University of Colorado

Financial and Compliance Report

For the Years Ended June 30, 2023 and 2022

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REPORT NUMBER 2305F-A

FORVIS

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

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

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

FORVIS, LLP

Denver, Colorado
December 6, 2023

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University of Colorado
Abbreviations and Acronyms
June 30, 2023

18th Avenue	18th Avenue, LLC
457	PERA Deferred Compensation Plan
AAP	Automatic Adjustment Provision
ACFR	Annual Comprehensive Financial Report
AED	Amortization Equalization Disbursement
AHEC	Auraria Higher Education Center
AIR	Annual Increase Reserve
Altitude West	Altitude West, LLC
AMP	Alternate Medicare Payment
CARES	Coronavirus Aid, Relief, and Economic Security
CDHE	Colorado Department of Higher Education
CDHS	Colorado Department of Human Services
CDPHE	Colorado Department of Public Health and Environment
Children's Colorado	Children's Hospital Colorado
CIC	CUBEC Investments Corporation
CMS	Centers for Medicare and Medicaid Services
COF	College Opportunity Fund
C.R.S.	Colorado Revised Statutes
CRF	Coronavirus Relief Fund
CU Anschutz	University of Colorado Anschutz Medical Campus
CU Boulder	University of Colorado Boulder
CU Denver	University of Colorado Denver
CU Denver | Anschutz	University of Colorado Denver | Anschutz Medical Campus
CU Foundation	University of Colorado Foundation
CU Medicine	University of Colorado Medicine
CUBEC	University of Colorado Boulder Enterprise Corporation
CUPCO	University of Colorado Property Corporation, Inc.
CVA	Campus Village Apartments, LLC
DPCU	Discretely Presented Component Units
ERIP	Early Retirement Incentive Program
ERISA	Employee Retirement Income Security Act of 1974, as amended
FAMLI	Family and Medical Leave Insurance
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FNP	Fiduciary Net Position
Fund	CU Healthcare Innovation Fund, L.P.
Fund II	CU Healthcare Innovation Fund II, L.P.
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
HB	House Bill
HCPF	Colorado Department of Health Care Policy and Financing
HCTF	Health Care Trust Fund
HEERF	Higher Education Emergency Relief Fund
HHS	Department of Health and Human Services
HRSA	Health Resources and Services Administration
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LASP	Laboratory for Atmospheric and Space Physics

University of Colorado
Abbreviations and Acronyms
June 30, 2023

MD&A	Management's Discussion and Analysis
MAPD	Medicare Advantage Prescription Drug
NACUBO	National Association of College and University Business Officers
NASA	National Aeronautics and Space Administration
NAV	Net Asset Value
NSF	National Science Foundation
NOAA	National Oceanic and Atmospheric Administration
OPEB	Other Postemployment Benefits
ORP	Optional Retirement Plan
PDPA	Public Deposit Protection Act
PERA	Public Employees' Retirement Association of Colorado
PRF	Provider Relief Fund
Regents	Board of Regents
RSI	Required Supplementary Information
S&P	Standard and Poor's
SAED	Supplemental Amortization Equalization Disbursement
SB	Senate Bill
SBITA	Subscription-Based Information Technology Arrangements
SDTF	State Division Trust Fund
SEC	Securities and Exchange Commission
SOM	School of Medicine
State	State of Colorado
Statement No. 68	Accounting & Financial Reporting for Pensions (as amended)
Statement No. 75	Accounting & Financial Reporting for Postemployment Benefits Other than Pensions
Statement No. 87	Leases
Statement No. 96	SBITA
TABOR	Taxpayer's Bill of Rights
TOL	Total OPEB Liability
TPL	Total Pension Liability
Tri-County Health	Tri-County Health Department
Trust	University of Colorado Health and Welfare Trust
UCCS	University of Colorado Colorado Springs
UCHealth	University of Colorado Hospital
ULEHI	University License Equity Holding, Inc.
University	University of Colorado
US Bank	US Bank National Association
VEBA	Voluntary Employees' Beneficiary Association
VRDBs	Variable Rate Demand Bonds

University of Colorado

Report Summary

Year Ended June 30, 2023

Purpose and Scope of Audit

Authority, Purpose and Scope

The Office of the State Auditor, State of Colorado, engaged FORVIS, LLP (FORVIS) to conduct a financial and compliance audit of the University of Colorado (the University) for the fiscal year ended June 30, 2023. FORVIS performed the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America. FORVIS was not engaged to audit the University's aggregate discretely presented component units both of which were audited by other auditors. FORVIS was also not engaged to audit the financial statements of the University of Colorado Medicine, Altitude West, LLC, and the University License Equity Holding Inc., all blended component units of the University, and audited by other auditors.

The purpose and scope of the audit were to:

- Express an opinion on the basic financial statements of the University as of and for the year ended June 30, 2023
- Issue a report on the University's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audit of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2023
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds
- Evaluate progress in implementing prior year audit recommendations

The System's Schedule of Expenditures of Federal Awards and applicable opinions thereon, issued by the Office of the State Auditor, are included in the Statewide Single Audit Report issued under separate cover.

Audit Opinions and Reports

The independent auditor's reports included herein expressed an unmodified opinion on the University's financial statements as of and for the year ended June 30, 2023. Our report included a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, and the financial statements of the University of Colorado Medicine, Altitude West, LLC, and the University License Equity Holding Inc. – all blended component units. Our report also included emphasis of matter paragraphs about the reporting entity and the adoption of a new accounting standard.

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

No instances of noncompliance considered material to the financial statements were disclosed by the audit.

University of Colorado
Report Summary
Year Ended June 30, 2023

Significant Audit Adjustments

There were two proposed audit adjustments as a result of the audit relating to the reclassification of net position and an adjustment of the lease receivable for the use of an incorrect discount rate. Both of these adjustments were recorded by the University for the year ended June 30, 2023. In addition, there was one proposed adjustment relating to a reclassification in the prior year net position. The University chose not to record this adjustment.

Summary of Audit Findings and Recommendations

There was one finding and recommendation related to a reclassification of net position reported for the year ended June 30, 2023.

Summary of Progress in Implementing Prior Audit Recommendations

For the fiscal year 2023 audit, we performed test work to determine the disposition of the prior year findings and whether the prior year recommendations were implemented. We found that all recommendations were fully implemented. See the Disposition of Prior Audit Findings and Recommendations section of this report for further information.

Summary of Audit Findings

Internal Control Over Financial Reporting

We identified one finding related to internal control over financial reporting and an adjustment between restricted and unrestricted net position.

Recommendations and Response

A summary of our recommendation and the response from the University can be found in the Recommendation Locator section of this report. The University's response to the finding has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly we express no opinion on it.

Auditor's Communication to Legislative Audit Committee

The auditor's communication to the Legislative Audit Committee describes the auditor's responsibility under auditing standards generally accepted in the United States of America and significant management judgments and estimates. This communication is located on page 123.

University of Colorado
Recommendation Locator
Year Ended June 30, 2023

Recommendation Number	Page Number	Recommendation Summary	University Response	Implementation Date
1	6	The University should establish and strengthen controls over financial reporting in order to ensure that its financial statements are prepared accurately and in accordance with all relevant accounting standards. Specifically, the University should ensure that staff review and monitor the classification of all restricted net position balances in accordance with GASB Statement No. 34.	Agree	March 2024

University of Colorado
Findings and Recommendations
Year Ended June 30, 2023

The University of Colorado (the University) was established on November 7, 1861 by an Act of the Territorial Government. Upon the admission of Colorado into the Union in 1876, the University was declared an institution of the State of Colorado (the State) and the Board of Regents was established under the State Constitution as its governing authority.

The University consists of the system office and the following three accredited campuses:

- University of Colorado Boulder
- University of Colorado Denver | Anschutz Medical Campus
- University of Colorado Colorado Springs

The three campuses comprise 26 schools and colleges, which offer 184 programs of study at the undergraduate level and 315 at the graduate level, offering 386 bachelor and master’s degrees, along with 110 doctorates.

The Board of Regents is charged constitutionally with the general supervision of the University and the exclusive control and direction of all funds of and appropriations to the University, unless otherwise provided by law. The Board of Regents consists of nine members serving staggered six-year terms, one elected from each of the State’s seven congressional districts and two elected from the State at large.

The Board of Regents appoints the President of the University. The President is the chief executive officer of the University. The President is responsible for the administration of the University and for compliance of all University matters with applicable regent laws and policies and state and federal constitutions, laws, and regulations. The President is the chief academic officer of the University, responsible for providing academic leadership for the University in meeting the needs of the State, and shall maintain and advance the academic policies of the University. The President is also the chief spokesperson for the University and interpreter of University policy and represents and interprets the roles, goals, and needs of the University throughout the State and elsewhere, as appropriate. The Chancellors are the chief academic and administrative officers at the campus level, responsible to the President for the conduct of the affairs of their respective campuses in accordance with the policies of the Board of Regents.

Enrollment, tuition, and faculty and staff information is presented below.

University of Colorado Full-Time Equivalent (FTE)
Students, Faculty, and Staff, Fiscal Years 2021 through 2023

	2020-2021	2021-2022	2022-2023
Undergraduate Resident Students	31,816	30,308	30,069
Undergraduate Nonresident Students	13,755	14,451	14,466
Graduate Resident Students	10,297	9,725	9,218
Graduate Nonresident Students	3,784	4,264	4,396
Total Students	59,652	58,748	58,149
Faculty FTEs	7,439	7,517	8,015
Staff* FTEs	14,754	15,092	15,810
Total Staff and Faculty FTEs	22,193	22,609	23,825

Source: University of Colorado's Financial Statements for the Fiscal Year Ended June 30, 2023.
*Medical residents were included in the FTE for Other Faculty and Staff.

Reclassification of Net Position

According to Governmental Accounting Standards Board (GASB) Concept Statement No. 4, *Elements of Financial Statements*, net position is defined as the "residual of all other elements presented in the statement of financial position." Therefore, net position is measured by the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net position is the cumulative net total of all resources from the University's activities.

Net position is classified into three broad categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets is a prescribed calculation performed by the University each year during financial reporting and equals the University's investment in capital assets, net of related debt, and plus or minus other related balances. Restricted net position is determined by external constraints placed on certain revenues that comprise the net position balances. Unrestricted net position is the residual after the calculation of net investment in capital assets and restricted net position. Typically, in financial reporting, the net investment in capital asset financial statement line item is computed first, then the restricted net position line items are determined, and finally, the residual amount of net position is recorded as unrestricted net position. Restricted net position signifies the ability to spend those funds only on specific purposes. For example, the University may receive a gift in which the donor (an external party) places a constraint on the funds in that the gift may only be used for a specific purpose, such as athletics or student enrichment. The University's restricted net position largely consists of funding specific for student loans, scholarships, capital projects, gifts from donors, and endowments. Unrestricted net position can be expended on any purpose of the University and at the University's discretion. During Fiscal Year 2023, the University reported total net position as $3.9 billion, broken out as $2.1 billion in net investment in capital assets, $743.3 million as restricted, and $1.1 billion as unrestricted.

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

The purpose of the audit work was to assess the adequacy and effectiveness of the University's internal controls over financial reporting, and to ensure the accuracy of the University's financial statements, specifically, the composition of the its position at Fiscal Year Ended June 30, 2023, and determine if the University's constraints over restricted net position comply with GASB requirements. We made inquiries of University management as to the composition of the net position balances and obtained the detail of the net position categories provided by the University to determine if the restricted net position met the definition of such contained in the authoritative criteria.

How were the results of the audit work measured?

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB Statement No. 34), as amended, states that net position should be reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors, grantors, contributor's or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Therefore, in order for net position to be reported as restricted on the University's financial statements, the constraint must be from an external source, such as a bond covenant, donors or law/statute.

What problem did the audit work identify?

During Fiscal Year 2023, the University informed us that they determined that the composition of the net position accounts was not allocated properly between restricted and unrestricted balances. Specifically, the University had $743.4 million classified as restricted net position, but the University stated they could not provide an explanation or support for the entire restricted net position balance. This resulted in the University overstating the restricted net position by approximately $182.5 million in Fiscal Year 2023, which understated the unrestricted net position. The University subsequently corrected the Fiscal Year 2023 balances. Since the University presents comparative financial statements, the University also calculated $153.4 million as the total correcting adjustment between restricted and unrestricted net position for Fiscal Year 2022. The University chose not to record this adjustment and restate the Fiscal Year 2022 balances. As the University has corrected this issue for the year ended June 30, 2023 and the impact of this correction has no impact on revenue or expenses or overall net position, this correction was determined to not be misleading to the users of the financial statements, and therefore a restatement of the year ended June 30, 2022 was not judged necessary.

Why did this problem occur?

This problem occurred because the University did not ensure the proper review and monitoring of the classification of the restricted net position according to GASB Statement No. 34. Specifically, the University improperly categorized funds for future debt service on auxiliary enterprises as restricted rather than unrestricted, because the University's debt agreements do not specify revenue thresholds that the University needs to maintain for future debt payments.

Why does this problem matter?

The University should ensure the proper classification of the net position balances in order to present the most accurate representation of the financial results. The proper classification of the net position balance tells the reader of the financial statements how much net position is free to be expended on purposes determined by management and the University versus how much can be spent on specific purposes.

Classification of Finding: **Material Weakness**
This finding does not apply to a prior audit recommendation.

Recommendation No. 1

The University should establish and strengthen controls over financial reporting in order to ensure that its financial statements are prepared accurately and in accordance with all relevant accounting standards. Specifically, the University should ensure that staff review and monitor the classification of all restricted net position balances in accordance with GASB Statement No. 34.

Response

University of Colorado

Agree

Implementation Date: March 2024

The University agrees with the finding. After University personnel discovered the issue, an in-depth analysis of net position balances was made to classify amounts into the proper net position category. The University has developed a plan to address the coding issue that resulted in the misclassification of net position balances. It is anticipated that by the end of March 2024, the underlying coding will be corrected to ensure proper classification among net position balances.

University of Colorado
Disposition of Prior Audit Findings and Recommendations
Year Ended June 30, 2023

Recommendation Number	Recommendation Summary	Disposition
1	The University of Colorado should improve internal controls over incident management by (a) Implementing recommendation Part A as noted in the confidential finding, and (b) implementing recommendation Part B as noted in the confidential finding.	All parts of recommendation implemented.
2	The University of Colorado's Colorado Springs campus should strengthen internal controls over, and ensure that it complies, with the Higher Education Emergency Relief Fund (HEERF) reporting requirements by establishing policies and procedures for identifying and researching changes in HEERF reporting requirements and posting reports to the campus website as required by federal regulations.	All parts of recommendation implemented.
3	The University of Colorado's Boulder campus should strengthen internal controls over equipment management and ensure compliance with the Research and Development Cluster equipment management by: a) Ensuring the equipment listing is properly reconciled to physical equipment on hand to ensure that the list is accurate and remove equipment from the listing that has been disposed of and is no longer in use and b) Enforcing its current policies and procedures relating to equipment tagging.	All parts of recommendation implemented.
4	The University of Colorado's Boulder campus should strengthen its internal controls over, and ensure compliance with, federal subrecipient monitoring requirements for the Research and Development Cluster grant programs by enforcing required reviews of the subrecipient checklist for completeness to ensure all of the appropriate steps are completed, including risk assessments, and by ensuring that appropriate levels of staff are assigned responsibility for the reviews.	All parts of recommendation implemented.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary component unit of the University of Colorado (the University), a higher education institution of the State of Colorado, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the University of Colorado Medicine (CU Medicine), Altitude West, LLC, or the University License Equity Holding Inc. (ULEHI), all blended component units of the University, which represent approximately 13 percent, 26 percent and 30 percent, and 13 percent, 27 percent and 30 percent for the years ended June 30, 2023 and 2022, respectively, of the assets, net position, and operating revenues of the business-type activities of the University. In addition, we did not audit the financial statements of the University of Colorado Foundation (CU Foundation) or the CU Boulder Enterprise Corporation (CUBEC), which represent 100 percent of the discretely presented component units of the University for the year ended June 30, 2023. Furthermore, we did not audit the financial statements of the CU Foundation for the year ended June 30, 2022, which represents 99 percent, 94 percent and 99 percent for the year ended June 30, 2022 of the assets, net position and operating revenues, respectively, of the discretely presented component units of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as it relates to the amounts included for CU Medicine, Altitude West LLC, ULEHI, the CU Foundation, and CUBEC, are based solely on the reports of the other auditors.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Altitude West, LLC, a blended component unit, the CU Foundation and CUBEC, discretely presented component units, and the University of Colorado Health and Welfare Trust, a fiduciary component unit, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matters

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

As discussed in Note 1 to the financial statements, in fiscal year 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the abbreviations and acronyms, report summary, and description of the University, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

FORVIS, LLP

Denver, Colorado
December 6, 2023

Management is pleased to present this financial discussion and analysis of the University of Colorado (the University). It is intended to make the University's financial statements easier to understand and communicate our financial situation in an open, accountable, and transparent manner. It provides an analysis of the University's net position and results of operations for the years ended June 30, 2023 and 2022 (Fiscal Year 2023 and 2022, respectively), with comparative information for the year ended June 30, 2021 (Fiscal Year 2021). University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements.

UNDERSTANDING THE FINANCIAL STATEMENTS

Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2023 and 2022). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, and lenders, and a picture of net position.

Statements of Revenues, Expenses, and Changes in Net Position present the total revenues and expenses of the University for operating, nonoperating, and other undertakings during the fiscal years ended June 30, 2023 and 2022. Their purpose is to assess the University's operating and nonoperating activities.

Statements of Cash Flows present cash receipts and payments of the University during the fiscal years ended June 30, 2023 and 2022. Their purpose is to present the sources of cash coming into the University, how that cash was expended, and the change in the cash balance during the year.

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

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

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

FINANCIAL HIGHLIGHTS

Selected financial highlights for the fiscal year ended June 30, 2023 include:

- University assets total $9,077,644,000, deferred outflows of resources (reflecting losses on bond refundings, certain changes in the pension and OPEB payments, and other items) total $583,952,000, liabilities total $5,258,542,000, and deferred inflows of resources total $511,606,000 (related to the pension and OPEB payments, leases, and other items) resulting in net position of $3,891,448,000. Of this amount, $2,045,802,000 is net investment in capital assets, $49,198,000 is restricted for nonexpendable purposes, meaning only the earnings on the related investments may be used for purposes dictated by the resource provider, and $665,015,000 is restricted for purposes for which the donor, grantor, or other external party intended. The remaining unrestricted balance is $1,131,433,000.

- The increase in the University's net pension liability of $352,180,000 for Fiscal Year 2023 is a result of the changes in underlying actuarial assumptions made by PERA, along with legislative changes enacted in July 2018. See Note 10 for more information. The decrease in the net other postemployment benefit (OPEB) liability of $169,626,000 for Fiscal Year 2023 is primarily due to a change in the discount rate used to calculate the balance of the University's OPEB plan.

- In total, operating revenues increased 7.6 percent in Fiscal Year 2023 while operating expenses increased 10.9 percent. For comparative purposes, operating revenues increased 12.5 percent in Fiscal Year 2022 while operating expenses increased 14.9 percent. The increase in operating expenses are primarily due to changes in PERA assumptions which increased the net pension liability by 48.2 percent for Fiscal Year 2023.

- The University adopted the provisions of Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)* (Statement No. 96) effective July 1, 2021 as prescribed by the Government Accounting Standards Board (GASB). Statement No. 96 establishes a model for accounting based on the foundational principle that these arrangements are financings of the right to use an underlying asset. Under Statement No. 96, the University is required to recognize a subscription liability and an intangible right-to-use software asset. As a result of the adoption of Statement No. 96, certain Fiscal Year 2022 financial statement balances were restated. Fiscal Year 2021 information in this MD&A has not been restated for the adoption of Statement No. 96. See Note 1 and Table 1.3 for more information.

STATEMENT OF NET POSITION

Figure 1 illustrates the University's summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The mix of assets, liabilities, and net position has remained consistent with the exception of the PERA pension and OPEB liabilities and related deferred outflows and inflows of resources experiencing changes from year to year. The deferred outflows of resources of $583,952,000 in Fiscal Year 2023, $546,001,000 in Fiscal Year 2022, and $386,671,000 in Fiscal Year 2021 primarily represent the deferred loss on bond refundings and items related to the pension and OPEB liabilities. The pension and OPEB liabilities and the related deferred balances fluctuated due to changes in funding from pension reform, actuarial assumptions, and experience. Analysis of the University's capital and right-to-use assets and related debt is included in the section Capital and Right-to-Use Asset and Debt Management, whereas this section provides analysis of the University's noncapital assets and other liabilities.

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

(in thousands)		2023	2022*	2021
Assets				
Current assets	$	3,954,262	3,620,408	3,036,109
Noncurrent, noncapital assets		1,162,202	1,121,624	1,858,184
Net capital assets		3,961,180	4,047,126	4,083,247
		9,077,644	**8,789,158**	**8,977,540**
Deferred Outflows				
Loss on bond refundings		43,367	51,856	43,744
Other postemployment benefits related		339,153	396,967	187,712
Alternate medicare payment related		26,021	31,199	33,834
PERA pension related		175,121	65,583	120,946
Other		290	396	435
Total Deferred Outflows		**583,952**	**546,001**	**386,671**
Total Assets and Deferred Outflows		**9,661,596**	**9,335,159**	**9,364,211**
Liabilities				
Current liabilities		744,524	677,336	554,130
Noncurrent liabilities		4,514,018	4,492,356	4,417,744
		5,258,542	**5,169,692**	**4,971,874**
Deferred Inflows				
Lease related		67,402	64,049	70,950
Other postemployment benefits related		391,740	182,812	229,151
Alternate medicare payment related		34,417	10,504	6,626
PERA pension related		16,272	285,264	259,005
Other		1,775	1,743	2,050
Total Deferred Inflows		**511,606**	**544,372**	**567,782**
Total Liabilities and Deferred Inflows		**5,770,148**	**5,714,064**	**5,539,656**
Net Position				
Net investment in capital assets		2,045,802	2,019,283	2,088,094
Restricted for nonexpendable purposes		49,198	48,589	48,566
Restricted for expendable purposes		665,015	791,915	746,079
Unrestricted		1,131,433	761,308	941,816
Total		**3,891,448**	**3,621,095**	**3,824,555**
Liabilities, Deferred Inflows and Net Position	**$**	**9,661,596**	**9,335,159**	**9,364,211**

** restated due to adoption of GASB Statement No. 96*

ASSETS

From Fiscal Year 2022 to 2023, the increase in total assets was primarily due to increases in the investment balance and an increase in other assets due to $6,866,000 in prepaid expenses paid by CU Boulder for the July 4th concert held at Folsom Field. From Fiscal Year 2021 to 2022, the decrease in total assets was primarily due to decreases in the investment balance.

The University's investments were $4,054,903,000 and $3,762,582,000 at June 30, 2023 and 2022, respectively, representing a $292,321,000 increase. The increase in investments is primarily due to the unrealized gain balance rebounding from a deficit in Fiscal Year 2022 due to positive market performance throughout Fiscal Year 2023. The University's investments were $3,899,474,000 at June 30, 2021, representing a decrease of $136,892,000 at June 30, 2022. The decrease in investments is mainly due to negative overall market performance versus the prior year's high market returns.

Net accounts, leases, and loans receivable increased $38,118,000 and $36,709,000 in Fiscal Years 2023 and 2022, respectively. In Fiscal Year 2023, the increase was primarily due to CU Medicine's growth, an increase in the receivable from the Treasury investment pool portfolio, and an increase to lease receivable which are recorded in accordance with Statement No. 87, *Leases* (Statement No. 87) effective for Fiscal Year 2021. In Fiscal Year 2022, the increase was primarily due to an increase in the receivable for securities in Treasury's investment pool.

LIABILITIES

The University's non-debt-related liabilities were $3,311,690,000, $3,050,518,000, and $2,851,730,000, at June 30, 2023, 2022, and 2021, respectively. These liabilities are comprised of amounts categorized in Figure 2.

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

		2023	2022*	2021
Accounts payable	$	171,936	148,268	126,162
Accrued expenses		143,230	135,773	115,053
Compensated absences		359,572	336,932	320,814
Unearned revenue		225,379	182,040	157,979
Other postemployment benefits		1,144,336	1,313,962	972,432
Alternate medicare payment		103,810	124,662	119,804
Net pension liability		1,083,200	731,020	955,089
Risk financing		30,175	31,232	32,638
Construction contract retainage		3,808	4,677	8,401
Funds held for others		19,614	18,440	17,496
Federal Perkins loan		8,130	10,372	13,051
Early retirement incentive program		5,789	7,190	7,462
FAMLI liability		5,773	-	-
Asset retirement obligation		1,381	1,415	1,373
Miscellaneous liabilities		5,557	4,535	3,976
Total Non-debt-related Liabilities	**$**	**3,311,690**	**3,050,518**	**2,851,730**

** restated due to adoption of GASB Statement No. 96*

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

The University is required to account for and report on OPEB (Note 9). Such benefits include health insurance benefits for University retirees and their dependents. The University has chosen to fund this liability on a pay-as-you-go basis; therefore, there are no assets held in trust to pay future benefits which have been earned by employees. Statement No. 75, *Accounting & Financial Reporting for Postemployment Benefits Other than Pensions* (Statement No. 75), was effective for Fiscal Year 2018 and required the full recognition of the liability to employees for OPEB. In addition, University employees in the Public Employees' Retirement Association of Colorado (PERA) can elect to participate in the PERACare program for other postretirement benefits so the University is required to record its proportionate share of PERA's net OPEB liability. As noted in Figure 2, the liability required to be reported in the financial statements totaled $1,144,336,000, $1,313,962,000, and $972,432,000 in Fiscal Year 2023, 2022, and 2021, respectively, which equates to $1,119,454,000, $1,287,203,000, and $941,595,000, respectively, from the University's OPEB plan and $24,882,000, $26,759,000, and $30,837,000, respectively, from PERA's OPEB plan. The decrease in the University OPEB liability in Fiscal Year 2023 is primarily due to an actuarial assumption change regarding the interest rate, and the increase in Fiscal Year 2022 is primarily due to actuarial assumption changes regarding the interest rate, mortality tables, termination rates, and salary scale.

As discussed in Note 10, the University participates in the statewide PERA cost-sharing defined benefit pension plan. Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68) requires the University to record its "proportionate share" of PERA's net pension liability. The University has no legal requirement to pay this liability in the event of PERA's insolvency nor does it have the ability to determine the employer or employee annual contributions. The liability cannot be prepaid. From PERA's 2022 Annual Comprehensive Financial Report (ACFR), PERA's net pension liability for the state division in which the University participates was $10,872,576,000 and the University's Fiscal Year 2023 proportionate share of the liability based on calendar 2022 contributions was $1,083,200,000. From PERA's 2021 ACFR, PERA's net pension liability for the state division was $7,375,039,000 and the University's Fiscal Year 2022 proportionate share of the liability based on calendar 2021 contributions was $731,020,000. While the change in the net pension liability impacted total liabilities, unrestricted net position, and pension expense, the associated cash flow out of the University remained fixed by the contribution levels set in State statute (see Figure 6). The majority of the $352,180,000 increase in Fiscal 2023 and the $224,069,000 decrease in Fiscal Year 2022 can be attributed to changes in actuarial assumptions and ongoing adjustments from the enactment of pension reform in Senate Bill (SB) 18-200 in Fiscal Year 2019.

Compensated absences estimate the amount payable to employees in the future for their vested rights under the University's various leave programs. This estimate is based on personnel policies that define the amount of vacation and sick leave to which each employee may be entitled. Compensated absences typically increase year-over-year as employees accrue additional vacation days and salaries change. See Table 1.2 and Table 6.2 for more information.

Unearned revenue represents amounts paid by students, auxiliary enterprise customers, grantors, and contractors for which the University has not met all of its requirements for revenue recognition. These amounts will be recognized as revenue in future periods after all conditions have been satisfied. The unearned revenue balance fluctuates from year to year depending on factors such as the timing of the first day of classes and the rate of spending on grants and contracts for which payment has been received in advance. In Fiscal Year 2023, the increase in the unearned revenue balance was primarily due to unearned concert revenue, increase in football season tickets, and prepayments on sponsored research. In Fiscal Year 2022, the increase was primarily related to the advance payment of expenses for large sponsored projects. See Note 7 for more information.

New in Fiscal Year 2023 is the Family and Medical Leave Insurance (FAMLI) liability which is included in Other Liabilities on the statement of net position. State law allows employers to offer a self-funded paid family leave program with benefits that meet or exceed the state's FAMLI program, instead of participating in the state insurance program. The University submitted a private plan proposal, which was reviewed and approved by the State of Colorado. Like the state program, the University's FAMLI plan is funded with premiums split equally between the University and its employees. Premiums are set to 0.9 percent of the employee's wage, with 0.45 percent of the premium paid by the employer and 0.45 percent of the premium paid by the employee. The University's liability reflects the withholdings from employees, which totaled $5,773,000 as of June 30, 2023.

NET POSITION

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

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

In Fiscal Year 2023 and 2022, total restricted for nonexpendable net position increased by $609,000 and $23,000, respectively, due to additions to existing permanent endowments.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

		2023	2022*	2021
Operating revenues	$	5,012,277	4,658,866	4,139,499
Operating expenses		5,379,113	4,852,134	4,223,675
Operating Loss		**(366,836)**	**(193,268)**	**(84,176)**
Net nonoperating revenues (expenses)		605,927	(38,593)	1,205,163
Income (Loss) Before Other Revenues		**239,091**	**(231,861)**	**1,120,987**
Other revenues		31,262	28,401	49,576
Change in Net Position		**270,353**	**(203,460)**	**1,170,563**
Net Position, beginning of year		3,621,095	3,824,555	2,664,318
Cumulative effect of adoption of new accounting standard		-	-	(10,326)
Net Position, beginning of year, as restated		3,621,095	3,824,555	2,653,992
Net Position, End of Year	**$**	**3,891,448**	**3,621,095**	**3,824,555**

** restated due to adoption of GASB Statement No. 96*

REVENUES

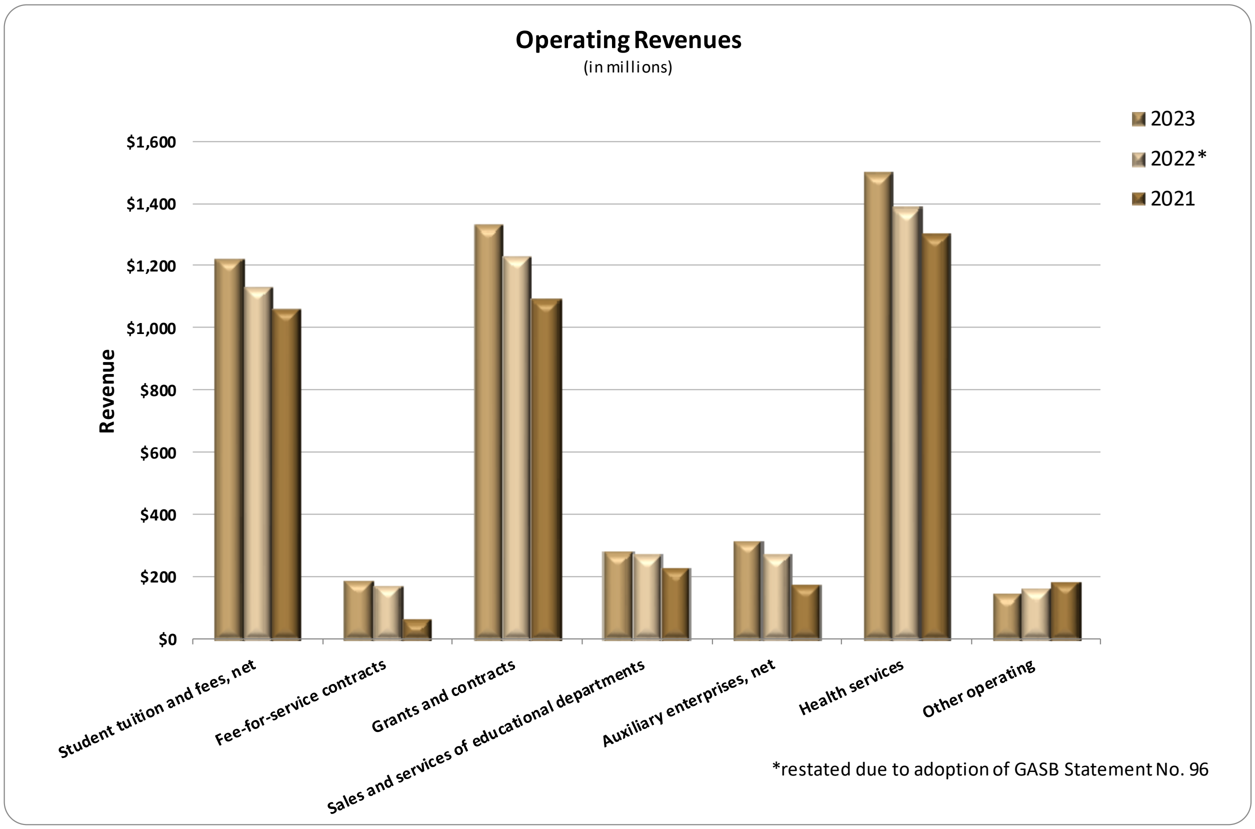
Figure 4 provides an illustration of operating and nonoperating revenues by major sources excluding capital-related revenues. These sources include both State-appropriated and non-appropriated funds (see Note 13 for more information). Appropriated funds are those controlled by legislation through the general or special appropriation process and are designated for specific purposes. For the last three fiscal years, appropriated funds primarily included student tuition and fees, State of Colorado (State) stipends, fee-for-service contract revenues, and tobacco litigation settlement monies. Student tuition and fees are included only as an informational item in the State's budget as the revenue is not received from the State, but rather from outside entities. The College Opportunity Fund (COF) provides stipends to qualified undergraduate students; the receiving students then use the stipends to pay a portion of their tuition. In November 1992, Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the

Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all the local governments and the State, including the University. In Fiscal Year 2005, the Colorado State Legislature determined in Section 23-5-101.7 of the Colorado Revised Statutes that an institution of higher education may be designated as an "enterprise" for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than 10 percent of its total annual revenue in grants as defined by TABOR. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any provisions of TABOR. In July 2005, the University's Board of Regents (the Regents) designated the University as a TABOR enterprise pursuant to the statute. During the Fiscal Years ended June 30, 2023, 2022, and 2021, the University believes it has met all requirements of TABOR enterprise status (Note 13). The amount of State grants received by the University was 1.15 percent, 0.94 percent, and 1.05 percent, of total annual revenues during the Fiscal Years ended June 30, 2023, 2022, and 2021, respectively. The ability of the Regents to increase tuition rates is limited by the State, although the University's operations no longer impact the State's TABOR spending limits due to the University's enterprise status.

Figure 4. Operating and Nonoperating Revenues (Excluding Capital)

(in thousands)		2023	2022*	2021
Operating Revenues				
Student tuition and fees, net	$	1,224,562	1,135,953	1,066,344
Fee-for-service contracts		193,930	176,265	66,396
Grants and contracts		1,334,081	1,236,401	1,095,802
Sales and services of educational departments		285,454	273,866	233,037
Auxiliary enterprises, net		317,627	277,453	179,667
Health services		1,504,889	1,392,075	1,309,227
Other operating		151,734	166,853	189,026
Total Operating Revenues		**5,012,277**	**4,658,866**	**4,139,499**
Nonoperating Revenues				
Federal Pell Grant	$	56,390	54,032	54,470
State appropriations		16,113	23,476	17,113
State support for PERA pension		19,751	7,603	-
COVID-19 Aid		5,601	126,449	248,174
Gifts		241,894	243,195	251,109
Investment income (loss)		288,579	(397,382)	692,400
Other nonoperating, net		30,204	(16,365)	7,156
Total Nonoperating Revenues		**658,532**	**41,008**	**1,270,422**
Total Noncapital Revenues	**$**	**5,670,809**	**4,699,874**	**5,409,921**

** restated due to adoption of GASB Statement No. 96*



The University experienced increases in most operating revenue sources in Fiscal Year 2023 and 2022.

The increase in tuition and fee revenue for Fiscal Year 2023 reflects a combination of a decrease in scholarship allowance due to the expiration of Higher Education Emergency Relief Fund (HEERF) awards, increases in COF received, and tuition rate increases. For Fiscal Year 2023, the approved increase in tuition rates was 4.3 percent at CU Boulder, 4.6 percent at UCCS, 6.2 percent at CU Denver, and 2.0 percent at CU Anschutz for resident undergraduate nursing. In accordance with the resident tuition guarantee at CU Boulder, each incoming freshman undergraduate resident student with in-state classification will have no increase in tuition for their next three years. The increase in tuition and fee revenue for Fiscal Year 2022 reflects a combination of increases in COF received and tuition rate increases. For Fiscal Year 2022, the approved increase in tuition rates was 2.9 percent at CU Boulder, 3.0 percent at UCCS and CU Denver, and 1.8 percent at CU Anschutz for resident undergraduate nursing.

In Fiscal Years 2023, 2022, and 2021, the University applied $84,976,000, $76,293,000 and $34,762,000, respectively, of COF stipends against student tuition bills (these amounts are included in tuition revenues), with a per credit hour stipend rate of $104, $94, and $40, respectively. Fee-for-service revenue from the State increased $17,665,000 between Fiscal Year 2022 and 2023, and increased $109,869,000 between Fiscal Year 2021 and 2022, due to the State budget.

Consistent with the University's goal to increase its focus and national role as a comprehensive research institution, one of the three largest sources of revenue for the University continues to be grants and contracts revenue, which includes funding from federal, state, and local governments, and private sources. Grants and contracts revenue from the federal government represents 78 percent, 79 percent, and 78 percent of total grants and contract revenue for Fiscal Year 2023, 2022, and 2021, respectively. Each grant or contract is restricted in use to the purpose given and limited to the cost principles specified by each sponsor. The increase in Fiscal Year 2023 was due to increased federal funding for projects at CU Boulder from the

National Science Foundation (NSF), the U.S. Department of Health and Human Services (HHS), the Department of Defense and the Department of Energy, and for research projects at CU Anschutz from HHS, and Colorado Student Grant and sponsored projects from the Colorado Department of Human Services (CDHS) and Colorado Department of Public Health and Environment (CDPHE). The increase in Fiscal Year 2022 was due to increased federal funding for projects at CU Boulder from the National Aeronautics and Space Administration (NASA), NSF, Johns Hopkins University, and National Oceanic and Atmospheric Administration (NOAA), and at CU Anschutz from HHS, clinical trial projects, and Colorado Department of Higher Education (CDHE) Colorado Graduate Grant and Colorado Student Grant. These grants also provide necessary funding for the administrative functions and facilities that support the grants through the facilities and administrative reimbursement. In Fiscal Years 2023, 2022, and 2021, the University received $290,471,000, $263,918,000, and $234,983,000, respectively, of such administrative and facility overhead cost reimbursements. The University pledges portions of this reimbursement revenue and other auxiliary revenues to satisfy its bond obligations, which are commonly referred to as pledged revenues, thus creating a reliance on continued federal research funding.

The increase in auxiliary enterprise revenues in Fiscal Year 2023 is primarily due to increases in student affairs and in Athletics at CU Boulder. The increase in auxiliary enterprise revenues in Fiscal Year 2022 is mainly due to an increase in Athletics at CU Boulder and an increase in student services, which is consistent with pre-pandemic levels of activity.

The majority of health services revenue includes medical practice plan revenues earned through CU Medicine (Notes 1 and 15), which has experienced growth in operating revenue of 8.1 percent and 6.3 percent in Fiscal Year 2023 and 2022, respectively. In Fiscal Year 2023 and 2022, the increase was primarily due to growth in operations, which was driven by an increase in clinical volumes and contract income, primarily from CU Medicine's affiliate hospitals.

As a result of the COVID-19 pandemic, the University received funding under the *Coronavirus Aid, Relief, and Economic Security* (CARES) Act and other federal sources. The amount recorded as revenue reflects the portion of the funds received which had been expended through June 30, 2023, 2022, and 2021. During Fiscal Year 2023, the University earned $5,601,000 from HEERF, and $2,007,000 remains unspent as of June 30, 2023. During Fiscal Year 2022, the University earned $128,000 from the *Coronavirus Relief Fund* (CRF), $119,538,000 from the HEERF, $5,902,000 from the Provider Relief Fund (PRF), and $881,000 from other programs. During Fiscal Year 2021, the University earned $121,540,000 from CRF, $71,339,000 from HEERF, and $55,295,000 from PRF.

Gifts decreased by $1,301,000 and $7,914,000 in Fiscal Year 2023 and 2022, respectively. The decrease in Fiscal Year 2023 was primarily due to decreased gifts for Leeds College of Business at CU Boulder. The decrease in Fiscal Year 2022 was due to some one-time donations that were received in the prior fiscal year from the CU Foundation and a reduced valuation of a gift-in-kind received at CU Boulder.

Investment income net of investment expense was an overall gain of $288,579,000 in Fiscal Year 2023, loss of $397,382,000 in Fiscal Year 2022, and gain of $692,400,000 in Fiscal Year 2021. Investment income is subject to inherent variability due to the requirement to record the majority of investments at fair value. The University's unrealized gains on investments (the difference between the investment's fair value and cost basis) increased by $72,652,000 in Fiscal Year 2023 and decreased by $754,599,000 in Fiscal Year 2022.

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

Figure 5. Capital Revenues *(in thousands)*

		2023	2022	2021
Capital student fee, net	$	7,443	13,032	12,936
Capital appropriations		10,956	6,149	31,845
Capital grants and gifts		12,254	9,197	4,882
Gain (loss) on disposal of capital assets		604	(19,888)	(2,708)
Total Capital Revenues	**$**	**31,257**	**8,490**	**46,955**

The capital student fee is used to fund the Auraria Higher Education Center (AHEC) facility and Student Wellness Center at CU Denver, and to fund the Recreation and Wellness Center, the Family Development Center, and the University Center at UCCS.

The University received capital appropriations from the State of $10,956,000 in Fiscal Year 2023, compared to $6,149,000 in Fiscal Year 2022, and $31,845,000 in Fiscal Year 2021. These monies are used for various controlled maintenance and other capital construction activity and fluctuate year to year based on the State budget. The increase in Fiscal Year 2023 is primarily due to the appropriation for Hellems Arts and Sciences building renovation at CU Boulder. The decrease in Fiscal Year 2022 is primarily due to the completed construction of the Anschutz Health Sciences Building.

Capital grants and gifts increased $3,057,000 in Fiscal Year 2023 primarily due to an increase in support for Athletics offset by decreases for Aerospace Engineering and School of Education at CU Boulder, and support for the Engineering Building at CU Denver. Capital grants and gifts increased $4,315,000 in Fiscal Year 2022 due to gifts received at CU Boulder for Aerospace Engineering, School of Education, and Athletics.

The loss on disposal of capital assets in Fiscal Year 2022 was primarily due to the sale of CU South Denver. The sale was approved in December 2021 for $10,000,000 net of closing costs; however the net book value was $35,773,000 resulting in a loss on sale of $26,033,000. This was partially offset by gains on the disposal of various assets at CU Boulder.

EXPENSES

The programmatic uses of resources are displayed in Figure 7 and include PERA pension expense. Figure 6 demonstrates the impact of pension reform from SB 18-200 and other factors to the University's Fiscal Year 2023, 2022, and 2021 financial statements. Pension expense increased by $133,331,000 in Fiscal Year 2023, $180,980,000 in Fiscal Year 2022, and decreased by $21,975,000 in Fiscal Year 2021, respectively. These changes (and corresponding change in net pension liability) should be compared to the required cash contributions for each of the Fiscal Years 2023, 2022, and 2021 of $72,276,000, $67,191,000, and $63,808,000, respectively, which are determined by statute.

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

		2023	2022	2021
Pension expense (gain) (per financial statements)	$	65,677	(67,654)	(248,634)
Expense increase (decrease) from prior year		133,331	180,980	(21,975)
Statutorily required contributions		72,276	67,191	63,808

Total operating expenses increased 10.9 percent for the fiscal year ended June 30, 2023 and increased 14.9 percent for the fiscal year ended June 30, 2022.

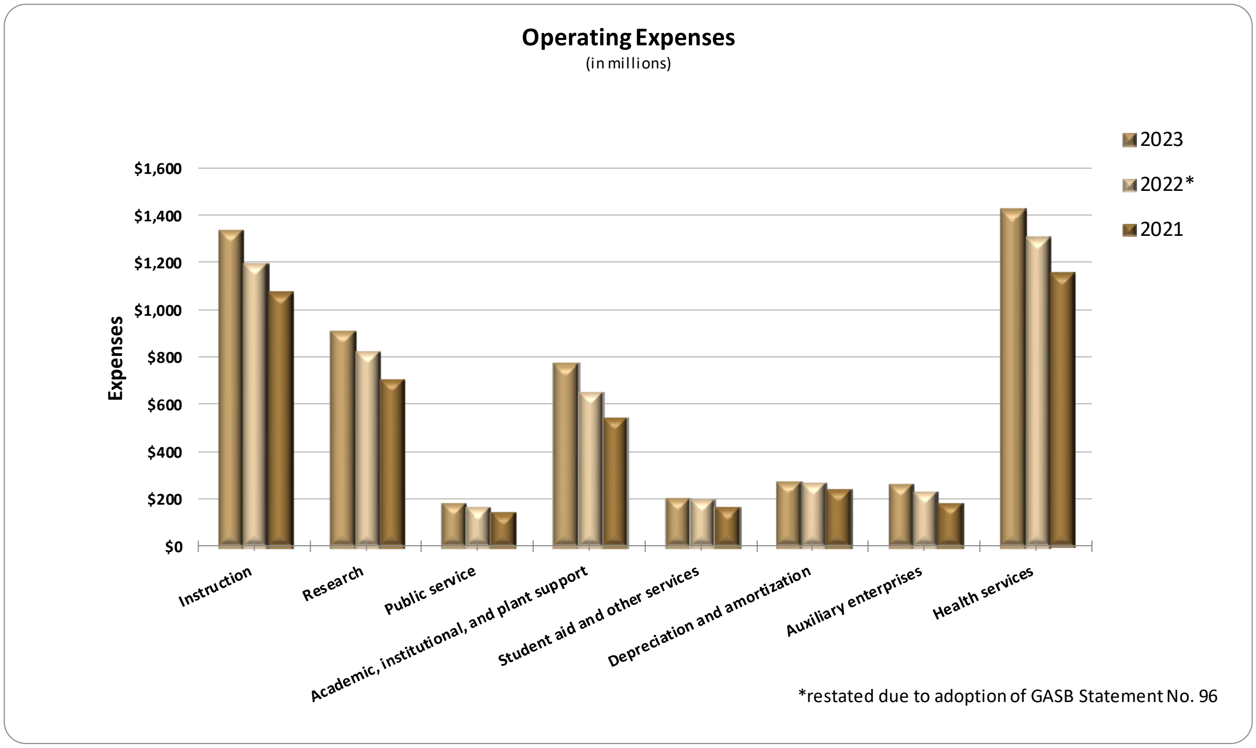
In Fiscal Year 2023, operating expenses, other than student aid and health services, increased primarily due to increases in salaries and benefits and one-time employee compensation packages and the increase in pension expense. In addition, the increase in public service expense is primarily in the Hemophilia Pharmacy, and Sheridan Clinic's grants sponsored by Health Resources and Services Administration (HRSA) at CU Anschutz. The increase in institutional support is primarily due to network infrastructure, information technology security and compliance at CU Denver | Anschutz.

In Fiscal Year 2022, the increase in instruction expense is primarily due to salary and benefits returning to pre-COVID-19 levels at all campuses. A portion of the instruction expenses were covered by CRF or HEERF funding, which is reported as nonoperating revenue. CU Anschutz also increased spending for academic support due to gifts from University of Colorado Hospital (UCHealth) and CU Medicine. The increase in research expense is consistent with funding received for research and clinical projects at CU Anschutz as well as research and other projects at CU Boulder. The increase in public service expense is due to growth in the Gates Biomanufacturing Facility and Hemophilia Pharmacy at CU Anschutz. The increase in academic support expense is due to spending for digital education service at CU Denver and educational technology in the School of Medicine (SOM) at CU Anschutz. The increase in operation and maintenance of plant expense is due to the newly completed City Heights Residence Hall at CU Denver and the Anschutz Health Sciences Building. Student aid expense increased due to the receipt of CARES Act funding, a portion of which was dedicated to assisting students with COVID-19 related financial needs.

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

		2023	2022*	2021
Instruction	$	1,339,864	1,197,699	1,076,077
Research		912,111	823,005	711,190
Public service		180,195	163,729	142,859
Academic, institutional, and plant support		776,134	653,282	546,520
Student aid and other services		201,005	196,568	166,766
Total Education and General		**3,409,309**	**3,034,283**	**2,643,412**
Depreciation and amortization		275,307	267,532	242,392
Auxiliary enterprises		261,858	233,105	179,400
Health services		1,432,639	1,317,214	1,158,471
Total Operating Expenses	**$**	**5,379,113**	**4,852,134**	**4,223,675**

** restated due to adoption of GASB Statement No. 96*



The amounts shown for student aid do not reflect the actual resources dedicated to student aid. The majority of the University's student aid resources are netted against tuition, fee, and auxiliary revenue as a scholarship allowance (Note 14). The University's scholarship allowance was $276,085,000, $309,507,000, and $278,123,000 in Fiscal Years 2023, 2022, and 2021, respectively.

The increase in auxiliary enterprises expense in Fiscal Year 2023 and 2022 is primarily due to the operations of Athletics, Student Affairs, and Housing and Dining at CU Boulder returning to pre-pandemic levels and is consistent with the increase in Auxiliary revenues.

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

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

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

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

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

		2023	2022*	2021
Salaries	$	2,906,068	2,698,746	2,471,391
Benefits (non-pension)		946,444	865,246	783,427
Pension expense**		65,677	(67,654)	(248,634)
Depreciation/amortization		275,307	267,532	242,392
IT licenses/software/equipment		92,812	97,351	128,531
Plant operation/repairs		48,435	43,838	34,288
Scholarships/fellowships		74,931	68,569	71,285
Research		190,126	172,842	140,591
Supplies		580,636	569,880	504,492
Travel		52,893	27,050	7,250
Utilities		75,869	64,638	61,317
Other		69,915	44,096	27,345
Total Operating Expenses	**$**	**5,379,113**	**4,852,134**	**4,223,675**

** restated due to adoption of GASB Statement No. 96*

*** does not include AMP*

CAPITAL AND RIGHT-TO-USE ASSETS AND DEBT MANAGEMENT

The University had $7,236,864,000, $7,082,677,000, and $6,954,418,000 of plant, property, and equipment at June 30, 2023, 2022, and 2021, respectively, offset by accumulated depreciation of $3,393,754,000, $3,168,272,000, and $2,968,468,000, respectively, and right-to-use assets of $181,115,000, $169,394,000, and $107,725,000, respectively, offset by accumulated amortization of $63,045,000, $36,673,000, and $980,000, respectively. The major categories of capital and right-to-use assets at June 30, 2023, 2022, and 2021 are displayed in Figure 9. Related depreciation and amortization charges of $275,307,000, $267,532,000, and $242,392,000, were recognized in the Fiscal Years 2023, 2022, and 2021, respectively. Detailed financial activity related to the changes in capital assets is presented in Note 5. Figure 10 details the University's current construction commitments.

Figure 9. Capital and Right-to-Use Asset Categories (before depreciation and amortization)

(in thousands)		2023	2022*	2021
Land	$	101,602	101,602	101,768
Construction in progress		244,539	202,707	514,042
Buildings and improvements		5,545,213	5,482,578	5,086,596
Equipment		734,901	695,269	673,236
Software and other intangibles		101,178	101,044	100,062
Library and other collections		509,431	499,477	478,714
Right-to-use buildings		113,813	111,105	103,133
Right-to-use equipment		6,377	5,576	4,592
Right-to-use software subscriptions		60,925	52,713	-
Total Capital and Right-to-Use Assets (gross)	**$**	**7,417,979**	**7,252,071**	**7,062,143**

** restated due to adoption of GASB Statement No. 96*

Figure 10. Current Construction Projects as of June 30, 2023 *(in thousands)*

Campus/Project Description	Financing Sources		Value*
CU Boulder:			
Sustainability, Electrical, Environmental Labs (SEEL), Room 356A	Campus cash resources	$	8,500
1135 Broadway renovation	Campus cash resources		6,000
Engineering Center Aerospace Wing and North Tower	Campus cash resources and debt		30,692
Hellems & Rippon renovation	Campus cash resources, Federal, and State funding		105,157
Fleming Tower renovation and system upgrades	Campus cash resources and debt		13,327
CU Denver | Anschutz:			
Fitzsimmons Building Central Services renovation	Campus cash resources and debt		16,479
Engineering Building	Campus cash resources		80,912
UCCS:			
Engineering Annex	Campus cash resources		23,765
Engineering remodel	Campus cash resources		47,100

** Value represents budgeted costs for project in thousands*

During Fiscal Year 2023, the University had no new bond issuances, but defeased $50,995,000 of University System Enterprise Revenue Bonds from University resources. The bonds being defeased were for four capital construction projects at CU Boulder.

During Fiscal Year 2022, the University issued $499,640,000 face value in revenue bonds, of which $227,605,000 were direct placement bonds, with proceeds used to refund portions of prior obligations, and to pay certain costs related to the issuance of the Series 2015A, 2016B-1, and 2017A-2 Bonds.

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

At June 30, 2023, 2022, and 2021, the University had debt (or similar long-term obligations) of $1,946,852,000, $2,119,174,000, $2,120,144,000, respectively, in the categories illustrated in Figure 11. More detailed information about the University's debt is included in Note 8.

Figure 11. Debt Categories *(in thousands)*

		2023	2022*	2021
Revenue bonds	$	1,817,398	1,959,138	2,004,561
Lease liability		82,827	89,309	94,375
Subscription liability		32,634	36,718	-
Notes payable		13,993	34,009	21,208
Total Long-term Debt	**$**	**1,946,852**	**2,119,174**	**2,120,144**

** restated due to adoption of GASB Statement No. 96*

The Regents have adopted a debt management policy that includes limitations on the use of external debt. The University Treasurer will report to the Regents, prior to the issuance of new debt, the effect that the new debt will have on the University's debt capacity ratio to ensure the seven percent debt ratio limit currently established by the Regents is not exceeded. The ratio is calculated as maximum annual debt service as a percentage of the University's unrestricted current fund expenditures plus mandatory transfers. State statute sets the maximum for this ratio at 10 percent in Colorado Revised Statutes (C.R.S.) 23-20-129.5. A component of this policy is debt capacity, which is the calculated ratio of the University's debt service requirement as compared to certain unrestricted revenues. The University maintained its debt capacity limits in all three fiscal years ended June 30, 2023, 2022, and 2021.

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Overall, total budgeted revenues for the University have increased for Fiscal Year 2024 compared to the prior year. The Fiscal Year 2024 budget approved by the State Legislature included a $119,928,000 statewide increase for higher education operations, an 11.5 percent increase, which includes $32,027,000 additional funding for the University through the higher education allocation model. Education and General Fund budgeted revenue increased $93,724,000, or 5.1 percent, compared to the Fiscal Year 2023 estimate, through a combination of both state funding increases and additional revenue from tuition rates increases combined with estimated changes in student enrollment in Fiscal Year 2024. Budgeted revenues for auxiliary and self-funded activities combined with restricted activities increased $41,549,000, or 6.8 percent compared to the Fiscal Year 2023 estimate. The University's overall revenue budget for Fiscal Year 2024 increased 5.1 percent over the prior year.

University of Colorado

Business-Type Activities

Statements of Net Position

June 30, 2023 and 2022 *(in thousands)*

		2023	2022 (Restated)
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	$	328,365	293,582
Investments (Note 3)		3,011,593	2,758,719
Accounts, leases, and loans receivable, net (Note 4)		574,536	535,621
Inventories		19,155	23,856
Other assets		20,613	8,630
Total Current Assets		**3,954,262**	**3,620,408**
Noncurrent Assets			
Investments (Note 3)		1,043,310	1,003,863
Accounts, leases, and loans receivable, net (Note 4)		108,509	109,306
Other assets		10,383	8,455
Capital and right-to-use assets, net (Note 5)		3,961,180	4,047,126
Total Noncurrent Assets		**5,123,382**	**5,168,750**
Total Assets	**$**	**9,077,644**	**8,789,158**
Deferred Outflows			
Loss on bond refundings	$	43,367	51,856
Other postemployment benefits related (Note 9)		339,153	396,967
Alternate medicare payment related (Note 10)		26,021	31,199
PERA pension related (Note 10)		175,121	65,583
Other		290	396
Total Deferred Outflows		**583,952**	**546,001**
Total Assets and Deferred Outflows	**$**	**9,661,596**	**9,335,159**
Liabilities			
Current Liabilities			
Accounts payable	$	171,936	148,268
Accrued expenses (Note 6)		143,230	135,773
Compensated absences (Note 6)		23,418	24,198
Unearned revenue (Note 7)		224,294	180,888
Current portion of long-term debt (Note 8)		115,258	127,989
Other postemployment benefits (Note 9)		20,305	16,560
Other liabilities (Note 11)		46,083	43,660
Total Current Liabilities	**$**	**744,524**	**677,336**
Noncurrent Liabilities			
Compensated absences (Note 6)	$	336,154	312,734
Unearned revenue (Note 7)		1,085	1,152
Long-term debt (Note 8)		1,831,594	1,991,185
Other postemployment benefits (Note 9)		1,124,031	1,297,402
Alternate medicare payment (Note 10)		103,810	124,662
Net pension liability (Note 10)		1,083,200	731,020
Other liabilities (Note 11)		34,144	34,201
Total Noncurrent Liabilities		**4,514,018**	**4,492,356**
Total Liabilities	**$**	**5,258,542**	**5,169,692**

University of Colorado

Business-Type Activities

Statements of Net Position

June 30, 2023 and 2022 *(in thousands)*

		2023	*2022 (Restated)*
Deferred Inflows			
Lease related (Note 4)	$	67,402	64,049
Other postemployment benefits related (Note 9)		391,740	182,812
Alternate medicare payment related (Note 10)		34,417	10,504
PERA pension related (Note 10)		16,272	285,264
Other		1,775	1,743
Total Deferred Inflows		**511,606**	**544,372**
Total Liabilities and Deferred Inflows	**$**	**5,770,148**	**5,714,064**
Net Position			
Net investment in capital assets	$	2,045,802	2,019,283
Restricted for nonexpendable purposes (endowments)			
Research		21,708	21,708
Academic support		15,004	14,404
Scholarships and fellowships		11,128	11,119
Capital and other		1,358	1,358
Total restricted for nonexpendable purposes (Note 12)		49,198	48,589
Restricted for expendable purposes			
Instruction		229,184	223,078
Research		49,397	50,715
Academic support		60,022	47,996
Student loans and services		19,249	21,143
Scholarships and fellowships		56,138	54,073
Auxiliary enterprises		150,381	283,975
Capital		25,148	26,419
Other		75,496	84,516
Total restricted for expendable purposes		665,015	791,915
Unrestricted (Note 12)		1,131,433	761,308
Total Net Position	**$**	**3,891,448**	**3,621,095**

University of Colorado
Discretely Presented Component Units
Statements of Net Position
June 30, 2023 and 2022 *(in thousands)*

		2023			2022		
		CU Foundation	CUBEC	Total	CU Foundation	CUBEC	Total
Assets							
Current assets							
Cash and cash equivalents	$	23,508	20,126	43,634	48,617	22,247	70,864
Contributions receivable, net		38,939	62	39,001	16,272	-	16,272
Other current assets		793	22	815	372	-	372
Total current assets		63,240	20,210	83,450	65,261	22,247	87,508
Noncurrent assets							
Investments (Note 3)		2,816,734	2,194	2,818,928	2,642,035	389	2,642,424
Contributions receivable, net		123,948	-	123,948	64,822	-	64,822
Capital assets, net		1,129	-	1,129	1,178	-	1,178
Assets held under split-interest agreements (Note 3)		30,456	-	30,456	35,356	-	35,356
Beneficial interest in charitable trusts held by others		12,887	-	12,887	14,967	-	14,967
Total noncurrent assets		2,985,154	2,194	2,987,348	2,758,358	389	2,758,747
Total Assets	$	**3,048,394**	**22,404**	**3,070,798**	**2,823,619**	**22,636**	**2,846,255**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	$	532	79	611	347	72	419
Payable to the University (Note 4)		10,184	-	10,184	7,034	-	7,034
Liabilities under split-interest agreements		2,111	-	2,111	2,269	-	2,269
Custodial funds		22,258	-	22,258	21,406	-	21,406
Total current liabilities		35,085	79	35,164	31,056	72	31,128
Noncurrent liabilities							
Payable to the University (Notes 4, 17)		-	9,538	9,538	-	10,000	10,000
Funds held in trust for others		2,848	-	2,848	2,896	-	2,896
Liabilities under split-interest agreements		14,700	-	14,700	18,312	-	18,312
Custodial funds		565,971	-	565,971	554,088	-	554,088
Total noncurrent liabilities		583,519	9,538	593,057	575,296	10,000	585,296
Total Liabilities	$	**618,604**	**9,617**	**628,221**	**606,352**	**10,072**	**616,424**
Net Position							
Net investment in capital assets	$	1,129	-	1,129	1,178	-	1,178
Restricted for nonexpendable purposes		1,331,943	-	1,331,943	1,242,129	-	1,242,129
Restricted for expendable purposes		1,046,296	10,197	1,056,493	922,833	11,000	933,833
Unrestricted		50,422	2,590	53,012	51,127	1,564	52,691
Total Net Position	$	**2,429,790**	**12,787**	**2,442,577**	**2,217,267**	**12,564**	**2,229,831**

University of Colorado
Business-Type Activities
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023	*2022 (Restated)*
Operating Revenues			
Student tuition (net of scholarship allowances of $242,388 in 2023 and $268,591 in 2022; net of bad debt of $3,179 in 2023 and $1,347 in 2022; pledged revenues of $1,134,179 in 2023 and $1,044,849 in 2022) (Notes 8, 13 and 14)	$	1,134,179	1,044,849
Student fees (net of scholarship allowances of $21,361 in 2023 and $25,669 in 2022; net of bad debt of $68 in 2023 and $133 in 2022; pledged revenues of $10,634 in 2023 and $5,189 in 2022) (Notes 8, 13 and 14)		90,383	91,104
Fee-for-service contracts (Note 13)		193,930	176,265
Federal grants and contracts (pledged revenues of $268,465 in 2023 and $236,657 in 2022) (Note 8)		1,043,395	981,978
State and local grants and contracts (pledged revenues of $22,019 in 2023 and $18,920 in 2022) (Note 8)		98,615	87,789
Nongovernmental grants and contracts		192,071	166,634
Sales and services of educational departments (net of bad debt of $2,648 in 2023 and $55 in 2022)		285,454	273,866
Auxiliary enterprises (net of scholarship allowances of $9,781 in 2023 and $11,223 in 2022; net of bad debt of $764 in 2023 and $223 in 2022; pledged revenues of $19,058 and $62,734 in 2022) (Notes 8 and 14)		317,627	277,453
Health services (net of contractual adjustments of $1,934,111 in 2023 and $1,778,236 in 2022; net of bad debt of $35,274 in 2023 and $27,597 in 2022; pledged revenues of $74,476 and $25,753 in 2022) (Notes 8 and 15)		1,504,889	1,392,075
Other operating revenues (net of bad debt of $2,143 in 2023 and $850 in 2022; pledged revenues of $6,147 in 2023 and $8,191 in 2022) (Note 8)		151,734	166,853
Total Operating Revenues	**$**	**5,012,277**	**4,658,866**
Operating Expenses			
Education and general			
Instruction	$	1,339,864	1,197,699
Research		912,111	823,005
Public service		180,195	163,729
Academic support		268,545	222,927
Student services		169,558	148,144
Institutional support		309,348	273,742
Operation and maintenance of plant		198,241	156,613
Student aid		31,447	48,424
Total education and general expenses		**3,409,309**	**3,034,283**
Depreciation and amortization (Note 5)		275,307	267,532
Auxiliary enterprises		261,858	233,105
Health services (Note 15)		1,432,639	1,317,214
Total Operating Expenses		**5,379,113**	**4,852,134**
Operating Loss	**$**	**(366,836)**	**(193,268)**

University of Colorado

Business-Type Activities

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023	*2022 (Restated)*
Nonoperating Revenues (Expenses)			
Federal Pell Grant	$	56,390	54,032
State appropriations (Note 13)		16,113	23,476
State support for PERA pension (Notes 10 and 13)		19,751	7,603
COVID-19 Aid		5,601	126,449
Gifts		241,894	243,195
Investment income (loss) (net of investment expenses of $12,883 in 2023 and $23,327 in 2022)		288,579	(397,382)
Gain (loss) on disposal of capital assets (Note 5)		604	(19,888)
Interest expense on capital asset-related debt (including amortization of deferred loss of $8,488 in 2023 and $12,406 in 2022) (Note 5)		(53,037)	(57,684)
Bond issuance costs		(172)	(2,029)
Other nonoperating revenues, net of expenses (pledged revenues of $529 in 2023 and $0 in 2022) (Note 8)		30,204	(16,365)
Net Nonoperating Revenues (Expenses)		**605,927**	**(38,593)**
Income (Loss) Before Other Revenues	**$**	**239,091**	**(231,861)**
Other Revenues			
Capital student fee (net of scholarship allowance of $2,555 in 2023 and $4,024 in 2022; pledged revenues of $7,443 in 2023 and $13,032 in 2022) (Notes 8 and 14)	$	7,443	13,032
Capital appropriations (Note 13)		10,956	6,149
Capital grants and gifts		12,254	9,197
Additions to permanent endowments, net of transfers		609	23
Total Other Revenues		**31,262**	**28,401**
Change in net position		**270,353**	**(203,460)**
Net Position, beginning of year		3,621,095	3,824,555
Net Position, End of Year	**$**	**3,891,448**	**3,621,095**

University of Colorado

Discretely Presented Component Units

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023			2022		
		CU Foundation	CUBEC	Total	CU Foundation	CUBEC	Total
Operating revenues							
Contributions	$	306,188	687	306,875	192,889	12,690	205,579
Other revenue		8,727	-	8,727	6,582	-	6,582
Total operating revenues		314,915	687	315,602	199,471	12,690	212,161
Operating expenses							
Gifts and income distributed to University (Note 17)		222,045	-	222,045	199,655	-	199,655
Advancement support to the University		35,656	-	35,656	34,503	-	34,503
Administrative		6,054	274	6,328	4,830	130	4,960
Depreciation and amortization		72	-	72	74	-	74
Total operating expenses		263,827	274	264,101	239,062	130	239,192
Operating Income (Loss)		51,088	413	51,501	(39,591)	12,560	(27,031)
Nonoperating revenues (expenses)							
Investment income (loss)		162,038	(190)	161,848	(153,250)	1	(153,249)
Write-off of uncollectible contributions receivable		(603)	-	(603)	(15,003)	-	(15,003)
Total non operating revenues (expenses)		161,435	(190)	161,245	(168,253)	1	(168,252)
Change in Net Position		**212,523**	**223**	**212,746**	**(207,844)**	**12,561**	**(195,283)**
Net Position, beginning of year		2,217,267	12,564	2,229,831	2,425,111	3	2,425,114
Net Position, End of Year	$	**2,429,790**	**12,787**	**2,442,577**	**2,217,267**	**12,564**	**2,229,831**

University of Colorado
Business-Type Activities
Statements of Cash Flows
Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023	*2022 (Restated)*
Cash Flows from Operating Activities			
Cash received:			
Tuition and fees	$	1,419,885	1,309,610
Grants and contracts		1,327,503	1,257,810
Sales and services of educational departments		285,454	273,866
Auxiliary enterprise charges		348,003	276,995
Health services		1,498,294	1,386,387
Other receipts		193,106	127,719
Cash payments:			
Payments to employees and benefits		(4,217,305)	(3,881,000)
Payments to suppliers		(716,545)	(627,563)
Payments for scholarships and fellowships		(31,447)	(48,424)
Total Cash Flows Provided by Operating Activities		**106,948**	**75,400**
Cash Flows from Noncapital Financing Activities			
Federal Pell Grant		56,390	54,032
State appropriations		18,831	23,476
COVID-19 Aid		5,601	126,449
Gifts and grants for other than capital purposes		241,894	243,195
Endowment additions (transfers)		609	23
Direct lending receipts		340,270	335,110
Direct lending disbursements		(336,086)	(338,985)
Other student loan receipts		5,417	3,615
Other student loan disbursements		(1,526)	(1,614)
Other loan receipts		1,192	1,432
Other loan disbursements		(1,502)	(1,567)
Other agency transactions		(3,010)	4,818
Total Cash Flows Provided by Noncapital Financing Activities		**328,080**	**449,984**
Cash Flows from Capital and Related Financing Activities			
State capital appropriations		10,956	6,149
Capital student fees		7,443	13,032
Proceeds from capital debt		117	41,355
Bond issuance costs paid		(172)	(2,029)
Principal paid on capital debt, leases, subscriptions and notes		(180,531)	(64,198)
Interest paid on capital debt, leases, subscriptions and notes		(56,631)	(103,876)
Proceeds from sale of capital assets		14,695	31,476
Purchases and construction of capital and right-to-use assets		(171,375)	(226,516)
Total Cash Flows Used for Capital and Related Financing Activities		**(375,498)**	**(304,607)**
Cash Flows from Investing Activities			
Proceeds from sales and maturities of investments		14,443,052	11,892,275
Purchase of investments		(14,679,542)	(12,526,279)
Investment earnings		211,743	355,562
Total Cash Flows Used for Investing Activities		**(24,747)**	**(278,442)**
Net Increase (Decrease) in Cash and Cash Equivalents		**34,783**	**(57,665)**
Cash and cash equivalents, beginning of year		293,582	351,247
Cash and Cash Equivalents, End of Year	**$**	**328,365**	**293,582**

See accompanying notes to basic financial statements

University of Colorado

Business-Type Activities

Statements of Cash Flows

Years Ended June 30, 2023 and 2022 *(in thousands)*

		2023	*2022 (Restated)*
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	$	(366,836)	(193,268)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization expense		275,307	267,532
Items classified as nonoperating revenues		30,204	(16,367)
State support for PERA pension		19,751	7,603
Changes in assets and deferred outflows of resources:			
Receivables		(16,928)	(16,993)
Inventories		4,700	(3,496)
Other assets		(13,910)	(2,091)
PERA pension related deferred outflows		(109,538)	55,363
AMP related deferred outflows		5,178	2,635
OPEB related deferred outflows		57,814	(209,255)
Other deferred outflows		106	38
Changes in liabilities and deferred inflows of resources:			
Accounts payable		16,696	37,345
Accrued expenses		7,459	20,995
Compensated absences		22,640	16,118
Unearned revenue		43,339	13,780
Other postemployment benefits		(169,626)	341,530
Alternate medicare payment		(20,852)	4,858
Net pension liability		352,180	(6,901)
Other liabilities		2,062	(224,069)
Lease related deferred inflows		3,353	(3,754)
PERA pension related deferred inflows		(268,992)	26,258
AMP related deferred inflows		23,913	3,878
OPEB related deferred inflows		208,928	(46,339)
Net Cash Provided by Operating Activities	**$**	**106,948**	**75,400**

Noncash Investing, Capital, and Financing Transactions			
Donations of noncash items	$	15,709	13,809
Lease and subscription-financed acquisitions		20,036	24,739
Purchases of capital assets in accounts payable		23,224	18,971
Change in unrealized gains on investments		72,652	(754,599)
Proceeds from refunding bonds deposited with escrow agent		-	499,640
Amortization of premiums and discounts		12,080	37,808
Amortization of deferred loss		(8,488)	(12,406)

University of Colorado
Fiduciary Activities
Statements of Fiduciary Net Position
June 30, 2023 and 2022 *(in thousands)*

		Private-Purpose Trust Fund	
		2023	*2022 Restated*
Assets			
Current Assets			
Cash, noninterest bearing (Note 2)	$	2	1
Restricted cash - Flexible spending accounts (Note 2)		1,279	834
Cash equivalents (Note 2)		37,990	32,785
Total cash and cash equivalents		39,271	33,620
Receivables:			
Premiums, net		32,948	28,500
Pharmacy rebates		5,985	5,743
Performance guarantee		-	56
Other rebates and refunds		-	322
Premium assessment due from member		30	404
Interest receivable		208	30
Total receivables		39,171	35,055
Prepaid expenses		165	147
Total current assets		78,607	68,822
Noncurrent Assets			
Investments - mutual funds (Note 3)		32,282	26,778
IT subscription, net		133	202
Total Assets	**$**	**111,022**	**95,802**
Liabilities			
Current Liablilities			
Incurred claims (Note 6)	$	37,589	38,227
Accrued liabilities		1,169	928
Accounts payable		2,659	3,579
Current subscription liability		70	67
Flexible spending accounts payable		886	444
Total current liabilities		42,373	43,245
Noncurrent Liabilities			
Subscription liability, noncurrent		56	126
Total Liabilities		42,429	43,371
Net Position			
Restricted for healthcare payments	$	68,593	52,431
Total Net Position	**$**	**68,593**	**52,431**

University of Colorado
Fiduciary Activities
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022 *(in thousands)*

		Private-Purpose Trust Fund	
		2023	*2022 Restated*
Additions			
Premiums	$	399,099	375,110
Miscellaneous		96	164
Investment income (loss)		2,334	(1,696)
Total additions		401,529	373,578
Deductions			
Incurred claims (Note 6)		359,060	329,848
Claims processing		21,299	18,737
Administrative		3,512	3,188
Wellness initiatives		1,496	1,467
Total deductions		385,367	353,240
Change in fiduciary net position		**16,162**	**20,338**
Net Position			
Net Position, beginning of year		52,431	32,093
Net Position, End of Year	**$**	**68,593**	**52,431**

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

GOVERNANCE

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

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

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

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

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

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

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

To accomplish its mission, the University has over 9,500 instructional faculty serving over 66,000 students through 496 degree programs in 26 schools and colleges.

BASIS OF PRESENTATION AND FINANCIAL REPORTING ENTITY

Blended Component Units

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

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

  University Physicians, Inc. d/b/a CU Medicine, is a Colorado non-profit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC), organized to perform the billing, collection, and disbursement functions for professional services rendered for CU Anschutz as authorized in Section 23-20-114 of the Colorado Revised Statutes (C.R.S.). CU Medicine is the School of Medicine's (SOM) faculty practice plan with approximately 4,500 member providers. CU Medicine does not employ physicians or practice medicine directly; it provides the business and administrative support for the clinical faculty employed by the SOM. The members' primary sites of practice are the University of Colorado Hospital Authority (UCHealth) and Children's Hospital Colorado (Children's Colorado), but members also provide limited clinical services at multiple hospital and clinic sites throughout the region, including other UCHealth locations, the National Jewish Medical and Research Center, the Veterans Administration Medical Center, and Denver Health and Hospital Authority. The majority of patients cared for reside within the Denver metropolitan area.

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

  CU Medicine began participating in a federally funded program available to physicians employed by state-owned medical schools in Fiscal Year 2018. In July 2017, the Centers for Medicare and Medicaid Services (CMS) approved a proposed state Medicaid plan amendment filed by the Colorado Department of Health Care Policy & Financing (HCPF) on behalf of CU Medicine and the SOM. Under the terms of the approved program, CU Medicine received $92,752,000 and $84,983,000 in supplemental payments during Fiscal Years 2023 and 2022, respectively. The supplemental funding is used to maintain and increase patient access to CU Medicine's services and for other programs defined in collaboration with HCPF, and is included in health services revenue in the University's financial statements.

  Detailed financial information may be obtained directly from CU Medicine Attn: Vice President and Chief Financial Officer, at P.O. Box 110247, Aurora, Colorado 80042-0247.

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

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

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

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

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

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

  Originally established in 1992, with a significant reorganization in 2001, ULEHI assists faculty entrepreneurs at the University in building successful companies from research discoveries made at the University. ULEHI holds and manages various interests in entrepreneurial ventures relating to intellectual properties transferred to it by the University pursuant to a Transfer Agreement dated April 30, 2002. ULEHI is a non-profit entity under IRC Section 501(c)(3). The University appoints a voting majority of ULEHI's governing body, is able to impose its will on the organization, and the organization provides services entirely to the University.

  Detailed financial information may be obtained directly from ULEHI at 1890 North Revere Court, Suite 6202, Campus Box F411, Aurora, Colorado 80045.

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

  Altitude West was formed November 9, 2018, by the Regents with the authorization of the Division of Insurance of the Department of Regulatory Agencies of the State. It was formed to operate as a captive insurance company for the benefit of the University. Altitude West provides workers' compensation insurance for the University's self-insured retention layer of $2,000,000 per claim. As of October 1, 2022, Altitude West also provides general liability insurance for the University's self-insured retention layer of $1,250,000 per claim. The University is the sole member of Altitude West and appoints its board members. The University is financially accountable for Altitude West. Additionally, Altitude West provides benefits solely to the University.

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

Fiduciary Component Unit

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

  The University of Colorado Health and Welfare Trust (the Trust) was established June 28, 2010 to administer and manage certain health and welfare benefits for participating employees and retirees. The University of Colorado (the University) and CU Medicine were the Members of the Trust at June 30, 2023 and 2022. It is intended that the Trust shall qualify as a "voluntary employees' beneficiary association" (VEBA) under IRC Section 501(c)(9), as amended. The Trust is self-insured and is financed through premiums collected from the employer members and their participants. Participant eligibility is determined pursuant to the terms of each Component Plan. The Trust's Board is controlled by the University, the University is able to impose its will on the organization, and the organization provides services entirely to the University and to CU Medicine.

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

Discretely Presented Component Units

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

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

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

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

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

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

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

  CUBEC was formed in 2019 as a Colorado non-profit corporation. CUBEC's purpose is to support and strengthen the instructional, research and service programs for CU Boulder. CU Boulder and CUBEC entered into a joint operating agreement setting the terms upon which CUBEC operates as a supporting organization of CU Boulder under IRC Section 501(c)(3). CUBEC Investments Corporation (CIC) was formed in 2021 as a Colorado for-profit corporation. CIC's purpose is to make investments consistent with CUBEC's purposes and is included in CUBEC's financial reporting.

  CUBEC follows FASB guidance in the preparation of its financial statements, which are then modified to match the University's financial reporting format, and has a fiscal year ending December 31.

  Detailed financial information may be obtained directly from CUBEC at 2480 Kittredge Loop Drive #963, Boulder, Colorado 80310-1014.

Joint Ventures and Related Organizations

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

- University of Colorado Hospital (UCHealth)

- Auraria Higher Education Center (AHEC)

Relationship to State of Colorado

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

TAX-EXEMPT STATUS

The income generated by the University, as an instrumentality of the State, is generally excluded from federal income taxes under IRC Section 115(1). The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the IRC as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under IRC Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2023 and 2022.

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

BASIS OF ACCOUNTING

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

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

ACCOUNTING POLICIES

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

Investments are reported in the financial statements at fair value, which is determined primarily based on quoted market prices or net asset value as of June 30, 2023 and 2022. Contract value is used for the guaranteed investment agreement and amortized costs (which approximate fair value) are used for money market investments. These money market accounts are held with Securities and Exchange Commission (SEC) registered investment companies under Rule 2a7 of the Investment Company Act of 1940.

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

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

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

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

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

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

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

Lease Receivables result when the University leases certain assets, primarily buildings, to various third parties. Lease receivables are recognized at the commencement of the lease term, along with a deferred inflow of resources, with certain exceptions for short-term leases and leases that transfer ownership of the underlying asset, and is measured at the present value of lease payments expected to be received during the lease term. See Note 4 for more information.

Pharmacy Rebates are received by the Trust from its prescription drug programs. Pharmacy rebates are recognized in the period corresponding to the period that the participant fills the prescription. Rebates are recorded as a reduction of incurred claims in the statement of changes in fiduciary net position (FNP). In Fiscal Year 2023 and 2022, there were rebates received from two programs and totaled $23,558,000 and $16,255,000, respectively.

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

Other Assets consists of prepaid expenses, and travel advances.

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

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

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

Right-to-use assets under lease arrangements are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The University also obtains the right to use vendors' information technology software, and recognized assets that have a contractual term greater than one year. The related amortization is included with depreciation and amortization expense in the accompanying financial statements.

Depreciation and amortization is computed using the straight-line method and monthly convention over the estimated useful lives of the assets, or the shorter of the lease term or life of the underlying right-to-use asset, as displayed in Table 1.1.

Table 1.1. Asset Useful Lives

Asset Class	Years
Buildings	12 – 50 *
Improvements and infrastructure	10 – 40
Equipment	2 – 20
Software	3 – 10
Library and other collections	6 – 15
Intangibles	Varies
Infrastructure	10 – 40
Right-to-use lease and subscription assets	Varies**

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

***The shorter of the lease term or useful life of the underlying asset or subscription in the case of information technology arrangements*

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

Table 1.2. Compensated Absence Accrual Rates for Vacation

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

** Rates are for full-time employees; part-time employees earn at pro-rata based on percentage of appointment.*

*** Vacation accrual in excess of 44 days is deducted to meet the 44 day limit.*

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

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

Long-term Debt includes debt incurred usually for the acquisition of buildings, equipment, or capital construction and are addressed in Note 8.

The University leases certain assets, primarily buildings and equipment, from third parties and such contracts provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes by the Regents. It is reasonably assured that such leases will be renewed in the normal course of business and, therefore, are treated as non-cancelable for financial reporting purposes. The assets leased include property, medical and other equipment. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability. Variable payments generally related to the University's share of operating costs. The lease liability is measured at the present value of fixed payments expected to be made during the lease term (less any lease incentives) and is reduced as payments are made and recognized an expense for interest on the liability. The University obtains the right to use vendors' information technology software, and the related subscription liability is measured at the present value of fixed payments expected to be made during the agreement term.

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

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

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

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

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

Alternate Medicare Payment is a single-employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits. See Note 10 for more information.

Other Liabilities consist of risk financing, construction contract retainage, funds held for others, the Federal share of Perkins Loans, the asset retirement obligation, the early retirement incentive plan, the FAMLI program, and miscellaneous. See Note 11 for more information.

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

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

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

The deferred inflow of resources related to leases is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Interest revenue on the lease receivable and revenue from the deferred inflows of resources is recognized in a systematic and rational manner over the term of the lease.

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

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

> *Net investment in capital assets* represents the total investment in capital and right-to-use lease and subscription assets, net of outstanding debt or lease and subscription obligations related to those assets. To the extent debt has been incurred but not yet expended for capital and right-to-use lease and subscription assets, such amounts are not included as a component of net investment in capital assets.
>
> *Restricted for nonexpendable purposes* consists of endowments and similar instruments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.
>
> *Restricted for expendable purposes* represents net resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
>
> *Unrestricted net position* represents net resources derived from student tuition and fees, fee-for-service contracts, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Regents to meet current expenses for any purpose. These resources also include those from auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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

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

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

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

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

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

Nonoperating revenues and expenses include all revenues and related expenses that do not meet the definition of operating revenues, capital revenues, or endowment additions. They are primarily derived from activities that are non-exchange transactions (e.g., gifts, including those from the CU Foundation), from activities defined as such by the GASB cash flow standards (*e.g.,* investment income), and also the Federal Pell Grant and insurance recoveries.

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

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

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

Donor Restricted Endowment disbursements of the net appreciation (realized and unrealized) of investments of endowment gifts are permitted by State law, except where a donor has specified otherwise. The amount of earnings and net appreciation available for spending by the University and the CU Foundation is based on a spending rate set by the CU Foundation board on an annual basis. For the years ended June 30, 2023 and 2022, the authorized spending rate was equal to 4 percent of the endowment's trailing 36-month average fair market value as of December 31 for the year preceding the distribution.

Earnings in excess of the amount authorized for spending are available in future years and are included in the value of the related investment. Earnings authorized to be spent are recognized in the University's financial statements as investment or gift revenue for University or CU Foundation-owned endowments, respectively. As of June 30, 2023 and 2022, there was $21,678,000 and $20,955,000, respectively, in net appreciation of investments available for authorization for expenditure as reported in restricted expendable net position.

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

Use of Estimates is made in order to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ significantly from those estimates.

ADOPTION OF NEW AND UPCOMING ACCOUNTING STANDARDS

The University adopted the provisions of Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)* retroactive to July 1, 2021 (Fiscal Year 2022). Under Statement No. 96, the University is required to recognize a subscription liability and an intangible right-to-use software asset. As a result of the adoption of Statement No. 96, certain Fiscal Year 2022 financial statement balances were restated as noted in Table 1.3.

Table 1.3. Changes to Fiscal Year 2022 Financial Statements due to Adoption of Statement No. 96 ***(in thousands)***

		2022 As Reported	Statement No. 96 Adjustment	2022 As Restated
Statement of Net Position				
Capital assets, net	$	4,008,566	38,560	4,047,126
Accrued expenses		135,625	148	135,773
Current portion of long-term debt		113,581	14,408	127,989
Long-term debt		1,968,875	22,310	1,991,185
Net investment in capital assets		2,015,892	3,391	2,019,283
Unrestricted net position		763,006	(1,698)	761,308
Total Net Position		**3,619,402**	**1,693**	**3,621,094**
Statement of Revenues, Expenses, and Changes in Net Position				
Instruction expense		1,198,488	(789)	1,197,699
Research expense		823,147	(142)	823,005
Public service expense		163,798	(69)	163,729
Academic support expense		227,898	(4,971)	222,927
Student services expense		149,035	(891)	148,144
Institutional support expense		280,841	(7,099)	273,742
Operation and maintenance of plant expense		156,997	(384)	156,613
Depreciation and amortization		254,452	13,080	267,532
Auxiliary expenses		234,108	(1,003)	233,105
Health services expenses		1,316,856	358	1,317,214
Interest expense on capital asset related debt		(57,465)	(219)	(57,684)
Statement of Cash Flows				
Cash Flows from Operating Activities				
Payments to suppliers		(642,703)	15,140	(627,563)
Cash Flows from Capital and Related Financing Activities				
Principal paid on capital debt, leases, subscriptions and notes		(49,052)	(15,146)	(64,198)
Interest paid on capital debt, leases, subscriptions and notes		(103,658)	(218)	(103,876)
Proceeds from sale of capital assets		30,402	1,074	31,476
Purchases and construction of capital assets		(225,666)	(850)	(226,516)
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:				
Operating loss		(195,178)	1,910	(193,268)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation and amortization expense		254,452	13,080	267,532
Changes in accrued expenses		20,845	150	20,995
Noncash Investing, Capital, and Financing Transactions				
Lease-financed acquisitions		9,459	15,280	24,739

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections.

The provisions of this statement are effective for the University's financial statements for the year ended June 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in case or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025.

NOTE 2 – CASH AND CASH EQUIVALENTS

The University's cash and cash equivalents as of June 30, 2023 and 2022 are detailed in Table 2, Cash and Cash Equivalents.

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

		2023	2022
Cash on hand (petty cash and change funds)	$	300	338
Deposits with U.S. financial institutions		328,065	293,241
Deposits with foreign financial institutions		-	3
Total Cash and Cash Equivalents – University	**$**	**328,365**	**293,582**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. To manage custodial credit risk, deposits with U.S. and foreign financial institutions are made in accordance with University and State policy, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under the PDPA are considered to be collateralized with securities held by the pledging institution in the University's name.

At June 30, 2023 and 2022, the Trust's cash equivalents consist of shares of a 2a-7-money market fund held in the Allspring Government Money Market Fund, formerly Wells Fargo Government Money Market Fund (ticker symbol GVIXX), which has a Standard & Poor's (S&P) credit rating of Aaam and a weighted average maturity of approximately 23 days. The Allspring Government Money Market Fund is reported at fair value and as an open-ended mutual fund is not exposed to custodial credit risk.

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

NOTE 3 – INVESTMENTS

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

CU Foundation manages a portion of these endowments for the University in accordance with its investment policy.

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

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

For financial statement purposes, investment income (loss) is reported on a total return basis and is allocated among operational units based on average daily balances, using amortized costs. Average daily balances, based on amortized costs, approximated $3,003,357,000 and $2,590,528,000 for the years ended June 30, 2023 and 2022, respectively. The total return on this pool (excluding blended component units) was 9.00 percent and -10.00 percent for the years ended June 30, 2023 and 2022, respectively.

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

FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining this amount, three valuation techniques are available:

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

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

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

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

The fair value measurements as of June 30, 2023 and 2022 for the University are included in Table 3.1.

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

Investment Type	Level 1	Level 2	Level 3	2023 Total
U.S. government securities	$ 133,185	266,462	-	399,647
Commercial paper	-	35,056	-	35,056
Corporate bonds	-	508,459	177	508,636
Corporate equities	5,318	-	-	5,318
International equities	469	-	-	469
Collateralized mortgage obligations	385	173,439	-	173,824
Municipal bonds	49	75,507	-	75,556
Mutual funds	1,413,051	-	-	1,413,051
Certificates of deposit	4,230	-	-	4,230
Held at CU Foundation	-	-	582,798	582,798
Asset-backed securities	-	217,797	-	217,797
Alternative non-equity securities:				
Real estate	178	773	-	951
	1,556,865	1,277,493	582,975	3,417,333
Measured at amortized cost:				
Money market funds				614,583
Measured at cost:				
Private equity securities				22,987
Total Investments – University				**$ 4,054,903**
Mutual fund	$ 32,282	-	-	32,282
Total Investments – Trust	**$ 32,282**	**-**	**-**	**32,282**

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

Investment Type	Level 1	Level 2	Level 3	2022 Total
U.S. government securities	$ 141,016	299,470	-	440,486
Commercial paper	-	152,318	-	152,318
Corporate bonds	-	556,514	178	556,692
International equities	4,744	-	-	4,744
Corporate equities	1,727	-	-	1,727
Collateralized mortgage obligations	1,311	152,789	-	154,100
Municipal bonds	49	48,003	-	48,052
Mutual funds	1,334,663	-	-	1,334,663
Certificates of deposit	232	-	-	232
Held at CU Foundation	-	-	570,301	570,301
Asset-backed securities	-	221,588	1,051	222,639
Alternative non-equity securities:				
Real estate	710	-	-	710
	1,484,452	1,430,682	571,530	3,486,664
Measured at amortized cost:				
Money market funds				250,416
Measured at cost:				
Private equity securities				18,473
Measured at contract value:				
Guaranteed investment agreement				7,029
Total Investments – University				**$ 3,762,582**
Mutual fund	$ 26,778	-	-	26,778
Total Investments – Trust	**$ 26,778**	**-**	**-**	**26,778**

Details of investments by type for the CU Foundation as of June 30, 2023 and 2022 are included in Table 3.2.

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

Investment Type	2023	2022
Cash and cash equivalents	$ 81,470	66,517
Mutual funds:		
Domestic equities	85,994	51,848
International equities	183,779	160,885
Fixed income	1,925	2,012
Equity securities:		
Domestic equities	225,242	81,755
International equities	113,468	108,189
Exchange-traded fund	41,791	-
Fixed-income securities	226,937	164,792
Alternative non-equity securities:		
Real estate	108,169	92,399
Private equity	551,210	520,503
Commingled equity funds	571,741	687,675
Absolute return funds	276,516	352,147
Venture capital	305,396	318,335
Commodities	41,707	34,024
Other	1,389	954
Total Investments – CU Foundation	**$ 2,816,734**	**2,642,035**

CUSTODIAL CREDIT RISK

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

Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. At June 30, 2023 and 2022, the $8,107,000 and $5,666,000, respectively, of private equity securities held by ULEHI are exposed to custodial credit risk. None of the University's other investments are subject to custodial risk.

At June 30, 2023 and 2022, the Trust's noncurrent investments consist of the Vanguard Admiral Fund (ticker symbol VFSUX) which invests in short term bonds and is an unrated mutual fund with an average duration of 2.6 years for the underlying investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust has no formal policy for custodial credit risk. At June 30, 2023 and 2022, the Trust did not identify any investments subject to custodial credit risk.

CREDIT QUALITY RISK

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality risk only applies to debt investments. This risk is assessed by national rating agencies, which assign a credit quality rating for many investments. The University's investment policies for the Treasury pool do not permit investments in debt securities that are below investment grade at the time the security is purchased. University policy allows no more than 20 percent of investments to be rated below Baa (Moody's) or BBB (S&P and Fitch) at the time of purchase. There are several other investment policies tailored to non-pooled investments. Those policies do not restrict investments to a particular credit quality standard. Credit quality ratings are not required for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. Government. The CU Foundation does not have a policy concerning credit quality risk. A summary of the University's debt investments and credit quality risk as of June 30, 2023 and 2022 is shown in Table 3.3. Table 3.3 is a subset of Table 3.1 and reflects the Moody's ratings unless S&P is lower. It does not include $1,927,934,000 of non-debt securities and $473,739,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2023, and does not include $1,821,908,000 of non-debt securities and $437,169,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2022.

The Trust has no formal policy for credit risk. At June 30, 2023 and 2022, the Trust believes the credit risk is minimal.

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

	2023				2022		
	Unrated	Rated			Unrated	Rated	
Investment Type	**Fair Value**	**Fair Value**	**% of Rated Value by Credit Rating**		**Fair Value**	**Fair Value**	**% of Rated Value by Credit Rating**
U.S. government securities	$ 78,309	21,422	100% Aaa/Aa/A	$	8,460	148,957	100% Aaa/Aa/A
Commercial paper	35,056	-	-		3,500	148,818	57% Aaa/Aa/A
							43% Baa/Ba/B
Bond mutual funds	97,639	-	-		89,712	-	-
Certificates of deposit	4,230	-	-		232	-	-
Corporate bonds	2,861	505,776	55% Aaa/Aa/A		754	555,938	55% Aaa/Aa/A
			45% Baa/Ba/B				45% Baa/Ba/B
Money market mutual funds	41,210	573,374	100% Aaa		32,932	236,482	100% Aaa
Municipal bonds	-	75,556	14% Aaa		-	48,052	16% Aaa
			86% Aa/A				83% Aa/A
			Baa/Ba/B				1% Baa/Ba/B
Guaranteed investment agreement	-	-	-		7,029	-	-
Asset-backed securities	50,759	167,038	91% Aaa		50,247	172,392	89% Aaa
			3% Aa/A				7% Aa/A
			3% Baa/Ba/B				3% Baa/Ba/B
			3% Caa/Ca/D				1% Caa/Ca/D
Total Debt Investments - University	**$ 310,064**	**1,343,166**		**$**	**192,866**	**1,310,639**	

INTEREST RATE RISK

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

A summary of the fair value of the University's debt investments and interest rate risk as of June 30, 2023 and 2022 is shown in Table 3.4. Table 3.4 is a subset of Table 3.1 and does not include $2,573,849,000 and $2,117,390,000 of non-debt securities as of June 30, 2023 and 2022, respectively. The main difference in the amount of non-debt securities excluded in Table 3.3 and Table 3.4 is that money market mutual funds are included in Table 3.3 as they have credit risk, but they are excluded from Table 3.4 as they do not have interest rate risk. Also, U.S. government securities are not subject to credit risks but are subject to interest rate risks and are included here but not in the credit quality risk section.

The Trust has no formal policy for interest rate risk. At June 30, 2023 and 2022, the Trust believes the interest rate risk is minimal.

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

Investment Type	2023		2022	
University	Amount	Weighted Average Maturity	Amount	Weighted Average Maturity
U.S. government securities	$ 399,647	12.08	$ 440,486	9.08
Bond mutual funds	65,357	-	62,934	1.19
Certificates of deposit	4,230	(0.19)	232	0.33
Commercial paper	35,056	0.03	152,318	0.04
Corporate bonds	508,636	7.63	556,692	6.31
Municipal bonds	75,556	16.47	48,052	13.34
Guaranteed investment agreement	-	-	7,029	0.41
Fixed rate asset-backed securities	157,228	15.10	171,301	15.91
Variable rate asset-backed securities	60,569	13.46	51,338	14.64
Collateralized mortgage obligations	174,775	20.29	154,810	20.19
Total Debt Investments – University	**$ 1,481,054**		**$ 1,645,192**	

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

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to magnitude of an entity’s investment in a single issuer other than the federal government. The University’s policy is that exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, or government-sponsored corporations, shall not exceed 10 percent of the market value of the fixed income portfolio. The University had no investments exceeding 5 percent in any one issuer and is therefore not subject to concentration of credit risk. At June 30, 2023 and 2022, the Trust’s investments consist of a single short-term duration bond fund.

SPLIT-INTEREST AGREEMENTS

Assets held by the CU Foundation under split-interest agreements are included in investments and consisted of the following as of June 30, 2023 and 2022, as shown in Table 3.5.

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

Type	2023	2022
Assets held in charitable remainder trusts	$ 28,764	31,336
Assets held in charitable lead trusts	-	2,309
Assets held in life interest in real estate	1,565	1,565
Assets held in pooled income funds	127	146
Total Investments Held under Split-interest Agreements	**$ 30,456**	**35,356**

NOTE 4 – ACCOUNTS, LEASES, AND LOANS RECEIVABLE

Table 4.1 segregates receivables as of June 30, 2023 and 2022, by type.

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

		2023			
Type of Receivable		**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University					
Student accounts	$	80,325	25,732	54,593	54,593
Federal government		110,812	-	110,812	108,500
Other governments		53,418	-	53,418	53,418
Private sponsors		41,674	-	41,674	41,674
Patient accounts		253,586	33,421	220,165	220,165
DPCU		10,184	-	10,184	10,184
Interest		8,708	-	8,708	8,708
City of Champions tax revenue		10,952	-	10,952	979
Athletics		2,832	-	2,832	2,832
Treasury investment pool		36,889	-	36,889	36,889
Other		30,538	3,213	27,325	27,325
Total accounts receivable		639,918	62,366	577,552	565,267
Leases		68,224	-	68,224	7,217
Total leases receivable		68,224	-	68,224	7,217
Loans to students		15,806	1,086	14,720	2,052
Loan to DPCU		10,000	-	10,000	-
Loans to others		12,549	-	12,549	-
Total loans receivable		38,355	1,086	37,269	2,052
Total Receivable – University	**$**	**746,497**	**63,452**	**683,045**	**574,536**

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

	2022			
Type of Receivable	**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University				
Student accounts	$ 76,729	23,042	53,687	53,687
Federal government	119,671	-	119,671	117,483
Other governments	43,081	-	43,081	43,081
Private sponsors	27,860	-	27,860	27,860
Patient accounts	239,944	26,374	213,570	213,570
DPCU	7,034	-	7,034	7,034
Interest	4,492	-	4,492	4,492
City of Champions tax revenue	12,489	-	12,489	1,000
Athletics	4,110	-	4,110	4,110
Treasury investment pool	20,070	-	20,070	20,070
Other	33,987	465	33,522	33,522
Total accounts receivable	589,467	49,881	539,586	525,909
Leases	64,490	-	64,490	7,002
Total leases receivable	64,490	-	64,490	7,002
Loans to students	20,256	1,644	18,612	2,710
Loan to DPCU	10,000	-	10,000	-
Loans to others	12,239	-	12,239	-
Total loans receivable	42,495	1,644	40,851	2,710
Total Receivable – University	**$ 696,452**	**51,525**	**644,927**	**535,621**

LEASES RECEIVABLE

The University leases certain assets, primarily buildings, to various third parties expiring 2023-2120. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable. The University recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the University measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The lease receivable as of June 30, 2023 and 2022 is $68,224,000 and $64,490,000, respectively, recorded in current and noncurrent Accounts, Leases, and Loans Receivable on the statement of net position. The University recorded deferred inflows of resources for lease revenue related to leasing arrangements that occurred during the year. As of June 30, 2023 and 2022, the University recorded deferred inflows of resources of $67,402,000 and $64,049,000, respectively.

During the years ended June 30, 2023 and 2022, the University recognized lease revenue related to its administrative office space lease agreements of $7,947,000 and $10,548,000, respectively, and interest income related to its leases of $1,408,000 and $1,167,000, respectively.

CONCENTRATION OF CREDIT RISK – PATIENT ACCOUNTS

CU Medicine grants credit without collateral to its patients. The mix of gross receivables from patients and third-party payers as of June 30, 2023 and 2022 is detailed in Table 4.2.

Table 4.2. CU Medicine Concentration of Credit Risk

Category	2023	2022
Managed care	50.2 %	52.3 %
Medicaid	12.6 %	12.2 %
Medicare	9.9 %	11.8 %
Other third-party payers	7.7 %	8.6 %
Self-pay	19.6 %	15.1 %
Total	**100.0 %**	**100.0 %**

NOTE 5 – CAPITAL AND RIGHT-TO-USE ASSETS

Table 5 presents changes in capital and right-to-use assets and accumulated depreciation/amortization by major asset category for the years ended June 30, 2023 and 2022.

The University had insurance recoveries of $11,539,000 and $2,905,000 in the years ended June 30, 2023 and 2022, respectively, which are included in nonoperating revenues.

Table 5. Capital and Right-to-Use Assets *(in thousands)*

Category		2022*	Additions	Retirements/ Adjustments	Transfers	2023
Nondepreciable capital assets						
Land	$	101,602	-	-	-	101,602
Construction in progress		202,707	118,011	(12,092)	(64,087)	244,539
Collections		21,290	331	(50)	-	21,571
Total nondepreciable capital assets		325,599	118,342	(12,142)	(64,087)	367,712
Depreciable capital assets						
Buildings		5,141,829	215	52	59,654	5,201,750
Improvements other than buildings		340,749	-	-	2,714	343,463
Equipment		695,269	54,668	(16,755)	1,719	734,901
Software		99,135	267	(133)	-	99,269
Other intangibles		1,909	-	-	-	1,909
Library and other collections		478,187	9,924	(251)	-	487,860
Total depreciable capital assets		6,757,078	65,074	(17,087)	64,087	6,869,152
Less accumulated depreciation						
Buildings		2,002,047	159,480	(6,135)	-	2,155,392
Improvements other than buildings		172,418	12,534	6,239	-	191,191
Equipment		526,232	47,364	(14,949)	-	558,647
Software		96,244	1,349	(71)	-	97,522
Other intangibles		782	77	-	-	859
Library and other collections		370,549	19,845	(251)	-	390,143
Total accumulated depreciation		3,168,272	240,649	(15,167)	-	3,393,754
Net depreciable capital assets		3,588,806	(175,575)	(1,920)	64,087	3,475,398
Right-to-use assets						
Leased buildings		111,105	4,751	(2,043)	-	113,813
Leased equipment		5,576	1,191	(390)	-	6,377
Software subscriptions		52,713	14,094	(5,882)	-	60,925
Total right-to-use assets		169,394	20,036	(8,315)	-	181,115
Less accumulated amortization						
Leased buildings		21,466	15,720	(2,014)	-	35,172
Leased equipment		2,056	1,472	(389)	-	3,139
Software subscriptions		13,151	17,466	(5,883)	-	24,734
Total accumulated amortization		36,673	34,658	(8,286)	-	63,045
Net right-to-use assets		132,721	(14,622)	(29)	-	118,070
Total Net Capital and Right-to-Use Assets	**$**	**4,047,126**	**(71,855)**	**(14,091)**	**-**	**3,961,180**

** restated due to adoption of GASB Statement No. 96*

Table 5. (continued) Capital and Right-to-Use Assets *(in thousands)*

Category		2021*	Additions*	Retirements/ Adjustments*	Transfers	2022*
Nondepreciable capital assets						
Land	$	101,768	4,264	(4,430)	-	101,602
Construction in progress		514,042	145,344	(10,824)	(445,855)	202,707
Collections		20,629	670	(9)	-	21,290
Total nondepreciable capital assets		636,439	150,278	(15,263)	(445,855)	325,599
Depreciable capital assets						
Buildings		4,753,096	3,070	(39,173)	424,836	5,141,829
Improvements other than buildings		333,500	563	(9,582)	16,268	340,749
Equipment		673,236	44,444	(27,162)	4,751	695,269
Software		98,152	2,063	(1,080)	-	99,135
Other intangibles		1,910	-	(1)	-	1,909
Library and other collections		458,085	20,185	(83)	-	478,187
Total depreciable capital assets		6,317,979	70,325	(77,081)	445,855	6,757,078
Less accumulated depreciation						
Buildings		1,846,396	158,033	(2,382)	-	2,002,047
Improvements other than buildings		172,534	12,450	(12,566)	-	172,418
Equipment		504,064	48,619	(26,451)	-	526,232
Software		94,165	2,085	(6)	-	96,244
Other intangibles		706	76	-	-	782
Library and other collections		350,603	20,024	(78)	-	370,549
Total accumulated depreciation		2,968,468	241,287	(41,483)	-	3,168,272
Net depreciable capital assets		3,349,511	(170,962)	(35,598)	445,855	3,588,806
Right-to-use assets						
Leased buildings		103,133	8,475	(503)	-	111,105
Leased equipment		4,592	984	-	-	5,576
Software subscriptions		19,881	32,832	-	-	52,713
Total right-to-use assets		127,606	42,291	(503)	-	169,394
Less accumulated amortization						
Leased buildings		9,445	12,021	-	-	21,466
Leased equipment		983	1,073	-	-	2,056
Software subscriptions		-	13,151	-	-	13,151
Total accumulated amortization		10,428	26,245	-	-	36,673
Net right-to-use assets		117,178	16,046	(503)	-	132,721
Total Net Capital and Right-to-Use Assets	**$**	**4,103,128**	**(4,638)**	**(51,364)**	**-**	**4,047,126**

** restated due to adoption of GASB Statement No. 96*

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

Table 6.1 details the accrued expenses as of June 30, 2023 and 2022 by type.

Table 6.1 Accrued Expenses *(in thousands)*

Type		2023	2022*
Accrued salaries and benefits	$	132,371	124,640
Accrued interest payable		3,281	3,431
Other accrued expenses		7,578	7,702
Total Accrued Expenses	**$**	**143,230**	**135,773**

** restated due to adoption of GASB Statement No. 96*

Table 6.2 presents changes in compensated absences for the years ended June 30, 2023 and 2022.

Table 6.2 Compensated Absences (*in thousands)*

		2023	2022
Beginning of year	$	336,932	320,814
Additions		275,312	246,891
Reductions		(252,672)	(230,773)
End of year	**$**	**359,572**	**336,932**
Current compensated absences		23,418	24,198

UNPAID CLAIMS LIABILITY

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

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

The Trust is fully self-insured and is subject to increased claims costs due to higher than anticipated utilization or a higher than anticipated number of catastrophic claims. Amounts receivable from claims runout at June 30, 2023 and 2022 totaled $30,000 and $404,000, respectively, as a result of adverse claims experience during the year ended June 30, 2020 from a member that terminated. Table 6.3 represents changes in the unpaid claims liability during the years ended June 30, 2023 and 2022.

Table 6.3 Unpaid Claims Liability (*in thousands)*

		2023	2022
Claims payable, beginning of year	$	38,227	30,455
Provision for claims costs			
Provision for covered events of the current year		357,819	323,744
Change in provisions for covered events of prior years		1,241	6,104
Total provision for claims costs		359,060	329,848
Payments			
Claims costs attributable to covered events of the current year		320,556	286,393
Claims costs attributable to covered events of prior years		39,142	35,683
Total payments		359,698	322,076
Claims payable, end of year	$	37,589	38,227

NOTE 7 – UNEARNED REVENUE

As of June 30, 2023 and 2022, the types and amounts of unearned revenue are shown in Table 7.

Table 7. Unearned Revenue *(in thousands)*

		2023		2022	
Type		**Total**	**Current**	**Total**	**Current**
Tuition and fees	$	40,301	40,301	38,005	38,005
Auxiliary enterprises		52,626	52,626	22,250	22,250
Grants and contracts		119,599	119,599	109,905	109,905
Miscellaneous		12,853	11,768	11,880	10,728
Total Unearned Revenue	**$**	**225,379**	**224,294**	**182,040**	**180,888**

NOTE 8 – LONG-TERM DEBT

As of June 30, 2023 and 2022, the categories of long-term obligations are summarized in Table 8.1.

Table 8.1. Long-Term Debt *(in thousands)*

Type	**Interest Rates**	**Final Maturity**		**2023**	**2022***
Enterprise system revenue bonds (including premium of $78,264 in 2023 and $90,345 in 2022)	0.35 - 5.00%	06/01/51	$	1,598,764	1,730,520
University revenue bonds - private placement	1.59 - 2.14%	06/30/36		216,985	225,805
CU Medicine fixed-rate bonds - private placement	2.30%	11/01/24		1,649	2,813
Total revenue bonds				**1,817,398**	**1,959,138**
Lease liability	0 - 4.13%	04/30/47		82,827	89,309
Subscription liability	0.20% - 4.10%	07/05/29		32,634	36,718
Notes payable	0 - 10.70%	04/30/37		13,993	34,009
Total Long-Term Debt			**$**	**1,946,852**	**2,119,174**

** restated due to adoption of GASB Statement No. 96*

Table 8.2 presents changes in long-term debt for the years ended June 30, 2023 and 2022.

Table 8.2. Changes in Long-Term Debt *(in thousands)*

Type		**Balance 2022***	**Additions**	**Retirements**	**Balance 2023**	**Current Portion**
University						
Revenue bonds	$	1,640,175	-	(119,675)	1,520,500	72,455
Plus unamortized premiums		90,345	-	(12,081)	78,264	10,927
Revenue bonds from private placement - CU Medicine		2,813	-	(1,164)	1,649	1,164
Revenue bonds from private placement - University		225,805	-	(8,820)	216,985	2,770
Net revenue bonds		1,959,138	-	(141,740)	1,817,398	87,316
Lease liability		89,309	6,099	(12,581)	82,827	12,290
Subscription liability		36,718	14,073	(18,157)	32,634	14,001
Notes payable		34,009	117	(20,133)	13,993	1,651
Total Long-Term Debt	**$**	**2,119,174**	**20,289**	**(192,611)**	**1,946,852**	**115,258**

** restated due to adoption of GASB Statement No. 96*

Table 8.2. (continued) Changes in Long-Term Debt *(in thousands)*

Type		Balance 2021*	Additions*	Retirements*	Balance 2022*	Current Portion*
University						
Revenue bonds	$	1,894,827	272,035	(526,687)	1,640,175	82,840
Plus unamortized premiums		105,757	22,395	(37,807)	90,345	12,148
Revenue bonds from private placement - CU Medicine		3,977	-	(1,164)	2,813	1,164
Revenue bonds from private placement - University		-	227,605	(1,800)	225,805	2,805
Net revenue bonds		2,004,561	522,035	(567,458)	1,959,138	98,957
Lease liability		94,375	7,816	(12,882)	89,309	11,682
Subscription liability		19,700	33,478	(16,460)	36,718	14,408
Notes payable		21,208	18,960	(6,159)	34,009	2,942
Total Long-Term Debt	**$**	**2,139,844**	**582,289**	**(602,959)**	**2,119,174**	**127,989**

** restated due to adoption of GASB Statement No. 96*

REVENUE BONDS

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2023 and 2022 is detailed in Table 8.3.

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

Issuance Description		Original Issuance Amount	Outstanding Balance 2023	Outstanding Balance 2022
Enterprise system revenue bonds:				
Refunding Series 2007A				
Used to refund all of the revenue bond Refunding Series 1999A and Certificates of Participation Series 2003A and 2003B and a portion of revenue bond Refunding Series 1995A, Refunding and Improvement Series 2001B, Series 2002A, and 2002B	$	184,180	27,725	27,725
Series 2013A				
Used to fund capital improvements at CU Boulder, CU Anschutz and UCCS		142,460	-	2,980
Series 2013B				
Used to fund capital improvements at CU Anschutz		11,245	285	560
Series 2014A				
Used to fund capital improvements at CU Boulder		203,485	7,255	14,160
Series 2014B-1				
Used to partially refund Enterprise System Revenue Bonds Series 2005B, 2006B, 2007A and 2009		100,440	30,850	43,090
Series 2015A				
Used to partially refund Enterprise System Revenue Bonds Series 2006A, 2007B, and 2009		102,450	8,575	10,435
Series 2015B				
Used to partially refund Enterprise System Revenue Bonds Series 2005A		3,925	915	1,195
Series 2015C				
Used to partially refund Enterprise System Revenue Bonds Series 2007A		71,325	23,780	37,725
Series 2016A				
Used to fund capital improvements at CU Denver and UCCS		31,430	5,955	6,535

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

Issuance Description		Original Issuance Amount	Outstanding Balance 2023	Outstanding Balance 2022
Series 2016B-1				
Used to partially refund Enterprise System Revenue Bonds Series 2011A	$	156,810	90,290	97,535
Series 2017A-1				
Used to partially refund Enterprise System Revenue Bonds Series 2007A and 2012B		66,930	40,365	40,365
Series 2017A-2				
Used to partially refund Enterprise System Revenue Bonds Series 2012B, 2013A and 2014A and to establish escrow accounts for the cross-over refunding of Series 2009B, 2010A and 2010C		471,390	334,890	345,040
Series 2018B				
Used to fund capital improvements for four UCCS projects including the Hybl Sports Medicine Facility		64,360	29,840	31,095
Series 2019A				
Used to partially refund Enterprise System Revenue Bonds Series 2010B, Series 2011A, Series 2012 A-1, A-2, A-3, and Series 2013B on a taxable basis.		147,980	118,800	136,965
Series 2019A2				
Used to partially refund Enterprise System Revenue Bonds Series 2009C, Series 2010B, Series 2011A, Series 2012 A-1, A-3, Series 2014B-1, Series 2015A, Series 2015B, and Series 2016A on a taxable basis.		101,885	73,290	86,715
Series 2019B				
Used to fund capital improvement projects at CU Denver (CVA improvements) and CU Anschutz (Campus Utility Project). Additionally used to refund the 2018A bank direct purchase variable rate note for CVA at CU Denver and to refund Commercial Paper for CU Boulder (Fleming renovations).		79,795	59,384	60,635
Series 2019C				
Used to fund the Lynx Crossing housing project at CU Denver as well as refunding outstanding Commercial Paper for two CU Boulder projects: Williams Village East and Aerospace		214,625	214,625	214,625
Series 2020B2				
Used to partially refund Enterprise System Revenue Bonds Series 2007A, 2011A, 2011B, 2012A-1, 2012A-3, 2012B, 2013A, 2014A, 2014B1, 2015A, 2015B, 2015C, 2016A, 2016B1, 2017A1, 2017A2, 2019A, 2019A2, 2019B, and 2019C on a taxable basis.		140,885	138,145	140,885
Series 2021A				
Used to fund capital improvements for one CU Boulder project in the North Wing of Engineering Facility		26,595	26,115	26,595
Series 2021B				
Used to partially refund Enterprise System Revenue Bonds Series 2011B, 2012A1, 2012A2, 2012A3, 2013B, and 2014A1 on a taxable basis		44,520	19,665	43,590
Series 2021C-1				
Used for financing the Series 2021C Refunding Project on a taxable basis		69,575	68,680	69,265

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

Issuance Description	Original Issuance Amount	Outstanding Balance 2023	Outstanding Balance 2022
Series 2021C-2A Private Placement			
Used to partially refund Enterprise System Revenue Bonds Series 2015A, 2016B-1, and Series 2017A-2	$ 41,660	34,675	41,280
Series 2021C-2B Private Placement			
Used to partially refund Enterprise System Revenue Bonds Series 2015A, 2016B-1, and Series 2017A-2	62,100	60,975	61,660
Series 2021C-2C Private Placement			
Used to partially refund Enterprise System Revenue Bonds Series 2015A, 2016B-1, and Series 2017A-2	123,845	121,335	122,865
Series 2021C-3A			
Green bonds used to refund VRDBs 2020A-1, 2020A-2, and 2020B-1	65,000	64,931	65,000
Series 2021C-3B			
Green bonds used to refund VRDBs 2020A-1, 2020A-2, and 2020B-1	60,000	60,000	60,000
Series 2021C-4			
Used for financing the Series 2021C-4 Refunding Project	77,460	76,140	77,460
Total enterprise system revenue bonds - outstanding principal	**2,866,355**	**1,737,485**	**1,865,980**
Series 2014 - CU Medicine Private Placement Fixed Rate Bonds			
Used to fund capital improvements	11,695	1,649	2,813
Total Other Long-Term Obligations	**11,695**	**1,649**	**2,813**
Total Outstanding Revenue Bond Principal		1,739,134	1,868,793
Plus premium		78,264	90,345
Total Revenue Bonds		**$ 1,817,398**	**1,959,138**

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

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

The University's bonds are payable through June 1, 2051. During the years ended June 30, 2023 and 2022, the total principal and interest paid on the University's bonds net of Federal subsidy on the Build America Bonds, excluding refundings, was $133,986,000 and $109,075,000, respectively, which is 8.7 percent and 7.7 percent of the total net pledged revenues of $1,542,950,000 and $1,415,325,000, respectively. Net pledged revenues are 35 percent of the total specific revenue streams in both years.

On September 29, 2022, the University funded a defeasance escrow with Zions Bank as Escrow Agent to defease $50,995,000 of University System Enterprise Revenue Bonds with total scheduled principal and interest of $56,200,000. The escrow deposit and costs of the defeasance provided from University resources totaled $48,724,000. The bonds being defeased were for four projects on the Boulder Campus and are associated with building construction fees originally approved by the Regents and Boulder students in 2004.

Defeasance of these bonds and repeal of the associated fees are part of the University's effort to support campus strategic initiatives. The bonds being retired from the defeasance escrow had annual debt service obligation of $9,200,000 in Fiscal Year 2023 to Fiscal Year 2026, $4,300,000 in Fiscal Year 2027 and Fiscal Year 2028 and $1,900,000 in Fiscal Year 2029 to Fiscal Year 2034.

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

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

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

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

		Non-Direct Borrowings			Direct Borrowings		
Years Ending		**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2024	$	72,455	49,999	122,454	3,934	4,619	8,553
2025		289,215	44,685	333,900	3,360	4,507	7,867
2026		142,390	39,069	181,459	3,115	4,243	7,358
2027		139,680	34,506	174,186	3,385	3,973	7,358
2028		75,390	31,226	106,616	3,585	3,775	7,360
2029 - 2033		275,745	119,716	395,461	88,925	14,686	103,611
2034 - 2038		168,565	83,923	252,488	112,330	3,746	116,076
2039 - 2043		216,350	46,684	263,034	-	-	-
2044 - 2048		121,415	14,284	135,699	-	-	-
2049 - 2053		19,295	1,480	20,775	-	-	-
Total	**$**	**1,520,500**	**465,572**	**1,986,072**	**218,634**	**39,549**	**258,183**

EXTINGUISHMENT OF DEBT

Previous revenue bond issues considered to be extinguished through in-substance defeasance under GAAP are not included in the accompanying financial statements. The amount of debt in this category, covered by assets placed in trust to be used solely for future payments, amounted to $508,780,000 and $630,685,000 and as of June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, debt in the amount of $8,540,000 was defeased and escrow agent payments were $130,445,000. During the year ended

June 30, 2022, debt in the amount of $253,345,000 was defeased and escrow agent payments were $275,065,000.

LEASE LIABILITY

The University leases certain assets from various third parties. Under Statement No. 87, *Leases*, the University recognizes a lease liability and intangibles right-to-use lease asset in the financial statements. The University recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

The assets leased include property, medical equipment, and other equipment. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability. Variable payments generally relate to the University's share of estimated operating costs occurring subsequent to the lease commencement date. Lease assets are reported with other capital assets on the statement of net position. Lease asset activity of the University is included in Note 5.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The University has a security deposit of $5,000 that is collateral pledged as a security for a property lease.

During the years ended June 30, 2023 and 2022, CU Medicine recognized $1,464,000 and $600,000, respectively, of outflows as a result of variable payments that were properly excluded from the initial measurement of the lease liability.

As of June 30, 2023, CU Medicine has $4,800,000 in commitments related to executed leases for which the lease term has not commenced. As of June 30, 2022, the CU Medicine has $3,200,000 in commitments related to leases for which the lease term has not commenced, which subsequently commenced during the year ended June 30, 2023.

As of June 30, 2023 and 2022, the University had an outstanding liability for all its leases of $82,827,000 and $89,309,000, respectively.

Future minimum payments for the University's lease liability as of June 30, 2023 are detailed in Table 8.5.

Table 8.5. Lease Liability Future Minimum Payments *(in thousands)*

Years Ending June 30		Principal	Interest	Total
2024	$	12,290	1,489	13,779
2025		11,106	1,277	12,383
2026		11,115	1,074	12,189
2027		10,004	874	10,878
2028		9,135	710	9,845
2029 – 2033		22,389	1,744	24,133
2034 – 2038		6,788	286	7,074
Total	**$**	**82,827**	**7,454**	**90,281**

SUBSCRIPTION LIABILITY

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed; however, payments that are determined based on the number of transactions incurred during future periods of the contract are variable payments and are properly excluded from the measurement of the lease liability. Under Statement No. 96, the University is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Subscription assets are reported with other capital assets on the statement of net position, and the activity of these assets is included in Note 5.

During the year ended June 30, 2023, CU Medicine recognized $340,000 of outflows related to variable payments that were properly excluded from the initial measurement of the subscription liability.

Future minimum payments related to the University's subscription liabilities as of June 30, 2023 are detailed in Table 8.6.

Table 8.6. Subscription Liability Future Minimum Payments *(in thousands)*

Years Ending June 30		Principal	Interest	Total
2024	$	14,001	429	14,430
2025		9,660	244	9,904
2026		6,969	108	7,077
2027		1,924	27	1,951
2028		43	1	44
2029 – 2033		37	-	37
Total	**$**	**32,634**	**809**	**33,443**

NOTES PAYABLE

Notes payable at CU Medicine include various financed-purchases for medical and other equipment, which are collateralized by the medical equipment financed. Under Statement No. 87, the University accounts for a contract that transfers ownership of the underlying asset to the lessee as a financed purchase.

The University has a lease with a related party, which is recorded as a note payable. As this is an intra-entity lease with a State agency it was not within the scope of Statement No 87. During Fiscal Year 2009, CU Denver entered into a $10,272,000 site lease agreement with AHEC associated with the build-out of educational space for CU Denver. As of June 30, 2023 and 2022, the University paid base annual rent to AHEC of $834,000 and $836,000, respectively.

18th Avenue has a 20-year mortgage on the property at 1800 Grant Street. The original amount borrowed was $12,450,000 at an interest rate of 4.15 percent with monthly principal and interest payments of $67,000. There is a balloon payment of $3,678,000 due on June 1, 2033. In December 2021, notice was given to a lender as beneficiary of a deed of trust to a property owned by a University affiliate that the University, as tenant under a lease of that property, had not exercised its option to extend the lease. This ends the lease at expiration of the current term in September 2022 and triggers the affiliate's option to prepay the loan secured by the deed of trust between June 1, 2023, and May 31, 2024, along with a one percent reinvestment charge of the prepaid amount as provided for under the loan documents. The University intends to continue occupying the property on a month-to-month tenancy as permitted under the current lease.

Future minimum payments for the University's notes payable are detailed in Table 8.7.

Table 8.7. Notes Payable Future Minimum Payments *(in thousands)*

Years Ending June 30		Principal	Interest	Total
2024	$	1,651	552	2,203
2025		1,622	489	2,111
2026		1,545	426	1,971
2027		1,356	364	1,720
2028		3,571	1,204	4,775
2029 – 2033		4,248	164	4,412
Total	**$**	**13,993**	**3,199**	**17,192**

LINE OF CREDIT

On July 1, 2021 the University entered into a $100,000,000 operating line of credit with PNC Bank (Credit Agreement), pursuant to the 26th Supplemental Bond Resolution adopted by the Regents on June 17, 2021. Under the Credit Agreement with PNC Bank, the University may borrow up to $100,000,000 for any lawful purpose of the University including to pay operating expenses and costs of capital projects. The primary purpose of entering into this agreement is to provide an additional source of liquidity to the University and to allow it to more efficiently invest monies in the pooled funds of the University. As of the date the financial statements were issued, there have been no drawings under the Credit Agreement and there are no current plans to do so. If monies are borrowed under the agreement, the University would pay variable rate of interest at 1 month LIBOR plus 50 basis points. The agreement is a three-year agreement that expires on June 30, 2024, and any amounts drawn under the agreement must be repaid within the three-year term. The University also makes a fixed annual payment to PNC Bank for any unused portion of the agreement. In Fiscal Year 2023 and 2022, the amount paid was $153,000 and $152,000, respectively.

STATE OF COLORADO CERTIFICATES OF PARTICIPATION

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

On December 14, 2005, the State, acting by and through the Regents, issued Certificates of Participation (COP), Series 2005B, with a par value of $192,625,000 and a premium of $7,568,000. The certificates had interest rates ranging from 3.75 to 5.25 percent and matured in November 2030. The proceeds were used to construct seven academic buildings on the CU Anschutz Medical Campus. In 2009, 2012, and 2013, the State issued additional COP to advance refund $18,525,000, $57,595,000, and $71,275,000, respectively, of the principal of the 2005B Certificates of Participation. As of June 30, 2023, CU Anschutz had underlying gross capitalized assets costing $188,801,000, with accumulated amortization of $74,586,000 resulting in an underlying net capitalized asset of $114,215,000.

On October 23, 2008, the State issued State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008, with a par value of $230,845,000, at a net premium of $181,000. The certificates have interest rates ranging from 3.0 to 5.5 percent and mature in November 2027. The proceeds were used to fund various capital projects for the benefit of certain State-supported institutions of higher education in Colorado, including UCCS and CU Boulder. As of June 30, 2023, UCCS had underlying gross capitalized assets costing $17,735,000 with accumulated amortization of $11,454,000 resulting in an underlying net capitalized asset of $6,281,000. As of June 30, 2023, CU Boulder had underlying gross capitalized assets costing $796,000, with accumulated amortization of $427,000 resulting in an underlying net capitalized asset of $369,000.

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000 and a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.84 percent to 5.00 percent and mature in December 2037. Of the proceeds, $120,000,000 was designated for controlled maintenance projects, $19,976,000 of which are at the University. There are projects at all the campuses and include upgrading HVAC, fire sprinklers, electrical services, roof replacement, and elevator repairs. As of June 30, 2023, CU Anschutz had underlying gross capitalized assets costing $6,362,000, with accumulated amortization of $687,000 resulting in an underlying net capitalized asset of $5,675,000. As of June 30, 2023, CU Boulder had underlying gross capitalized assets costing $10,180,000, with accumulated amortization of $325,000 resulting in an underlying net capitalized asset of $9,855,000. As of June 30, 2023, UCCS had underlying gross capitalized assets costing $172,000, with accumulated amortization of $80,000 resulting in an underlying net capitalized asset of $92,000.

On June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020A, with a par value of $500,000,000 and a premium of $111,009,000. The certificates have interest rates ranging from 3.00 percent to 5.00 percent and mature in June 2040. The proceeds were used to fund various controlled maintenance projects for the benefit of certain State-supported institutions of higher education in Colorado, of which $6,614,000 are at the University. As of June 30, 2023, UCCS had underlying gross capitalized assets costing $1,296,000, with accumulated amortization of $63,000 resulting in an underlying net capitalized asset of $1,233,000. The two projects at CU Boulder are still under construction.

On February 17, 2021, the State issued State of Colorado Higher Education Lease Purchase Financing Program Certificates of Participation, Series 2020, with a par value of $64,250,000 and a premium of $16,800,000. The certificates have interest rates ranging from 4.00 percent to 5.00 percent and mature in September 2041. The proceeds were used to fund various capital projects for the benefit of certain State-supported institutions of higher education in Colorado, including CU Anschutz. Of the proceeds, $21,859,000 was designated for the Anschutz Health Sciences Building to cover a portion of the $242,000,000 construction budget, which was completed in January 2022. As of June 30, 2023, CU Anschutz had underlying gross capitalized assets costing $21,859,000, with accumulated amortization of $820,000 resulting in an underlying net capitalized asset of $21,039,000.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University participates in two types of OPEB plans – a single-employer plan administered by the University – the University OPEB Plan (University OPEB) and a cost-sharing plan administered by the Public Employees' Retirement Association of Colorado (PERA) – the Health Care Trust Fund (HCTF). Table 9.1 provides a summary of the OPEB balances related to each plan for the fiscal years ended June 30, 2023 and 2022.

Table 9.1. Summary of OPEB Balances *(in thousands)*

		2023			2022		
		CU Plan	PERA Plan	Total	CU Plan	PERA Plan	Total
OPEB liability - current	$	20,305	-	20,305	16,560	-	16,560
OPEB liability - noncurrent		1,099,149	24,882	1,124,031	1,270,643	26,759	1,297,402
Total OPEB liability	**$**	**1,119,454**	**24,882**	**1,144,336**	**1,287,203**	**26,759**	**1,313,962**
DO differences between expected and actual experience		149,627	3	149,630	175,883	41	175,924
DO changes of assumptions and other inputs		166,723	400	167,123	202,699	554	203,253
DO difference between projected and actual earnings on OPEB plan investments		-	1,519	1,519	-	-	-
DO benefit payments subsequent to measurement date		19,243	1,638	20,881	16,226	1,564	17,790
Total deferred outflows - OPEB related	**$**	**335,593**	**3,560**	**339,153**	**394,808**	**2,159**	**396,967**
DI differences between expected and actual experience		117,349	6,017	123,366	153,399	6,345	159,744
DI changes of assumptions and other inputs		261,660	2,746	264,406	15,051	1,452	16,503
DI difference between projected and actual earnings on OPEB plan investments		-	-	-	-	1,656	1,656
DI changes in proportionate share		-	3,940	3,940	-	4,882	4,882
DI difference between contributions recognized and proportionate share of		-	28	28	-	27	27
Total deferred inflows - OPEB related	**$**	**379,009**	**12,731**	**391,740**	**168,450**	**14,362**	**182,812**
OPEB expense		121,268	1,682	122,950	107,002	1,734	108,736
Total OPEB expense	**$**	**121,268**	**1,682**	**122,950**	**107,002**	**1,734**	**108,736**

UNIVERSITY OPEB

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

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

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $610 per month to $1,736 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

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

The percentage of the University contribution the retiree receives is based on the retiree's years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the Trust (see Note 16) which is responsible for administration of healthcare benefits. The University contributed $19,243,000 and $16,226,000 for the fiscal years ended June 30, 2023 and 2022, respectively.

Employees Covered by Benefit Terms. The actuarial valuations for Fiscal Years 2023 and 2022 were both based on census data as of March 1, 2022. Table 9.2 presents a summary of the employees covered by the benefit terms used in the valuations.

Table 9.2. Employees Covered by University OPEB's Benefit Terms

	Census Date March 1, 2022			
	Healthcare		Life Insurance	
	ORP	PERA	ORP	PERA
Active employees	15,114	5,831	16,593	5,030
Retirees and beneficiaries	1,648	536	2,337	3,305
Total	**16,762**	**6,367**	**18,930**	**8,335**

Total OPEB Liability. The University's total OPEB liability at June 30, 2023 of $1,119,454,000 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. The University's total OPEB liability at June 30, 2022 of $1,287,203,000 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The University's total OPEB liability in the actuarial valuation measured at June 30, 2022 and 2021 was determined using the actuarial assumptions and other inputs in Table 9.3.

Table 9.3. University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Discount rate	3.54% at 06/30/2022 measurement date
	2.15% at 06/30/2021 measurement date
Inflation	2.50%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2021-2022	6.70%	9.50%	7.34%	5.70%	9.50%	8.25%
2022-2023	6.55%	9.00%	7.12%	5.55%	9.00%	7.89%
2023-2024	6.40%	8.50%	6.90%	5.40%	8.50%	7.52%
2024-2025	6.13%	7.93%	6.56%	5.27%	7.93%	7.11%
2025-2026	5.86%	7.36%	6.23%	5.14%	7.36%	6.68%
2026-2027	5.59%	6.79%	5.88%	5.01%	6.79%	6.26%
2027-2028	5.31%	6.21%	5.54%	4.89%	6.21%	5.82%
2028-2029	5.04%	5.64%	5.19%	4.76%	5.64%	5.38%
2029-2030	4.77%	5.07%	4.85%	4.63%	5.07%	4.94%
2030-2031+	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

Dental trend rate 4.50% in all years.

Administrative expenses trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree+Spouse/Partner
Kaiser Medical	$116.00	$315.50
Exclusive Medical	$54.00	$193.50
High Deductible Medical	$0.00	$20.00
Medicare Primary Medical	$41.31	$207.30
Essential Dental	$0.00	$17.00
Choice Dental	$17.00	$51.50
Premier Dental	$46.50	$82.50

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021.

With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study,

Changes in the Total OPEB Liability. Table 9.4 details the changes in the University's total OPEB plan liability during Fiscal Years 2023 and 2022.

Table 9.4. Reconciliation of University's Total OPEB Liability *(in thousands)*

		Fiscal Year Ending June 30	
		2023	**2022**
University's total OPEB liability, beginning of year	$	1,287,203	941,595
Changes recognized for the fiscal year:			
Service cost		111,208	68,640
Interest on total OPEB liaibility		29,892	22,068
Differences between expected and actual experience		(4,126)	201,889
Changes of assumptions		(288,497)	67,418
Benefit payments *		(16,226)	(14,407)
Net changes		(167,749)	345,608
University's total OPEB liability, end of year	$	**1,119,454**	**1,287,203**
Current portion University's total OPEB liability	$	20,305	16,560

** actuary uses prior year contributions in current year valuation*

Changes of assumptions and other inputs reflect:

- Discount rate changed from 2.15 percent to 3.54 percent.

Sensitivity of the total OPEB liability to changes in the discount rate. Table 9.5 presents the total OPEB liability of University OPEB, as well as what University's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate for the fiscal years ending June 30, 2023 and 2022.

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

Fiscal Year ending June 30		1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
2023	$	1,317,165	1,119,454	962,043
		1% Decrease 1.15%	**Discount Rate 2.15%**	**1% Increase 3.15%**
2022	$	1,540,846	1,287,203	1,088,688

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Table 9.6 presents the total OPEB liability of University OPEB, as well as what University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates for the fiscal years ending June 30, 2023 and 2022.

Table 9.6. Sensitivity of University's Total OPEB Liability to Changes in the Trend Rate *(in thousands)*

Fiscal Year ending June 30		1% Decrease	Healthcare Cost Trend Rate	1% Increase
2023	$	929,999	1,119,454	1,367,885
2022		1,057,189	1,287,203	1,594,139

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $121,268,000 and $107,002,000 in OPEB expense for the University OPEB Plan in Fiscal Year 2023 and 2022. There are no assets accumulating in trust for the University OPEB plan. Table 9.7 illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2023 and 2022.

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

		2023		2022	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	149,627	117,349	175,883	153,399
Changes in assumptions		166,723	261,660	202,699	15,051
Benefit payments subsequent to the measurement date		19,243	-	16,226	-
Total	**$**	**335,593**	**379,009**	**394,808**	**168,450**

The $19,243,000 reported as deferred outflows of resources as of June 30, 2023, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown in Table 9.8.

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

Years ending June 30:		
2024	$	(19,832)
2025		(8,964)
2026		(3,997)
2027		7,281
2028		14,238
2029-2030		(51,385)
Total	**$**	**(62,659)**

Table 9.9 lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2023 and 2022.

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

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Differences between expected and actual experience	7.4	1.4	$ (87,654)	(16,584)	(11,845)
July 1, 2018	Differences between expected and actual experience	7.5	2.5	(1,728)	(578)	(230)
July 1, 2019	Differences between expected and actual experience	7.5	3.5	(206,938)	(96,570)	(27,592)
July 1, 2020	Differences between expected and actual experience	7.7	4.7	287	176	37
July 1, 2021	Differences between expected and actual experience	7.7	5.7	201,889	149,451	26,219
July 1, 2022	Differences between expected and actual experience	8.1	7.1	(4,126)	(3,617)	(509)
July 1, 2017	Changes in assumptions	7.4	1.4	(46,406)	(8,780)	(6,271)
July 1, 2018	Changes in assumptions	7.5	2.5	35,919	11,974	4,789
July 1, 2019	Changes in assumptions	7.5	3.5	3,678	1,718	490
July 1, 2020	Changes in assumptions	7.7	4.7	168,948	103,125	21,941
July 1, 2021	Changes in assumptions	7.7	5.7	67,418	49,906	8,756
July 1, 2022	Changes in assumptions	8.1	7.1	(288,497)	(252,880)	(35,617)
Total					**$ (62,659)**	**(19,832)**

PERA HEALTH CARE TRUST FUND

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

Plan description. The HCTF is established under C.R.S. § 24-51-12, as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available ACFR that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare 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 of service less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were $3,227,000 and $3,106,000 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the University recorded an accounts payable to PERA of $2,000, which was paid during the subsequent month.

OPEB Liability. At June 30, 2023 and 2022, the University reported a liability of $24,882,000 and $26,759,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF for Fiscal Year 2023 was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The net OPEB liability for the HCTF for Fiscal Year 2022 was measured as of December 31, 2021, and the TOL 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 TOL to December 31, 2021. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2022 and 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the University's proportion was 3.05 percent, which decreased from 3.10 percent as of December 31, 2021. For the year ended June 30, 2023 and 2022, the University recognized OPEB expense (credit) of $(1,682,000) and $(1,734,000), respectively. Table 9.10 details the sources of the University's deferred outflows of resources and deferred inflows of resources related to PERA's OPEB plan.

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

	2023		2022	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 3	6,017	41	6,345
Changes of assumptions or other inputs	400	2,746	554	1,452
Net difference between projected and actual earnings on OPEB plan investments	1,519	-	-	1,656
Changes in proportionate share	-	3,940	-	4,882
Difference between contributions recognized and proportionate share of contributions	-	28	-	27
Contributions subsequent to the measurement date	1,638	-	1,564	-
Total	**$ 3,560**	**12,731**	**2,159**	**14,362**

The $1,638,000 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERA's OPEB that will be recognized in OPEB expense are summarized in Table 9.11.

Table 9.11. Future Amortization of PERA's OPEB Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Years ending June 30:	
2024	$ (3,995)
2025	(3,588)
2026	(1,805)
2027	(478)
2028	(774)
2029	(169)
Total	**$ (10,809)**

Actuarial assumptions. PERA's TOL in the December 31, 2021 and 2020 actuarial valuations was determined using the actuarial cost method, actuarial assumptions and other inputs detailed in Table 9.12.

Table 9.12. PERA OPEB Actuarial Assumptions	December 31, 2021	December 31, 2020
Actuarial cost method	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent
Wage inflation	3.00 percent	3.00 percent
Salary increases, including wage inflation	3.30 - 10.90 percent	3.30 - 10.90 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Health care cost trend rates:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	6.50 percent in 2022, gradually decreasing to 4.50 percent in 2030	4.50 percent in 2021, 6.00 percent in 2022, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent in 2022, gradually increasing to 4.50 percent in 2029	3.75 percent in 2021, gradually increasing to 4.50 percent in 2029

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

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

The age-related morbidity assumptions are detailed in Table 9.13.

Table 9.13. Age-Related Morbidity Assumptions

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

The per capita health care costs beginning January 1, 2022 are detailed in Table 9.14.

Table 9.14. Per Capital Health Care Costs Beginning January 1, 2022

		MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
Sample Age		**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$	1,704	1,450	583	496	1,923	1,634
70		1,976	1,561	676	534	2,229	1,761
75		2,128	1,681	728	575	2,401	1,896
		MAPD PPO #1 without Medicare Part A		**MAPD PPO #2 without Medicare Part A**		**MAPD HMO (Kaiser) without Medicare Part A**	
Sample Age		**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$	6,514	5,542	4,227	3,596	6,752	5,739
70		7,553	5,966	4,901	3,872	7,826	6,185
75		8,134	6,425	5,278	4,169	8,433	6,657

The 2022 and 2021 Medicare Part A premium is $499 and $471 per month, respectively.

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

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

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

The PERA benefit structure health care cost trend rates that were used to measure the TOL are summarized in Table 9.15.

Table 9.15. PERA's OPEB Health Care Cost Trend Rates

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	6.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

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

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021 valuation utilizes premium information as of January 1, 2022 as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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 Table 9.16.

Table 9.16. Target Allocation and Expected Rate of Return

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

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent for Fiscal Year 2023 and 2022.

Table 9.17 presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates.

Table 9.17. Sensitivity of the University's Proportionate Share of PERA's Net OPEB Liability to Changes in the Health Care Cost Trend Rates *(in thousands)*

Fiscal Year Ended June 30, 2023	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability at June 30, 2023	**$ 24,178**	**24,882**	**25,648**
Fiscal Year Ended June 30, 2022	**1% Decrease in Trend Rates**	**Current Trend Rates**	**1% Increase in Trend Rates**
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability at June 30, 2022	**$ 25,990**	**26,759**	**27,649**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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.

Table 9.18 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 9.18. Sensitivity of the University's Proportionate Share of PERA's Net OPEB Liability to Changes in the Discount Rate *(in thousands)*

		1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net OPEB Liability at 6/30/2023	$	28,846	24,882	21,492
Net OPEB Liability at 6/30/2022		31,078	26,759	23,070

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.

NOTE 10 – RETIREMENT PLANS AND INSURANCE PROGRAMS

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

PERA DEFINED BENEFIT PENSION PLAN

Significant Accounting Policies. The University participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the 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.

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

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

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

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

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

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

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

Upon meeting certain requirements, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases (AI) in the C.R.S. Subject to the automatic adjustment provision (AAP) pursuant 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 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 AI of the 1.00 percent AI cap or the average 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. 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, 2023. Eligible employees of the University and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. From January 1, 2022 through June 30, 2023, eligible employees were required to contribute 10.50 percent of their PERA-includable salary; and 11.00 percent from July 1, 2022 through June 30, 2023. Table 10.1 summarizes the employer contribution requirements.

Table 10.1. Employer Contribution Requirements

	1-1-22 to 06-30-22	7-1-22 to 12-31-22	1-1-23 to 06-30-23
Employer Contribution Rate*	10.90%	11.40%	11.40%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-411	0.10%	0.10%	0.17%
Total Employer Contribution Rate to the SDTF	**19.98%**	**20.48%**	**20.55%**

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Total contributions recognized by SDTF for the University were $92,027,000 and $74,794,000, for the years ended June 30, 2023 and 2022, respectively, which includes $19,751,000 and $7,603,000 support from the State's direct distribution for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the University recorded an accounts payable to PERA of $192,000 and $208,000, respectively, which was paid during the subsequent month.

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 a $225,000,000 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380,000,000, upon enactment. The July 1, 2023 payment is reduced by $190,000,000 to $35,000,000. The July 1, 2024 payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14,500,000, for a total of approximately $49,500,000 to be contributed on July 1, 2023.

Pension Liability. The net pension liability for the SDTF for Fiscal Year 2023 was measured as of December 31, 2022, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity to participating employers of the SDTF that are outside of the State's financial reporting entity.

The net pension liability for the SDTF for Fiscal Year 2022 was measured as of December 31, 2021, and the TPL 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 TPL to December 31, 2021. The University's proportion of the net pension liability was based on the University's 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 to participating employers of the SDTF that are outside of the State's financial reporting entity.
At June 30, 2023 and 2022, the University reported a liability of $1,083,200,000 and $731,020,000, respectively, for its proportionate share of the net pension liability. At December 31, 2022, the University's proportion was 9.96 percent, which increased from 9.91 percent at December 31, 2021.

For the years ended June 30, 2023 and 2022, the University recognized pension expense (credit) of $65,677,000 and $(67,654,000), respectively, and revenue of $19,751,000 and $7,603,000, respectively, for support from the State as an employer contribution. Table 10.2 details the sources of the University's deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 and 2022.

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

		2023		2022	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	-	14,523	4,974	1,017
Changes of assumptions or other inputs		-	-	26,064	-
Net difference between projected and actual earnings on pension plan investments		137,711	-	-	251,564
Changes in proportionate share		-	1,078	-	32,070
Differences between contributions recognized and proportionate share of contributions		-	671	-	613
Contributions subsequent to the measurement date		37,410	-	34,545	-
Total	**$**	**175,121**	**16,272**	**65,583**	**285,264**

The $37,410,000 reported as a deferred outflow of resources related to pensions as of June 30, 2023, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in Fiscal Year 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions was recognized in pension expense as detailed in Table 10.3.

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

Years ending June 30:		
2024	$	(28,461)
2025		17,239
2026		51,206
2027		81,455
Total	**$**	**121,439**

Actuarial assumptions. The TPL in the December 31, 2021 and 2020 actuarial valuation was determined using the actuarial cost method, actuarial assumptions and other inputs detailed in Table 10.4.

Table 10.4. Actuarial Assumptions	**December 31, 2021 Valuation**	**December 31, 2020 Valuation**
Actuarial cost method	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent
Wage inflation	3.00 percent	3.00 percent
Salary increases, including wage inflation	3.30 - 10.90 percent	3.30 - 10.90 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Post-retirement benefit increases:		
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00 percent	1.25 percent
PERA benefit structure hired after 12/31/06*	Financed by the AIR	Financed by the AIR

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

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

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

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

- **Males:** 94 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.

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, 2021 and 2020 valuations 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent affirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in Table 10.5.

Table 10.5. Target Allocation and Expected Rate of Return

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future Amortization Equalization Distribution (AED) and Supplemental Amortization Equalization Distribution (SAED), until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225,000,000, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225,000,000 direct distribution, a warrant to PERA in the amount of $380,000,000. The July 1, 2023 direct distribution is reduced by $190,000,000 to $35,000,000. The July 1, 2024 direct distribution will not be reduced from $225,000,000 due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Table 10.6 presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent for Fiscal Years 2023 and 2022, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than those rates.

Table 10.6. Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate *(in thousands)*

Proportionate share of the net pension liability		1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
2023	$	1,384,745	1,083,200	829,543
2022		1,031,078	731,020	478,769

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

ALTERNATE MEDICARE PAYMENT

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

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

Employees Covered by Benefit Terms. The actuarial valuations for Fiscal Years 2023 and 2022 were both based on census data as of March 1, 2022, Table 10.7 is a summary of the employees covered by the benefit terms used in the valuations.

Table 10.7. Employees Covered by AMP's Benefit Terms

	Census Date March 1, 2022
Active employees	15,114
Retirees and beneficiaries currently receiving benefit payments	887
Retirees and beneficiaries entitled to but not yet receiving benefit payments	266
Total	**16,267**

Total Pension Liability. The AMP's TPL at June 30, 2023 of $103,810,000 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. The AMP's TPL at June 30, 2022 of $124,662,000 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date. The University contributed $2,396,000 and $2,029,000 for the years ended June 30, 2023 and 2022, respectively.

Actuarial Assumptions and Other inputs. The AMP's TPL in the actuarial valuation measured at June 30, 2022 and 2021 was determined using the actuarial assumptions and other inputs in Table 10.8.

Table 10.8. AMP's Actuarial Assumptions and Other Inputs

	Measurement Date of June 30	
	2022	**2021**
Actuarial cost method	Entry age	Entry age
Inflation rate	2.50%	2.50%
Discount rate	3.54%	2.15%
Benefit cost trend rate	2.50%	2.50%

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021.

With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study.

Changes in the Total Pension Liability. Table 10.9 details the changes in the AMP's TPL during Fiscal Years 2023 and 2022.

Table 10.9. Reconciliation of AMP's Total Pension Liability (*in thousands*)

	Fiscal Year Ending June 30	
	2023	**2022**
Total pension liability, beginning of year	$ 124,662	119,804
Changes recognized for the fiscal year:		
Service cost	7,551	7,048
Interest on total AMP liability	2,821	2,771
Differences between expected and actual experience	(420)	(5,842)
Changes of assumption	(28,775)	2,700
Estimated benefit payments*	(2,029)	(1,819)
Net changes	(20,852)	4,858
Total pension liability, end of year	$ 103,810	124,662

** actuary uses prior year contributions in current year valuation*

Changes of assumptions and other inputs reflect:

- Discount rate changed from 2.15 percent to 3.54 percent.

Sensitivity of the TPL to changes in the discount rate. Table 10.10 presents the TPL of the AMP, as well as what the AMP's TPL would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate.

Table 10.10. Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate ***(in thousands)***

Fiscal Year Ended June 30		1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
2023	$	123,506	103,810	88,258
		1% Decrease 1.15%	**Current Rate 2.15%**	**1% Increase 3.15%**
2022	$	150,762	124,662	104,308

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. The University recognized $10,635,000 and $13,400,000 of pension expense for the AMP in Fiscal Year 2023 and 2022, respectively. Table 10.11 presents the AMP’s deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2023 and 2022.

Table 10.11. AMP Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		2023		2022	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$	23,625	26,441	29,170	1,310
Differences between expected and actual experience		-	7,976	-	9,194
Benefit payments subsequent to the measurement date		2,396	-	2,029	-
Total	**$**	**26,021**	**34,417**	**31,199**	**10,504**

The $2,396,000 reported as deferred outflows of resources as of June 30, 2023, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP’s TPL in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in Table 10.12.

Table 10.12. Future Amortization of AMP's Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

Years ending June 30:		
2024	$	263
2025		(377)
2026		(637)
2027		(655)
2028		(912)
2029-2031		(8,474)
Total	**$**	**(10,792)**

Table 10.13 lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2023 and 2022.

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

Date Established	Type of Base	Period Original	Period Remaining	Balance Original	Balance Remaining	Annual Amortization
July 1, 2016	Differences between expected and actual experience	8.5	1.5	$ (101)	(17)	(12)
July 1, 2017	Differences between expected and actual experience	8.5	2.5	(3,377)	(995)	(397)
July 1, 2018	Differences between expected and actual experience	8.3	3.3	(109)	(44)	(13)
July 1, 2019	Differences between expected and actual experience	8.3	4.3	(3,865)	(2,001)	(466)
July 1, 2020	Differences between expected and actual experience	8.5	5.5	(124)	(79)	(15)
July 1, 2021	Differences between expected and actual experience	8.5	6.5	(5,842)	(4,468)	(687)
July 1, 2022	Differences between expected and actual experience	8.8	7.8	(420)	(372)	(48)
July 1, 2016	Changes in assumptions	8.5	1.5	10,999	1,941	1,294
July 1, 2017	Changes in assumptions	8.5	2.5	(3,180)	(936)	(374)
July 1, 2018	Changes in assumptions	8.3	3.3	4,940	1,965	595
July 1, 2019	Changes in assumptions	8.3	4.3	4,845	2,509	584
July 1, 2020	Changes in assumptions	8.5	5.5	23,408	15,146	2,754
July 1, 2021	Changes in assumptions	8.5	6.5	2,700	2,064	318
July 1, 2022	Changes in assumptions	8.8	7.8	(28,775)	(25,505)	(3,270)
Total changes					**$ (10,792)**	**263**

PERA DEFINED CONTRIBUTION PLANS

Voluntary Investment Program

Plan description. Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an IRC Section 401(k) defined contribution plan administered by PERA. C.R.S. § 24-51-14, 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.

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 C.R.S. § 24-51-1402, as amended. Employees are immediately vested in their own contributions, and investment earnings. The employees' contributions to this 401(k) plan approximated $4,966,000 and $4,764,000 for the years ended June 30, 2023 and 2022, respectively.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan description. Employees of the State that were hired on or after January 1, 2006, employees of certain community colleges that were hired on or after January 1, 2008, and certain 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 IRC Section 401(a) governmental profit-sharing defined contribution plan. C.R.S. § 24-51- 15, 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 University are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2022 through June 30, 2023 are summarized in Table 10.14.

Table 10.14. PERA DC Plan Employee and Employer Contribution Rates

	1-1-22 to 06-30-22	7-1-22 to 12-31-22	1-1-23 to 06-30-23
Employee Contribution Rates	10.50%	11.00%	11.00%
Employer Contribution Rates	10.15%	10.15%	10.15%

Additionally, the employers are required to contribute AED and SAED to the SDTF as shown in Table 10.15.

Table 10.15. PERA DC Plan AED and SAED Contribution Rates

	1-1-22 to 06-30-22	7-1-22 to 12-31-22	1-1-23 to 06-30-23
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411*	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413*	0.50%	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505*	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	**10.85%**	**11.35%**	**11.42%**

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

Contribution requirements are established under C.R.S. § 24-51-1505, as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with C.R.S. § 24-51- 204. As a result, forfeitures do not reduce pension expense.

The University's participating employees' contributions to this DC plan approximated $66,000 and $27,000 for the years ended June 30, 2023 and 2022, respectively, and employer contributions were $61,000 and $27,000, respectively. Less than 20 employees of the University opted to participate in this plan during the years ended June 30, 2023 and 2022.

PERA DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan, which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar years 2022 and 2021, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their mandatory percent PERA contribution) to a maximum of $20,500 and $19,500, respectively. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional $6,500 contribution in each year (2022 and 2021), for total contributions of $27,000. Participants are also eligible for the special 457 plan catch-up beginning the last three years immediately preceding the participant's normal retirement age. Contributions and earnings made by CU employees are tax deferred, although the 457 plan does permit a Roth option. Employees can set up their PERA 401(k) Roth and PERA 457 Roth accounts with PERA starting on December 1, 2023. Employee enrollments into the new plans will begin effective January 1, 2024. At December 31, 2022 and 2021, the 457 plan had 20,063 and 20,022 participants, respectively. The University employees' contributions to the 457 plan approximated $21,796,000 and $22,193,000 for the years ended June 30, 2023 and 2022, respectively.

UNIVERSITY OPTIONAL RETIREMENT PLAN

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

For the years ended June 30, 2023 and 2022, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $203,556,000 and $187,152,000 during the years ended June 30, 2023 and 2022, respectively. The employees' contribution under the ORP approximated $101,514,000 and $93,359,000 during the years ended June 30, 2023 and 2022, respectively.

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

UNIVERSITY VOLUNTARY RETIREMENT SAVINGS PLAN

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. The plan is administered by the University. For calendar year 2023 and 2022, the plan had a contribution limit of $22,500 and $20,500, respectively, and allowed catch-up contributions of $7,500 and $6,500, respectively. As of January 1, 2020 contributions could be made on a before-tax or after-tax basis. The employees' contributions to this 403(b) plan approximated $70,633,000 and $66,427,000 for the years ended June 30, 2023 and 2022, respectively. Of the total contributed for the years ended June 30, 2023 and 2022, respectively, $55,897,000 and $53,885,000 was before-tax and $14,736,000 and $12,542,000 was after-tax. The University does not contribute to this plan.

CU MEDICINE RETIREMENT PLAN

CU Medicine sponsors a defined contribution retirement plan for its permanent employees that is administered by the Teachers Insurance Annuities Association's College Retirement Equities Fund. The board of directors for CU Medicine has the authority to amend plan provisions. Employees are eligible for participation in the plan after completing one year of service. CU Medicine makes contributions equal to 7 percent of eligible employees' salaries for the years ended June 30, 2023 and 2022. Contributions to the plan totaled $2,580,000 and $2,394,000, for the years ended June 30, 2023 and 2022, respectively.

HEALTH INSURANCE PROGRAMS

The University's contributions to its various health insurance programs approximated $345,211,000 and $297,856,000 during the years ended June 30, 2023 and 2022, respectively. See Notes 1 and 16 for discussion of the Trust.

NOTE 11 – OTHER LIABILITIES

Table 11.1 details other liabilities as of June 30, 2023 and 2022.

Table 11.1. Other Liabilities *(in thousands)*

		2023		2022	
Type		**Total**	**Current Portion**	**Total**	**Current Portion**
Risk financing	$	30,175	13,783	31,232	12,639
Construction contract retainage		3,808	3,808	4,677	4,677
Deposits		19,614	19,614	18,440	18,440
Federal Perkins loan		8,130	1,938	10,372	2,073
Early retirement incentive program		5,789	2,321	7,190	2,386
FAMLI liability		5,773	-	-	-
Asset retirement obligation		1,381	-	1,415	-
Miscellaneous		5,557	4,619	4,535	3,445
Total Other Liabilities	**$**	**80,227**	**46,083**	**77,861**	**43,660**

RISK FINANCING-RELATED LIABILITIES

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

The University utilizes a protected self-insurance program for its property, liability, and workers' compensation risks. The University has established a separate self-insurance program for the purpose of providing professional liability coverage for CU Denver | Anschutz and UCHealth. A separate self-insurance program had also been established to provide health insurance for graduate medical students and eligible dependents at CU Anschutz. Effective July 1, 2021 this plan was transferred to the Trust, a fiduciary component unit of the University, see Note 6 for their unpaid claim liability.

All self-insurance programs assume losses up to certain limits and purchase a defined amount of excess insurance for losses over those limits. These limits are $500,000 per property claim, $2,000,000 per worker's compensation claim, $1,250,000 per general liability claim, and $1,500,000 per professional liability claim.

Reserves for unpaid claims under these programs are actuarially reviewed and evaluated for adequacy each year. The Property reserve of $9,706,000, and the General Liability and Workers' Compensation reserve of $10,483,000 are reported on an undiscounted basis, and the CU Denver | Anschutz Professional Liability reserve of $9,986,000 is reported at a discount basis using 3.81 percent. Over the past three years, University Risk Management has received $9,522,000 from its excess carriers for five property claims ($8,796,000), one employment claim ($317,000), and one cyber liability claim ($409,000) that exceeded coverage. Over the past three years, the CU Denver | Anschutz Professional Liability reserve has collected $138,000 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss coverage. There were no significant reductions or changes in insurance coverage from the prior year.

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

Changes in the balances of risk financing-related liabilities for the years ended June 30, 2023 and 2022 are presented in Table 11.2.

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

		Property	General Liability, and Workers' Compensation	Professional Liability	Graduate Medical Student Health Benefits	Total
Balance as of June 30, 2021	**$**	**10,765**	**7,946**	**12,251**	**1,676**	**32,638**
Fiscal Year 2022:						
Claims and changes in estimates		5,375	2,629	1,911	(751)	9,164
Claim payments		(5,918)	(2,185)	(1,542)	(925)	(10,570)
Balance as of June 30, 2022	**$**	**10,222**	**8,390**	**12,620**	**-**	**31,232**
Fiscal Year 2023:						
Claims and changes in estimates		4,101	4,019	(915)	-	7,205
Claim payments		(4,617)	(1,926)	(1,719)	-	(8,262)
Balance as of June 30, 2023	**$**	**9,706**	**10,483**	**9,986**	**-**	**30,175**

DIRECT LENDING

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

For the Direct Lending program, the University is not responsible for collection of these loans or for defaults by borrowers; therefore, these loans are not recognized as receivables in the accompanying financial statements. Direct lending activity during the years ended June 30, 2023 and 2022 was $336,086,000 and $338,985,000, respectively.

FEDERAL PERKINS LOANS

The Federal Perkins Loan program, which provided low-interest loans to college students with exceptional financial need, expired on September 30, 2017. Beginning with the 2019-2020 Award Year and for all subsequent award years, the United States Department of Education (ED) requires a capital distribution from the University's Perkins Fund on an annual basis for institutions that continue participating in the Perkins Loan Program. Institutions, such as the University, must return to ED the federal share of the institution's Perkins Fund. In Fiscal Years 2023 and 2022, the University returned $2,147,000 and $2,549,000, respectively, to ED.

EARLY RETIREMENT INCENTIVE PROGRAM

The University provides an early retirement incentive program (ERIP) to tenured professors who are at least 55 years of age and whose age and years of service total at least 70. These professors must also be participants in the University's ORP. The ERIP provides eligible participants with an incentive equal to twice the professor's base salary and supplemental pay. In return, the participants will retire and relinquish tenure immediately. There were 57 participants as of June 30, 2023 and 2022. Benefits under the ERIP are payable over a five-year period. Participation in this program does not impact the Optional Retirement Plan or OPEB. The liability as of June 30, 2023 and 2022 was $5,789,000 and $7,190,000, respectively, measured at a discounted present value using a rate of 5 percent. Table 11.3 presents changes in the ERIP for the years ended June 30, 2023 and 2022.

Table 11.3. Early Retirement Incentive Program
(in thousands)

		2023	2022
Beginning of year	$	7,190	7,462
Additions		859	767
Reductions		(2,260)	(1,039)
End of year	**$**	**5,789**	**7,190**
Current ERIP		2,321	2,386

FAMLI LIABILITY

New in Fiscal Year 2023 is the FAMLI liability which is included in Other Liabilities on the statement of net position. State law allows employers to offer a self-funded paid family leave program with benefits that meet or exceed the state's FAMLI program, instead of participating in the state insurance program. The University submitted a private plan proposal, which was reviewed and approved by the state of Colorado.

Like the state program, the University's FAMLI plan is funded with premiums split equally between the University and its employees. Premiums are set to 0.9 percent of the employee's wage, with 0.45 percent of the premium paid by the employer and 0.45 percent of the premium paid by the employee. The University's liability reflects the withholdings from employees, which totaled $5,773,000 as of June 30, 2023.

NOTE 12 – NET POSITION

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

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

Table 12 presents changes in the University's nonexpendable net position for the years ended June 30, 2023 and 2022. In Fiscal Year 2023 and 2022, the University received $609,000 and $23,000, respectively, in additional endowments that increased restricted for nonexpendable net position. There were no transfers of endowments to the Foundation during either year.

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

		2023	2022
Beginning of year	$	48,589	48,566
Additions to endowments		609	23
End of year	**$**	**49,198**	**48,589**

NOTE 13 – SPENDING LIMITATIONS

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

In July 2005, the Regents designated the University as a TABOR enterprise pursuant to the statute. During the years ended June 30, 2023 and 2022, the University believes it has met all requirements of TABOR enterprise status. Specifically, the Regents retain the authority to issue revenue bonds and the amount of State support received by the University was 1.15 percent and 0.94 percent during the years ended June 30, 2023 and 2022, respectively, as shown in Table 13.

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

		2023	2022
Local government grants	$	1,433	254
Tobacco litigation settlement and Marijuana appropriations		16,113	23,476
Capital appropriations		10,956	6,149
State COP annual debt service payments for CU Boulder		1,096	1,099
State COP annual debt service payments for UCCS		1,728	1,766
State COP annual debt service payments for CU Anschutz		17,934	11,264
State support for PERA pension		19,751	7,603
Total State Support	**$**	**69,011**	**51,611**
Total TABOR enterprise revenues	$	6,023,795	5,487,068
Ratio of State support to total revenues		1.15%	0.94%

A portion of the University is subject to revenue and expense limitations imposed by the Colorado State Legislature through the annual appropriation process. For the years ended June 30, 2023 and 2022, the University's appropriated funds included $84,976,000 and $76,293,000, respectively, received for students that qualified for stipends from the College Opportunity Fund (COF) and $193,930,000 and $176,265,000, respectively, as fee-for-service contract revenue, as well as certain cash funds as specified in the State's annual appropriations bill.

Appropriated cash funds include the student-paid portion of tuition, mandatory student fees, and certain other revenue sources, which are recognized in various revenue lines, as appropriate, in the accompanying financial statements. For the years ended June 30, 2023 and 2022, expenses were within the appropriated spending authority.

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

NOTE 14 – SCHOLARSHIP ALLOWANCES

During the years ended June 30, 2023 and 2022, scholarship allowances were provided by the following funding sources in amounts detailed in Table 14.

Table 14. Scholarship Allowances *(in thousands)*

For years ended June 30		2023			2022		
Funding Source Description		**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**	**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**
University general resources	$	118,444	5,112	123,556	121,409	5,156	126,565
University auxiliary resources		10,540	422	10,962	12,033	531	12,564
Colorado Commission on Higher Education financial aid program		42,597	1,036	43,633	43,413	1,032	44,445
Federal programs, including Federal Pell grants		59,417	1,693	61,110	93,253	3,197	96,450
Other State of Colorado programs		2,260	91	2,351	1,588	82	1,670
Private programs		2,449	79	2,528	637	18	655
Gift fund		30,597	1,348	31,945	25,951	1,207	27,158
Total Scholarship Allowances	**$**	**266,304**	**9,781**	**276,085**	**298,284**	**11,223**	**309,507**

NOTE 15 – HEALTH SERVICES REVENUE AND EXPENSE

Health services revenue of $1,504,889,000 and $1,392,075,000 is comprised of $1,502,698,000 and $1,389,764,000 at CU Medicine and $2,191,000 and $2,311,000 at UCCS for the years ended June 30, 2023 and 2022, respectively. Health services revenue is recorded net of contractual adjustments of $1,934,111,000 and $1,778,236,000 and net of bad debt expense on uncollectible patient account receivables of $35,258,000 and $27,549,000 from CU Medicine, $3 and $28,000 from various departments at CU Anschutz, and $13,000 and $20,000 from UCCS for the years ended June 30, 2023 and 2022, respectively. Charity care provided by CU Medicine during the years ended June 30, 2023 and 2022, based on estimated service costs of providing charity care, totaled $10,082,000 and $3,605,000, respectively.

NOTE 16 – BLENDED AND FIDUCIARY COMPONENT UNIT INFORMATION

The University has five blended component units: CU Medicine, CUPCO, 18th Avenue, ULEHI, Altitude West, and one fiduciary component unit: the Trust. Table 16 presents summary financial information for the University's business-type blended component units as of and for the years ended June 30, 2023 and 2022.

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

As of and for the year ended June 30, 2023		CU Medicine	CUPCO	18th Avenue	ULEHI	Altitude West	Total
Condensed Statements of Net Position							
Assets							
Current assets	$	597,160	46	1,915	187	25,554	624,862
Capital assets, net		71,554	-	9,547	-	-	81,101
Other noncurrent assets		457,997	-	-	22,343	282	480,622
Total Assets	**$**	**1,126,711**	**46**	**11,462**	**22,530**	**25,836**	**1,186,585**
Liabilities							
Current liabilities	$	91,745	-	983	43	10,765	103,536
Payable to the University		14,248	-	-	-	-	14,248
Noncurrent liabilities		24,546	-	8,494	-	-	33,040
Total Liabilities	**$**	**130,539**	**-**	**9,477**	**43**	**10,765**	**150,824**
Deferred Inflows of Resources							
Lease revenue	$	5,971	-	-	-	-	5,971
Total Deferred Inflows of Resources	**$**	**5,971**	**-**	**-**	**-**	**-**	**5,971**
Net Position							
Net investment in capital assets	$	26,280	-	1,053	-	-	27,333
Restricted for expendable purposes		-	-	-	-	282	282
Unrestricted		963,921	46	932	22,487	14,789	1,002,175
Total Net Position	**$**	**990,201**	**46**	**1,985**	**22,487**	**15,071**	**1,029,790**
Condensed Statements of Revenues, Expenses, and Changes in Net Position							
Operating revenues (expenses)							
Patient service revenues	$	997,263	-	-	-	-	997,263
Contract income		479,320	-	-	-	-	479,320
Other operating revenues		1,920	-	2,500	8,006	7,283	19,709
Distribution to the University		-	-	-	(4,079)	-	-
Operating expenses		(1,391,830)	(2)	(1,350)	(82)	(4,147)	(1,397,411)
Depreciation and amortization		(12,361)	-	(483)	-	-	(12,844)
Operating income (loss)		**74,312**	**(2)**	**667**	**3,845**	**3,136**	**81,958**
Nonoperating revenues (expenses)							
Investment income		17,381	-	-	-	1,229	18,610
Other nonoperating revenues		331	-	-	-	-	331
Contributions to affiliated organizations		(47,121)	-	-	-	-	(47,121)
Other nonoperating expenses		(867)	-	(380)	-	-	(1,247)
Total net nonoperating revenues (expenses)		(30,276)	-	(380)	-	1,229	(29,427)
Change in Net Position		**44,036**	**(2)**	**287**	**3,845**	**4,365**	**52,531**
Net Position, beginning of year		946,165	48	1,698	18,642	10,706	**977,259**
Net Position, end of year	**$**	**990,201**	**46**	**1,985**	**22,487**	**15,071**	**1,029,790**
Condensed Statements of Cash Flows							
Net cash flows provided by (used for)							
Operating activities	$	80,249	-	1,138	8,855	4,543	94,785
Non-capital financing activities		(47,122)	-	-	(8,837)	-	(55,959)
Capital and related financing activities		(12,024)	-	(801)	-	-	(12,825)
Investing activities		13,349	-	-	-	(6,523)	6,826
Net Change in Cash and Cash Equivalents		**34,452**	**-**	**337**	**18**	**(1,980)**	**32,827**
Cash and cash equivalents, beginning of year		291,638	48	1,498	169	7,891	301,244
Cash and Cash Equivalents, End of Year	**$**	**326,090**	**48**	**1,835**	**187**	**5,911**	**334,071**

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

As of and for the year ended June 30, 2022		CU Medicine*	CUPCO	18th Avenue	ULEHI	Altitude West	Total
Condensed Statements of Net Position							
Assets							
Current assets	$	526,458	48	1,571	169	19,087	547,333
Capital assets, net		77,646	-	10,030	-	-	87,676
Other noncurrent assets		481,184	-	-	18,473	282	499,939
Total Assets	**$**	**1,085,288**	**48**	**11,601**	**18,642**	**19,369**	**1,134,948**
Liabilities							
Current liabilities	$	93,063	-	970	-	8,663	102,696
Payable to the University		8,222	-	-	-	-	8,222
Noncurrent liabilities		35,256	-	8,933	-	-	44,189
Total Liabilities	**$**	**136,541**	**-**	**9,903**	**-**	**8,663**	**155,107**
Deferred Inflows of Resources							
Lease revenue	$	2,582	-	-	-	-	2,582
Total Deferred Inflows of Resources	**$**	**2,582**	**-**	**-**	**-**	**-**	**2,582**
Net Position							
Net investment in capital assets	$	27,770	-	1,097	-	-	28,867
Restricted for expendable purposes		-	-	-	-	282	282
Unrestricted		918,395	48	601	18,642	10,424	948,110
Total Net Position	**$**	**946,165**	**48**	**1,698**	**18,642**	**10,706**	**977,259**
Condensed Statements of Revenues, Expenses, and Changes in Net Position							
Operating revenues (expenses)							
Patient service revenues	$	896,199	-	-	-	-	896,199
Contract income		466,000	-	-	-	-	466,000
Other operating revenues		2,989	-	2,500	12,984	5,271	23,744
Distribution to the University		-	-	-	(1,134)	-	-
Other operating expenses		(1,286,853)	(2)	(1,296)	(82)	(2,745)	(1,290,978)
Depreciation and amortization		(12,058)	-	(520)	-	-	(12,578)
Operating income (loss)		**66,277**	**(2)**	**684**	**11,768**	**2,526**	**81,253**
Nonoperating revenues (expenses)							
Investment loss		(31,813)	-	-	-	(1,864)	(33,677)
Other nonoperating revenues		8,474	-	-	-	-	8,474
Contributions to affiliated organizations		(36,903)	(1,645)	-	-	-	(38,548)
Other nonoperating expenses		(1,057)	-	(397)	-	-	(1,454)
Total net nonoperating revenues (expenses)		(61,299)	(1,645)	(397)	-	(1,864)	(65,205)
Change in Net Position		**4,978**	**(1,647)**	**287**	**11,768**	**662**	**16,048**
Net Position, beginning of year		941,187	1,695	1,411	6,874	10,044	**961,211**
Net Position, end of year	**$**	**946,165**	**48**	**1,698**	**18,642**	**10,706**	**977,259**
Condensed Statements of Cash Flows							
Net cash flows provided by (used for)							
Operating activities	$	66,941	(2)	1,172	666	3,188	71,965
Non-capital financing activities		(30,120)	-	-	(2,088)	-	(32,208)
Capital and related financing activities		(12,025)	(1,645)	(785)	-	-	(14,455)
Investing activities		(81,525)	-	-	-	11	(81,514)
Net Change in Cash and Cash Equivalents		**(56,729)**	**(1,647)**	**387**	**(1,422)**	**3,199**	**(56,212)**
Cash and cash equivalents, beginning of year		348,367	1,695	1,111	1,591	4,692	357,456
Cash and Cash Equivalents, End of Year	**$**	**291,638**	**48**	**1,498**	**169**	**7,891**	**301,244**

** restated due to adoption of GASB Statement No. 96*

CU Medicine is a blended component unit of the University. CU Medicine paid SOM $4,097,000 and $3,807,000 (including trust premium expenses and risk management administration expenses of $2,867,000 and $2,894,000) for the years ended June 30, 2023 and 2022, respectively. The University paid CU Medicine rental amounts of $1,889,000 and $2,960,000 during the years ended June 30, 2023 and 2022, respectively. As CU Medicine is a blended component unit, all these amounts are eliminated.

In February 2020, CU Medicine committed to invest $1,000,000 as a limited partner in the CU Healthcare Innovation Fund, L.P. (the Fund). The partnership is a strategic health care fund affiliated with CU Anschutz. Other limited partners include UCHealth and Children's Colorado. The Fund invests in ventures across the health care spectrum and its close affiliation with the campus provides access to unique opportunities. As of June 30, 2023 and 2022, CU Medicine had invested $703,000 and $523,000, respectively. CU Medicine received $406,000 and $335,000 in dividends during the years ended June 30, 2023 and 2022, respectively. CU Medicine accounts for its participation on the cost basis.

In April 2019, ULEHI entered into a limited partnership agreement with CU Healthcare Innovation Fund, L.P. (the Fund), whereby ULEHI initially committed to provide up to $10,000,000 to the Fund as a limited partner and non-managing member of the General Partner. In September 2022, ULEHI entered into a limited partnership agreement with the CU Healthcare Innovation Fund II, L.P. (Fund II), whereby ULEHI has initially committed to provide up to $5,000,000 to Fund II as a limited partner and nonmanaging member of the General Partner. As of June 30, 2023 and 2022, ULEHI's total investment was valued at $8,107,000 and $5,666,000, respectively based upon the Net Asset Value (NAV) of its ownership interest in partners' capital of the Fund.

During the year ended June 30, 2023 and 2022, total distributions by ULEHI to the University related to investments by ULEHI were $4,078,000 and $1,135,000, respectively.

The University provides certain accounting administrative services to the Trust for which fees are charged at cost, $1,449,000 and $2,062,000 for the years ended June 30, 2023 and 2022, respectively. The Trust paid medical claims on behalf of the University of $352,906,000 and $321,286,000 during the years ended June 30, 2023 and 2022, respectively. The University's payments to the Trust were $345,211,000 and $297,856,000 for the years ended June 30, 2023 and 2022, respectively, and the employees' payments were $38,784,000 and $36,033,000, respectively. As of June 30, 2023 and 2022, the University had no accounts receivable owed from the Trust and had accounts payable due to the Trust of $32,860,000 and $28,684,000, respectively.

In addition, during Fiscal Year 2022, the University made a $28,000,000 distribution to the Trust to fund their reserve as part of the University's accelerated strategic plan.

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNITS

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

UNIVERSITY OF COLORADO FOUNDATION

Distributions made by the CU Foundation to the University were $222,045,000 and $199,655,000 during the years ended June 30, 2023 and 2022, respectively. This amount has been recorded as University grant or gift revenue and the CU Foundation operating expense in the accompanying financial statements and does not include undistributed income on University endowments.

Since July 1, 2007, the University has contracted with the CU Foundation to manage a portion of its investments. As of June 30, 2023 and 2022, respectively, $334,569,000 and $328,742,000 of non-endowed investments, less $427,000 and $298,000, respectively, of University accrued expenses, are being managed by the CU Foundation.

The University is the ultimate beneficiary of substantially all restricted and trust funds held by the CU Foundation and is income beneficiary of a significant portion of endowment funds held by the CU Foundation. In addition, the University contracts with the CU Foundation to manage its endowments. The University has endowments and other assets held by the CU Foundation approximating $248,656,000 and $241,857,000 as of June 30, 2023 and 2022, respectively.

The CU Foundation collected an annual advancement support fee of 1.5 percent on the University's custodial endowments and 1.0 percent on the University's treasury funds, which was $7,800,000 and $6,300,000 for the years ended June 30, 2023 and 2022, respectively. The CU Foundation paid the University $35,656,000 and $34,503,000 to help cover development costs for the years ended June 30, 2023 and 2022, respectively, which is reported as other operating revenue.

As of June 30, 2023 and 2022, the University recorded an accounts receivable from the CU Foundation of $10,184,000 and $7,034,000, respectively.

UNIVERSITY OF COLORADO BOULDER ENTERPRISE CORPORATION

During Fiscal Year 2022, CU Boulder contributed $12,690,000 to CUBEC, $1,644,000 to provide CUBEC with operating funds in lieu of a line of credit, and $11,045,000 to allow CUBEC to participate in a joint venture with the Buff Venture Fund.

In June 2020, CU Boulder loaned CUBEC $10,000,000 for an equity investment to construct and operate a conference center and hotel. The agreement states no interest will accrue nor repayment is due on the note payable until the earlier of January 1, 2028, or the first distribution is received under the Limelight agreement after completion of the hotel and conference center. At that time, interest will accrue at the 10-year Treasury rate plus 25 basis points, not to exceed 3 percent. A repayment schedule will be established once repayment commences.

CUBEC had no other significant activity for the years ended June 30, 2023 and 2022.

NOTE 18 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

UNIVERSITY OF COLORADO HOSPITAL (UCHealth)

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

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

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

Total payments issued by UCHealth to CU Denver | Anschutz approximated $92,561,000 and $79,690,000 for years ended June 30, 2023 and 2022, respectively. Total payments issued by CU Denver | Anschutz to UCHealth for the years ended June 30, 2023 and 2022 approximated $11,697,000 and $14,988,000, respectively.

For the years ended June 30, 2023 and 2022, UCHealth distributed $16,059,000 and $34,974,000, respectively, reported as gift revenue by the University.

During the years ended June 30, 2023 and 2022, CU Medicine recognized $260,075,000 and $266,948,000, respectively, in contract income from the UCHealth system for SOM services, including faculty, department, programmatic support, medical direction, on-call coverage, clinical lab and other related facility functions, and clinical services. CU Medicine had a receivable for net payments due from the UCHealth system of $9,545,000 and $10,087,000 at June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the University recorded an accounts receivable from UCHealth of $4,368,000 and $2,703,000, respectively, for various services provided. As of June 30, 2023 and 2022, the University had $0 and $45,000 accounts payable owed to UCHealth, respectively. Generally, amounts due are paid during the current or subsequent month.

AURARIA HIGHER EDUCATION CENTER

AHEC, established by legislation in 1974, is jointly governed and utilized by CU Denver, the Community College of Denver, and Metropolitan State University of Denver. The institutions share the costs of operating common educational, library, and other auxiliary facilities. Costs of the common facilities are shared in accordance with an operating agreement between AHEC and the respective institutions. During the years ended June 30, 2023 and 2022, the University incurred expenses related to the common facilities approximating $12,948,000 and $12,520,000 and, respectively, for payments to AHEC. CU Denver also collected AHEC mandatory student fees of $2,110,000 and $2,620,000 from CU Denver students during the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the University recorded an accounts payable to AHEC of $1,054,000 and $1,539,000, respectively, for services rendered but not yet paid, and for fees collected for the spring end of term but not yet paid. As of June 30, 2023 and 2022, the University had $32,000 and $33,000 accounts receivable due from AHEC.

In addition, the University leases space from AHEC. As of June 30, 2023 and 2022, the University has future payment obligations for the AHEC Science Building of $3,614,000 and $4,237,000, respectively, which is recorded as a note payable (see Note 8 for more information). Other leased space at AHEC is expensed annually. As of June 30, 2023 and 2022, the University has future payment obligations for other AHEC space of $729,000 and $2,088,000.

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

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Contracts have been entered into for the purpose of planning, acquiring, constructing, and equipping certain building additions and other projects with outstanding amounts totaling $227,648,000 and $211,459,000 as of June 30, 2023 and 2022, respectively. These additions will be funded or financed by donor contributions, appropriations from the State, issuance of revenue bonds, and other financings. As of June 30, 2023 and 2022, the amount of capital construction appropriations authorized from the State for these projects approximated $43,491,000 and $43,087,000, respectively.

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

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

A consolidated class action was filed in Denver County District Court by students enrolled in Spring 2020 seeking refunds for tuition and fees. These students claim that the transition to online learning, including limiting access to certain related educational services, breached the University's contract with them, or in the alternative, unjustly enriched the University. The parties have reached an agreement to resolve the claims for $5,000,000, plus attorney fees of $250,000 and reasonable administrator fees. The court approved the settlement in July 2023 which was then paid in October 2023. The University recorded an accrual of $5,400,000 as of June 30, 2023 and 2022 which is shown in the accrued expenses line on the statement of net position.

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

NOTE 20 – SUBSEQUENT EVENT

BOND ISSUANCE

On July 18, 2023, the University completed a tender process of $134,800,000 and issued Series 2023A Tax-Exempt Enterprise Refunding Revenue Bonds for $117,400,000 to fund the purchase of the qualified tenders. The bonds that were tendered included portions of Series 2015C, 2016A, 2017A1, 2017A2, 2018B, 2019A, 2019A2, 2019B, 2020B2, 2021C1, and 2021B. The simultaneous tender-refunding closed on August 1, 2023. Interest rates of the 2023A bonds are between 4.0 percent and 5.0 percent. The first interest payment is December 1, 2023, and the final maturity is June 1, 2048.

University of Colorado

Required Supplementary Information

June 30, 2023 and 2022 *(in thousands)(unaudited)*

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

		Fiscal Year Ending					
University OPEB Plan		**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Service cost	$	111,208	68,640	49,138	53,400	49,754	53,099
Interest cost		29,892	22,068	26,392	34,254	28,404	24,648
Differences between expected and actual experience		(4,126)	201,889	287	(206,938)	(1,728)	(87,654)
Changes of assumptions		(288,497)	67,418	168,948	3,678	35,919	(46,406)
Benefit payments		(16,226)	(14,407)	(16,062)	(15,461)	(15,163)	(17,211)
Net change in Total OPEB liability		(167,749)	345,608	228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)		1,287,203	941,595	712,892	843,959	746,773	820,297
Total OPEB liability (ending)	$	1,119,454	1,287,203	941,595	712,892	843,959	746,773
Covered-employee payroll	$	2,100,077	1,896,938	2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a percentage of payroll		53.31%	67.86%	45.85%	41.45%	50.75%	50.62%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA OPEB LIABILITY

MEASUREMENT DATE	PROPORTION OF COLLECTIVE NET OPEB LIABILITY (A)	PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY (B)	COVERED PAYROLL (C)	PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (B/C)	PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY
DECEMBER 31, 2022	3.0474862361%	$ 24,882	$ 309,169	8.05%	38.57%
DECEMBER 31, 2021	3.1031779347%	$ 26,759	$ 296,840	9.01%	39.40%
DECEMBER 31, 2020	3.2452312656%	$ 30,837	$ 300,190	10.27%	32.78%
DECEMBER 31, 2019	3.4351836004%	$ 38,611	$ 308,898	12.50%	24.49%
DECEMBER 31, 2018	3.6189452649%	$ 49,237	$ 305,926	16.09%	17.03%
DECEMBER 31, 2017	3.7222136080%	$ 48,374	$ 302,484	15.99%	17.53%
DECEMBER 31, 2016	3.8085462272%	$ 49,379	$ 300,390	16.44%	16.72%

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA OPEB PLAN

FISCAL YEAR-END	STATUTORILY REQUIRED CONTRIBUTION (A)	CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTION (B)	CONTRIBUTION DEFICIENCY (EXCESS) (A-B)	COVERED PAYROLL (C)	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL (B/C)
JUNE 30, 2023	$ 3,227	$ 3,227	$ -	$ 316,412	1.02%
JUNE 30, 2022	$ 3,106	$ 3,106	$ -	$ 304,475	1.02%
JUNE 30, 2021	$ 2,972	$ 2,972	$ -	$ 291,406	1.02%
JUNE 30, 2020	$ 3,164	$ 3,164	$ -	$ 310,204	1.02%
JUNE 30, 2019	$ 3,136	$ 3,136	$ -	$ 307,467	1.02%
JUNE 30, 2018	$ 3,345	$ 3,345	$ -	$ 327,981	1.02%
JUNE 30, 2017	$ 3,067	$ 3,067	$ -	$ 300,673	1.02%

University of Colorado

Required Supplementary Information

June 30, 2023 and 2022 *(in thousands)(unaudited)*

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA PENSION LIABILITY

MEASUREMENT DATE	PROPORTION OF COLLECTIVE NET PENSION LIABILITY (A)	PROPORTIONATE SHARE OF COLLECTIVE NET PENSION LIABILITY (B)	COVERED PAYROLL (C)	PROPORTIONATE SHARE OF COLLECTIVE NPL AS A PERCENTAGE OF COVERED PAYROLL (B/C)	PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
DECEMBER 31, 2022	9.9626806357%	$ 1,083,200	$ 309,169	350.36%	60.63%
DECEMBER 31, 2021	9.9120846797%	$ 731,020	$ 296,840	246.27%	73.05%
DECEMBER 31, 2020	10.0696852041%	$ 955,089	$ 300,190	318.16%	65.34%
DECEMBER 31, 2019	10.7126353636%	$ 1,039,533	$ 308,898	336.53%	62.24%
DECEMBER 31, 2018	10.9376365281%	$ 1,244,558	$ 305,926	406.82%	55.11%
DECEMBER 31, 2017	11.0227933269%	$ 2,206,541	$ 302,484	729.47%	43.20%
DECEMBER 31, 2016	11.1571798445%	$ 2,049,366	$ 300,390	682.24%	42.59%
DECEMBER 31, 2015	11.1631105031%	$ 1,175,591	$ 296,983	395.84%	56.11%
DECEMBER 31, 2014	11.2723667751%	$ 1,060,337	$ 292,225	362.85%	59.84%
DECEMBER 31, 2013	11.3970757002%	$ 1,015,248	$ 284,977	356.26%	61.08%

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA PENSION PLAN

FISCAL YEAR-END	STATUTORILY REQUIRED CONTRIBUTION (A)	CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTION (B)	CONTRIBUTION DEFICIENCY (EXCESS) (A-B)	COVERED PAYROLL (C)	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL (B/C)
JUNE 30, 2023	$ 72,276	$ 92,027	$ (19,751)	$ 316,412	29.08%
JUNE 30, 2022	$ 67,191	$ 74,794	$ (7,603)	$ 304,475	24.56%
JUNE 30, 2021	$ 63,808	$ 63,808	$ -	$ 291,406	21.90%
JUNE 30, 2020	$ 65,557	$ 73,815	$ (8,258)	$ 310,204	23.80%
JUNE 30, 2019	$ 63,850	$ 72,435	$ (8,585)	$ 307,467	23.56%
JUNE 30, 2018	$ 61,138	$ 61,138	$ -	$ 327,981	18.64%
JUNE 30, 2017	$ 58,698	$ 58,698	$ -	$ 300,673	19.52%
JUNE 30, 2016	$ 54,561	$ 54,561	$ -	$ 299,112	18.24%
JUNE 30, 2015	$ 50,696	$ 50,696	$ -	$ 295,357	17.16%
JUNE 30, 2014	$ 46,824	$ 46,824	$ -	$ 288,904	16.21%

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

	Fiscal Year Ending June 30						
AMP	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 7,551	7,048	4,854	4,360	3,985	4,262	3,194
Interest on total AMP pension liability	2,821	2,771	3,295	3,339	2,751	2,231	2,391
Differences between expected and actual experience	(420)	(5,842)	(124)	(3,865)	(109)	(3,377)	(101)
Changes of assumptions	(28,775)	2,700	23,408	4,845	4,940	(3,180)	10,999
Benefit payments	(2,029)	(1,819)	(1,828)	(1,692)	(1,566)	(1,448)	(1,349)
Net change in total pension liability	(20,852)	4,858	29,605	6,987	10,001	(1,512)	15,134
Total pension liability (beginning)	124,662	119,804	90,199	83,212	73,211	74,723	59,589
Total pension liability (ending)	$ 103,810	124,662	119,804	90,199	83,212	73,211	74,723
Covered-employee payroll	$ 1,744,237	1,583,766	1,692,641	1,436,909	1,369,276	1,187,065	943,644
Total pension liability as a percentage of payroll	5.95%	7.87%	7.08%	6.28%	6.08%	6.17%	7.92%

NOTE 1 – UNIVERSITY OPEB'S TOTAL OPEB LIABILITY

FUNDED STATUS

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

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS TO UNIVERSITY OPEB

Changes of assumptions or other inputs effective for the June 30, 2022 measurement date are as follow:

- Discount rate changed from 2.15 percent to 3.54 percent.

Changes of assumptions or other inputs effective for the June 30, 2021 measurement date are as follow:

- Discount rate changed from 2.20 percent to 2.15 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.
- Retirement rates for PERA employees, termination rates, and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.
- Claims and trend rates were updated to better reflect expected future plan experience.

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

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

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

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

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

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

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

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

NOTE 2 – PERA'S NET OPEB LIABILITY

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

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

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

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, 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 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 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 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.

NOTE 3 – PERA'S NET PENSION LIABILITY

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

There were no changes made to actuarial methods or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, 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 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 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 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 percent to 1.25 percent.

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 percent was used as the discount rate, rather than using the blended rate of 4.72 percent

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

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

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

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50 percent to 5.26 percent.

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

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

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

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

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

FUNDED STATUS

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

CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes of assumptions or other inputs effective for the June 30, 2022 measurement date are as follow:

- Discount rate changed from 2.15 percent to 3.54 percent.

Changes of assumptions and other inputs effective for the June 30, 2021 measurement date are as follow:

- Discount rate changed from 2.20 percent to 2.15 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.
- Termination rates and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

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

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

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

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

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

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

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

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

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

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

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary component unit of the University of Colorado (the University), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 6, 2023, which contains an emphasis of matter paragraph regarding the financial statements of the University and adoption of a new accounting principle. Our report also includes a reference to other auditors who audited the financial statements of the University of Colorado Medicine (CU Medicine), Altitude West, LLC, and the University License Equity Holding Inc., all blended component units, and the University of Colorado Foundation (CU Foundation) and CU Boulder Enterprise Corporation (CUBEC), both discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Altitude West, LLC, a blended component unit, the CU Foundation and CUBEC, discretely presented component units, and the University of Colorado Health and Welfare Trust, a fiduciary component unit, were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the findings and recommendation section of this report as Recommendation No. 1 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The University's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the findings and recommendation section of this report. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

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

FORVIS, LLP

Denver Colorado
December 6, 2023

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Required Communication to the Legislative Audit Committee

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

As part of our audit of the financial statements of the University of Colorado System (the University) as of and for the year ended June 30, 2023, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States

An audit performed 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 is designed to obtain reasonable, rather than absolute, assurance about the financial statements.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The engagement letter with the Colorado Office of the State Auditor more specifically describes your responsibilities.

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual financial report. Management, or those charged with governance, is responsible for preparing the annual report. We were not engaged to audit the information contained in the annual report and as a result our opinion does not provide assurance as to the completeness and accuracy of the information contained therein. Instead, our objectives with regard to such information were to read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

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

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics:

- Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96)

Effective July 1, 2021, the University adopted GASB 96, *Subscription-Based Information Technology Arrangements* (GASB 96). Implementation of this standard includes a review of all information technology arrangements and a determination by management as to whether those arrangements are within the scope of the standard. Arrangements within scope will require the measurement of a subscription liability and a corresponding right-to-use subscription asset. Furthermore implementation may affect internal controls over financial reporting. Lastly, additional financial statement disclosures will be required.

Significant Unusual Transactions

Significant unusual transactions represent significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature. We have identified the following transactions that we consider to be significant and unusual.

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Valuation of student and grants receivable
- Compensated absences
- Valuation of capital assets
- Pension liabilities and related disclosures
- OPEB liabilities and related disclosures

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Subsequent events
- Determination of fair values
- Pension and OPEB plans
- Related-organization transactions

Auditor's Judgments About the Quality of the University's Accounting Principles

During the course of the audit, we made the following observations regarding the University's application of accounting principles:

- Adoption of GASB Statement No. 96

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Adjustment of lease receivable

Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

- No uncorrected misstatements for fiscal year 2023. Impact of reclassification of restricted net position to unrestricted net position on fiscal year 2022. Deemed immaterial to fiscal year 2022 financial statements as a whole.

Other Required Communications

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on compliance:

- No matters are reportable

Consultations with Individuals Outside of the Engagement Team

During our audit, we encountered the following matters, for which we consulted the views of individuals outside of the engagement team:

- No matters are reportable

Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following:

- No matters are reportable

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of regulations or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Adoption of GASB 96, specifically presentation of certain items within the financial statements
- Proper presentation of restricted net position for auxiliary enterprises

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

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter
- Management letter dated December 6, 2023, communicating other deficiencies in internal control over compliance that are not considered material weaknesses or significant deficiencies

FORVIS, LLP

Denver, Colorado
December 6, 2023