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

Financial Audit
Years Ended June 30, 2018 and 2017

TABLE OF CONTENTS

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Independent Auditors' Report

Members of the Legislative Audit Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Colorado School of Mines (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits and the reports of other auditors. We did not audit the financial statements of the Colorado School of Mines Foundation, Inc. (the Foundation), a discretely presented component unit, discussed in Note 1 to the financial statements, for the years ended June 30, 2018 and 2017. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of another auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Colorado School of Mines as of June 30, 2018 and 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

As discussed in Note 1, the financial statements of the University, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of Colorado that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Implementation of GASB Statement No. 75

During fiscal year ended June 30, 2018, the Colorado School of Mines adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result of the implementation of these standards, the Colorado School of Mines reported a restatement for the change in accounting principle (see Note 11). As of July 1, 2017, Colorado School of Mines' net position was restated to reflect the impact of this adoption. Our auditors' opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
November 29, 2018

Colorado School of Mines

Management's Discussion and Analysis

(unaudited)

Management is pleased to present this financial discussion and analysis of the Colorado School of Mines (University). It is intended to make the University's financial statements easier to understand and communicate the University's financial situation in an open and accountable manner. It provides an objective analysis of the University's financial position (Statements of Net Position) and results of operations (Statements of Revenues, Expenses, and Changes in Net Position) as of and for the years ended June 30, 2018 and 2017 (Fiscal Years 2018 and 2017, respectively) with comparative information for Fiscal Year 2016. University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements, as well as the underlying system of internal controls.

Understanding the Financial Statements

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

- **Independent Auditors' Report** presents unmodified opinions prepared by our auditors, an independent certified public accounting firm, on the fairness, in all material respects, of our financial statements.
- **Statements of Net Position** present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time. Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors and creditors; and a picture of net positions and their availability for expenditure by the University.
- **Statements of Revenues, Expenses and Changes in Net Position** present the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time. Their purpose is to assess the University's operating and nonoperating activities.
- **Statements of Cash Flows** present the cash receipts and disbursements of the University during a period of time. Their purpose is to assess the University's ability to generate net cash flows to meet its obligations as they come due.
- **Notes to the Financial Statements** present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion and analysis to indicate where details of the financial highlights may be found.
- **Required Supplementary Information (RSI)** presents additional information that differs from the basic financial statements. In this report, the RSI includes schedules on the University's proportionate share of the Public Employees Retirement Association (PERA) pension and other post-employment benefit (OPEB) liabilities and related information.

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

Financial Highlights

Selected financial highlights for Fiscal Year 2018 include:

- Total University assets increased by 19.2 percent, total University liabilities increased by 15.7 percent and total net position decreased by 394.8 percent. The decrease in net position and the deficit in unrestricted net position is the result of increases in the University’s proportionate share of the net pension and OPEB liabilities.
- Operating revenues increased by 5.5 percent while operating expenses increased by 6.9 percent. The increase in operating expenses is primarily associated with increases in salary and benefits, increases in personal service contracts associated with maintenance projects, and increases in uncapitalized project costs.
- The University is engaged in several major construction projects including the Charles and Ida Green Center Roof Replacement, the Charles and Ida Green Center Chiller, campus generators, an operations building, a residence hall, a parking garage and academic wrap, and the campus utility infrastructure.

The following sections provide further explanations of the University’s financial health.

Statements of Net Position

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

Table 1 - Condensed Statements of Net Position as of June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
	2018	2017	2016	Amount	Percent	Amount	Percent
Assets							
Cash and restricted cash	$ 229,370	131,050	143,132	98,320	75.0%	(12,082)	(8.4%)
Other noncapital assets	60,336	62,631	61,821	(2,295)	(3.7)	810	1.3
Net capital assets	401,112	385,650	354,018	15,462	4.0	31,632	8.9
Total Assets	**$ 690,818**	**579,331**	**558,971**	**111,487**	**19.2%**	**20,360**	**3.6%**
Deferred Outflows of Resources	**$ 125,350**	**188,537**	**59,432**	**(63,187)**	**(33.5%)**	**129,105**	**217.2%**
Liabilities							
Non-debt liabilities	$ 607,485	582,356	341,811	25,129	4.3%	240,545	70.4%
Debt liabilities	311,949	212,313	224,708	99,636	46.9	(12,395)	(5.5)
Total Liabilities	**$ 919,434**	**794,669**	**566,519**	**124,765**	**15.7%**	**228,150**	**40.3%**
Deferred Inflows of Resources	**$ 37,438**	**1,638**	**3,516**	**35,800**	**2185.3%**	**(1,878)**	**(53.4%)**
Net Position							
Net investment in capital assets	$ 214,037	199,521	174,605	14,516	7.3%	$24,916	14.3%
Restricted:							
Nonexpendable purposes	6,412	6,329	6,335	83	1.3	(6)	(0.1)
Expendable purposes	16,642	19,573	20,109	(2,931)	(15.0)	(536)	(2.7)
Unrestricted	(377,795)	(253,862)	(152,681)	(123,933)	(48.8)	(101,181)	(66.3)
Total Net Position	**$ (140,704)**	**(28,439)**	**48,368**	**(112,265)**	**(394.8%)**	**(76,807)**	**(158.8%)**

Assets

Cash and restricted cash comprises approximately 79.2 percent and 67.7 percent of the University's total noncapital assets as of June 30, 2018 and 2017, respectively. Restricted cash of $129,901,000 and $21,169,000, as of June 30, 2018 and 2017, respectively, primarily consists of unspent revenue bond proceeds that will be used for capital related activity as well as unspent gifts, grants, and contract revenues. Total cash and restricted cash increased during Fiscal Year 2018 due to debt issuances related to various capital projects including a parking garage, new residence hall, operations building, and campus improvements and infrastructure projects. The Statements of Cash Flows provide additional information on where cash is received and how it is used by the University.

Non-Debt Liabilities

The University's non-debt related liabilities totaling $607,485,000 and $582,356,000 as of June 30, 2018 and 2017, respectively, comprise 66.1 percent and 73.3 percent, respectively, of the total liabilities. The net pension liability comprises 89.2 percent and 91.4 percent, respectively, of total non-debt related liabilities. Each year, the University records its share of the statewide net pension liability. Over the last three years, the University's net pension liability increased 1.8 percent from 2017 to 2018 and 79.6 percent from 2016 to 2017. While there was a significant increase from 2016 to 2017 which was primarily due to actuarial changes to the plan as well as a change in the discount rate used to calculate the net position of the plan, it appears that the actuarial assumptions associated with the plan are consistent and leveling. The University is required to record this liability, the University is under no obligation to fund the liability, nor does the University have any ability to affect funding, benefit, or annual required contribution decisions of the plan. Those decisions are controlled by the Public Employees Retirement Association of Colorado (PERA) and the State's General Assembly. See Note 12 of the accompanying financial statements for more information related to the net pension liability.

As a result of implementing Governmental Accounting Standards Board Statement No. 75, *Reporting for Other Post-Employment Benefits Other Than Pensions (OPEB)* in Fiscal Year 2018, the University recorded as a liability, its proportionate share of the PERA retiree healthcare costs. PERA subsidizes a portion of a PERA retiree's healthcare costs and it is this subsidy that is categorized as an OPEB liability. Colorado PERA's unfunded liability for OPEB as of December 31, 2017 was $1.3 billion and Mines share of that liability is $12.4 million. See Note 13 of the accompanying financial statements for more information related to the OPEB liability.

Unearned tuition and fees represent cash collected for the summer term that extends beyond the end of the fiscal year. Unearned sponsored project revenue represents amounts paid by grantors and contractors for which the University has not yet met all of the requirements for revenue recognition. These amounts will be recognized as revenue in future periods after all requirements have been satisfied. See Note 8 for additional information on the University's unearned revenues.

The non-debt related liabilities increased from 2017 to 2018 and from 2016 to 2017 due mainly to the increase in net pension liability of $9,628,000 and $235,940,000, respectively.

Net Position

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

- The largest category of net position relates to the University's net investment in capital assets. This consists of the University's capital assets less accumulated depreciation and related debt issued to fund the purchase or construction of those assets. This amount represents the University's investments in campus facilities and equipment that is necessary to carry out the teaching, research, and student centered mission of the University. The increases in each of the past three years reflect the University's commitment to improving the students' on campus experience through new and renovated student and academic facilities along with various infrastructure improvements. Additional discussion on the University's capital activity is included in the Capital Assets and Debt Management section of this discussion and analysis.

- Net position restricted for nonexpendable purposes represents gift funds received from donors whereby the donor has specified the original principal be set aside for perpetual investment (endowment) with a set amount of spendable distribution based on University policy. The majority of the endowment assets benefiting the University are managed by the Foundation, which is a discretely presented component unit. See Note 1.

- Net position restricted for expendable purposes represents funds received for specific purposes, but for which the University is allowed to fully expend those funds in accordance with the purposes identified by the individual or entity providing the funds. This includes spendable distributions and accumulated undistributed earnings from the University's endowments.

- Unrestricted net position represents the amount available for spending for any appropriate and necessary purpose and are at the full discretion of management. In some instances, management or the Board has placed internal designations on the use of these funds. As discussed above, the negative unrestricted net position reflects the recording of the University's proportionate share of the statewide net pension and OPEB liabilities and the associated pension expenses beyond the University's annual required contributions. Table 2 – Unrestricted Net Position reflects the impact on the University's unrestricted net position of recording the net pension and OPEB liabilities and associated deferred outflows and inflows of resources.

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

	6/30/18	6/30/17
Unrestricted net position with pension and OPEB impact	$ (377,795)	(253,862)
Cumulative effect on unrestricted net position associated with the net pension and OPEB liabilities	478,705	360,662
Unrestricted Net Position without Pension and OPEB Impact	$ 100,910	106,800

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

Statements of Revenues, Expenses and Changes in Net Position

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

Table 3 - Condensed Statements of Revenues, Expenses and Changes in Net Position for Years Ended June 30, 2018, 2017, and 2016
(all dollars in thousands)

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
	2018	**2017**	**2016**	**Amount**	**Percent**	**Amount**	**Percent**
Operating revenues	$ 234,373	222,108	219,075	12,265	5.5%	3,033	1.4%
Operating expenses	362,208	338,784	252,028	23,424	6.9	86,756	34.4
Operating Loss	(127,835)	(116,676)	(32,953)	(11,159)	(9.6)	(83,723)	(254.1)
Net nonoperating revenues	22,238	24,692	18,430	(2,454)	(9.9)	6,262	34.0
Loss Before Other Revenues	(105,597)	(91,984)	(14,523)	(13,613)	(14.8)	(77,461)	(533.4)
Other revenues	6,465	15,177	12,478	(8,712)	(57.4)	2,699	21.6
Increase (decrease) in Net Position	(99,132)	(76,807)	(2,045)	(22,325)	(29.1)	(74,762)	(3655.8)
Net Position, beginning of year	(28,439)	48,368	50,413	(76,807)	(158.8)	(2,045)	(4.1)
Adjustment for change in accounting principle	(13,133)	-	-	(13,133)	-	-	-
Net Position, End of Year	**$ (140,704)**	**(28,439)**	**48,368**	**(112,265)**	**(394.8%)**	**(76,807)**	**(158.8%)**

Table 4 - Operating and Nonoperating Revenues for the Years Ended June 30, 2018, 2017, and 2016 provides gross operating and nonoperating (noncapital) revenues by major sources. As Table 4 shows, the University's total operating revenues increased 5.5 percent and 1.4 percent for Fiscal Years 2018 and 2017, respectively, and net nonoperating revenues decreased 9.9 percent over last fiscal year and increased 34.0 percent from Fiscal Years 2016 to 2017.

Table 4 - Operating and Nonoperating Revenues for Years Ended June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
	2018	2017	2016	Amount	Percent	Amount	Percent
Operating Revenues							
Student tuition and fees, net	$ 129,963	123,886	118,871	6,077	4.9%	5,015	4.2%
Grants and contracts	58,652	56,262	59,932	2,390	4.2	(3,670)	(6.1)
Fee-for-service	15,043	14,706	14,390	337	2.3	316	2.2
Auxiliary enterprises, net	24,397	23,655	22,314	742	3.1	1,341	6.0
Other operating	6,318	3,599	3,568	2,719	75.6	31	0.9
Total Operating Revenues	234,373	222,108	219,075	12,265	5.5	3,033	1.4
Nonoperating Revenues							
State appropriations	3,659	3,351	2,898	308	9.2	453	15.6
Gifts	19,254	20,346	19,931	(1,092)	(5.4)	415	2.1
Investment income, net	4,132	5,551	(361)	(1,419)	(25.6)	5,912	1637.7
Federal nonoperating	4,673	4,058	4,081	615	15.2	(23)	(0.6)
Other nonoperating, net	1,089	594	165	495	83.3	429	260.0
Total Nonoperating Revenues	32,807	33,900	26,714	(1,093)	(3.2)	7,186	26.9
Total Revenues (noncapital)	**$ 267,180**	**256,008**	**245,789**	**11,172**	**4.4%**	**10,219**	**4.2%**

The University has experienced increases in most sources of operating revenues over the past three years. Student Tuition and Fees (net) increased 4.9 percent from Fiscal Year 2017 to 2018 due to tuition and fee increases. The increase in student tuition and fees reflects a combination of increases in tuition rates and enrollment (see Tables 13 and 14) which offset decreases experienced in the University's continuing education program.

Grants and Contracts revenue for Fiscal Year 2018 increased 4.2 percent over Fiscal Year 2017. The University remains committed to increasing its focus and national role as a research institution. In Fiscal Year 2018, the University secured research awards of $58,652,000 compared to $56,795,000 in Fiscal Year 2017 and $60,200,000 in Fiscal Year 2016. The decrease in federal awards from Fiscal Year 2016 to Fiscal Year 2017 reflected the ongoing uncertainty at the federal level on the overall federal budget and the continued existence of certain federal agencies and programs. Approximately $8 million of federal awards anticipated to be received in Fiscal Year 2017 were delayed until Fiscal Year 2018 due to this uncertainty. The increase in grants and contracts revenue from Fiscal Year 2017 to 2018 reflects the economic stabilization from the previous economic challenges in the oil and gas industry. The University continues to focus on securing funding from both federal and private industry sources as additional resources are focused towards research. Revenue from the Federal Government represents approximately 69.3 percent and 67.1 percent of total grants and contracts revenue for Fiscal Years 2018 and 2017, respectively. Revenue generated from grants and contracts benefit the University in that they generally allow for reimbursement of a portion of any related administrative and facility overhead costs. In Fiscal Years 2018 and 2017, the University received approximately $12,019,000 and $11,896,000, respectively, of such administrative and facility overhead costs reimbursements.

The University receives funding from the State of Colorado in two ways; (1) fee-for-service contracts with the Department of Higher Education and (2) stipends to qualified undergraduate students used to pay a portion of tuition. Funding in Fiscal Years 2018 and 2017 related to fee-for-service contracts increased by $337,000 and $316,000, respectively. The level of funding received from the State is dependent on the State's budgetary process and decisions.

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

Table 5 – College Opportunity Fund – Undergraduate Student Stipends

	2018	**2017**	**2016**
Student stipends	$ 6,442,000	5,933,000	6,157,000
Stipend allotment	$ 77/hour	$ 75/hour	$ 75/hour
Stipend eligible hours	83,719.50	79,107.50	82,100.75

Nonoperating revenues can fluctuate from year to year due to the types of revenues being recognized.

Over the past three fiscal years, gift revenues, received primarily from the Foundation, has remained flat. The University has experienced fluctuations in investment income over the last three fiscal years due to continued fluctuations in the financial markets that impact the fair market value of the University's investments held by the Foundation and amounts held by the State Treasurer. The University experienced unrealized gains (losses) in Fiscal Years 2018, 2017, and 2016 of $898,000, $4,235,000, and ($1,581,000), respectively. The realized investment income was $3,699,000, $1,792,000, and $1,498,000, respectively, for this same periods. Federal nonoperating revenues consist of interest subsidies received for taxable Build America Bonds (BAB) issued by the University and financial aid received under the Pell program. The University received $1,143,000, $1,150,000, and $1,161,000 in federal interest subsidies in Fiscal Years 2018, 2017, and 2016, respectively. The amount of federal subsidies is tied to the interest payments being made on the bonds. The decrease in revenue experienced during the past three years reflects the decrease in interest payments being made on the bonds. Revenues from the Pell program for Fiscal Years 2018, 2017, and 2016 were $3,530,000, $2,908,000, and $2,921,000, respectively. Revenues fluctuate based on student activity in the Pell program each year.

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

Table 6 - Operating Expenses by Function and Natural Classifications for Years Ended June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
	2018	2017	2016	Amount	Percent	Amount	Percent
By Functional Expense							
Education and General							
Instruction	$ 125,439	119,702	79,830	5,737	4.8%	39,872	49.9%
Research	61,679	61,034	48,891	645	1.1	12,143	24.8
Public service	2,105	1,215	327	890	73.3	888	271.6
Academic support	29,537	28,209	21,544	1,328	4.7	6,665	30.9
Student services	11,996	10,941	8,242	1,055	9.6	2,699	32.7
Institutional support	38,037	34,867	23,339	3,170	9.1	11,528	49.4
Operation and maintenance of plant	35,258	27,419	23,994	7,839	28.6	3,425	14.3
Scholarships and fellowships	1,042	1,381	1,177	(339)	(24.5)	204	17.3
Total Education and General	305,093	284,768	207,344	20,325	7.1	77,424	37.3
Auxiliary enterprises	37,368	35,434	26,513	1,934	5.5	8,921	33.6
Depreciation and amortization	19,747	18,582	18,171	1,165	6.3	411	2.3
Total Operating Expenses	**$ 362,208**	**338,784**	**252,028**	**23,424**	**6.9%**	**86,756**	**34.4%**
By Natural Classification							
Salaries and benefits	$ 269,892	254,386	168,674	15,506	6.1%	85,712	50.8%
Operating expenses	72,569	65,816	65,183	6,753	10.3	633	1.0
Depreciation	19,747	18,582	18,171	1,165	6.3	411	2.3
Total Operating Expenses	**$ 362,208**	**338,784**	**252,028**	**23,424**	**6.9%**	**86,756**	**34.4%**

Total operating expenses increased by 6.9 percent from Fiscal Year 2017 to 2018 and by 34.4 percent from Fiscal Year 2016 to 2017. The increases in the past two years are attributed to the following:

- Increases in salaries in support of the teaching and research missions and the administration of the University. The salary increases of $4,918,000 results from a combination of merit increases and hiring new faculty and staff to address operational demands.
- Increases in benefit related expenses. In Fiscal Year 2018, the University recorded $104,926,000 of pension related expenses compared to $100,188,000 for Fiscal Year 2017. These pension related expenses impact most of the functional expense categories. With the implementation of GASB Statement No. 75, the University recorded an expense of $13,116,000 of OPEB related expenses which impacts most of the functional expense categories similarly to the pension related expenses.
- Increased depreciation expense as the University continues its investment in new buildings and improved infrastructure.

Excluding the impact of recording pension and OPEB expenses related to the net pension and OPEB liabilities described in the second bullet above, total operating expenses increased by 9.4 percent from Fiscal Year 2017 to Fiscal Year 2018 and 1.3 percent from Fiscal Year 2016 to Fiscal Year 2017.

The amounts reported for scholarships and fellowships expenses do not reflect the actual resources dedicated to student aid. The majority of the University's financial aid resources are applied to the students' accounts, which do not result in a disbursement to the student. Financial aid applied to student accounts are netted against tuition and fee revenue as scholarship allowance. The University's total financial aid resources benefiting students were $35,823,000, $31,412,000, and $28,915,000, in Fiscal Years 2018, 2017, and 2016, respectively.

Capital Assets and Debt Management

As indicated in Table 7 **-** Capital Asset Categories, the University's capital assets consist of land, works of art, construction in progress, land improvements, buildings and improvements, software, equipment, library materials, and intangible assets with a gross book value of $642,790,000, $610,596,000, and $562,555,000 at June 30, 2018, 2017 and 2016, respectively. Accumulated depreciation on depreciable assets totaled $241,678,000, $224,946,000, and $208,537,000, respectively. The University continues to invest in academic and auxiliary facilities to enhance the educational and campus experience for students. During the construction of a project, costs are accumulated in construction in progress. Upon completion of the project, the costs are moved out of construction in progress into the appropriate asset classification.

Table 7 - Capital Asset Categories (before depreciation) as of June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
	2018	**2017**	**2016**	**Amount**	**Percent**	**Amount**	**Percent**
Land	$ 8,935	8,811	7,652	124	1.4%	1,159	15.1%
Works of Art	202	202	187	-	0.0	15	8.0
Construction in Progress	32,209	64,671	31,403	(32,462)	(50.2)	33,268	105.9
Land Improvements	22,670	22,118	20,153	552	2.5	1,965	9.8
Buildings & Improvements	485,863	424,470	416,748	61,393	14.5	7,722	1.9
Software	2,338	2,370	2,028	(32)	(1.4)	342	16.9
Equipment	77,348	74,944	71,509	2,404	3.2	3,435	4.8
Library materials	12,625	12,410	12,275	215	1.7	135	1.1
Intangible	600	600	600	-	0.0	-	0.0
Total Capital Assets	**$ 642,790**	**610,596**	**562,555**	**32,194**	**5.3%**	**48,041**	**8.5%**

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

Active Projects

- The CoorsTek Center for Applied Science and Engineering. The University complete a $52,426,000 academic and research building that will bring together interdisciplinary instructors and researchers in biotechnology, materials characterization and nuclear engineering. This new facility will also serve as the new home for the University's Physics program and the College for Applied Science and Engineering. The project is funded through a significant private donation, a State appropriation, and University resources. The CoorsTek Center for Applied Science and Engineering was placed into service in January 2018.

- Charles and Ida Green Center (Green Center) Roof Replacement. This $17,000,000 project is a complete removal and replacement of the approximately 44,000 square foot roof on the Green Center, including asbestos abatement, along with replacement of the major mechanical equipment in the building. The School of Mines has received a capital appropriation from the State of Colorado for 50% of the project costs. The anticipated completion date is August 2019.

- Charles and Ida Green Center (Green Center) Chiller. This $8,600,000 project is to replace failing chillers and provide added capacity to the campus chilled water system. The anticipated completion date is August 2019.

- Operations Building. The $8,000,000 project allows the consolidation of the Operations unit into one building to provide a centralized and efficient center. By consolidating Operations into a single building, campus space will be made available for additional academic use. The anticipated estimated completion date is June 2019.

- Residence Hall. This $49,000,000 project allows for the construction of a residence hall of approximately 400 beds that is anticipated to open in the fall of 2020. The Residence Hall is Phase I of the University's housing expansion supporting the goal of housing 60% of the student body on campus. It will provide single occupancy (20%) and double occupancy (80%) for primarily freshman and sophomore students. The anticipated completion date is June 2020.

- Parking Garage. This $15,000,000 project allows for the construction of a parking garage with a capacity of approximately 650 parking spaces. As the University continues to add new buildings, surface level parking around campus has decreased. In addition, changes in parking restrictions around the campus have further reduced available parking for the campus community. The anticipated completion date is September 2019.

- Parking Garage Wrap—Innovative Learning Space. This $8,000,000 project allows for the construction of a 20,000 gross square feet (GSF) of office and classroom space surrounding the parking garage. The estimated completion date is September 2019.

- Campus Utility Infrastructure. This $6,000,000 project allows for the University to upgrade its steam and chilled water distribution to service growing needs. Upgrading the campus utility infrastructure will provide additional capacity for campus growth. The anticipated completion date is August 2019.

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

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

Project Description	Financing Sources	Budget
Charles and Ida Green Center Roof Replacement	State appropriation, University resources	$17,000
Charles and Ida Green Center Chiller	Debt financing	8,600
Operations Building	Debt financing	8,800
Residence Hall	Debt financing	49,000
Parking Garage and Academic Wrap	University resources, Debt financing	23,000
Campus Infrastructure	Debt financing	6,000

In addition to operating and nonoperating revenues, the University received capital revenues in the amount shown in Table 9 – Capital Revenues. The changes in capital appropriations and contributions from the State over the three years is related to the construction of the Charles and Ida Green Center Roof Replacement ($8,500,000), the CoorsTek Center for Applied Science and Engineering ($7,882,000) and the Heating Plant Renovation ($2,162,000). At the end of Fiscal Year 2018, the University has received the $1,870,000 related to the Charles and Ida Green Center Roof Replacement. At the end of Fiscal Year

2017, the University received the full amount of State appropriations for the CoorsTek Center for Applied Science and Engineering and the Heating Plant Renovation, $14,600,000 and $6,500,000, respectively. In Fiscal Year 2018, the University received capital grants and gifts received from donations received to fund the CoorsTek Center for Applied Science and Engineering building, various projects related to the Clear Creek Athletic Complex, and to fund debt services on the Starzer Welcome Center.

Table 9 – Capital Revenues for the Years Ended June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
Revenue Classification	**2018**	**2017**	**2016**	**Amount**	**Percent**	**Amount**	**Percent**
Capital appropriations and contributions from the State	$ 1,870	9,441	10,044	(7,571)	(80.2%)	(603)	(6.0%)
Capital grants and gifts	4,562	4,880	2,414	(318)	(6.5)	2,466	102.2
Total Capital Revenues	**$ 6,432**	**14,321**	**12,458**	**(7,889)**	**(55.1%)**	**$(1,863)**	**15.0%**

Table 10 – Deferred Outflows/Inflows of Resources details the types and amounts of such activity. In accordance with accounting standards, the University is required to separately disclose the change in the fair market value of the interest rate swap. As of June 30, 2018, 2017, and 2016, the outstanding swap had a fair market value of $(6,837,000), ($9,251,000), and ($13,222,000), respectively.

Table 10 – Deferred Outflows/Inflows of Resources at June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
Type	**2018**	**2017**	**2016**	**Amount**	**Percent**	**Amount**	**Percent**
Loss on bond refunding	$ 12,519	12,975	14,012	(456)	(3.5%)	(1,037)	(7.4%)
Components of net pension liability	112,356	173,191	39,316	(60,835)	(35.1)	133,875	340.5
Components of OPEB	475	-	-	475	0.0	-	0.0
SWAP valuation	-	2,371	6,104	(2,371)	(100.0)	(3,733)	(61.2)
Total Deferred Outflows of Resources	**125,350**	**188,537**	**59,432**	**(63,187)**	**(33.5%)**	**129,105**	**217.2%**
Components of net pension liability	36,102	1,638	3,516	34,464	2104.0	(1,878)	(53.4%)
Components of OPEB	1,223	-	-	1,223	100.0	-	0.0
SWAP Valuation	113	-	-	113	100.0	-	0.0
Total Deferred Inflows of Resources	**$ 37,438**	**1,638**	**3,516**	**35,800**	**2185.3%**	**(1,878)**	**(53.4%)**

Certain amounts associated with recording the University's proportionate share of the net pension and OPEB liability are required to be reported as either a deferred outflow or deferred inflow of University resources. These deferred outflows or inflows of resources are amortized to expense over a period of years depending on the specific type. See Note 12 and the Required Supplementary Information for additional information.

The University's long-term obligations, both current and noncurrent portions, as shown in Table 11 – Long-Term Debt Categories, are comprised principally of various revenue bonds issued to finance construction of the capital assets discussed above. As of June 30, 2018, 2017, and 2016, bonds and capital leases payable of $311,949,000, $203,062,000, and $211,486,000, respectively, were outstanding.

Table 11 – Long-Term Debt Categories at June 30, 2018, 2017, and 2016 *(all dollars in thousands)*

				Increase (Decrease)			
				2018 vs 2017		2017 vs 2016	
Debt Type	**2018**	**2017**	**2016**	**Amount**	**Percent**	**Amount**	**Percent**
Revenue bonds	$ 311,941	203,008	211,389	108,933	53.7%	(8,381)	(4.0%)
Capital leases	8	54	97	(46)	(85.15)	(43)	(44.3)
Total Long Term Debt	**$ 311,949**	**203,062**	**211,486**	**108,887**	**53.6%**	**(8,424)**	**(4.0%)**

During Fiscal Year 2018, the University completed four debt issuances as shown in Table 12 – Fiscal Year 2017 Debt Issuances and Projects.

Table 12 – Fiscal Year 2018 Debt Issuances and Projects *(in thousands)*

Series	Projects	Total
2017A	Charles and Ida Green Center Roof Replacement Charles and Ida Green Center Chiller Campus Generators Operations Building	$27,675
2017B	Residence Hall Parking Garage and Academic Wrap Campus Utility Infrastructure	71,880
2017C	Institutional Enterprise Revenue Refunding Bonds	35,030
2018A	Institutional Enterprise Revenue Refunding Bonds	37,885

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

Factors Impacting Future Periods

The University's ability to maintain and improve the quality of academic programs, undertake new strategic initiatives, and meet its core mission and ongoing operational needs is impacted by many factors, principally by: student enrollment and the resulting tuition and fees revenue, research volume, the level of state support, and the University's largest expense, compensation costs.

Revenue increases in Fiscal Year 2019 will continue to be moderate. The University will see a slight increase in financial support from the State as well as a slight increase in its primary revenue source due to our moderating of tuition rate increases along with planned increases in undergraduate and graduate enrollment. For the 2018 fall semester, the University accepted more freshmen students and is putting plans in place to grow graduate enrollment. The University is experiencing a decrease in donations which is a reflection of what is occurring in the energy and commodities industries. These pressures have made it more difficult to manage the delicate balance of making strategic and critical investments while minimizing the impact on students and tuition.

State funding in the form of a fee-for-service contract and student stipends is budgeted to increase 4.2 percent in Fiscal Year 2019. This compares to a 4.1 percent increase in Fiscal Year 2018 and a 0.4 percent increase in Fiscal Year 2017 as reflected in Table 13 **-** State Operating Support.

Table 13 – State Operating Support *(all dollars in thousands)*

Fiscal Year	State Support *	Total Operating Revenues	% of Total State Operating Support to Total Operating Revenues
2019**	22,397	263,658	8.5%
2018	21,485	234,373	9.2%
2017	20,639	222,108	9.3%
2016	20,547	219,075	9.4%

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

**Fiscal Year 2019 Amount of State Support is based on amounts included in the State's Long Appropriation Act (Long Bill). Fiscal Year 2018 Total Operating Revenues is based on the University's Fiscal Year 2019 projected revenues.

To offset increases in operating costs, the University increased resident undergraduate tuition rates and non-resident undergraduate tuition rates for Fiscal Year 2019 by 3.0 percent. This compares to increases for Fiscal Year 2018 by 3.1 percent and 3.5 percent, respectively. Table 14 **-** Full Time Tuition and Room and Board Charges per Year, provides a trend of tuition and room and board charges for the academic years 2016 to 2019.

Table 14 - Full Time Tuition and Room and Board Charges per Year

Academic Year	Annual Full-time Undergraduate Tuition Rates		Annual Room and Board (avg.)		
	Residents*	Non-residents	Double	Single	Meal Plan
2019	$16,650	36,270	7,694	9,546	5,678
2018	16,170	35,220	6,632	8,230	5,460
2017	15,690	34,020	6,316	7,546	5,332
2016	15,225	32,700	5,362	6,668	5,236

* Reported net of student stipends

Tuition rates combined with enrollment changes have a significant impact on the University's ability to provide the quality of education expected by our students. Table 15 – Fall Enrollment Trends presents undergraduate, graduate and combined enrollments for each of the last three academic years.

Table 15 - Fall Enrollment Trends

Academic Year	Undergraduate Students			Graduate Students			Total		
	Residents	Non-residents	Total	Residents	Non-residents	Total	Residents	Non-residents	Total
2018	2,887	2,037	4,924	588	500	1,088	3,475	2,537	6,012
2017	2,839	1,967	4,806	560	456	1,016	3,399	2,423	5,822
2016	2,896	1,875	4,771	560	478	1,038	3,456	2,353	5,809

Table 16 **–** Fall Semester Undergraduate Admissions Trends highlights the University's ability to attract freshmen students and transfer students. As demonstrated by Tables 15 and 16, the University continues to be very successful in attracting new students.

Table 16 - Fall Semester Undergraduate Admissions Trends

Fall of Year	Number of Applicants	Number Accepted	Percent Accepted	Number Committed	Percent Committed
2018	13,282	6,517	49.1%	1,358	20.8%
2017	11,171	6,242	55.9%	1,325	21.2%
2016	12,794	5,245	41.0%	1,126	21.5%

Financial Sustainability:
In addition to steps taken to address revenues, the University continues to look at ways to control increases in operating costs. In January 2017, the University began offering an alternative retirement plan for newly hired academic and administrative faculty. The employer contribution to the Mines Defined Contribution Plan (MDCP) is 12 percent compared to the combined 20.15 percent required retirement contribution to PERA. Existing academic and administrative faculty were given a one-time irrevocable opportunity to move from PERA to the MDCP. All academic and administrative faculty hired starting January 1, 2017 that do not have at least one year of prior PERA service credit are enrolled in the MDCP. All academic and administrative faculty hired starting January 1, 2017 that have at least one year of prior PERA service credit have a one-time irrevocable option to either stay in PERA or enroll in the MDCP. The financial savings to the University are expected to increase significantly in future years as the workforce turns over and a larger percentage of academic and administrative faculty are part of the MDCP.

In addition, the University is very active in ensuring our energy sustainability which often results in financial savings. Through employing best practices in energy infrastructure and practices campus wide to ensuring that our core infrastructure systems are focused on energy and cost savings. In fiscal year 2018, the University transitioned from purchased steam to running our own heating plant which is yielding both energy and cost savings. Also in 2018, the University installed campus wide generators which is yielding a significant cost savings.

Future Capital Projects:
In a continued effort to improve the University's infrastructure and enhance the student experience in alignment with our strategic plan, Mines@150, the University has engaged in various capital projects that will result in additional financing.

Residence Hall with a Private Developer. In July 2018, the University entered into an agreement with a private developer in Golden, Colorado for a residence hall that is in alignment with the University's strategic vision to grow housing options for students. The University owns the land and the developer will design, build and finance the building with the University operating and maintaining it.

Collaboration with the United States Geological Survey. The University and the United States Geological Survey (USGS) signed an agreement in October 2018 that sets forth the respective organization's collaboration on science matters related to the minerals resources and the earth's subsurface. This collaboration will incorporate co-location of some functions of the USGS on the University's campus. The shared facility will be a 150,000+ GSF building that is occupied both by the University and the USGS at a possible cost in excess of $120,000,000. Various financing options are being assessed including philanthropic opportunities and public/private partnerships, state appropriation, and University issued debt.

Given all of the economic conditions of the past few years, the University's financial health is well-positioned. The University has made efforts to ensure that operating expense increases do not outpace operating revenue increases. This was achieved this year setting aside the impact of recording the net pension and OPEB liabilities. We continue to see strong enrollment, especially for undergraduate students and have been deliberately moderating our tuition increases. We have seen a recent increase in sponsored research from the federal government while continuing to experience a decline in our sponsored research from private industry. Philanthropic support has been stable as we recently ended a major fundraising campaign and begin to plan for a new campaign.

As the University looks forward, it must ensure that the human capital, physical infrastructure, and financial aid resources accommodates student academic and social needs and expectations, optimizes the professional opportunities for its faculty, fosters growth in research, and enhances business process, all with a single focus of being a world-class institution. The University's Fiscal Year 2019 budget was developed to devote resources to all of these strategic areas.

Requests for Information

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

Colorado School of Mines

Statements of Net Position

June 30, 2018 and 2017 *(in thousands)*

	2018		2017	
	University	**Component Unit**	**University**	**Component Unit**
Assets				
Current Assets				
Cash and cash equivalents	$ 99,469	9,502	$ 109,881	10,626
Short term investments	-	163	-	162
Accounts and loans receivable, net	19,258	646	22,108	3,975
Other assets	1,734	-	1,013	-
Total Current Assets	**120,461**	**10,311**	**133,002**	**14,763**
Noncurrent Assets				
Restricted cash and cash equivalents	129,901	30	21,169	30
Investments	34,656	338,200	34,625	321,380
Accounts and loans receivable	4,688	18,716	4,885	22,062
Other assets	-	1,218	-	2,007
Capital assets, net	401,112	-	385,650	-
Total Noncurrent Assets	**570,357**	**358,164**	**446,329**	**345,479**
Total Assets	**$ 690,818**	**368,475**	**$ 579,331**	**360,242**
Deferred Outflows of Resources				
Loss on bond refundings	12,519	-	$ 12,975	-
SWAP	-	-	2,371	-
Pension related	112,356	-	173,191	-
OPEB related	475	-	-	-
Total Deferred Outflows of Resources	**$ 125,350**	**-**	**$ 188,537**	**-**
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 16,877	1,933	$ 24,970	2,878
Accrued compensated absences	596	-	671	-
Unearned revenue	15,758	-	15,826	-
Bonds and leases payable	8,643	-	8,491	-
Other liabilities	1,768	-	1,227	-
Total Current Liabilities	**$ 43,642**	**1,933**	**$ 51,185**	**2,878**
Noncurrent Liabilities				
Accrued compensated absences	$ 7,160	-	$ 5,768	-
Bonds and leases payable	303,306	-	194,571	-
Interest rate swap agreement	6,837	-	9,251	-
Net pension liability	541,843	-	532,215	-
Net OPEB liability	12,368	-	-	-
Other liabilities	4,278	43,983	1,679	44,551
Total Noncurrent Liabilities	**$ 875,792**	**43,983**	**$ 743,484**	**44,551**
Total Liabilities	**$ 919,434**	**45,916**	**$ 794,669**	**47,429**
Deferred Inflows of Resources				
SWAP	$ 113	-	-	-
Pension related	36,102	-	1,638	-
OPEB related	1,223	-	-	-
Total Deferred Inflows of Resources	**$ 37,438**	**-**	**$ 1,638**	**-**
Net Position				
Net investment in capital assets	$ 214,037	-	$ 199,521	-
Restricted for nonexpendable purposes				
Instruction	3,360	-	3,360	-
Scholarships and fellowships	2,051	91,571	2,051	86,671
Other	1,001	91,067	918	89,344
Total restricted for nonexpendable purposes	$ 6,412	182,638	$ 6,329	176,015
Restricted for expendable purposes				
Scholarships and fellowships	$ 4,590	48,537	4,267	46,843
Loans	1,405	1,691	4,422	1,678
Research	5,447	1,723	4,890	2,663
Capital projects	1,441	8,342	1,911	7,091
Other	3,759	48,398	4,083	50,381
Total restricted for expendable purposes	16,642	108,691	19,573	108,656
Unrestricted	(377,795)	31,230	(253,862)	28,142
Total Net Position	**$ (140,704)**	**322,559**	**$ (28,439)**	**312,813**

Colorado School of Mines

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2018 and 2017 *(in thousands)*

	2018		2017	
	University	Component Unit	University	Component Unit
Operating Revenues				
Tuition and fees, (net of scholarship allowance of $35,159 in 2018 and $30,982 in 2017)	$ 129,963	-	$ 123,886	-
Fee-for-service	15,043	-	14,706	-
Federal grants and contracts	40,627	-	37,750	-
State grants and contracts	4,729	-	4,772	-
Nongovernmental grants and contracts	13,296	-	13,740	-
Auxiliary enterprises, (net of scholarship allowance of $664 in 2018 and $430 in 2017)	24,397	-	23,655	-
Contributions	-	13,355	-	14,509
Other operating revenues	6,318	3,326	3,599	2,862
Total Operating Revenues	**$ 234,373**	**16,681**	**$ 222,108**	**17,371**
Operating Expenses				
Education and General				
Instruction	$ 125,439	-	$ 119,702	-
Research	61,679	-	61,034	-
Public service	2,105	-	1,215	-
Academic support	29,537	-	28,209	-
Student services	11,996	-	10,941	-
Institutional support	38,037	29,644	34,867	30,710
Operation and maintenance of plant	35,258	-	27,419	-
Scholarships and fellowships	1,042	-	1,381	-
Total Education and General	305,093	29,644	284,768	30,710
Auxiliary enterprises	37,368	-	35,434	-
Depreciation and amortization	19,747	-	18,582	-
Total Operating Expenses	**$ 362,208**	**29,644**	**$ 338,784**	**30,710**
Operating Loss	**$ (127,835)**	**(12,963)**	**$ (116,676)**	**(13,339)**
Nonoperating Revenues (Expenses)				
State appropriations, non-capital	$ 3,659	-	$ 3,351	-
Contributions from the Foundation	18,781	-	19,135	-
Contributions	473	-	1,211	-
Investment income, net	4,132	22,709	5,551	42,508
Interest on debt	(9,230)	-	(8,878)	-
Federal nonoperating revenue	4,673	-	4,058	-
Other nonoperating expenses	(1,339)	-	(330)	-
Other nonoperating revenue	1,089	-	594	-
Net Nonoperating Revenues (Expenses)	**$ 22,238**	**22,709**	**$ 24,692**	**42,508**
Income (Loss) Before Other Revenues	**$ (105,597)**	**9,746**	**$ (91,984)**	**29,169**
Capital appropriations and contributions from State	$ 1,870	-	$ 9,441	-
Capital grants and gifts	4,562	-	4,880	-
Additions to permanent endowments	33	-	-	-
Settlement proceeds	-	-	856	-
Total Other Revenues	**$ 6,465**	-	**$ 15,177**	-
Increase (Decrease) in Net Position	**(99,132)**	**9,746**	**(76,807)**	**29,169**
Net Position, Beginning of Year	**(28,439)**	**312,813**	**48,368**	**283,644**
Adjustment for change in accounting principle	**(13,133)**	-	-	-
Net Position, Beginning of Year Restated	**(41,572)**	**312,813**	**48,368**	**283,644**
Net Position, End of Year	**$ (140,704)**	**322,559**	**$ (28,439)**	**312,813**

Colorado School of Mines
Statements of Cash Flows

Years Ended June 30, 2018 and 2017 *(in thousands)*

	2018	2017
Cash Flows from Operating Activities:		
Tuition and fees	$ 126,627	$ 120,453
Grants and contracts	76,541	73,065
Sales of services from auxiliary enterprises	24,516	23,731
Collection of loans to students	1,345	1,000
Rental income	1,631	1,478
Receipts from the Foundation	1,122	1,338
Other operating receipts	8,761	3,480
Payments to employees	(115,267)	(104,294)
Payments for employee benefits	(55,315)	(46,284)
Payments to suppliers	(72,312)	(62,777)
Developmental services fees	(1,900)	(1,900)
Scholarships disbursed	(712)	(1,187)
Loans issued to students	(877)	(904)
Net cash provided by (used for) operating activities	**$ (5,840)**	**$ 7,199**
Cash Flows from Noncapital Financing Activities:		
Receipts from the Foundation	$ 18,383	$ 18,142
State appropriations, non-capital	3,600	3,176
Gifts and grants for other than capital purposes	2,754	2,491
Additions to permanent endowments	33	-
Principal payments on noncapital debt	(320)	(300)
Interest payments on noncapital debt	(60)	(75)
Funds invested with the Foundation	(33)	-
Federal nonoperating revenue	3,530	2,908
Direct lending receipts	30,769	29,601
Direct lending disbursements	(30,769)	(29,601)
Agency inflows	10,327	10,368
Agency outflows	(10,324)	(10,364)
Net cash provided by noncapital financing activities	**$ 27,890**	**$ 26,346**
Cash Flows from Capital and Related Financing Activities:		
State appropriations, capital	$ 1,870	$ 9,441
Capital gifts	3,680	4,858
Academic facility fees	3,463	3,369
Bond proceeds	117,976	-
Bond issuance and other loan costs	(809)	(9)
Acquisition and construction of capital assets	(33,223)	(49,495)
Principal payments on capital debt	(8,171)	(7,458)
Interest payments on capital debt	(11,425)	(8,204)
Federal nonoperating revenue	1,143	1,150
Net cash provided by (used for) capital and related financing activities	**$ 74,504**	**$ (46,348)**
Cash Flows from Investing activities:		
Interest and dividends on investments	1,671	721
Net cash provided by investing activities	**$ 1,671**	**$ 721**
Net Increase (Decrease) in cash and cash equivalents	98,320	(12,082)
Cash and cash equivalents, Beginning of Year	**131,050**	**143,132**
Cash and cash equivalents, End of Year	**$ 229,370**	**$ 131,050**

The accompanying notes are an integral part of the financial statements

Colorado School of Mines
Statements of Cash Flows
Years Ended June 30, 2018 and 2017 *(in thousands)*

	2018	2017
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (127,835)	$ (116,676)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	19,747	18,582
Noncash operating expenses	105,073	100,441
Receipts of items classified as non-operating revenues	2,434	2,788
Academic construction fee split out of tuition to capital financing	(3,462)	(3,369)
Changes in assets and liabilities:		
Accounts and loans receivable	2,008	2,814
Other assets	(721)	(211)
Loans to students	155	(6)
Accounts payable and accrued liabilities	(7,746)	3,592
Unearned revenue	(68)	(710)
Accrued compensated absences	1,317	(144)
Other liabilities	(92,788)	135,851
Changes in deferred outflows and inflows:		
Deferred outflows	60,360	(133,875)
Deferred inflows	35,686	(1,878)
Net cash provided by (used for) operating activities	**$ (5,840)**	**$ 7,199**

	2018	2017
Noncash Investing, Capital and Financing Activities:		
Capital assets acquired by donations, state funded, and payable increases	$ 6,763	$ 6,590
Fair value change in interest rate swap	(2,414)	(3,971)
Realized/unrealized gains on investments	2,743	5,305
Administrative fees on investments	466	475
Accretion of interest on deep discount debt	530	547
Amortization of premiums/discounts	(1,620)	(1,167)
Amortization of deferred losses and swap termination	730	799
Bond underwriter costs	489	-
Loss on disposal of assets	(51)	(357)
Construction In Progress adjustments and deductions	(106)	(79)

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

Governance

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

Financial Reporting Entity and Basis of Presentation

The University's financial reporting entity includes the operations of the University and all related entities for which the University is financially accountable or that provide services to the University, referred to as blended component units. Financial accountability may stem from the University's ability to appoint a majority of the governing board of the related organization, its ability to impose its will on the related organization, its ability to access assets, or its responsibility for debts of the related organization. The University includes the following blended component units:

- Colorado School of Mines Building Corporation: established in June 1976 as a separate corporation under the laws of the State of Colorado. The purpose of the corporation was to build a facility that would house the United States Geological Survey (USGS). The Corporation collects annual rent payments from the USGS. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.

- Mines Applied Technology Transfer Inc. (MATTI): established in 2002 as a separate corporation under the laws of the State of Colorado with a December 31 year end. The purpose of MATTI, a not-for-profit 501(c)(3), is to further the education, research, development and public services objectives of the University and to further the transfer of newly created technologies from the University to the private sector. The corporation is operated exclusively for the benefit of the University. Upon dissolution, subject to certain provisions, any assets remaining shall be transferred to the University. Separate financial statements are not prepared.

Discretely Presented Component Unit

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

Colorado School of Mines Foundation, Incorporated (the Foundation) is a legally separate entity incorporated under Article 40, Title 7 of the Colorado Revised Statutes of 1973. The Foundation was established in 1928 to promote the welfare, development and growth of the University. The Foundation has a determination letter from the Internal Revenue Service stating it qualifies under Section 501(c)(3) of the Internal Revenue Code as a public charity. Although the University does not control the timing of receipts received by the Foundation, the majority of resources or income thereon the Foundation holds and invests are restricted by the donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. Separately issued financial statements are available by contacting the Foundation at PO Box 4005, Golden, Colorado, 80401-0005.

Related Organizations

The Table Mountain Research Center (TMRC), formerly the Colorado School of Mines Research Institute (CSMRI), a not-for-profit corporation, was established in 1949 as a separate corporation under the laws of the State of Colorado. The purpose of TMRC is to promote, encourage and aid scientific and technological investigation and research. TMRC ceased active operations during 1987 and sold most of its real estate in 1988.

Relationship to State of Colorado

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

Basis of Accounting and Presentation

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

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

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

Significant Accounting Policies

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments include, but are not limited to, funds managed by the Foundation on behalf of the University.

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

Accounts and Loans Receivable

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

Inventories

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

Bond Issuance Costs

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

Capital Assets

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

Land improvements	20	years
Buildings and improvements	20–40	years
Equipment	3–10	years
Library materials	10	years

For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

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

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

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

Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time-off or, in limited circumstances, as a cash payment. Expense and the related liabilities that are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time-off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time-off are recognized as expense when the time-off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect as of July 1 plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

Unearned Revenue – Tuition, Fees and Grants

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

Bonds

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent losses on various bond refundings, the mark to market valuation of the University's SWAP agreement, and net pension liability related items. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources on the Statement of Net Position and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The University recognized a deferred outflow in fiscal year 2017 and a deferred inflow in fiscal year 2018 for the mark to market valuation of the SWAP agreement.

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

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange or exchange like transactions, program-specific, or government-mandated non-exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, (3) contracts and grants for research activities and (4) interest on student loans.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenue sources that are not deemed operating revenues including Federal Pell revenue and interest subsidy payments associated with Build America Bonds.

Scholarship Discounts and Allowances

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

Donor Restricted Endowments

Disbursements of the net appreciation (realized and unrealized) of investments of endowment gifts are permitted by state law, except where a donor has specified otherwise. The amount of earnings and net appreciation available for spending by the University and the Foundation is based on a spending rate set by the Foundation board on an annual basis. For the years ended June 30, 2018 and 2017, the authorized spending rate was equal to the 4.5 percent of the rolling 36-month average market value of the endowment investments. Earnings in excess of the amount authorized for spending are available in future years and are included in the value of the related investment.

Application of Restricted and Unrestricted Resources

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

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal and state income tax on any unrelated business taxable income. There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 2018 presentation

Note 2: Cash and Cash Equivalents and Investments

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

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

Type	2018	2017
University		
Cash on hand	$ 18	$ 16
Cash with U.S. financial institutions	9,720	13,800
Cash with Guaranteed Investment Contract	81,184	-
Cash with State Treasurer	138,448	117,234
Total Cash and Cash Equivalents-University	**$ 229,370**	**$ 131,050**
Discretely Presented Component Unit		
Cash with U.S. financial institutions	$ 9,532	$ 10,656
Total Cash and Cash Equivalents-DPCU	**$ 9,532**	**$ 10,656**

Deposits

The University deposits the majority of its cash with the Colorado State Treasurer (Treasury) pursuant to Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasurer acts as a bank for all state agencies and many state supported institutions of higher education. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2018, the University had cash on deposit with the Treasury of $138,448,000 which represented approximately 1.8 percent of the total $7,635.8 million fair value of investments in the State Treasury Pool (Pool). As of June 30, 2017, the University had cash on deposit with the Treasury of $117,234,000 which represented approximately 1.7 percent of the total $6,770.2 million fair value of deposits in the Pool.

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

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Comprehensive Annual Financial Report for the year ended June 30, 2018.

Deposits not with the Treasury are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance (FDIC) and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (the Public Deposit Protection Act) or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor – government's name. Accordingly, none of the University's deposits as of June 30, 2018 and 2017 are deemed to be exposed to custodial credit risk. As of June 30, 2018 and 2017, the DPCU maintained balances in various operating accounts in excess of federally insured limits totaling approximately $9,300,000, and $10,400,000, respectively.

Investments

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

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. At June 30, 2018 and 2017, no single investment of the University exceeded 5 percent of the total investments.

Most of the University's investments are managed by the Foundation, on behalf of the University and are reflected in the Foundation's Long-term Investment Pool (LTIP). The University's investments represent a proportionate share of the Foundation's LTIP and therefore, the University does not own any specific investments. As such the fair value measurement for the University's investments are reported as Level 3 as described below. The University investments are under the Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding for the University. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio. This policy minimizes concentration credit risk.

The Foundation categorizes fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are significant other than quoted prices that are observable for the investment either directly or indirectly; Level 3 are significant unobservable inputs where little or no market data is available, which requires the entity to develop its own assumptions. The fair value measurement of investments as of June 30, 2018 and 2017 are shown in Table 2.2 Fair Value Measurements.

Guaranteed Investment Contract

The University entered into a Guaranteed Investment Contract (GIC) with Toronto-Dominion Bank in April 2018. The cash provided for the GIC was equal to the 2017B Bond proceeds. The University intends to leverage the investment to maximize the projects funded by the 2017B issue.

Colorado School of Mines
Notes to Financial Statements
June 30, 2018 and 2017

Table 2.2 Fair Value Measurements *(in thousands)*

	2018			
Investment Type	Level 1	Level 2	Level 3	Total
University				
Corporate equity securities	$ 344	-	-	344
Investments with Foundation	-	-	34,312	34,312
Total Investments-University	**$ 344**	**-**	**34,312**	**34,656**
Liabilities				
Interest rate swap agreement	$ -	6,837	-	6,837
Total Liabilities – University	**$ -**	**6,837**	-	**6,837**
Discretely Presented Component Unit				
Cash equivalents	$ -	4,066	-	4,066
Corporate equity securities	89,541	78,578	-	168,119
Hedge funds	-	51,242	13	51,255
Private equity	-	-	58,232	58,232
Corporate bond funds	28,062	-	-	28,062
Split-interest agreements	13,956	-	75	14,031
Gift annuity agreements	3,268	201	-	3,469
Beneficial interest investments	10,451	501	14	10,966
Total Investments-DPCU	**$ 145,278**	**134,588**	**58,334**	**338,200**

	2017			
Investment Type	Level 1	Level 2	Level 3	Total
University				
Corporate equity securities	$ 261	-	-	261
Investments with Foundation	-	-	34,364	34,364
Total Investments-University	**$ 261**	**-**	**34,364**	**34,625**
Liabilities				
Interest rate swap agreement	$ -	9,251	-	9,251
Total Liabilities – University	$ -	9,251	-	**9,251**
Discretely Presented Component Unit				
Cash equivalents	$ -	8,531	-	8,531
Corporate equity securities	82,338	67,357	-	149,695
Hedge funds	-	48,461	13,975	62,436
Private equity	-	-	53,146	53,146
Corporate bond funds	18,034	-	-	18,034
Split-interest agreements	13,703	-	100	13,803
Gift annuity agreements	4,001	-	-	4,001
Beneficial interest investments	11,270	449	15	11,734
Total Investments-DPCU	**$ 129,346**	**124,798**	**67,236**	**321,380**

Note 3: Accounts, Contributions and Loans Receivable

Table 3.1, Accounts Receivable, segregates receivables as of June 30, 2018 and 2017, by type.

TABLE 3.1 Accounts Receivable *(in thousands)*

	2018			
Type of Receivable	**Gross Receivable**	**Allowance**	**Net Receivable**	**Net Current Portion**
University				
Student accounts	$ 4,103	956	3,147	3,147
Student loans	5,368	129	5,239	551
Federal Government	9,803	-	9,803	9,803
Private sponsors	3,366	938	2,428	2,428
DPCU	1,616	-	1,616	1,616
Other	1,713	-	1,713	1,713
Total Receivable-University	**$ 25,969**	**2,023**	**23,946**	**19,258**
Discretely Presented Component Unit				
Contributions*	$ 19,212	1,541	17,671	646
Due from University	1,691	-	1,691	-
Total Receivable-DPCU	**$ 20,903**	**1,541**	**19,362**	**646**

	2017			
Type of Receivable	**Gross Receivable**	**Allowance**	**Net Receivable**	**Net Current Portion**
University				
Student accounts	$ 4,262	1,167	3,095	3,095
Student loans	5,533	139	5,394	509
Federal Government	11,031	-	11,031	11,031
Private sponsors	2,987	841	2,146	2,146
DPCU	2,681	-	2,681	2,681
Other	2,646	-	2,646	2,646
Total Receivable-University	**$ 29,140**	**2,147**	**26,993**	**22,108**
Discretely Presented Component Unit				
Contributions*	$ 26,603	2,244	24,359	3,975
Due from University	1,678	-	1,678	-
Total Receivable-DPCU	**$ 28,281**	**2,244**	**26,037**	**3,975**

*The allowance on the contributions receivable is comprised of uncollectible and unamortized discounts of $745 and $796, respectively, for June 30, 2018, and $1,077 and $1,167 respectively, as of June 30, 2017.

Note 4: Capital Assets

Table 4.1, Capital Assets, presents the changes in capital assets and accumulated depreciation by major asset category for the years ended June 30, 2018 and 2017.

TABLE 4.1 Capital Assets *(in thousands)*

Category	Balance 2017	Additions	Deletions	Transfers	Balance 2018
Nondepreciable capital assets					
Land	$ 8,811	124	-	-	8,935
Works of art	202	-	-	-	202
Construction in progress	64,671	29,670	105	(62,027)	32,209
Total nondepreciable assets	$ 73,684	29,794	105	(62,027)	41,346
Depreciable capital assets					
Land improvements	22,118	-	-	552	22,670
Buildings and improvements	424,470	693	39	60,739	485,863
Software	2,370	37	69	-	2,338
Equipment	74,944	4,738	3,070	736	77,348
Library materials	12,410	215	-	-	12,625
Intangible assets	600	-	-	-	600
Total depreciable capital assets	$ 536,912	5,683	3,178	62,027	601,444
Less accumulated depreciation					
Land improvements	$ 11,546	871	-	-	12,417
Buildings	152,351	12,355	39	-	164,667
Software	1,906	235	64	-	2,077
Equipment	47,245	6,006	2,912	-	50,339
Library materials	11,631	247	-	-	11,878
Intangible assets	267	33	-	-	300
Total accumulated depreciation	224,946	19,747	3,015	-	241,678
Net depreciable assets	311,966	(14,064)	163	62,027	359,766
Total Net Capital Assets	**$ 385,650**	**15,730**	**268**	**-**	**401,112**

Category	Balance 2016	Additions	Deletions	Transfers	Balance 2017
Nondepreciable capital assets					
Land	$ 7,652	1,159	-	-	8,811
Works of art	187	15	-	-	202
Construction in progress	31,403	39,761	79	(6,414)	64,671
Total nondepreciable assets	$ 39,242	40,935	79	(6,414)	73,684
Depreciable capital assets					
Land improvements	20,153	706	-	1,259	22,118
Buildings and improvements	416,748	3,066	-	4,656	424,470
Software	2,028	389	47	-	2,370
Equipment	71,509	5,406	2,470	499	74,944
Library materials	12,275	173	38	-	12,410
Intangible assets	600	-	-	-	600
Total depreciable capital assets	$ 523,313	9,740	2,555	6,414	536,912

TABLE 4.1 Capital Assets (continued) *(in thousands)*

Category	Balance 2016	Additions	Deletions	Transfers	Balance 2017
Less accumulated depreciation					
Land improvements	$ 10,785	761	-	-	11,546
Buildings	140,640	11,711	-	-	152,351
Software	1,698	255	47	-	1,906
Equipment	43,679	5,654	2,088	-	47,245
Library materials	11,502	167	38	-	11,631
Intangible assets	233	34	-	-	267
Total accumulated depreciation	208,537	18,582	2,173	-	224,946
Net depreciable assets	314,776	(8,842)	382	6,414	311,966
Total Net Capital Assets	**$ 354,018**	**32,093**	**461**	**-**	**385,650**

The total interest costs related to capital asset debt incurred by the University during the years ended June 30, 2018 and 2017, was $11,073,000 and $8,730,000, respectively. The University capitalizes interest costs as a component of construction in progress during the period of construction, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the tax-exempt debt. The total amount of interest costs capitalized as part of construction in progress during the years ended June 30, 2018 and 2017 was $2,034,000 and $343,000, respectively.

Note 5: Deferred Outflows and Inflows of Resources

Table 5.1, Deferred Outflows and Inflows of Resources details the types and amounts of deferred outflows and inflows of resources as of June 30, 2018 and 2017.

TABLE 5.1 Deferred Outflows and Inflows of Resources *(in thousands)*

Deferred Outflows of Resources	2018	2017
Loss on bond refundings	$ 12,519	$ 12,975
Components of pension and OPEB liability	112,831	173,191
SWAP valuation	-	2,371
Total Deferred Outflows of Resources	**$ 125,350**	**$ 188,537**
Deferred Inflows of Resources		
Components of pension and OPEB liability	$ 37,325	$ 1,638
SWAP valuation	113	-
Total Deferred Inflows of Resources	**$ 37,438**	**$ 1,638**

Note 6: Accounts Payable and Accrued Liabilities

Table 6.1, Accounts Payable and Accrued Liabilities, details the accounts payable and accrued expenses as of June 30, 2018 and 2017.

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

Type		2018	2017
Accounts payable - vendors	$	9,443	10,962
Accrued salaries and benefits		5,824	12,738
Accrued interest payable		1,610	1,270
Total Accounts Payable and Accrued Liabilities	**$**	**16,877**	**24,970**

The University leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights or meet other capital lease criteria, and therefore, the related assets and liabilities are not recorded in the accompanying financial statements. For Fiscal Years 2018 and 2017, total rent expense under these agreements was $190,000 and $203,000, respectively. Table 6.2, Future Minimum Operating Lease Payments, details the future minimum operating lease payments.

TABLE 6.2 Future Minimum Operating Lease Payments ***(in thousands)***

Years Ending June 30	Minimum Lease Payment
2019	$ 176
2020	86
2021	88
2022	90
Total Operating Lease Payments	**$ 440**

The University leases office space to several tenants in two buildings. The lease terms for the tenants vary and extend through Fiscal Year 2021. The annual rent payments from these two buildings for Fiscal Year 2018 and 2017 was $1,631,000 and $1,478,000, respectively. Table 6.3, Future Tenant Rent Payments, presents the anticipated annual rent payments from tenants.

TABLE 6.3 Future Tenant Rent Payments *(in thousands)*

Years Ending June 30	Rent Payment
2019	$ 206
2020	157
2021	140
Total Tenant Rent Payments	**$ 503**

Note 7: Compensated Absences

Table 7.1, Compensated Absences, presents the changes in compensated absences for the years ended June 30, 2018 and 2017.

TABLE 7.1 Compensated Absences *(in thousands)*

	2018	2017
Beginning of the year	$ 6,439	$ 6,583
Adjustments/reductions	1,317	(144)
End of the year	**$ 7,756**	**$ 6,439**
Current Portion	**$ 596**	**$ 671**

Note 8: Unearned Revenue

Table 8.1, Unearned Revenue, details the types and amounts of unearned revenue as of June 30, 2018 and 2017.

TABLE 8.1 Unearned Revenue *(in thousands)*

Type	2018	2017
Tuition and fees	$ 5,574	$ 5,445
Grants and contracts	9,255	9,324
Miscellaneous	929	1,057
Total Unearned Revenue	**$ 15,758**	**$ 15,826**

Note 9: Bonds and Leases

As of June 30, 2018 and 2017, the categories of long-term obligations are detailed in Table 9.2, Bonds and Leases Payable. Table 9.3, Changes in Bonds and Leases Payable, presents the changes in bonds and capital leases payable for the years ended June 30, 2018 and 2017.

Revenue Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2018 and 2017 is detailed in Table 9.4, Revenue Bond Detail.

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

The revenue bonds are secured by a pledge of all net revenues as defined by the bond documents. As of June 30, 2018 and 2017, net auxiliary pledged revenues, total net pledged revenues, and the associated debt service coverage are shown in Table 9.1, Net Pledged Revenues. The University's net pledged revenues will continue to be pledged for the life of the associated revenue bonds as detailed in Table 9.2, Bonds, and Leases Payable. The outstanding principal and interest of the related pledged debt is detailed in Table 9.5, Revenue Bonds Future Minimum Payments. The University believes it is in compliance with all existing pledged revenue requirements of its outstanding bonds.

TABLE 9.1 Net Pledged Revenues *(in thousands)*

Source of Net Pledged Revenue	2018	2017
Auxiliary Revenue Bonds		
Net auxiliary facilities	$ 8,227	13,288
Renewal and replacement fund	692	640
Net auxiliary pledged revenues	8,919	13,928
Prior obligation auxiliary debt service	910	770
Prior obligation auxiliary debt service coverage	9.80	18.09
Parity Bond Obligations		
Institutional Enterprise Revenue Bonds		
Student tuition (10 percent)	$ 16,203	15,651
Student facility fees	6,928	3,369

TABLE 9.1 Continued (*in thousands*)

Federal indirect cost recovery	12,019	11,896
Federal interest subsidy	1,143	1,150
Net Institutional Enterprise Pledged Revenues	36,293	31,066
Net Pledged Revenues for Parity Debt	44,302	45,224
Total Parity Debt Service	17,465	14,519
Total Parity Debt Service Coverage	2.54	3.11
Subordinate Bond Obligations		
Net Pledged Revenues for Subordinate Debt	26,837	30,705
Subordinate Debt Service	1,203	1,231
Subordinate Debt Service Coverage	22.31	24.94
Percent of Pledged Revenue to Total Revenue	78%	79%
Total Debt Service Coverage	2.31	2.78

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

A master resolution adopted by the Board includes a covenant by the Board which provides, in summary, that, while the Bonds are outstanding, and subject to applicable law, the Board will continue to impose such fees and charges as are included within the gross revenues and will continue the present operation and use of the institutional enterprise and the facilities. The Board will continue to maintain such reasonable fees, rental rates and other charges for the use of all facilities and for services rendered by the Institutional Enterprise as will return annually gross revenue sufficient to pay the prior bond obligations, to pay operation and maintenance expenses, to pay the annual debt service requirements of the bonds and any parity obligations payable from the net revenues. In addition, the Board will make any deposits required to the reserve fund. The debt covenant includes provisions relating to other matters such as maintenance of insurance coverage for the facilities. The Master Resolution prohibits the Board from selling, destroying, abandoning, otherwise disposing of or altering at any time the property comprising a part of the facilities until all bonds payable out of net revenues have been paid or provision has been made to pay all such bonds. The University believes it is in compliance with these covenants.

The Series 2009B, 2010B, and 2011 bonds qualify as Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law on February 17, 2009. Pursuant to ARRA, for the Series 2009B and 2010B bonds, the University expects to receive a cash subsidy payment from the United States Treasury, referred to as Federal Direct Payments, equal to 35 percent of the interest payable on the bonds on or around each interest payment date. For the Series 2011 bonds, the University expects to receive Federal Direct Payments equal to 70 percent of the interest payable on the bonds on or around each interest payment date. Due to federal budget cuts that occurred during Fiscal Year 2013, the University received approximately 8.75 percent less in payments under this program. Pursuant to the Colorado Recovery Act, the Board may pledge any Federal Direct Payments received to the payments of the bonds. The Board has pledged such payments to the payment of the Series 2009B, 2010B, 2011, and 2012B bonds. In Fiscal Years 2018 and 2017, the University received $1,140,000 and $1,150,000, respectively, in Federal Direct Payments.

The Series 2009A, 2009B, 2009C, 2012B, 2017A, 2017B, 2017C and 2018A revenue bonds qualify for the State Intercept Program established pursuant to Section 23-5-139 CRS. The State Intercept Program provides for the institutions of higher education to utilize the State of Colorado's credit rating. The State Treasurer is obligated to make principal and interest payments when due with respect to the revenue bonds issued by state supported institutions of higher education if such institution will not make the payment by the due date.

The following table provides a summary of the University's long-term debt obligations as of June 30, 2018 and 2017 (in thousands):

TABLE 9.2 Bonds and Leases Payable *(in thousands)*

Type	Interest Rates	Final Maturity	Balance 2018	Balance 2017
Auxiliary Facilities Enterprise Revenue Bonds	2.50% - 5.4%	2028	$ 10,012	10,386
Institutional Enterprise Revenue Bonds				
Variable Rate Demand Bonds	1.407%	2038	37,885	38,860
Fixed Rate Bonds	3.00% - 6.29%	2043	255,744	144,522
Subordinate Institutional Enterprise Revenue Bonds	3.00%	2027	8,300	9,240
Total Bonds Payable			**$ 311,941**	**203,008**
Capital Leases Payable	7.8%	2020	**8**	**54**
Total Bonds and Leases Payable			**$ 311,949**	**203,062**

* Variable rate demand bonds are set at an adjustable rate as discussed below. The rates reflected in the table are as of June 30, 2018.

The demand feature of the Series 2010A variable rate demand bonds applies at the end of an interest rate mode period. This period can range from weekly to long-term. In May 2018, the University refunded the 2010A variable rate demand bonds with the issuance of the 2018A variable rate institutional enterprise revenue bonds. In addition, the University negotiated a new support fee of 0.50 percent. The interest rate on the Series 2018A variable rate demand bonds is calculated based on 67 percent of the one month London interbank offered rate (LIBOR). The interest rate on the Series 2018A as of June 30, 2018 was 1.407 percent and the Series 2010A as of June 30, 2017 was 0.820 percent

Table 9.3, Changes in Bonds and Leases Payable presents the changes in bonds, and leases for the years ended June 30, 2018 and 2017.

TABLE 9.3 Changes in Bonds and Leases Payable *(in thousands)*

Type	Balance 2017	Additions	Deductions	Balance 2018	Current Portion
Revenue bonds payable	$ 193,489	173,003	80,330	286,162	8,635
Plus unamortized premiums	9,538	22,086	5,830	25,794	-
Less unamortized discounts	19	-	4	15	-
Total Bonds Payable	**$ 203,008**	**195,089**	**86,156**	**311,941**	**8,635**
Capital Leases	54	**-**	46	8	8
Total Bonds and Leases Payable	**$ 203,062**	**195,089**	**86,202**	**311,949**	**8,643**

Type	Balance 2016	Additions	Deductions	Balance 2017	Current Portion
Revenue bonds payable	$ 200,702	545	7,758	193,489	8,445
Plus unamortized premiums	10,711	-	1,173	9,538	-
Less unamortized discounts	24	-	5	19	-
Total Bonds Payable	**$ 211,389**	**545**	**8,926**	**203,008**	**8,445**
Capital Leases	97	3	46	54	46
Total Bonds and Leases Payable	**$ 211,486**	**548**	**8,972**	**203,062**	**8,491**

Table 9.4, Revenue Bond Detail presents a summary description of the University's outstanding revenue bonds for the years ended June 30, 2018 and 201

TABLE 9.4 Revenue Bond Detail *(in thousands)*

Issuance Description	Original Issuance Amount	Outstanding Balance 2018	Outstanding Balance 2017
Auxiliary Facilities Enterprise Revenue Bonds:			
Capital Appreciation, Series 1999 - Used to fund capital improvements for residence halls, residential housing, student center and fraternity housing facilities	$ 7,794	10,027	10,404
Total Auxiliary Facilities Enterprise Revenue Bonds	**$ 7,794**	**10,027**	**10,404**
Institutional Enterprise Revenue Bonds:			
Refunding and Improvement Series 2009A Used to refund the Colorado School of Mines Development Corporation Refunding Variable Rate Demand Bonds, Series 2005, refund a portion of the Variable Rate Demand Improvement Series 2008B, make a payment in connection with modifying a portion of an existing swap agreement for the Series 2008B Bonds, and acquire certain real properties.	$ 28,720	1,130	2,205
Series 2009B Used to fund construction or renovation of certain campus capital projects including a new residence hall, Weaver Towers, wellness center and other capital improvements.	42,860	42,860	42,860
Refunding Series 2009C Used to refund a portion of the Series 2008B and terminate an existing swap agreement for the Series 2008B bonds.	16,745	1,260	1,855
Variable Rate Demand Refunding Series 2010A Used to current refund the Refunding Series 2008A.	42,860	-	38,860
Series 2010B - Taxable Direct Payment Build America Bonds Used to construct, improve, renovate and equip new academic Marquez Hall Wing and provide additional facilities.	11,195	11,195	11,195
Series 2011 - Taxable Qualified Energy Conservation Bonds. Used to finance qualified conservation improvement projects.	2,800	1,055	1,375
Series 2012B Used to fund construction of a new residence hall and dining facility, renovate the Student Center, provide bridge funding for construction for a new welcome center, and refund all of the Series 2002 and a portion of the Series 2004.	47,345	7,790	42,895
Series 2016A and B Used to fund construction, improvements, and equipping of CoorsTek Center; advance refunding portion of the Series 2009A bonds and Series 2009C bonds.	34,690	30,075	32,600

Series 2017A Used to fund construction and improvements to campus-wide generators, a chiller plant, the Green Center roof and a new operations building.	27,675	27,675	-
Series 2017B Used to fund construction of a new residence hall, parking garage, innovative learning space and improvements to campus utilities.	71,880	71,880	-
Refunding Series 2017C Used to advanced refund a portion of the Institutional Enterprise Revenue Bonds, Series 2012B.	35,030	35,030	-
Series 2018A Used to refund all of the variable rate demand Institutional Enterprise Revenue Bonds, Series 2010A.	37,885	37,885	-
Total Institutional Enterprise Revenue Bonds	**$ 399,685**	**267,835**	**173,845**
Subordinate Institutional Enterprise Revenue Bonds:			
Series 2012A – Used to fund construction of new athletic facilities	$ 13,000	8,300	9,240
Total Subordinate Institutional Enterprise Revenue Bonds	**$ 13,000**	**8,300**	**9,240**
Total Revenue Bonds	**$ 420,479**	**286,162**	**193,489**
Plus Premiums	-	25,794	9,538
Less Discounts	-	15	19
Total Revenue Bonds	**$ -**	**311,941**	**203,008**

Revenue and Refunding Bond Activity

In August 2017 the University issued Institutional Enterprise Revenue Bonds of $27,675,000 to construct a new operations building, a chiller plant, campus generators, and the re-roof of a building. In November and December 2017, the University issued a total of $106,910,000 in Institutional Enterprise Revenue and Refunding Bonds consisting of $71,880,000 in Series 2017B and $35,030,000 in Series 2017C. The Series 2017B bonds will be used to finance the construction of a new residence hall, parking garage and learning space as well as upgrades to campus utilities infrastructure. The 2017C bonds were issued to advance refund a portion of the Series 2012B institutional revenue bonds. In May 2018, the University issued $37,885,000 in variable rate Institutional Enterprise Revenue and Refunding Bonds, Series 2018A. The Series 2018A was used to refund the balance on Series 2010A variable rate demand Institutional Enterprise Revenue Bonds.

The University completed the Series 2017C and Series 2018A refunding to reduce its total debt service payments over the next 25 years by $3.4 million and obtain an economic benefit (difference between the present value of the debt service payments on the old debt and new debt) of $2.4 million. The refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of $1.0 million. The difference is reported in the accompanying financial statements as a deferred outflow and is being amortized through fiscal year 2043.

Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2018, are shown in Table 9.5, Revenue Bonds Future Minimum Payments.

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

Years Ending June 30	Principal	Interest	Total
2019	$ 8,635	13,221	21,856
2020	8,730	12,904	21,634
2021	9,045	12,564	21,609
2022	7,375	12,305	19,680
2023	8,395	12,089	20,484
2024 – 2028	46,030	55,498	101,528
2029 – 2033	49,445	44,802	94,247
2034 – 2038	66,565	30,795	97,360
2039 – 2043	56,105	12,762	68,867
2044 – 2048	28,375	3,687	32,062
Subtotal	288,700	210,627	499,327
Unaccreted interest -1999 Bonds	(2,538)		
Total Debt Service	**$ 286,162**		

Interest Rate SWAP Agreements

In Fiscal Year 2008, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2008A issuance. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The 2008A issuance was refunded with the Series 2010A issuance. The Series 2010A was refunded with the issuance of the Series 2018A Refunding Bonds. The Swap Agreement was not terminated and was associated with the Series 2018A issuance. The Swap Agreement has a notional amount of $37,885,000 and $38,860,000 and a fair value of ($6,837,113) and ($9,251,000) at June 30, 2018 and 2017, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.59 percent payable by the University and 67 percent of one month USD-LIBOR-BBA, 1.229 percent and 0.82 percent at June 30, 2018 and 2017, respectively, payable by Morgan Stanley. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2018 and 2017. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,998,662) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2018 and 2017 was $1,350,621 and $1,421,000, respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2018 and 2017, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2038.

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

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

Credit Risk – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2018, Morgan Stanley's credit rating is A3 by Moody's, BBB+ by Standards & Poor's.

For the outstanding Swap Agreement the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2018 and 2017 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2018 and 2017. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.

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

As of June 30, 2018, the aggregate debt service payments and net swap cash payments, assuming current interest rates remain the same, for their term are reflected in Table 9.6, Future Revenue Bonds and Net Swap Minimum Payments.

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

Years Ending June 30	Principal	Bond Interest	SWAP Interest (net)	Total Debt Service	Support Fee
2019	$ 550	497	1,039	2,086	188
2020	575	490	1,024	2,088	185
2021	575	482	1,008	2,065	182
2022	850	472	987	2,310	178
2023	925	460	963	2,348	174
2024-2028	6,500	2,093	4,376	12,970	791
2029-2033	13,300	1,399	2,925	17,625	529
2034-2038	14,610	470	983	16,063	178
Total Debt Service	**$ 37,885**	**6,364**	**13,305**	**57,554**	**2,405**

Extinguishment of Debt

Previous revenue bond issues considered to be extinguished through in-substance defeasance under generally accepted accounting principles are not included in the accompanying financial statements. The amount of debt in this category, covered by assets placed in trust to be used solely for future payments, amounted to $65,160,000 and $31,160,000 as of June 30, 2018 and 2017, respectively.

Capital Leases

As of June 30, 2018 and 2017, the University had an outstanding liability for capital leases approximating $8,000 and $54,000, respectively, with underlying gross capitalized asset cost approximating $131,000 and $131,000, respectively. Accumulated amortization as of June 30, 2018 and 2017 is $3,000 and $6,000, respectively.

Future minimum payments on the capital leases are shown in Table 9.7, Future Minimum Capital Lease Payments.

Table 9.7 Future Minimum Capital Lease Payments *(in thousands)*

Year Ending June 30,	Principal	Interest	Total
2019	$ 8	-	8
Total Capital Lease Payments	**$ 8**	**-**	**8**

State of Colorado Certificates of Participation

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

Note 10: Other Liabilities

Table 10.1, Other Liabilities, details other liabilities as of June 30, 2018 and 2017.

TABLE 10.1 Other Liabilities *(in thousands)*

	2018		2017	
Type	**Total**	**Current Portion**	**Total**	**Current Portion**
University				
Amounts due to the Foundation	$ 1,841	75	1,885	207
Funds held for others	278	139	137	137
Student deposits	614	307	308	308
Miscellaneous	3,313	1,247	576	575
Total Other Liabilities - University	**$ 6,046**	**1,768**	**2,906**	**1,227**
Discretely Presented Component Unit				
Colorado School of Mines	34,307	-	34,364	-
Other trust funds	1,226	-	1,139	-
Obligations under split-interest agreements	4,321	-	4,319	-
Obligations under gift annuity agreements	3,702	-	4,351	-
Refunded advances	30	-	30	-
Other liabilities	397	-	348	-
Total Other Liabilities - DPCU	**$ 43,983**	**-**	**44,551**	**-**

Direct Lending

The University began participation in the Direct Student Loan program operated by the Federal Government in the spring of Fiscal Year 2010. This program enables eligible students or parents to obtain a loan to pay for the student's cost of attendance directly through the University rather than through a private lender. The University is responsible for handling the complete loan process, including funds management, as well as promissory note functions. The University is not responsible for collection of these loans or for defaults by borrowers, and therefore these loans are not recognized as receivables in the accompanying financial statements. Lending activity during the years ended June 30, 2018 and 2017 under these programs were $30,769,000 and $29,601,000, respectively.

Note 11: Changes in Accounting Principles

Effective July 1, 2017, the University adopted Governmental Accounting Standards Board (GASB) issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75), which revises and establishes new accounting and financial reporting requirements for most governments that provide their employees with post-employment benefits other than pension benefits (OPEB). The University provides its employees with OPEB through the State's multiple employer cost-sharing Defined Benefit Other Postemployment Benefit Plan (Health Care Trust Fund or HCTF) administered by the Colorado Public Employees' Retirement Association (PERA). Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

Statement No. 75 requires cost-sharing employers participating in the PERA program to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. The University has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA and the State Legislature. The requirement of Statement No. 75 to record the University's proportionate share of the HCTF's net OPEB liability will negatively impact the School's future unrestricted net position.

To the extent practical, changes made to comply with Statement No. 75 should be presented as a restatement of the Fiscal Year 2017 financial statements. However, PERA did not provide the information required to restate the University's Fiscal Year 2017 financial statements; therefore, the impact of adoption of Statement No. 75 is shown as a cumulative effect adjustment to Net Position, beginning of the year, in Fiscal Year 2018. The impact of the adoption of Statement No. 75 is detailed in Table 11.1 Changes in Beginning Net Position.

TABLE 11.1 Change in Beginning Net Position *(in thousands)*

Net Position, beginning of year	$ (28,439)
Cumulative effect of change in accounting principle	(13,133)
Net Position, beginning of year as restated	**$ (41,572)**

The University's proportionate share of OPEB liability directly reduces the University's unrestricted net position. The effect on unrestricted net position is shown in Table 11.2 Impact on Unrestricted Net Position.

Table 11.2 Impact on Unrestricted Net Position *(in thousands)*

Unrestricted Net Position, beginning of year	$ (253,862)
Cumulative effect of change in accounting principle	(13,133)
Unrestricted Net Position, beginning of year as restated	**$ (266,995)**

Note 12: Retirement Plans

Pension Plan

Summary of Significant Accounting Policies

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to eliminate with a High Probability the Unfunded Liability of the Plan within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SDTF for financial reporting purposes be measured using the plan provision in effect as of the SDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section changes between the measurement date of the net pension liability and June 30, 2018.

Plan Description

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

Benefits Provided

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

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

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

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

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

As of December 31, 2017 benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post- retirement cost-of-living adjustments, referred to as annual increases in the C.R.S.. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the retirement benefit formula 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

Eligible employees and the University are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees, except State Troopers, are summarized in Table 12.1, Employer Contribution Requirements.

TABLE 12.1 Employer Contribution Requirements

	2018		2017	
	July 1 – December 31	**January 1 – June 30**	**July 1 – December 31**	**January 1 – June 30**
Employer Contribution Rate[1]	10.15%	10.15	10.15	10.15
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)[1]	(1.02)	(1.02)	(1.02)	(1.02)
Amount Apportioned to the SDTF[1]	9.13	9.13	9.13	9.13
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411[1]	5.00	5.00	4.60	5.00
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411[1]	5.00	5.00	4.50	5.00
Total Employer Contribution Rate to the SDTF[1]	19.13%	19.13	18.23	19.13

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $14,827,000 and $15,370,000 for the years ended June 30, 2018 and 2017, respectively.

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

At June 30, 2018 and 2017, the University reported a NPL of $541,843,000 and $532,215,000, respectively, for its proportionate share of the SDTF NPL. The NPL was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The University's proportion of the NPL was based on University contributions to the SDTF for the calendar years 2017 and 2016 relative to the total contributions of participating employers to the SDTF. At December 31, 2017 and 2016, the University's proportion of the NPL was 2.7067813411 percent and 2.8974930745 percent, respectively, or a decrease from the prior year of 0.19071173340.

For the years ended June 30, 2018 and 2017, the University recognized net pension expense of $104,926,000 and $100,188,000, respectively. At June 30, 2018 and 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown in Table 12.2, Deferred Outflows and Inflows.

TABLE 12.2 Deferred Outflows and Inflows (in thousands)

Type	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2018	2017	2018	2017
Difference between expected and actual experience	$ 8,449	5,290	-	-
Net difference between projected and actual earnings on pension plan investments	-	17,643	20,409	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,271	6,992	15,693	-
Changes in assumptions and other inputs	94,085	135,399	-	1,638
Contributions subsequent to the measurement date	7,551	7,867	-	-
Total	**$ 112,356**	**173,191**	**36,102**	**1,638**

Deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date totaling $7,551,000 will be recognized as a reduction of the NPL in the year ended June 30, 2019. Deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date totaling $7,867,000 were recognized as a reduction of the NPL in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense as shown in Table 12.3, Amortization of Deferred Outflows and Inflows.

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

Fiscal Year	Amount
2019	$ 76,355
2020	7,941
2021	(7,634)
2022	(7,959)
Total	**68,703**

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial assumptions shown in Table 12.4, Actuarial Assumptions.

TABLE 12.4 Actuarial Assumptions

Actuarial Cost Method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.17%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

A discount rate of 4.72 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in Table 12.6, Target Allocations and Geometric Real Rate of Returns:

Table 12.5 Target Allocations and Geometric Real Rate of Returns

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return*
U.S. Equity – Large Cap	21.20%	4.30
U.S. Equity – Small Cap	7.42	4.80
Non U.S. Equity – Developed	18.55	5.20
Non U.S. Equity – Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income – Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
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%.

Discount Rate

The discount rate used to measure the total pension liability was 4.72 percent. The basis for the projection of liabilities and the fiduciary net position (FNP) used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the SDTF as of the prior measurement date (December 31, 2016). 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 3.50 percent.

- Employee contributions were assumed to be made at the current member contribution rate. 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 and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For the future plan members, employer contributions were further reduced by the estimated amount of the total service costs for future plan members not financed by their member contributions.

- 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 Annual Increase Reserve (AIR) balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the Plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the Plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2038 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2038 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2038 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a blended discount rate of 4.72 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent.

Sensitivity of the University's Proportionate Share of the NPL to Changes in the Discount Rate

Table 12.7, Discount Rate Sensitivity presents the proportionate share of the NPL calculated using the discount rate of 4.72 percent, as well as what the proportionate share of the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (3.72 percent) or 1-percentage-point higher (5.72 percent) than the current rate.

Table 12.7 Discount Rate Sensitivity

2018	1% Decrease (3.72%)	Current Discount Rate (4.72%)	1% Increase (5.72%)
Proportionate share of the NPL	$ 674,092	541,843	433,275
2017	**1% Decrease (4.26%)**	**Current Discount Rate (5.26%)**	**1% Increase (6.26%)**
Proportionate share of the NPL	$ 659,182	532,215	427,903

Pension plan fiduciary net position

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

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to eliminate with a High Probability the Unfunded Liability of the Plan within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At June 30, 2018 the University reported a liability of $541,843,000 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.72%. For comparative purposes, the following schedule presents an estimate of what the University proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

TABLE 12.8 Pro Forma Schedule

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 256,938,214

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately $241,793,908 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Mines Defined Contribution Plan

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

For the year ended June 30, 2018, the University's contribution to the MDCP was equal to 12 percent of pre-tax covered payroll and the employee contribution was equal to 8 percent of pre-tax covered payroll. The University's contribution under the MDCP approximated $1,729,000 and $426,000 for Fiscal Years 2018 and 2017, respectively.

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

CSM Foundation Retirement Plan

The Foundation participates in a defined contribution pension plan covering substantially all of its employees. Contributions and costs are based on the number of years of service and a percentage of regular salary. Pension expense was $216,000 and $194,000 for Fiscal Years 2018 and 2017, respectively.

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

Summary of Significant Accounting Policies

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

Plan Description

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

Benefits provided

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

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

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

PERA Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were $790,500 for the year ended June 30, 2018.

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

At June 30, 2018, the University reported a liability of $12,368,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the University's proportion was 0.9516781393 percent, which was a decrease of 0.09 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the University recognized OPEB expense of $22,054. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TABLE 13.1 Deferred Outflows and Inflows (in thousands)

	2018 Deferred Outflows	2018 Deferred Inflows
Difference between expected and actual experience	**$ 58**	**207**
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in Proportionate Share Contribution	**14**	**1,016**
Difference in Total Employer Contribution and Proportionate Share Contribution	-	-
Contributions subsequent to the measurement date	**403**	-
Total	**$ 475**	**1,223**

$403,000 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Fiscal Year	Amount
2019	$ (292)
2020	(292)
2021	(292)
2022	(291)
2023	14
2024	2
Total	**$ (1,151)**

Actuarial assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3% for 2017, gradually rising to 4.25% in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

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

	1% Decrease in Trend Rate	Current Trend Rates	1% Increase in Trend Rates
PERA Care Meidcare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	12,028	12,368	12,778

Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Sensitivity of the University proportionate share of the net OPEB liability to changes in the discount rate

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

Sensitivity of the Net OPEB Liability (in thousands)

Discount Rate	**(6.25%)**	**(7.25%)**	**(8.25%)**
Net OPEB Liability	13,906	12,368	11,056

OPEB plan fiduciary net position

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

Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA)

Retired faculty and exempt-administrative staff are eligible to participate in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA is a cost-sharing multiple-employer insurance purchasing pool, which allows for post-employment health coverage until the retiree is eligible for Medicare.

CHEIBA financial statements are prepared under accounting principles generally accepted in the United States using the accrual basis of accounting following governmental accounting standards for a business-type activity. The financial statements can be obtained by contacting the CHEIBA Trust. Contributions are recognized in the period due. Benefits and refunds are recognized and paid when due according to the participating plans. The fair value of the Trust's investments is based on quoted market prices from national securities exchanges.

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

Note 14: Discretely Presented Component Unit

Colorado School of Mines Foundation

Distributions made by the Foundation to the University during the years ended June 30, 2018 and 2017 were approximately $22,460,000 and $23,993,000, respectively. These amounts have been recorded as contributions from the Foundation and as capital grants and gifts in the accompanying financial statements. As of June 30, 2018 and 2017, the University has recorded an accounts receivable from the Foundation of $1,616,000 and $2,681,000, respectively. As of June 30, 2018 and 2017, the University has recorded a liability to the Foundation of $1,766,000 and $1,885,000, respectively.

The University is the ultimate beneficiary of substantially all restricted and trust funds held by the Foundation and is the income beneficiary of the majority of endowment funds held by the Foundation. The Foundation also manages a portion of the University's endowments. The University has endowments and other assets held by the Foundation approximating $34,312,000 and $34,364,000 as of June 30, 2018 and 2017, respectively.

Note 15: Commitments and Contingencies

Commitments

Contracts have been entered into for the purpose of planning, acquiring, constructing and equipping certain building additions and other projects, with outstanding amounts totaling approximately $20,813,000 as of June 30, 2018. These commitments will be funded or financed by donor contributions, state appropriations, existing revenue bonds, and other campus resources.

In the normal course of its operations, the University is involved in various litigation matters. The University is presently a defendant in one litigation matter involving an employment-based claim brought by a former Mines exempt employee. Management believes that any future liability that it may incur as a result of this matter will not have a material effect on the University's financial statements.

Government Grants

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

Note 16: Risk Management

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

- General liability covered by Philadelphia Insurance Company for:

  $2,000,000/$2,000,000/$1,000,000/$1,000,000/$300,000/$15,000 with no deductible.
- Educator's legal liability covered by Philadelphia Insurance Company for:

  $4,000,000/$4,000,000 with a $10,000 deductible.
- Automobile liability covered by Philadelphia Insurance Company for:

  $1,000,000/$1,000,000/$5,000/$1,000/$1,000 with a $500/$1,000 deductible.
- Fiduciary covered by Hanover Insurance Company for:

  $1,000,000/$250,000/$100,000/$100,000 with no deductible.
- Employment practices liability covered by Philadelphia Insurance Company for:

  $4,000,000/$4,000,000 with a $25,000 deductible.
- Workers compensation covered by Pinnacol Assurance for:

  $500,000/$500,000/$500,000 with no deductible.
- Umbrella liability covered by Philadelphia Insurance Company for:

  $3,000,000/$3,000,000/$3,000,000 with a self-insured retention of $10,000.
- Crime (employee dishonesty) covered by Hanover Insurance for:

  $1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$1,000,000/$100,000/$50,000 with a $10,000/$5,000 deductible.
- Property covered by Midwestern Higher Education Compact for:

  $1,000,000/$100,000,000/$400,000,000 with a $50,000/$25,000/2% of values/$100,000 deductible.
- Inland Marine covered by Philadelphia Insurance Company for Equipment value:

  $750,000/$1,000,000/$50,000/$100,000/$5,000 with a $5,000/5% sign deductible.
- Aviation covered by Westchester Fire Insurance Company for :

  $1,000,000/$1,500 with a $150 deductible.

The University became fully insured through several insurance companies in 2017 and is covered by insurance for everything above its reserve and deductible. The coverage in fiscal year 2018 is new, the University left the State Risk Pool on July 1, 2017.

Note 17: Legislative Appropriations

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

For the years ended June 30, 2018 and 2017, appropriated expenses were within the authorized spending authority. For the years ended June 30, 2018 and 2017, the University had a total appropriation of $24,003,000 and $24,126,000, respectively. For years ended June 30, 2018 and 2017, the University's appropriated funds consisted of $6,443,000 and $5,933,000, respectively, received on behalf of students that qualified for stipends from the College Opportunity Fund, $15,042,000 and $14,706,000, respectively, fee-for-service contract revenue, and $2,518,000 and $3,487,000 respectively, for the operations of the Colorado Geological Survey. All other revenues and expenses reported by the University represent non-appropriated funds. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources.

Note 18: Subsequent Event

In July 2018, the University purchased land at a cost of $2,960,000. Subsequent to this purchase the University partnered with an organization to develop the land for additional student housing and retail space to support on campus student needs. The building is estimated be completed in 2020.

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability ***($ in thousands)***

Plan Fiduciary

Calendar Year	Proportionate (percentage) of the Collective NPL	Proportionate Share of the Collective Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total Pension Liability
2017	2.7067813411%	$ 541,843	$79,151	684.57%	43.20%
2016	2.8974930745	532,215	82,557	644.66	42.60
2015	2.8133496393	296,275	78,055	379.57	56.11
2014	2.7478159772	258,474	74,014	349.21	59.84

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

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2018	$ 14,827	14,827	-	77,503	19.13%
2017	15,370	15,370	-	82,283	18.68
2016	14,254	14,254	-	80,103	17.80
2015	12,885	12,885	-	76,271	16.89
2014	10,463	10,463	-	65,576	15.96
2013	10,055	10,055	-	66,255	15.18
2012	7,107	7,107	-	61,185	11.62
2011	6,515	6,515	-	60,837	10.71
2010	7,266	7,266	-	61,351	11.84
2009	6,640	6,640	-	62,027	10.71
2008	5,562	5,562	-	53,953	10.31

Required Supplementary Information

Schedule of Proportionate Share of Net OPEB Liability ***($ in thousands)***

Plan Fiduciary

Calendar Year	Proportionate (percentage) of the Collective OPEB Liability	Proportionate Share of the Collective OPEB Liability	Covered Payroll	Proportionate Share of the NOPEBL as a Percentage of Covered Payroll	Net Pension as a Percentage of the Total OPEB Liability
2017	0.95167814%	$ 12,368	$79,151	15.63%	17.53%
2016	1.04545977%	13,555	82,557	16.42	16.16

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

Fiscal Year	Statutorily Required Contributions	Contributions Related to the Statutorily Required Contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2018	$ 790	790	-	77,503	1.02%
2017	839	839	-	82,283	1.02
2016	817	817	-	80,103	1.02
2015	778	778	-	76,271	1.02
2014	669	669	-	65,576	1.02
2013	676	676	-	66,255	1.02
2012	624	624	-	61,185	1.02
2011	621	621	-	60,837	1.02
2010	626	626	-	61,351	1.02
2009	633	633	-	62,027	1.02
2008	550	550	-	53,953	1.02