>	<b>11,645</b>
<b>Total Revenue Bonds</b>	<b>\$</b>	<b>316,804</b>	<b>249,933</b>	<b>256,069</b>
Plus Premiums			18,724	20,295
Less Discounts			4	7
<b>Total Revenue Bonds</b>			<b>268,653</b>	<b>276,357</b>

## Revenue and Refunding Bond Activity

In December 2020 the University issued the 2020 Institutional Enterprise Revenue Refunding Bonds of \$15,745,000 directly to JP Morgan Chase. The 2020 bond was issued as a drawdown bond with two draws occurring at the time the refunded bonds can be redeemed. The first draw of \$11,645,000, occurring in December 2020, was used to current refund the Series 2010B Taxable Direct Payment Build Americas Bonds. The second draw of \$4,030,000 is scheduled for December 2022 and will current refund and redeem a portion of the 2012B institutional revenue bonds.

Also, in December 2020 the purchasers of the Series 2012A bond forgave the remaining \$5,480,000 principal remaining after the December 1 payment.

The University issued the Series 2020 refunding to reduce its total debt service payments over the next 32 years by \$5.4 million and obtain an economic benefit (difference between the present value of the debt service payments on the old debt and new debt) of \$4.4 million.

## Unused Lines of Credit

The Series 2020 bonds include an additional planned draw of \$4,030,000 on December 1, 2022 to refund the remaining balance on the Series 2012B bonds which will bring the issuance amount to \$15,675,000. Payments will begin June 1, 2023 for the second draw if the University chooses to make that draw.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2022, are shown in Table 9.5, Revenue Bonds Future Minimum Payments.

**Table 9.5 Revenue Bonds Future Minimum Payments *(in thousands)***

Years Ending June 30	Non-Direct Borrowings			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 7,455	11,279	<b>18,734</b>	50	234	<b>284</b>
2024	7,710	11,030	<b>18,740</b>	50	233	<b>283</b>
2025	8,165	10,731	<b>18,896</b>	55	232	<b>287</b>
2026	8,490	10,392	<b>18,882</b>	55	231	<b>286</b>
2027	8,830	10,047	<b>18,877</b>	55	229	<b>284</b>
2028 - 2032	47,745	43,730	<b>91,475</b>	295	1,130	<b>1,425</b>
2033 - 2037	59,020	30,916	<b>89,936</b>	3,455	974	<b>4,429</b>
2038 - 2042	56,235	14,973	<b>71,208</b>	7,580	310	<b>7,890</b>
2043 - 2047	29,275	5,118	<b>34,393</b>	-	-	-
2048 - 2052	6,255	156	<b>6,411</b>	-	-	-
<b>Subtotal</b>	<b>\$ 239,180</b>	<b>148,372</b>	<b>387,552</b>	<b>11,595</b>	<b>3,573</b>	<b>15,168</b>
Unaccreted interest -1999 Bonds	(842)					
<b>Total Debt Service</b>	<b>\$ 238,338</b>					

### Interest Rate SWAP Agreement

In Fiscal Year 2008, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2008A issuance. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The 2008A issuance was refunded with the Series 2010A issuance. The Series 2010A was refunded with the issuance of the Series 2018A Refunding Bonds. The Swap Agreement was not terminated and was associated with the Series 2018A issuance. The Swap Agreement has a notional amount of \$35,335,000 and \$36,185,000 and a fair value of (\$4,525,000) and (\$9,645,000) at June 30, 2022 and 2021, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.59 percent payable by the University and 67 percent of one-month USD-LIBOR-BBA, 1.787 percent and 0.100 percent at June 30, 2022 and 2021, respectively, payable by Morgan Stanley. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2022 and 2021. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was (\$6,999,000) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2022 and 2021 was \$3,452,000 and \$2,929,000 respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2022 and 2021, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2038.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

There can be risks inherent to interest rate swaps that the University addresses and monitors pursuant to entering into interest rate swap agreements:

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

**Credit Risk** – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2022, Morgan Stanley's long-term credit rating is A1 by Moody's and A- by Standards & Poor's.

For the outstanding Swap Agreement, the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2022 and 2021 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2022 and 2021. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.

**Basis Index Risk** – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, it is the University's policy that any index used as part of an interest rate swap agreement shall be a recognized market index, including, but not limited to, the Securities Industry and Financial Markets Association (SIFMA) or the London Interbank Offered Rate (LIBOR).

As of June 30, 2022, the aggregate debt service payments and net swap cash payments, assuming current interest rates remain the same, for their term are reflected in Table 9.6, Future Revenue Bonds and Net Swap Minimum Payments.

**Table 9.6 Future Revenue Bonds and Net Swap Minimum Payments** *(in thousands)*

Years Ending June 30	Principal	Bond Interest	SWAP Interest (net)	Total Debt Service	Support Fee
2023	\$ 925	198	1,225	2,348	174
2024	975	192	1,192	2,359	169
2025	1,000	187	1,157	2,344	164
2026	1,050	181	1,121	2,352	159
2027	1,075	175	1,083	2,333	154
2028-2032	12,900	676	4,186	17,762	595
2033-2037	14,335	284	1,761	16,380	250
2038	3,075	7	45	3,127	6
<b>Total Debt Service</b>	<b>\$ 35,335</b>	<b>1,900</b>	<b>11,770</b>	<b>49,005</b>	<b>1,671</b>



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Extinguishment of Debt

Previous revenue bond issues considered to be extinguished through in-substance defeasance under generally accepted accounting principles 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 \$33,070,000 and \$34,000,000 as of June 30, 2022 and 2021, respectively.

### Financed Purchase

The University entered into a 30-year, \$44,250,000 contract on July, 1, 2020 with a third-party developer for the Residence Hall at 1750 Jackson Street. The University had an outstanding liability for financed purchases approximating \$42,792,000 and \$43,537,000 as of June 30, 2022 and 2021, respectively, with underlying gross capitalized asset cost approximating \$44,249,000. The total interest expense related to the financed purchase incurred by the University was \$1,950,000 and \$1,983,000 as of June 30, 2022 and 2021, respectively.

Future minimum payments on the Financed Purchase are shown in Table 9.7 Future Financed Purchase Payments.

**Table 9.7 Future Minimum Finance Purchase Payments** *(in thousands)*

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 779	1,916	2,695
2024	815	1,880	2,695
2025	853	1,842	2,695
2026	892	1,803	2,695
2027	933	1,762	2,695
2028-2032	5,351	8,124	13,475
2033-2037	6,704	6,771	13,475
2038-2042	8,398	5,077	13,475
2043-2047	10,520	2,955	13,475
2047-2050	7,547	537	8,084
<b>Total Finance Purchase Payments</b>	<b>\$ 42,792</b>	<b>32,667</b>	<b>75,459</b>

In Fiscal Year 2022 the University implemented GASB 87 Leases requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases. The University restated Fiscal Year 2021 to include the impact of the new standard. The University leases various buildings and equipment some of which remain current year expense based on certain criteria under GASB 87. For Fiscal Years 2022 and 2021, total rent expense under agreements excluded from GASB 87 was \$303,000 and \$261,000 restated, respectively.

Table 9.8, Future Minimum Lease Payments, details the future minimum lease payments.

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 9.8 Future Minimum Lease Payments** *(in thousands)*

Years Ending June 30	Principal	Interest	Total
2023	\$ 289	25	314
2024	123	17	140
2025	107	11	118
2026	113	5	118
2027	28	1	29
<b>Total Lease Payments</b>	<b>\$ 660</b>	<b>59</b>	<b>719</b>

#### State of Colorado Certificates of Participation

In Fiscal Year 2008, State of Colorado Senate Bill 08-218 made Federal Mineral Leasing (FML) monies available for capital construction at institutions of higher education. FML money is derived from ongoing leasing and production activities on federal lands within Colorado and approximately half of these payments go to the State of Colorado. The State used part of this money on November 6, 2008 and issued Certificates of Participation (COP) to support some higher education construction and maintenance projects. The University received \$6,748,000 for a portion of the support in the construction of an addition to the Brown Hall building. The State of Colorado is responsible for making the principal and interest payments on the COP.

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, a premium of \$47,369,000 and a discount of \$526,000. The certificates have interest rates ranging from 1.840% to 5.000% and mature in December 2037. Of the proceeds, \$1,200,000 was designated for controlled maintenance projects identified in Senate Bill 17-267. The University received \$628,000 for the later phases of projects to repair the campus steam branch and to replace hazardous fume hoods. The State of Colorado is responsible for making the principal and interest payments on the COP.

On June 2, 2020, the State issued State of Colorado Series 2020A certificates, with a par value of \$500,000,000 and a premium of \$111,009,000. The certificates have interest rates ranging from 3.000% to 5.000% and mature in December 2039. Of the proceeds, \$49,000,000 was designated for controlled maintenance projects identified in House Bill 20-1408. The University received \$1,291,000 for the later phases of projects to repair the campus steam branch and to upgrade fire alarm mass notification. The State of Colorado is responsible for making the principal and interest payments on the COP.

#### Note 10: Leases

The University, acting as lessor, leases office space to several tenants in primarily two buildings and cell tower use, under long-term, non-cancelable agreements. The lease terms for the tenants vary and extend through Fiscal Year 2029. Under GASB 87 rent revenue is recorded when certain criteria is met. The annual rent payments for Fiscal Year 2022 and 2021 was \$90,000 and \$48,000 restated, respectively.



# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 10.1 Future Minimum Lease Receivables *(in thousands)***

Years Ending June 30	Principal	Interest	Total
2023	\$ 1,151	440	1,591
2024	1,231	359	1,590
2025	1,296	273	1,569
2026	1,345	182	1,527
2027	1,442	85	1,527
2028 - 2029	420	8	428
<b>Total Lease Receivable</b>	<b>\$ 6,885</b>	<b>1,347</b>	<b>8,232</b>

The annual lease payments for Fiscal Year 2022 and 2021 were \$1,051,000 and \$1,000,000, respectively as restated. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease and is amortized on a straight-line basis over the term of the lease.

### Note 11: Other Liabilities

Table 11.1, Other Liabilities, details other liabilities as of June 30, 2022 and 2021.

Type	2022		2021	
	Total	Current Portion	Total	Current Portion
<b>University</b>				
Amounts due to the Foundation	\$ 1,462	98	1,527	69
Funds held for others	440	440	439	439
Polution remediation	204	-	192	-
Student deposits	57	57	490	490
Miscellaneous	642	102	1,240	157
<b>Total Other Liabilities - University</b>	<b>\$ 2,805</b>	<b>697</b>	<b>3,888</b>	<b>1,155</b>
<b>Discretely Presented Component Unit</b>				
Colorado School of Mines	\$ 34,229	-	39,794	-
Other trust funds	631	-	1,328	-
Obligations under split-interest agreements	1,250	-	1,490	-
Obligations under gift annuity agreements	3,121	-	3,298	-
Refunded advances	-	-	-	-
Other liabilities	541	-	553	-
<b>Total Other Liabilities - DPCU</b>	<b>\$ 39,772</b>	<b>-</b>	<b>46,463</b>	<b>-</b>

### Direct Lending

The University began participation in the Direct Student Loan program operated by the Federal Government in the spring of Fiscal Year 2010. This program enables 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. The University

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

is not responsible for collection of these loans or for defaults by borrowers, and therefore these loans are not recognized as receivables in the accompanying financial statements. Lending activity during the years ended June 30, 2022 and 2021 under these programs were \$32,628,246 and \$32,605,031 respectively.

### Note 12: Retirement Plans

#### Defined Benefit Pension Plan

##### Summary of Significant Accounting Policies

*Pensions.* Colorado School of Mines participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

##### General Information about the Pension Plan

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

*Benefits provided as of December 31, 2021:* 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.

## Colorado School of Mines

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

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

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

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

*Contributions provisions as of June 30, 2022:* Eligible employees of, Colorado School of Mines and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2020 through June 30, 2022 are summarized in the table below:

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 12.1 Contribution Rate Requirements**

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employee contribution (all employees except State Troopers)	10.00%	10.00%	10.50%	10.50%

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

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

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer contribution rate	10.90%	10.90%	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51- 208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	9.88%	9.88%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	0.05%	0.05%	0.10%
<b>Total employer contribution rate to the SDTF</b>	<b>19.88%</b>	<b>19.93%</b>	<b>19.93%</b>	<b>19.98%</b>

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Colorado School of Mines is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Colorado School of Mines were \$14,941,000 and \$14,661,000 for the year ended June 30, 2022 and 2021, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution 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. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the

amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

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

The net pension liability for the SDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The Colorado School of Mines proportion of the net pension liability was based on Colorado School of Mines contributions to the SDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022 and 2021, the Colorado School of Mines reported a liability of \$162,868,000 and \$216,330,000, respectively, for its proportionate share of the net pension liability.

At December 31, 2021, the Colorado School of Mines proportion was 2.2083639647 percent, which was a decrease of .0724468748 from its proportion measured as of December 31, 2020 of 2.2808108395 percent.

For the year ended June 30, 2022 and 2021, the Colorado School of Mines recognized pension expense of (\$21,332,000) and (\$67,060,000), respectively, and revenue of \$1,694,000 and \$0 for June 30, 2022 and 2021, respectively, for support from the State as a nonemployer contributing entity. At June 30, 2022 and 2021, the Colorado School of Mines reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Table 12.2 Deferred Outflows and Inflows *(in thousands)***

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2022	2021	2022	2021
Difference between expected and actual experience	\$ 1,108	5,347	227	-
Changes of assumptions or other inputs	5,807	14,689	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	56,047	44,277
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-	12,466	21,773
Contributions subsequent to the measurement date	7,599	7,284	-	-
<b>Total</b>	<b>\$ 14,514</b>	<b>27,320</b>	<b>68,740</b>	<b>66,050</b>

The University reported \$7,599,000 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

**Table 12.3 Amortization of Deferred Outflows and Inflows *(in thousands)***

<b>Year ended June 30:</b>	<b>Amount</b>
2023	\$ (18,214)
2024	(23,332)
2025	(13,501)
2026	(6,778)
Thereafter	-
<b>Total</b>	<b>\$ (61,825)</b>

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

**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 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 (automatic)	1.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based 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.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 (*in thousands*)

- **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:

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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

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

**Table 12.4 Long Term 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%
<b>Total</b>	<b>100.00%</b>	



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Note: 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.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

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.

- The projected benefit payments reflect the lowered AI cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

**Table 12.5 Discount Rate Sensitivity *(in thousands)***

		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<b>2022</b>				
Proportionate share of the net pension liability	\$	229,719	162,868	106,667
<b>2021</b>				
Proportionate share of the net pension liability	\$	286,211	216,330	157,655

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

#### **Payables to the pension plan**

Colorado School of Mines disbursed the final payroll of the year on the last business day of the month. Related payroll contributions are submitted to PERA within the required reporting timeframe. On June 30, 2022 and 2021 Mines reported a payable to PERA of \$1,890,000 and \$1,829,000, respectively for contributions to the PERA Pension Plan.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Defined Contribution Pension Plans

#### Voluntary Investment Program

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

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2022 and 2021, program members contributed \$2,624,000 and \$2,380,000, respectively, for the Voluntary Investment Program.

#### Defined Contribution Retirement Plan (PERA DC Plan)

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

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

*Funding Policy* – All participating employees in the PERA DC Plan and the Colorado School of Mines are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2020 through June 30, 2022 are summarized in the tables below:

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## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employee Contribution Rates:				
Employee contribution (all employees except State Troopers)	10.00%	10.00%	10.50%	10.50%
Employer Contribution Rates:				
On behalf of all employees except State Troopers	10.15%	10.15%	10.15%	10.15%

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

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-413	0.50%	0.50%	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51- 1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	0.05%	0.05%	0.10%
<b>Total employer contribution rate to the SDTF<sup>1</sup></b>	<b>10.75%</b>	<b>10.80%</b>	<b>10.80%</b>	<b>10.85%</b>

Contribution rates for the SDTF 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 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. As of June 30, 2022, and 2021, participating employees in the PERA DC Plan contributed \$10,578 and \$7,553, respectively, and the Colorado School of Mines recognized pension expense of \$21,143 and \$15,815, respectively, for the PERA DC Plan.

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### Notes to Financial Statements

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#### Mines Defined Contribution Plan

The Colorado School of Mines Board of Trustees approved the establishment of the Mines Defined Contribution Plan (MDCP) for all newly hired administrative and academic faculty hired on or after January 1, 2017. In addition, all current administrative and academic faculty hired prior to January 1, 2017 with at least one year of PERA service credit were given the opportunity to participate in the MDCP with a one-time irrevocable election period between January 1, 2017 and March 1, 2017. The contribution requirements of the plan members and the University are established and may be amended by the Board. The vesting period for the MDCP is three years.

For the year ended June 30, 2022, the University's contribution to the MDCP was equal to 12 percent of pre-tax covered payroll and the employee contribution was equal to 10.5 percent of pre-tax covered payroll. The University's contribution under the MDCP approximated \$5,370,000 and \$4,350,000 for Fiscal Years 2022 and 2021, respectively.

Participants in the MDCP choose to invest all contributions with the designated vendor.

#### CSM Foundation Retirement Plan

The Foundation participates in a defined contribution pension plan covering substantially all of its employees. Employer's contributions begin after an employee completes one year of employment. Employer contributions are a percentage of regular salary. Contributions and costs are based on the number of years of service and a percentage of regular salary. Pension expense was \$276,000 and \$261,000 for Fiscal Years 2022 and 2021, respectively.

### Note 13: Defined Benefit Other Post Employment Benefit (OPEB) Plan

#### Summary of Significant Accounting Policies

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

#### General Information about the OPEB Plan

*Plan description.* Eligible employees of the Colorado School of Mines are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 (*in thousands*)

Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

### **PERA Benefit Structure**

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

#### DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Colorado School of Mines is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Colorado School of Mines were \$764,000 and \$761,000 for the year ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022 and 2021, respectively, the Colorado School of Mines reported a liability of \$6,398,000 and \$7,444,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Colorado School of Mines proportion of the net OPEB liability was based on Colorado School of Mines contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Colorado School of Mines proportion was 0.7419451871 percent, which was a decrease of 0.04 from its proportion measured as of December 31, 2020.



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Years Ended June 30, 2022 and 2021 *(in thousands)*

For the year ended June 30, 2022 and 2021, the Colorado School of Mines recognized OPEB expense of (\$1,399,000) and (\$1,127,000), respectively. At June 30, 2022 the Colorado School of Mines reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Table 13.1 Deferred Outflows and Inflows (in thousands)**

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2022	2021	2022	2021
Difference between expected and actual experience	\$ 10	20	1,517	1,637
Changes of assumptions or other inputs	132	55	347	456
Net difference between projected and actual earnings on OPEB plan investments	-	-	396	304
Changes in proportion and differences between contributions recognized and proportionate share of contributions	53	49	1,811	1,945
Contributions subsequent to the measurement date	388	373	-	-
<b>Total</b>	<b>\$ 583</b>	<b>497</b>	<b>4,071</b>	<b>4,342</b>

The University reported \$388,000 and \$373,000 as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date for Fiscal Years ending June 30, 2022 and 2021, respectively. The Fiscal Year 2022 amount will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Table 13.2 Amortization of Deferred Outflows and Inflows (in thousands)**

Year ended June 30:	Amount:
2023	\$ (1,201)
2024	(1,075)
2025	(910)
2026	(519)
2027	(148)
Thereafter	(23)
<b>Total</b>	<b>\$ (3,876)</b>

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

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Years Ended June 30, 2022 and 2021 (*in thousands*)

<b>Actuarial cost method</b>	<b>Entry age</b>
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 OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
<b>Health care cost trend rates PERA benefit structure:</b>	
Service-based premium subsidy	0.00 percent
	4.50 percent in 2021, 6.00 percent in 2022 gradually decreasing to 4.50 percent in 2029
PERACare Medicare plans	
	3.75 percent in 2021 gradually increasing to 4.50 percent in 2029
Medicare Part A premiums	
<b>DPS benefit structure:</b>	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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 in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

**Table 13.3 Medicare Plan Premiums (*in thousands*)**

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Costs	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Prescription	\$ 633	230	591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2020 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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 used to measure the TOTAL OPEB LIABILITY are summarized in the table below:

Year	PERACare	Medicare Part A
	Medicare Plans	Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.40%
2024	5.60%	4.40%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOTAL OPEB LIABILITY for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

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

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

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

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

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

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

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

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

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

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

- 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

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 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 PERA Board's actuary, as discussed above.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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

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

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

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

*Sensitivity of the Colorado School of Mines proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

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:

<b>June 30, 2022</b>	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 6,214	6,398	6,611
<b>June 30, 2021</b>	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
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	\$ 7,252	7,444	7,668

*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, 2021, 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 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.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

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

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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. There was no change in the discount rate from the prior measurement date.

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

**Table 13.4 Discount Rate Sensitivity** *(in thousands)*

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<b>2022</b>			
Proportionate share of the net OPEB liability	\$ 7,430	6,398	5,516
<b>2021</b>			
Proportionate share of the net OPEB liability	\$ 8,528	7,444	6,519

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### Payables to the OPEB plan

The University disbursed the final payroll of the year on the last business day. Related payroll contributions are submitted to PERA within the required reporting timeframe. On June 30, 2022 and 2021 Mines reported a payable to PERA of \$97,000 and \$94,000, respectively for contributions to the OPEB Plan.

### Note 14: Changes in Accounting Principles

As of June 30, 2021 the University opted to early implement GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. Under prior accounting standards, the University was required to capitalize interest costs for construction projects as part of the cost of the related capital assets. GASB 89 allows the University to expense this interest as a period cost. This change was made to enhance the relevance of capital asset information and simplify financial reporting. (See Note 4)

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

The University adopted GASB Statement No. 84, Fiduciary Activities for the Fiscal Year ending June 30, 2021. This statement established criteria for identifying fiduciary activities. Implementation of GASB 84 resulted in reclasses of agency liabilities in non-fiduciary funds, and the beginning net position was restated by approximately \$176,000.

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized 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 standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and lessor is required to recognize a lease receivable and deferred inflow of resources. In Fiscal Year 2022 the University adopted GASB Statement No. 87, Leases, the University retroactively applied this statement to Fiscal Year 2021 and restated June 30, 2021 balance to reflect these changes. The changes that occurred from the restatement are outlined in Table 14.1 Changes to Fiscal year 2021 due to restatements.

### 14.1 Changes to Fiscal Year 2021 due to restatement *(in thousands)*

	As restated 2021	Originally reported 2021	Effect of Change
<b>Statements of Net Position</b>			
<b>Current Assets</b>			
Accounts and Loans Receivable, net	\$ 40,910	39,858	1,052
Other assets	1,934	1,933	1
<b>Noncurrent Assets</b>			
Other assets	6,837	-	6,837
Capital assets, net	529,270	528,333	937
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	18,057	18,056	1
Bonds, notes & leases payable	7,533	7,230	303
<b>Noncurrent Liabilities</b>			
Leases payable	476	-	476
<b>Total Deferred inflows</b>			
Leases payable	7,585	-	7,585
<b>Net Position</b>			
Net investment in capital assets	226,761	226,300	461
Restricted for nonexpendable purposes - ot	4,528	4,529	(1)
Unrestricted	(119,363)	(119,365)	2
<b>Statement of Revenues, Expense and Changes in Net Assets</b>			
<b>Operating Revenues</b>			
OtherAuxiliary enterprise	\$ 26,230	26,330	(100)
Other operating revenue	5,449	5,530	(81)
<b>Operating Expense</b>			
Operation and maintenance of plant	20,253	20,462	(209)
Depreciation	26,370	26,318	52
<b>Nonoperating Revenues (Expense)</b>			
Other nonoperating revenue	676	191	485
Capital grants and gifts	16,563	16,562	1
<b>Increase of Net Position</b>	<b>109,546</b>	<b>109,084</b>	<b>462</b>



## **Colorado School of Mines**

### **Notes to Financial Statements**

Years Ended June 30, 2022 and 2021 *(in thousands)*

The University applied the criteria outlined in the statement to determine which agreements are subject this statement based on control of the right to use (RTU) assets included in the leases, the period a non-cancelable RTU the asset including options to extend the period, payment structure, and the market value of the RTU asset. The University determined it had agreements as both the lessor and lessee covered under Statement No. 87. The beginning net position was restated by approximately \$462,000.

#### **Note 15: Discretely Presented Component Unit**

##### **Colorado School of Mines Foundation**

Distributions made by the Foundation to the University during the years ended June 30, 2022 and 2021 were approximately \$33,593,000 and \$28,283,000, respectively. These amounts have been recorded as contributions from the Foundation and as capital grants and gifts in the accompanying financial statements. As of June 30, 2022, and 2021, the University has recorded an accounts receivable from the Foundation of \$8,857,000 and \$2,906,000, respectively. As of June 30, 2022, and 2021, the University has recorded a liability to the Foundation of \$1,462,000 and \$1,527,000, respectively.

The University is the ultimate beneficiary of substantially all of the restricted and trust funds held by the Foundation, and is the income beneficiary of the majority of endowment funds held by the Foundation. The Foundation manages a portion of the University's endowments. The University has endowments and other assets held by the Foundation approximating \$34,229,000 and \$39,794,000 as of June 30, 2022 and 2021, respectively.

#### **Note 16: Commitments and Contingencies**

##### **Commitments**

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 \$42,743,000 as of June 30, 2022. These commitments will be funded or financed by donor contributions, state appropriations, existing revenue bonds, and other campus resources.

In the normal course of its operations, the University is involved in various litigation matters. The University is presently a defendant in two litigation matters and two administrative appeals. One of the pending litigation matters is an employment-based claim brought by a former University exempt employee that was recently dismissed on the University's motion. The plaintiff has filed a notice of appeal. The other litigation matter was initiated by a former University student and arises from the disposition of a Title IX allegation reported more than six years ago. The University has filed a motion to dismiss the case, which remains pending. The two administrative matters, one state and one federal, were initiated by exempt employees and involve employment-based discrimination allegations. The University has also been notified of an Office of Civil Rights investigation of a sex-based discrimination complaint that targets certain University scholarship programs and other programs supportive of female students. That investigation remains pending. Management believes that any future liability that it may incur as a result of these matters will not have a material effect on the University's financial statements.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Government Grants

The University is currently participating in numerous grants from various departments and agencies of the Federal and State Governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed. Management believes that any future liability that it may incur as a result of audits by the granting department or agency will not have a material effect on the University's financial statements.

### Note 17: Risk Management

The University is subject to risks of loss from liability for accident, property damage and personal injury. To mitigate these risks the University has purchased the following insurance:

- General liability covered by Philadelphia Insurance Company for \$2,000,000/\$2,000,000/\$1,000,000/\$1,000,000/\$300,000/\$15,000 with \$0 deductible
- Educators legal liability covered by Philadelphia Insurance Company for \$4,000,000/\$4,000,000 with a \$10,000 deductible
- Automobile liability covered by Philadelphia Insurance Company for \$1,000,000/\$1,000,000/\$1,000,000/\$5,000 with \$500/\$1,000 deductible
- Fiduciary covered by Travelers Casualty and Surety for \$1,000,000/\$250,000/\$100,000/\$100,000 with a \$10,000 deductible
- Employment practices liability covered by Philadelphia Insurance Company for \$4,000,000/\$4,000,000 with a \$50,000 deductible
- Workers compensation covered by Pinnacol Assurance for \$500,000/\$500,000/\$500,000 with a \$1,000 deductible
- Umbrella liability covered by Philadelphia Insurance Company for \$3,000,000/\$3,000,000 with a self-insured retention of \$10,000
- Crime (employee dishonesty) covered by Travelers Casualty and Surety for \$1,000,000/\$1,000,000/\$1,000,000/\$1,000,000/\$1,000,000/\$100,000/\$1,000,000/\$5,000/\$1,000,000/\$100,000/\$100,000 with a \$10,000/\$1,000/\$25,000 deductible
- Property covered by the Midwest Higher Education Compact (MHEC) for \$1,137,097,082/\$100,000,000/\$100,000,000/\$100,000,000/\$25,000,000/\$1,000,000/\$25,000,000 with a \$100,000 deductible and 5% wind/hail, 2% 100-year flood/\$100,000 deductible

## Colorado School of Mines

### Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

- Inland Marine covered by the Philadelphia Insurance Company for Equipment value: \$756,865/\$3,173,860/\$1,000,000/\$50,000/\$100,000/\$750,000 with a \$5,000/5% sign deductible
- Aviation covered by the Westchester Fire Insurance Company for \$1,000,000 with a \$0 deductible
- Cyber covered by the Beazley Group for \$5,000,000/\$5,000,000/\$1,000,000/\$500,000/\$1,000,000/\$1,000,000/\$1,000,000/\$1,000,000/\$1,000,000/\$1,000,000/\$5,000,000/\$5,000,000/\$5,000,000/\$250,000/\$5,000,000/\$100,000/\$250,000/\$250,000/\$50,000 with a \$50,000 deductible
- Foreign covered by the Beazley Group for \$4,000,000 with a \$0 deductible
- Other States Coverage SC Workers Compensation covered by Zurich for \$500,000/\$500,000/\$500,000/\$1,000
- General Liability (Autonomous Vehicles) covered by Admiral Ins. Co. \$2,000,000/\$2,000,000/\$1,000,000/\$1,000,000/\$300,000/\$5,000

The coverage in Fiscal Year 2022 is similar to coverage in Fiscal Year 2021. We added Other States Coverage Workers Compensation with Zurich and General Liability related to Autonomous Vehicles through Admiral Insurance Co. There have been no settlements exceeding coverage.

#### Note 18: Legislative Appropriations

The Colorado State Legislature establishes spending authority to the University in its annual Long Appropriations Bill.

For the years ended June 30, 2022 and 2021, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2022 and 2021, the University had a total appropriation of \$29,827,000 and \$13,385,000, respectively. For years ended June 30, 2022 and 2021, the University's appropriated funds consisted of \$8,148,000 and \$3,423,000, respectively, received on behalf of students that qualified for stipends from the College Opportunity Fund, \$19,429,000 and \$7,233,000, respectively, fee-for-service contract revenue, and \$2,250,000 and \$2,729,000 respectively, for the operations of the Colorado Geological Survey. All other revenues and expenses reported by the University represent non-appropriated funds. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources.

#### Note 19: COVID

In Fiscal Year 2020, the World Health Organization declared the spread of a Coronavirus Disease (COVID-19) a worldwide pandemic. The Governor of the State of Colorado declared a State of Emergency. The resulting shutdown had significant impacts on Colorado School of Mines' personnel, students, classroom instruction, research projects, and overall operations.

# Colorado School of Mines

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021 *(in thousands)*

The Coronavirus Aid, Relief and Economic Security (CARES) Act was approved by Congress and provided funding for higher education, known as Higher Education Emergency Relief Fund (HEERF). This funding included emergency grants for students who have experienced an unexpected expense or hardship as a result of the disruption of campus operations due to COVID-19. Colorado School of Mines was awarded approximately \$7,782,000 for student support and utilized \$2,717,000 as of June 30, 2022, the award was fully expended by the end of Fiscal Year 2022. Colorado School of Mines was also awarded a total of \$9,203,000 for institutional support the award was fully expended in Fiscal Year 2021. Revenue was recognized for the institutional support in proportion to the student support in the amount of \$2,717,000 as of June 30, 2022.

On May 18, 2020, Colorado Governor Polis signed an Executive Order allocating \$450 million from the Coronavirus Relief Fund (CRF) to Colorado's public institutions of higher education. Colorado School of Mines received \$13,427,000, which was fully utilized in Fiscal Year 2021.

Throughout the COVID-19 pandemic and recovery, the University has, and continues to evaluate impacts to the institution and the community. The full extent of the impact of the pandemic is still unknown, the University is committed to maintain the health & safety of students, faculty and staff, while maintaining enrollment, continuing programmatic research and increasing the number of degrees awarded and courses completed.

### Note 20: Subsequent Events

On December 1, 2020, the Board issued the Institutional Enterprise Revenue Refunding Bond, Series 2020 in a principal amount of \$15,675,000. The Series 2020 Bond was issued as a drawdown bond and was initially funded in the amount of \$11,645,000 on the First Draw closing date of December 1, 2020. The Second Draw was funded in the amount of \$4,030,000 on December 1, 2022 and was used to redeem the remaining outstanding Series 2012B Institutional Enterprise Revenue Bonds.

On December 15, the Board intends to issue approximately \$123,300,000 of institutional enterprise revenue bonds. Approximately \$88,900,000 was issued as new debt to fund portions of certain capital projects including the Beck Venture Center, the Labriola Innovation Complex, the Early Childhood Education Center, a new parking garage and classroom building. Additionally, \$34,410,000 was issued as floating rate notes to redeem the \$34,410,000 of outstanding Series 2018A floating rate notes.

The Board of Trustees approved the increase of tuition revenue pledge from 10 percent to 100 percent of total tuition revenue by amending the Master Enterprise Bond Resolution through the approval of the 19<sup>th</sup> Supplemental Resolution. The University will apply 100 percent of total tuition revenue to the pledge revenue calculations in Fiscal Year 2023.

# Colorado School of Mines

## Required Supplementary Information

Years Ended June 30, 2022 and 2021 *(in thousands)*

### Required Supplementary Information

#### Plan Fiduciary

#### Schedule of Proportional Share of Net Pension Liability (\$ in thousands)

Calendar Year	Proportionate (percentage) of the Collective NPL	Proportionate Share of the Collective Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total Pension Liability
2021	2.20836396470%	\$ 162,868	73,390	221.92%	73.05%
2020	2.28081083950%	216,330	74,903	288.82%	65.34%
2019	2.50798074200%	243,370	79,193	307.31%	62.24%
2018	2.57605127600%	293,120	78,099	375.32%	55.11%
2017	2.70681341100%	541,843	79,151	684.57%	43.20%
2016	2.89749307450%	532,215	82,557	644.66%	42.60%
2015	2.89133496393%	296,275	78,055	379.57%	56.11%
2014	2.74781597720%	258,747	74,014	349.59%	59.84%

#### Schedule of Contributions and Related Ratios (\$ in thousands)

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess) State Contribution	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 14,941	14,941	-	74,872	19.96%
2021	14,661	14,661	-	73,656	19.90%
2020	14,973	14,973	-	77,259	19.38%
2019	14,990	14,990	-	78,356	19.13%
2018	14,827	14,827	-	77,503	19.13%
2017	15,370	15,370	-	82,283	18.68%
2016	14,254	14,254	-	80,103	17.80%
2015	12,885	12,885	-	76,271	16.89%
2014	10,463	10,463	-	65,576	15.96%
2013	10,055	10,055	-	66,255	15.18%

## Colorado School of Mines

### Required Supplementary Information

Years Ended June 30, 2022 and 2021 *(in thousands)*

#### **Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2022** **Changes in benefit terms and actuarial assumptions**

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median 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.

## **Colorado School of Mines**

### **Required Supplementary Information**

June 30, 2022 and 2021

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

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

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

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

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

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



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the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

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

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

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

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

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**Plan Fiduciary**

**Schedule of Proportional Share of OPEB Liability (\$ in thousands)**

Calendar Year	Proportionate (percentage) of the Collective OPEB Liability	Proportionate Share of the Collective OPEB Liability	Covered Payroll	Proportionate Share of the NOPEBL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total OPEB Liability
2021	0.7419451871%	\$ 6,398	73,390	8.72%	39.40%
2020	0.7834411624%	7,444	74,903	9.94%	32.80%
2019	0.8554911020%	9,616	79,193	12.14%	24.49%
2018	0.8966321621%	12,199	78,099	15.62%	17.03%
2017	0.9516781400%	12,368	79,151	15.63%	17.53%
2016	1.0454597700%	13,555	82,557	16.42%	16.16%

**Schedule of Contributions and Related Ratios (\$ in thousands)**

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 764	764	-	74,872	1.02%
2021	751	751	-	73,656	1.02%
2020	788	788	-	77,259	1.02%
2019	796	796	-	78,356	1.02%
2018	790	790	-	77,503	1.02%
2017	839	839	-	82,283	1.02%
2016	817	817	-	80,103	1.02%
2015	778	778	-	76,271	1.02%
2014	669	669	-	65,576	1.02%
2013	676	676	-	66,255	1.02%

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**Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2022**  
**Changes in benefit terms and actuarial assumptions**

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median 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 post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability

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beneficiary mortality assumption for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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.