Colorado State University System

Financial Statements and Independent Auditor's Reports

Financial Audit

Years Ended June 30, 2015 and 2014

Colorado State University System
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Independent Auditor's 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 units of Colorado State University System (a higher education institution of the State of Colorado) (the System), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2015 financial statements of the Colorado State University Foundation (the CSU Foundation) or the 2015 financial statements of the Colorado State University – Pueblo Foundation (CSU-Pueblo Foundation), the discretely presented component units of the System. Those statements were audited by other auditors whose reports thereon has been furnished to us, and our opinions, insofar as it relates to the 2015 amounts included for the CSU Foundation and CSU-Pueblo Foundation, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System'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 System'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 2015 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the System as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the System, an institution of higher education in the State of Colorado, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of the business –type activities and the discretely presented component units of the State of Colorado that are attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2015 and 2014, and the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, in 2015, the System adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Other Post Employment Benefit Trust Statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

BKD, LLP

Denver, Colorado
December 3, 2015

Management's Discussion and Analysis

We are pleased to present this financial discussion and analysis of the Colorado State University System (the System). It is intended to make the System's financial statements easier to understand and communicate our financial situation in an open and accountable manner. This section of the financial report provides an objective discussion and analysis of the financial performance of the System for the fiscal years ended June 30, 2015 and 2014. This discussion provides an analysis of the System's financial activities based on currently known facts, decisions, or existing conditions. University management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

The System includes Colorado State University (CSU), Colorado State University Pueblo (CSU-Pueblo), and Colorado State University Global Campus (CSU-Global). CSU-Global issued separate financial statements for the year ended June 30, 2015.

The Basic Financial Statements

Financial highlights are presented in this discussion and analysis to help with the assessment of the System's financial activities. This analysis should be read in conjunction with the System's financial statements and notes thereto, which are also presented in this document. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* (GASB Statement No. 68) was implemented in fiscal year 2015 only. Therefore, the presentation of 2014 is not comparable to the 2015 financial information.

The basic financial statements are designed to provide readers with a broad overview of the System's finances and are comprised of three basic statements.

The statements of net position present information on all of the System's assets, liabilities, deferred inflows and deferred outflows; with the difference between assets plus deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information showing how the System's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., the payment for accrued compensated absences, or the receipt of amounts due from students and others for services rendered).

The statements of cash flows are reported on the direct method. The direct method of cash flows reporting portrays cash flows from operating, noncapital financing, capital and related financing, and investing activities.

The System reports its activity as a business-type activity using the economic resources measurement focus and the accrual basis of accounting. The System is a blended component unit of the State of Colorado.

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes provide information regarding both the accounting policies and procedures the System has adopted as well as additional detail of certain amounts contained in the basic financial statements. The notes to basic financial statements follow the basic financial statements.

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Management's discussion and analysis focuses on the primary government, which is the Colorado State University System.

Financial Highlights

Selected financial highlights for fiscal year ended 2015 include:

- The Colorado State Legislature established spending authority to the System in its annual Long Appropriations Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund.

  For fiscal years ended 2015 and 2014, appropriated expenses in the System were within the authorized spending authority. For fiscal years ended 2015 and 2014, the System had a total appropriation of $122.0 million and $109.8 million, respectively. For fiscal years ended 2015 and 2014, the System's appropriated funds consisted of $43.0 million and $37.8 million, respectively, received from students that qualified for stipends from the College Opportunity Fund and $79.0 million and $72.0 million, respectively, as fee for service contract revenue. All other revenues and expenses reported by the System represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources.

- In fiscal year ended 2015, the System realized a $195 thousand decrease in its restricted investments. The majority of these investments are held for the benefit of CSU by the Colorado State University Foundation.

- The assets and deferred outflows of the System exceeded its liabilities and deferred inflows at June 30, 2015 by $445.3 million (net position). Of this amount, $117.1 million is restricted for purposes which the donor or grantor or other external party intended and $638.6 million is related to the net investment in capital assets. The remaining ($310.5) million is unrestricted and may be used to meet the System's ongoing obligations. Although unrestricted net position is not externally restricted, it may be internally designated by the System's administration for various purposes. The implementation of GASB Statement No. 68 in FY15 reduced the beginning balances of unrestricted net position and increased liabilities and deferred inflows by $487.8 million.

- The System's fiscal year 2015 net position is not comparable to fiscal year 2014 due to the implementation of GASB Statement No. 68.

- In fiscal year 2015, the System implemented GASB Statement No. 68. This implementation resulted in the creation of a new line in noncurrent liabilities as well as a section for deferred inflows of resources. This implementation is a change in accounting principle for the current year only, the prior years' financial statements were not restated.

- On April 28, 2015, the System issued Series 2015 A, B, C System Enterprise Revenue Bonds for $235.2 million that will mature in varying annual amounts to March 2055 with interest rates varying from 2.0 to 5.0 percent and issued Series 2015 D Taxable System Enterprise Revenue Bonds for $66.7 million that will mature in varying annual amounts to March 2047 with variable interest rates.

- CSU-Global experienced a 90% increase in net position. This increase is due to an increase in enrollment, particularly from out-of-state students, and by partnering with an international university to deliver curriculum and an online class environment.

Financial Analysis

The statement of net position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the Colorado State University System as of the end of the fiscal year. The System assets and deferred outflows exceeded liabilities and deferred inflows resulting in a net position at June 30, 2015 and 2014 of $445.3 million and $899.6 million, respectively. The net investment in capital assets (e.g., land, buildings and equipment) is used to provide services to students, faculty and administration. Consequently, these assets are not available to fund future spending. The unrestricted net position reflects the implementation of GASB Statement No. 68 in FY15.

Summary of Net Position
(Amounts expressed in thousands)

	June 30		
	2015	**2014**	**2013***
Current assets	$ 455,830	416,447	458,405
Noncurrent assets, including net capital assets of $1,308,364, $1,223,641, and $1,144,374, respectively	1,758,815	1,504,261	1,335,032
Deferred outflows	71,904	43,034	45,666
Total assets and deferred outflows	$ 2,286,549	1,963,742	1,839,103
Current liabilities	$ 193,266	179,069	182,746
Noncurrent liabilities	1,645,275	885,062	751,150
Deferred inflows	2,755	-	-
Total liabilities and deferred inflows	$ 1,841,296	1,064,131	933,896
Net position:			
Net investment in capital assets	$ 638,613	623,886	622,472
Restricted	117,133	105,976	104,505
Unrestricted	(310,493)	169,749	178,230
Total net position	$ 445,253	899,611	905,207

*Restated

- The $322.8 million increase in System assets and deferred outflows in 2015 over that of 2014 is related to increases in all asset sections. Current assets, noncurrent assets, and deferred outflows all increased in fiscal year 2015. The $39.4 million increase in current assets was primarily due to: a $31.9 million increase in cash and cash equivalents, a $2.6 million increase in inventories, a $2.3 million increase in prepaid expenses, and a $2.2 million increase in accounts receivable. Noncurrent assets increased primarily due to increases in restricted cash and cash equivalents, $175.0 million; and buildings and improvements, $140.3 million. Revenue bond series 2015 A, B, C, and D, increased the restricted cash and cash equivalents $234.2 million. This was offset by the use of the bond cash on bonded projects such as $45.1 million on the Academic Village North projects, $7.7 million in plant investments in buildings and land, \$4.0 million on the Bay Farm Horticulture project, and \$2.5 million on the Animal Science Building project. The changes in buildings and improvements, and land improvements are discussed within the capital assets portion of this analysis.

- In fiscal year 2015, total liabilities and deferred inflows increased \$777.2 million. Current liabilities increased \$14.2 million due primarily to a \$4.6 million increase in accounts payable and a \$7.9 million increase in accrued liabilities. The increase in accrued liabilities was mainly due to a \$4.0 million increase in accrued payroll and a \$2.0 million net increase in accrued liabilities. Noncurrent liabilities increased \$760.2 million. This increase is primarily due to the \$524.7 million net pension liability reflected in fiscal year 2015 as required by GASB Statement No. 68. The remaining increase is mainly due to a \$223.1 million increase in bonds payable. The increase in bonds payable is due to the issuance of Bond Series 2015 A, B, C, and D.

The statements of revenues, expenses and changes in net position report the results of operating and nonoperating revenues and expenses during the year and the resulting increase or decrease in net position at the end of the fiscal year.

Summary of Revenues, Expenses and Changes in Net Position
(Amounts expressed in thousands)

	Year Ended June 30		
	2015	**2014**	**2013***
Operating revenues:			
Tuition and fees, net	$ 460,304	409,617	371,323
State fee for service revenue	78,931	72,025	68,030
Grants and contracts	274,318	269,965	269,247
Auxiliary enterprises	153,865	144,400	137,822
Other	43,896	42,306	38,053
Total operating revenues	1,011,314	938,313	884,475
Operating expenses:			
Instruction	293,171	272,049	248,234
Research	187,160	182,094	189,785
Public service	90,677	83,703	70,352
Academic support	79,861	78,804	69,756
Student services	51,875	46,913	39,713
Institutional support	63,831	56,194	51,411
Operation and maintenance of plant	73,590	65,493	58,835
Scholarships and fellowships	30,661	24,557	22,755
Auxiliary enterprises	144,310	137,459	131,683
Depreciation	89,538	77,648	72,890
Total operating expenses	1,104,674	1,024,914	955,414
Operating loss	(93,360)	(86,601)	(70,939)
Nonoperating revenues:			
State appropriations	2,355	2,472	1,754
Federal nonoperating grants and contracts	41,116	40,020	38,597
Other nonoperating revenues, net	32,123	29,275	20,276
Net nonoperating revenues	75,594	71,767	60,627
Gain (loss) before other revenues (expenses)	(17,766)	(14,834)	(10,312)
Other revenues (expenses):			
State capital contributions	17,153	3,620	1,880
Capital grants	12,591	4,514	10,460
Capital gifts	21,055	21,193	22,411
Payments (to) from governing boards or other institutions	629	258	237
Additions (reductions) to permanent endowments	(246)	1,838	1,434
Total other revenues	51,182	31,423	36,422
Special items:			
Transfer of Fire Suppression Activities to Department of Public Safety	-	-	(6,536)
Transfer to OPEB Trust	-	(22,185)	-
Extraordinary items:			
Gain on insurance recovery	-	-	2,192
Increase (decrease) in net position	33,416	(5,596)	21,766
Net position:			
Net position, beginning of year	899,611	905,207	883,441
Change in accounting principle	(487,774)	-	-
Net position, beginning of year as adjusted	411,837	905,207	883,441
Net position, end of year	$ 445,253	899,611	905,207

* Restated

- The System experienced a $93.4 million, $86.6 million, and $70.9 million loss from operations in fiscal years ended 2015, 2014, and 2013, respectively. The operating loss in 2015 was offset by net nonoperating and other revenues of $126.8 million which primarily included $2.4 million in state appropriations, $65.5 million in gifts and capital gifts, $29.7 million in state capital contributions and capital grants, $41.1 million in federal nonoperating grants and contracts, $3.9 million in investment income, and $10.8 million in other nonoperating revenues all of which was offset by $27.0 million in interest expense on capital debt and $246 thousand reduction in permanent endowments. The state appropriations of $2.4 million included $1.0 million for forest restoration and $1.4 million for Healthy Forests – Vibrant Communities. The operating loss in 2014 was offset by net nonoperating and other revenues of $103.2 million which primarily included $2.5 million in state appropriations, $64.0 million in gifts and capital gifts, $8.1 million in state capital contributions and capital grants, $40.0 million in federal nonoperating grants and contracts, $1.8 million in permanent endowments, $5.3 million in investment income, and $5.2 million in other nonoperating revenues all of which was offset by $24.0 million in interest expense on capital debt. The System also recognized a $22.2 million special item, as discussed below. The state appropriations of $2.5 million included $1.0 million for forest restoration and $1.5 million for Healthy Forests – Vibrant Communities. The operating loss in 2013 was offset by net nonoperating and other revenues of $97.0 million which primarily included $1.8 million in state appropriations, $58.9 million in gifts and capital gifts, $12.3 million in state capital contributions and capital grants, $38.6 million in federal nonoperating grants and contracts, $1.4 million in permanent endowments, and $6.9 million in other nonoperating revenues all of which was offset by $20.0 million in interest expense on capital debt and $3.1 million in investment income. The System also experienced a $6.5 million loss on a special item and a $2.2 million gain on an extraordinary item. The special item was related to the transfer of fire suppression assets to the Department of Public Safety, and the extraordinary item related to insurance proceeds recovered as a result of the fire at the equine reproduction facility. The state appropriations of $1.8 million included $716 thousand for forest restoration and $1.1 million for Healthy Forests – Vibrant Communities.

- Fiscal year 2015 System operating revenues increased $73.0 million. This is primarily attributable to a $50.7 million increase in tuition and fee revenue, a $6.9 million increase in state fee for service, a $9.5 million increase in revenues from auxiliary enterprise activities, a $4.4 million increase in grants and contracts, and a $2.0 million increase in the other operating revenues. Fiscal year 2015 System operating expenses increased $79.8 million. This is due to increases in expenditures in all the functional areas: $21.1 million in instruction, $5.1 million in research, $7.0 million in public service, $1.1 million in academic support, $5.0 million in student services, $7.6 million in institutional support, $8.1 million in operation and maintenance of plant, $6.1 million in scholarships and fellowships, $6.9 million in auxiliary enterprises, and $11.9 million in depreciation.

- Fiscal year 2015 System net nonoperating revenues increased $3.8 million. This increase is mainly due to a $1.6 million increase in gifts, a $1.1 million increase in federal nonoperating grants and contracts, a $5.5 million increase in other nonoperating revenue, offset by a $2.9 million increase in interest expense on capital debt and a $1.4 million decrease in investment income.

- Fiscal year 2015 System other revenues increased $19.8 million. This is mainly attributed to a $13.5 million increase in State capital contributions and an $8.1 million increase in capital grants, offset by a $2.1 million reduction in the permanent endowment.

Capital Assets and Debt Administration

At June 30, 2015, the System had approximately $1.3 billion invested in capital assets, net of accumulated depreciation of $865.9 million. At June 30, 2014, the System had approximately $1.23 billion invested in capital assets, net of accumulated depreciation of $783.4 million.

Depreciation charges were $89.5 million and $77.6 million for the fiscal years ended June 30, 2015 and 2014, respectively.

During fiscal year 2015, the System received $17.1 million of state capital contributions for capital construction projects. Of this amount, $3.1 million is related to the CSU campus and $14.0 million is related to the CSU-Pueblo campus. $13.1 million is related to the General Classroom Building with the remaining $890 thousand related to campus projects at CSU-Pueblo. At CSU, the $1.5 million is related to the Chemistry building with the remaining $1.6 million related to fire alarm and fire sprinkler projects across campus.

A breakdown of assets by category, net of accumulated depreciation is provided below.

Capital Assets, Net of Accumulated Depreciation
(Amounts expressed in thousands)

	June 30		
	2015	**2014**	**2013**
Land	$ 32,144	27,074	24,424
Land improvements	34,359	33,557	35,494
Buildings and improvements	1,028,515	888,201	873,986
Leasehold improvements	2,286	3,735	979
Equipment	99,784	104,831	108,560
Collections	3,808	2,878	2,666
Library materials	8,357	9,216	10,707
Construction in progress	99,111	164,149	87,558
Total capital assets, net	$ 1,308,364	1,233,641	1,144,374

In 2015 capital assets, net increased $74.7 million. This increase is primarily attributable to a $140.3 million increase in buildings and improvements, offset by the $65.0 million decrease in construction in progress. The increase in buildings and improvements is largely attributed to the capitalization of the following substantially complete buildings: $75.2 million on the Student Center project, $49.4 million on the Laurel Village project, $12.4 million on the Animal Sciences projects, $11.9 million on the Eddy Building project, $5.6 million on the Avenir Gallery Addition, $3.8 million on the Walter and Suzanne Scott, Jr. Bioengineering 2nd Floor Tenant Finish, as well as many other smaller projects. These costs are offset by depreciation. The decrease in construction in progress is mainly due to several large projects being completed in fiscal year 2015.

In 2014 capital assets, net increased $89.3 million. This increase is primarily attributable to a $76.6 million increase in construction in progress, $14.2 million increase in buildings and improvements, $2.7 million increase in land, and a $2.8 million increase in leasehold improvements. These increases were offset by decreases of $3.7 million in equipment, $1.9 million in land improvements, and $1.5 million in library materials. The increase in construction in progress is largely attributed to $40.5 million on the Student Center project, $31.2 million on the Academic Village North project, and $10.2 million on the Animal Science Building project offset by projects that

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were capitalized during the year. The increase in buildings and improvements is mainly due to the completion and capitalization of $16.5 million for Braiden 4th floor addition, $10.7 million for the Moby Addition & Renovation, $9.0 million for the Behavioral Science Building Addition, $5.0 million for the Lory Student Center Seismic Upgrades, and $3.9 million for the Advanced Beam Lab. These costs are offset by depreciation expense. The increase in land is largely attributed to the acquisitions of three parcels of land in Fort Collins for $2.2 million and Bay Farm for $143 thousand. The increase in leasehold improvements is mainly due to three major projects that were completed, $2.5 million for the EECL, $855 thousand for Online Plus, and $213 thousand for the Northern Hotel.

In 2013 capital assets, net increased $78.5 million. This increase is primarily attributable to a $102.6 million increase in buildings and improvements, $4.8 million increase in equipment, and a $1.1 million increase in land improvements, offset by a $28.1 million decrease in construction in progress and $2.0 million decrease in library materials. The increase in equipment and software is largely attributed to an in-kind gift of software to be used by the CSU Design and Merchandising department, valued at $9.5 million. These costs are offset by depreciation expense in the amount of $18.3 million. The increase in land improvements is largely attributed to the completion and capitalization of the Library-Hartshorn parking lot project, in the amount of $1.8 million. In 2013, several major projects, totaling $140.6 million, were completed and capitalized. This resulted in the increase in buildings and improvements, which included the completion and capitalization of the following building projects: Engineering II for $68.1 million, Morgan Library Expansion for $18.7 million, Parmelee 4th Floor Addition for $16.8 million, Durrell Center Revitalization for $10.8 million, RIC Imaging Suite Buildout for $5.5 million, Corbett Exterior Modernization for $4.0 million, Equine Reproduction Lab Replacement for $3.7 million, and Academic Computing Center Renovation for $1.9 million. The decrease in construction in progress was due to the completion and capitalization of these large, high-dollar projects during 2013. The construction in progress balances for these completed projects were transferred to the building and land assets, resulting in a net decrease to construction in progress in 2013. There were also several ongoing projects in 2013, which added to the balance on construction in progress, including Braiden 4th Floor Addition ($13.6 million), Laurel Village ($12.6 million), and Lory Student Center Revitalization ($14.0 million). The decrease in physical library materials is attributed to the continued movement toward virtual library material. Less physical materials are being purchased and more physical volumes are being withdrawn from the collection.

The System had capital construction commitments of approximately $90.0 million at June 30, 2015 including approximately $71.4 million for the Aggie Village North Redevelopment, $3.0 million for the Chemistry Building, $2.8 million for the Research Drive Parking Lot, $1.8 million for the University Art Museum Addition, $1.7 million for the Ingersoll Hall Renovation, $1.3 million for the PERC Relocation, and $1.1 million for the Center for Agricultural Education. The remaining commitments are for other small projects at the University. CSU-Pueblo had capital commitments of $1.8 million related to $1.0 million for the General Classroom Building and $836 thousand for the Campus Security System – Phase II project.

The System had $1.1 billion and $828.2 million of debt outstanding at June 30, 2015 and 2014, respectively.

Summary of Debt
(Amounts expressed in thousands)

	June 30		
	2015	**2014**	**2013***
Debt outstanding:			
Revenue bonds, certificates of participation	$ 1,043,146	818,860	664,162
Capital lease obligations	21,950	9,358	7,752
	$ 1,065,096	828,218	671,914

*Restated

On April 28, 2015, the System issued $235.2 million in System Enterprise Revenue Bonds, Series 2015 A, B and C. The proceeds from the sale of the Series 2015 A and B ($167.5 million) will be used to construct a 643,000 gross square foot multipurpose stadium to be located between Lake Street and Pitkin Street in Fort Collins, Colorado. Series 2015 C (67.7 million) will advance refund a portion of the outstanding Series 2007B bonds, Series 2008A bonds, and Series 2009A bonds. The 2015 A, B, and C Bonds bear interest rates from 2.0 to 5.0 percent with final maturity falling in 2055.

On April 28, 2015, the System issued $66.7 million in System Enterprise Revenue Bonds, Series 2015 D. The proceeds from the sale of the Series 2015 D will be used to defray a portion of the cost of financing certain 2015 improvement projects. The 2015 D Bond has a variable interest with a final maturity falling in 2047.

On December 31, 2013, the System issued $138.7 million in System Enterprise Revenue Bonds, Series 2013 E. The proceeds from the sale of the Series 2013 E will be used at CSU for the Aggie Village North Redevelopment ($112.3 million), for the Animal Sciences Building Renovation ($3.9 million), to add an entrance to the William O. Eddy Hall (Eddy Building) ($4.8 million), the Walter and Suzanne Scott, Jr. Bioengineering Building remodel ($8.5 million), and the Lory Student Center Seismic Upgrades ($5 million). The 2013 E Bonds bear interest rates from 3.0 to 5.0 percent with final maturity falling in 2045.

On September 24, 2013, the System issued $26.5 million in System Enterprise Exempt and Taxable Revenue Bonds, Series 2013 C, D. The proceeds from the sale of the Series 2013 C, D will be used to construct an addition to and to renovate, improve, and equip the Occhiato University Center on the CSU-Pueblo campus. The 2013 C Bonds bear interest rates from 5.0 to 5.3 percent with final maturity falling in 2044. The 2013 D Bonds bear interest rates from 1.0 to 5.3 percent with final maturity falling in 2028.

Net proceeds of the above mentioned Series 2015 C and previous Series 2013 A, B; Series 2012 B, C and Series 2007 B were placed in an escrow account to purchase U.S. Treasury Securities. The principal and interest from the U.S. Treasury Securities is being used to repay the refunded bonds which are considered to be defeased. The 2007 B Series current refunded bonds redeemed include Colorado State University Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 1996 and Series 1997; Colorado State University Research Building Revolving Fund Enterprise Revenue Bonds, Series 1997 and Series 2001; and Colorado State University Certificates of Participation, Series 1997. The Series 2012 B, C and Series 2007 B advanced refunded bonds redeemed include Colorado State University Student Sports Recreational Facilities Revenue Bonds, Series 1998; Colorado State University Enterprise System Refunding and Improvement Revenue Bonds, Series 2003 A; Colorado State University Enterprise System Revenue Bonds, Series 2003 B; and Colorado State University Enterprise System Revenue Bonds, Series 2005 B.

Remaining defeased obligations of $280.3 million related to the Series 2015 C; Series 2013 A, B; Series 2012 B, C; and Series 2007 B include advance refunded Colorado State University Research Building Revolving Fund

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Enterprise Revenue Bonds, Series 2005 A ($4.7 million); Colorado State University System Enterprise Revenue Bonds, Series 2007 A (partial refund, $141.5 million); Colorado State University System Enterprise Revenue Bonds, Series 2007 B (partial refund, $2.5 million); Colorado State University System Enterprise Revenue Bonds, Series 2007 C ($13.1 million); Colorado State University System Enterprise Revenue Bonds, Series 2008 A (partial refund, $64.8 million); and Colorado State University System Enterprise Revenue Bonds, Series 2009 A (partial refund, $53.7 million).

The Escrow Agent will pay the debt service requirements on each of the remaining refunded bonds as detailed for each series below. For the Series 2005 A, payments through December 1, 2015 will be paid and those payments maturing on December 1, 2016 and thereafter will be redeemed at a redemption price equal to 100 percent of par ($4.0 million) on December 1, 2015; for Series 2007 A, payments maturing on March 1, 2020 and thereafter will be redeemed at a redemption price equal to 100 percent of par ($141.5 million) on March 1, 2017; for the 2007 B Bonds, payments maturing on March 1, 2019 and thereafter will be redeemed at a redemption price equal to 100 percent of par ($2.5 million) on March 1, 2017; for the Series 2007 C, payments through March 1, 2020 will be paid; for the 2008 A Bonds, payments maturing on March 1, 2021 and thereafter will be redeemed at a redemption price equal to 100 percent of par ($64.7 million) on March 1, 2018 and for the Series 2009 A, payments through March 1, 2019 will be paid and those payments maturing on March 1, 2020 and thereafter will be redeemed at a redemption price equal to 100 percent of par ($51.0 million) on March 1, 2019.

Economic Outlook/Future of the Colorado State University System

The Colorado State University System is a group of higher education institutions in the State of Colorado run under one common leadership structure as previously identified.

The System receives revenues from numerous sources including students who receive a stipend from the State to cover a portion of their higher education expenses. In many states, this funding is appropriated directly to the institution. In Colorado, it is appropriated for use by the student.

The Colorado State University System is authorized to receive $90.7 million in fee for service contract revenue and $44.0 million in student stipends in fiscal year 2016. The $134.7 million of anticipated fiscal year 2016 fee for service contract revenue and the student stipends represents a $12.7 million increase in state support.

The State General Fund revenue is projected on a quarterly basis by the Legislative Council and the Office of State Planning and Budgeting. The most recent projection by Legislative Council (September 2015) estimates that the fiscal year 2015-16 State General Fund revenue will be $220.4 million short of the amount needed to fully fund the budget and reserve in fiscal year 2015-16. This amount is enough to allow General Fund appropriations to increase 4 percent in fiscal year 2015-16 from the previous fiscal year. $153.6 million in TABOR refunds will be returned to taxpayers in income tax returns filed for 2015. The State's overall budgetary situation remains governed by the three constitutional budgetary provisions: The Taxpayer Bill of Rights (TABOR), the Gallagher Amendment on property taxes, and Amendment 23 requiring specified amounts in state support for K-12 Education. The budgetary situation for higher education has changed with the implementation of the College Opportunity Fund in fiscal year 2006. As a result of legislation adopted in the 2004 session (S.B. 04-189), the State no longer provides direct State General Fund appropriation to the governing boards. Instead, the State provides stipends to qualified, resident undergraduate students, and institutions receive fee for service contracts from the Colorado Commission on Higher Education for the provision of other educational services. Finally, S.B. 04-189 also allows institutions of higher education to become TABOR enterprises through this new funding mechanism. Enterprise status eliminates institutional cash funds, such as tuition, from counting against the state's TABOR limitation.

In fiscal year 2007, the System was designated a Single Enterprise providing it greater flexibility and expanded financial capabilities in a host of areas. This designation allows the System to raise revenues and finance projects outside of the revenue limits set for most governmental entities. With this TABOR status, the cash funds collected by the System's institutions no longer count toward the State's overall revenue limit. In addition, as enterprises, the institutions can consider issuing revenue bonds backed by student fees for academic buildings.

Total enrollment at the System for fiscal year ended 2015 was 49,395. This includes 31,725 at CSU, 4,535 at CSU-Pueblo, and 13,135 enrolled in CSU-Global. Compared to fiscal year ended 2014, CSU saw slight growth in residential enrollment and a 3.5 percent increase in nonresidential enrollment. CSU-Pueblo experienced a decrease in residential and nonresidential enrollment of 3.4 percent and .2 percent, respectively. CSU-Global saw total enrollment grow 26.0 percent from fiscal year ended 2014.

Requests for Information

The financial report is designed to provide a general overview of the Colorado State University System's finances for all those with an interest in the System's finances and to demonstrate the System's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the attention of the Chief Financial Officer, Colorado State University System, 410 Seventeenth Street, Suite 1415, Denver, CO 80202.

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Colorado State University System

Statements of Net Position

June 30, 2015 and 2014

(Amounts expressed in thousands)

Assets and Deferred Outflows of Resources	2015	2014
Current assets:		
Cash and cash equivalents	$ 352,583	320,677
Student accounts receivable, net	31,165	26,981
Grant and other accounts receivable, net	50,191	52,188
Student loans receivable, net	2,911	2,462
Inventories	11,088	8,516
Prepaid expenses	7,892	5,623
Total current assets	455,830	416,447
Noncurrent assets:		
Restricted cash and cash equivalents	393,443	218,454
Restricted investments	25,470	25,665
Student loans receivable, net	20,383	20,927
Other noncurrent assets	11,155	5,574
Total noncurrent assets	450,451	270,620
Nondepreciable capital assets:		
Land and land improvements	32,144	27,074
Construction in progress	99,111	164,149
Collections	3,808	2,878
Total nondepreciable capital assets	135,063	194,101
Depreciable capital assets, net:		
Land improvements	34,359	33,557
Buildings and improvements	1,028,515	888,201
Leasehold improvements	2,286	3,735
Equipment	99,784	104,831
Library materials	8,357	9,216
Total depreciable capital assets (net of accumulated depreciation)	1,173,301	1,039,540
Total noncurrent assets	1,758,815	1,504,261
Deferred outflows of resources:		
Loss on bond refundings	47,916	43,034
Deferred outflows - pensions	23,988	-
Total deferred outflows of resources	71,904	43,034
Total assets and deferrred outflows of resources	$ 2,286,549	1,963,742

(Continued)

Colorado State University System

Statements of Net Position

June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Liabilities		
Current liabilities:		
Accounts payable	$ 42,482	37,899
Accrued liabilities	82,445	74,535
Unearned revenue	34,190	35,040
Deposits held for others, current	6,266	5,842
Bonds payable and certificates of participation, current	19,298	18,083
Capital leases payable, current	3,496	2,355
Other noncurrent liabilities, current	2,388	2,802
Compensated absences liabilities, current	2,701	2,513
Total current liabilities	193,266	179,069
Noncurrent liabilities:		
Bonds payable and certificates of participation	1,023,848	800,777
Capital leases payable	18,454	7,003
Deposits held for others	23,039	26,386
Other noncurrent liabilities	5,946	4,486
Compensated absences liabilities	49,325	46,410
Net pension liability	524,663	-
Total noncurrent liabilities	1,645,275	885,062
Deferred inflows of resources:		
Deferred inflows - other	309	-
Deferred inflows - pensions	2,446	-
Total deferred inflows of resources	2,755	-
Total liabilities and deferred inflows of resources	$ 1,841,296	1,064,131
Net position		
Net investment in capital assets	$ 638,613	623,886
Restricted for nonexpendable purposes	26,151	25,979
Restricted for expendable purposes - other	90,982	79,997
Unrestricted	(310,493)	169,749
Total net position	$ 445,253	899,611

See accompanying notes to basic financial statements.

Colorado State University System

Colorado State University Foundation

(A Component Unit of the Colorado State University System)

Statements of Financial Position – Discretely Presented Component Unit

June 30, 2015 and 2014

(Amounts expressed in thousands)

Assets	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Cash and cash equivalents	$ 471	555	21	1,047	126	715	46	887
Investments	33,164	188,951	176,612	398,727	37,043	169,812	168,816	375,671
Pledges receivable, net	-	23,179	1,065	24,244	-	23,732	1,371	25,103
Property and equipment, net of accumulated depreciation	14	-	-	14	7	-	-	7
Cash surrender value of life insurance policies	-	3	601	604	-	3	565	568
Prepaids and other assets	185	29	32	246	104	38	36	178
Total assets	$ 33,834	212,717	178,331	424,882	37,280	194,300	170,834	402,414
Liabilities and Net Assets								
Liabilities								
Accounts payable (primarily to CSU)	$ 218	690	-	908	150	668	-	818
Other accrued liabilities	159	-	-	159	149	-	-	149
Life income agreements	450	116	231	797	464	123	203	790
Deposit held in custody for CSU	-	1,904	12,337	14,241	-	2,168	12,808	14,976
Total liabilities	827	2,710	12,568	16,105	763	2,959	13,011	16,733
Net assets								
Unrestricted								
Undesignated	6,439	-	-	6,439	5,697	-	-	5,697
Board-designated	27,871	-	-	27,871	31,423	-	-	31,423
Endowment investment losses in excess of gift value	(1,303)	-	-	(1,303)	(603)	-	-	(603)
Total unrestricted net assets	33,007	-	-	33,007	36,517	-	-	36,517
Temporarily restricted	-	210,007	-	210,007	-	191,341	-	191,341
Permanently restricted	-	-	165,763	165,763	-	-	157,823	157,823
Total net assets	33,007	210,007	165,763	408,777	36,517	191,341	157,823	385,681
Total liabilities and net assets	$ 33,834	212,717	178,331	424,882	37,280	194,300	170,834	402,414

See accompanying notes to basic financial statements.

Colorado State University System

Colorado State University - Pueblo Foundation

(A Component Unit of the Colorado State University System)

Statements of Financial Position - Discretely Presented Component Unit

June 30, 2015 and 2014

(Amounts expressed in thousands)

Assets	**Total 2015**	**Total 2014**
Cash and cash equivalents	$ 3,528	2,639
Accounts receivable	33	3
Prepaid income taxes	3	-
Unconditional promises to give, net	1,049	2,035
Marketable securities	30,435	27,517
Miscellaneous assets	1	1
Beneficial interest in remainder trusts	1,622	1,650
Investment in real estate	165	165
Investment in limited partnership	297	297
Leasehold improvements and office equipment	106	76
Less accumulated depreciation	(72)	(66)
Total assets	$ 37,167	34,317
Liabilities and net assets		
Liabilities		
Accounts payable	$ 2,165	1,569
Other liabilities	26	26
Income taxes payable	-	4
Total liabilities	2,191	1,599
Net assets		
Unrestricted	4,650	4,795
Temporarily restricted	14,523	15,123
Permanently restricted	15,803	12,800
Total net assets	34,976	32,718
Total liabilities and net assets	$ 37,167	34,317

See accompanying notes to basic financial statements.

Colorado State University System

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Operating revenues:		
Student tuition and fees, (including $77,153 and $68,429 of revenues pledged for bonds in 2015 and 2014, respectively, and net of scholarship allowances of $114,432 and $107,291 for 2015 and 2014, respectively)	$ 460,304	409,617
State fee for service revenue	78,931	72,025
Grants and contracts (including $45,586 and $44,516 of revenues pledged for bonds in 2015 and 2014, respectively)	274,318	269,965
Sales and services of educational activities	33,763	34,178
Auxiliary enterprises, (including $117,629 and $110,448 of revenues pledged for bonds in 2015 and 2014, respectively, and net of scholarship allowances of $4,714 and $4,468 for 2015 and 2014, respectively)	153,865	144,400
Other operating revenue	10,133	8,128
Total operating revenues	1,011,314	938,313
Operating expenses:		
Instruction	293,171	272,049
Research	187,160	182,094
Public service	90,677	83,703
Academic support	79,861	78,804
Student services	51,875	46,913
Institutional support	63,831	56,194
Operation and maintenance of plant	73,590	65,493
Scholarships and fellowships	30,661	24,557
Auxiliary enterprises	144,310	137,459
Depreciation	89,538	77,648
Total operating expenses	1,104,674	1,024,914
Operating loss	$ (93,360)	(86,601)

(Continued)

Colorado State University System

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Nonoperating revenues (expenses):		
State appropriations	$ 2,355	2,472
Gifts	44,405	42,805
Investment income (including $728 and $917 of revenues pledged for bonds in 2015 and 2014, respectively)	3,901	5,272
Interest expense on capital debt	(26,971)	(24,048)
Federal nonoperating grants and contracts	41,116	40,020
Other nonoperating revenues	10,788	5,246
Net nonoperating revenues	75,594	71,767
Loss before other revenues	(17,766)	(14,834)
Other revenues:		
State capital contributions	17,153	3,620
Capital grants	12,591	4,514
Capital gifts	21,055	21,193
Payments from governing boards or other institutions	629	258
Additions (reductions) to permanent endowments	(246)	1,838
Total other revenues	51,182	31,423
Special items:		
Transfer of assets of OPEB plans to irrevocable trust	-	(22,185)
Total special items	-	(22,185)
Increase (decrease) in net position	33,416	(5,596)
Net position, beginning of year, as previously reported	899,611	905,207
Adjustment for change in accounting principle	(487,774)	-
Net position, beginning of year, as restated	411,837	905,207
Net position, end of year	$ 445,253	899,611

See accompanying notes to basic financial statements.

Colorado State University System

Colorado State University Foundation

(A Component Unit of the Colorado State University System)

Statements of Activities - Discretely Presented Component Unit

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Support and revenue								
Contributions	$ 797	61,999	8,009	70,805	2,755	44,455	12,269	59,479
Net investment income	6,620	392	71	7,083	15,883	26,882	110	42,875
Actuarial change in value of life income agreements	(29)	(18)	(41)	(88)	(29)	(19)	(39)	(87)
Other revenue	-	257	36	293	38	19	30	87
Net assets released from restrictions								
Satisfaction of program restrictions	44,910	(44,908)	(2)	-	42,590	(42,590)	-	-
Total support and revenue	52,298	17,722	8,073	78,093	61,237	28,747	12,370	102,354
Expenses								
Program services								
CSU College of								
Agricultural Sciences	6,147	-	-	6,147	3,528	-	-	3,528
Health & Human Sciences	7,118	-	-	7,118	2,529	-	-	2,529
Business	2,304	-	-	2,304	2,630	-	-	2,630
Engineering	5,706	-	-	5,706	7,440	-	-	7,440
Liberal Arts	1,272	-	-	1,272	3,921	-	-	3,921
Natural Resources - Warner	2,326	-	-	2,326	2,033	-	-	2,033
Natural Sciences	1,441	-	-	1,441	1,098	-	-	1,098
Veterinary Medicine and Biomedical Sciences	8,015	-	-	8,015	10,083	-	-	10,083
Athletics	3,183	-	-	3,183	2,878	-	-	2,878
Central Development	7,270	-	-	7,270	7,977	-	-	7,977
Other CSU programs	7,033	-	-	7,033	6,022	-	-	6,022
Total program services	51,815	-	-	51,815	50,139	-	-	50,139
Support services								
Management and general	2,797	-	-	2,797	2,824	-	-	2,824
Total expenses	54,612	-	-	54,612	52,963	-	-	52,963
Change in allowance for uncollectible pledges	-	393	(8)	385	(10)	2,979	10	2,979
Change in net assets	(2,314)	17,329	8,081	23,096	8,284	25,768	12,360	46,412
Interfund transfers	(1,196)	1,337	(141)	-	(5,145)	4,987	158	-
Net assets, beginning of year	36,517	191,341	157,823	385,681	33,378	160,586	145,305	339,269
Net assets, end of year	$ 33,007	210,007	165,763	408,777	36,517	191,341	157,823	385,681

See accompanying notes to financial statements.

Colorado State University System

Colorado State University - Pueblo Foundation

(A Component Unit of the Colorado State University System)

Statements of Activities - Discretely Presented Component Unit

Years ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Support and revenue								
Contributions	$ 63	1,912	3,026	5,001	87	3,614	37	3,738
In-kind contributions	19	67	-	86	19	326	-	345
Fundraising revenue	6	223	-	229	-	347	-	347
Dividends	330	1,789	-	2,119	277	1,154	-	1,431
Interest	-	3	-	3	1	4	-	5
Realized gain (loss) on sale of marketable securities	(44)	(239)	-	(283)	41	171	-	212
Unrealized gain (loss) on marketable securities	(109)	(592)	-	(701)	374	1,558	-	1,932
Net rental income	-	-	-	-	29	122	-	151
Realized gain on sale of real estate investments	-	-	-	-	1,318	1,322	-	2,640
Miscellaneous revenue	(2)	13	-	11	11	25	-	36
Changes in the value of split-interest agreements	-	(9)	(18)	(27)	-	19	212	231
Reclassification of net assets	(82)	87	(5)	-	38	(173)	135	-
Net assets released from restrictions	3,854	(3,854)	-	-	5,927	(5,927)	-	-
Total support and revenue	4,035	(600)	3,003	6,438	8,122	2,562	384	11,068
Expenses								
Program expenses	3,319	-	-	3,319	5,097	-	-	5,097
Management and general	422	-	-	422	390	-	-	390
Fundraising	439	-	-	439	378	-	-	378
Total expenses	4,180	-	-	4,180	5,865	-	-	5,865
Change in net assets	(145)	(600)	3,003	2,258	2,257	2,562	384	5,203
Net assets, beginning of year	4,795	15,123	12,800	32,718	2,538	12,561	12,416	27,515
Net assets, end of year	$ 4,650	14,523	15,803	34,976	4,795	15,123	12,800	32,718

See accompanying notes to financial statements.

Colorado State University System

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Cash flows from operating activities:		
Cash received:		
Tuition and fees	$ 457,631	412,500
Student loans collected	5,208	3,574
Sales of products	24,886	24,726
Sales of services	160,878	150,900
State fee for service revenue	78,931	72,025
Grants and contracts	275,583	275,768
Other operating receipts	10,910	8,777
Cash payments:		
Scholarships disbursed	(21,951)	(20,462)
Student loans disbursed	(4,179)	(3,175)
Payments to employees	(717,617)	(672,302)
Payments to suppliers	(249,260)	(302,492)
Net cash provided by (used in) operating activities	21,020	(50,161)
Cash flows from noncapital financing activities:		
State appropriations - noncapital	2,355	2,472
Gifts and grants for other than capital purposes	41,486	38,452
Agency (direct lending inflows)	239,260	224,819
Agency (direct lending outflows)	(239,399)	(224,655)
Other agency inflows	61,608	54,796
Other agency (outflows)	(65,371)	(53,328)
Payments to governing boards or other institutions	603	(4,073)
Other nonoperating revenues	53,459	46,112
Net cash provided by noncapital financing activities	94,001	84,595
Cash flows from capital and related financing activities:		
Proceeds from capital debt	238,409	173,720
State appropriations - capital	17,424	3,400
Capital grants, contracts, and gifts	24,249	17,581
Acquisition and construction of capital assets	(133,657)	(142,481)
Principal paid on capital debt	(21,020)	(18,880)
Interest on capital debt	(36,738)	(30,946)
Net cash provided by capital and related financing activities	88,667	2,394

(Continued)

Colorado State University System

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	$ 10,701	9,736
Purchase of investments	(11,229)	(10,689)
Investment earnings	3,735	3,861
Net cash provided by investing activities	3,207	2,908
Net increase in cash and cash equivalents	206,895	39,736
Cash and cash equivalents	320,677	353,292
Restricted cash and cash equivalents	218,454	146,103
Cash and cash equivalents, beginning of the year	539,131	499,395
Cash and cash equivalents	352,583	320,677
Restricted cash and cash equivalents	393,443	218,454
Cash and cash equivalents, end of the year	$ 746,026	539,131
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (93,360)	(86,601)
Adjustments:		
Depreciation expense	89,538	77,648
Noncash operating transactions	4,918	(10,896)
Decrease (increase) in assets:		
Receivables, net	(4,336)	3,051
Inventories and prepaids	(10,420)	(2,181)
Increase (decrease) in liabilities:		
Accounts payable	7,779	(4,924)
Accrued liabilities	7,948	(7,113)
Unearned revenue	(660)	1,275
Deposits held for others	36	(749)
Compensated absences liabilities	3,103	4,343
Other liabilities	16,474	(24,014)
Net cash provided by (used in) operating activities	$ 21,020	(50,161)

(Continued)

Colorado State University System

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

(Amounts expressed in thousands)

	2015	2014
Noncash activities:		
Noncash gifts	$ 11,600	13,579
Noncash capital leases	15,529	4,343
Noncash additions to investments held by Foundation	(735)	987
Unrealized gains (losses) on investments	56	1,492
Capitalized interest	7,540	6,944
Capital debt refinanced, gain/loss	7,488	-
Noncash bond issuance costs	929	653
Amortization of bond premium	3,774	3,531
Amortization of bond issuance costs	35	40
Retainage payable	738	(2,388)
Amortization of bond refunding	(2,606)	(2,632)

See accompanying notes to basic financial statements.

(1) Governance and Reporting Entity

(a) Governance

The Colorado State University System (the System) is an institution of higher education of the State of Colorado. For financial reporting purposes, the System is included as part of the State of Colorado's primary government. The Board of Governors (the Board) is the governing board of the System. The Board consists of nine members appointed by the Governor of the State of Colorado and six nonvoting representatives from the institutions. In addition to these financial statements, the System's financial activity is also included in the basic financial statements of the State of Colorado.

(b) Reporting Entity

The accompanying financial statements present the operations of the System. The System conducts its operations through the following three institutions:

Colorado State University – (CSU)
Colorado State University – Pueblo (CSU-Pueblo)
Colorado State University – Global Campus (CSU-Global)

As the State's land grant institution, CSU includes the Agriculture Experiment Station, CSU Extension, and the Colorado State Forest Service. In addition, the accompanying financial statements contain the financial activity of the System offices.

As a higher education institution of the State of Colorado, the income of the System is generally exempt from income taxes under Section 115 of the Internal Revenue Code (IRC). However, income unrelated to the exempt purpose of the System would be subject to tax under IRC Section 511(a)(2)(B). The System had no material unrelated business income for the fiscal years ended June 30, 2015 and 2014.

(c) Discretely Presented Component Units

The System follows Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement provides guidance to determine whether certain organizations for which the System is not financially accountable should be reported as component units based on the nature and significance of their relationship with the System. The Colorado State University Foundation (the CSU Foundation) and Colorado State University – Pueblo Foundation (the CSU-Pueblo Foundation) have been determined to be component units of the System and have therefore been included as discretely presented component units in the System financial reporting entity. The Colorado State University Research Foundation and INTO CSU, LLC do not meet the criteria to be reported as component units.

The CSU Foundation is a legally separate, tax-exempt entity that was established to receive, manage and invest philanthropic gifts on behalf of CSU. The majority of resources or income thereon that the CSU Foundation holds and invests is restricted for use by, or for the benefit of CSU by the donors. The CSU Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including FASB ASC 958-205, *Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation requirements are different from GASB revenue recognition criteria and presentation requirements. No modifications have been made to the CSU Foundation's financial information in the System's financial reporting entity for these differences, as permitted by GASB Statement No. 39. The CSU Foundation fully discloses the nature of its endowment funds, both donor restricted endowment funds and board-designated endowment funds and are classified and reported based on the existence or absence of donor-imposed restrictions.

The CSU Foundation was established in 1970 as an independent 501(c)(3) organization. The officers of the CSU Foundation are appointed by the Board of Directors. The Board of Directors consists of five voting members. Four voting members are community members elected by the Board of Directors and the fifth voting member is the President of the Foundation. The three ex-officio, nonvoting members of the Board of Directors serve by virtue of title: President of Colorado State University, the CSU Vice President for University Advancement, and the CSU Vice President for University Operations. No person who is an employee of CSU is eligible to serve as an officer of the CSU Foundation or as a voting Board Member.

The major source for the CSU Foundation's revenue is contributions. For the fiscal years ended June 30, 2015 and 2014, respectively, gifts were $70.8 million and $59.5 million. Included in Total Support and Revenue is net investment income. The CSU Foundation had net investment income for the fiscal years ended June 30, 2015 and 2014 of $7.1 million and $42.9 million, respectively. The Total Support and Revenue at June 30, 2015 and 2014 was $78.1 million and $102.4 million, respectively.

The support provided by the CSU Foundation to CSU is intended to assist in the promotion, development, and enhancement of the facilities, and educational programs and opportunities of the faculty, students, and alumni of CSU. Additionally, the Foundation provides receipts to contributors and invests philanthropic gifts. Approximately $51.8 million and $50.1 million was transferred to CSU for the fiscal years ended June 30, 2015 and 2014, respectively, in pursuit of the above stated objectives.

Endowments and the related expendable accounts of CSU are held by the CSU Foundation for investment safekeeping. These funds amounted to $14.2 million and $15.0 million as of June 30, 2015 and 2014, respectively, and are reported as deposits held in custody for CSU in the financial statements of the CSU Foundation.

Separately issued financial statements for the CSU Foundation are available at 410 University Services Center, Fort Collins, CO 80523.

The CSU-Pueblo Foundation was established in 1954 as an independent 501(c)(3) nonprofit corporation. The affairs of the CSU-Pueblo Foundation are conducted by twenty-five voting, elected Director-Trustees. In addition, the President of CSU-Pueblo, one member of the Board of Governors, and the President/CEO of the CSU-Pueblo Foundation serve as nonvoting, ex-officio members.

The CSU-Pueblo Foundation's major sources of revenue are contributions and fundraising revenues, dividends and interest, and gains/losses on marketable securities for the year ending June 30, 2015. The CSU-Pueblo Foundation had $6.4 million in related revenue as of June 30, 2015. The CSU-Pueblo Foundation's sources of revenue were interest earned on bank accounts and investments, donations, rental property, fundraising activities, and sales on investments for the year ending June 30, 2014. The CSU-Pueblo Foundation had $6.9 million in related revenue as of June 30, 2014. The Total Revenue and Support at June 30, 2015 and 2014 was $6.4 million and $11.1 million, respectively.

The CSU-Pueblo Foundation was formed to advance and assist in the development, growth, and operation of CSU-Pueblo. The CSU-Pueblo Foundation recorded $3.3 million and $5.1 million in transfers of gifts and other assets to CSU-Pueblo during fiscal years ended June 30, 2015 and 2014, respectively, in pursuit of the above stated objectives.

Separately issued financial statements may be obtained from the CSU-Pueblo Foundation office at 2200 Bonforte Boulevard, Pueblo, CO 81001-4901.

(2) Basis of Presentation

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. The System applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Any effort to reconcile this report with presentations made for other purposes, such as data submitted with the legislative budget request of the System, must take into consideration the differences in the basis of accounting and other requirements for the presentation of such information.

(3) Measurement Focus, Basis of Accounting, and Summary of Significant Accounting Policies

As a special-purpose government engaged only in business-type activities, the basic financial statements of the System have been presented using the economic resources measurement focus and the accrual basis of accounting. Presentation is also in accordance with the State of Colorado Higher Education Accounting Standard No. 17. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-agency transactions have been eliminated.

(a) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State Treasurer, and all highly liquid investments with an original maturity when purchased of three months or less.

(b) Investments

Investments are accounted for at fair value, which is determined based on quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

(c) Inventories

Inventories, consisting of livestock; facilities and housing maintenance supplies; medical, pharmaceutical, and laboratory supplies; food supplies; books; and soft-goods are stated at the lower of cost or market. Cost is determined either on the first-in/first-out, average-cost, specific-identification, or on the retail method. Livestock inventories have been recorded at the lower of cost or market using unit livestock costing methods and estimated animal weights.

(d) Restricted Cash and Cash Equivalents and Restricted Investments

Assets are reported as restricted when restrictions on asset use change the nature or normal understanding of the availability of the assets. For the System, examples of restricted cash and cash equivalents and restricted investments include cash and cash equivalents required as bond reserves, unexpended bond proceeds, and investments held by endowment funds.

(e) Capital Assets

Land, land improvements, buildings and improvements, leasehold improvements, library materials, collections, and equipment are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Capitalization limits vary at the three institutions ranging from $5 thousand to $50 thousand. At CSU, library materials are valued at average acquisition cost. At CSU-Pueblo, library materials are valued at actual cost.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or intangible assets, generally 10 to 70 years for buildings, 10 to 21 years for land improvements, 10 to 15 years for library books, 3 to 12 years for equipment and software, and 3 to 25 years for leasehold improvements. Depreciation expense was not allocated among functional categories.

Renovations to buildings and other improvements that significantly increase the value and extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

During capital construction, interest cost is capitalized from the date of the tax-exempt borrowing to the date the qualifying asset is ready for use. Once the capital asset is ready for use, the net cost of interest on the borrowing is capitalized and added to the acquisition cost of the asset.

The System has capitalized collections such as works of art and historical artifacts. The nature of certain collections is such that the value and usefulness of the collection does not change over time. These collections have not been depreciated in the System's financial statements.

Assets under capital leases are recorded at the present value of the future minimum lease payments and are amortized using the straight-line method over the estimated useful life of the asset being leased.

The System evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Capital assets are generally considered impaired if a decline in service utility occurs, the impairment is material, and the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the System are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the System are measured using the method that best reflects the diminished service utility of the capital asset. If evidence is available to demonstrate that impairment will be temporary, the capital asset is not written down. There were no material impairments of capital assets for fiscal years ended June 30, 2015 and 2014.

(f) Deferred Outflows of Resources

With the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the System now carries a deferred outflow of resources related to the loss on bond refundings previously reported as a liability. Additionally, with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, the System now carries a deferred outflow of resources related to pensions.

(g) Compensated Absences Liabilities

The amount of compensated absence liabilities that are recorded as a current liability on the Statements of Net Position are the higher of the historical annual amount of separation payouts or the known amount of separation payouts. The remaining balance of the compensated absence liabilities is recorded as a noncurrent liability on the Statements of Net Position.

(h) Deferred Inflows of Resources

With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – *An Amendment to GASB Statement No. 27*, the System now carries a deferred inflow of resources related to pensions. In addition, with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the System now carries a deferred inflow of resources related to sponsored program nonexchange transactions.

(i) Net Position

Net position of the System is classified as follows:

Net investment in capital assets – This represents the total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted net position – nonexpendable – Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing future income, which may either be expended or added to principal.

Restricted net position – expendable – Restricted expendable net position includes resources in which the System is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or debt agreements.

Unrestricted net position – Unrestricted net position represents resources derived from student tuition and fees, state fee for service reserves, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the System and may be used to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position may be designated by actions of the Board.

Discretely presented component units – Net assets of the CSU Foundation and the CSU-Pueblo Foundation and the changes therein is classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets are subject to donor-imposed stipulations that will be met either by actions of the CSU Foundation, the CSU-Pueblo Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets are subject to donor-imposed restrictions that are maintained permanently by the CSU Foundation and the CSU-Pueblo Foundation.

(j) Classification of Revenues

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

Operating revenues consist of services and sales related to teaching, research, and public service, along with auxiliary activities of student, faculty, and staff support. These revenues include: 1) tuition and fees from students (after reduction for scholarship allowances provided with institutional funds);

2) grants and contracts from federal, state, and local governments, and private sources including businesses, individuals, and foundations; 3) state fee for service revenues; 4) sales and services of the Veterinary Teaching Hospital and Diagnostic Laboratory; and 5) fees for goods and services of auxiliary operations such as student housing and dining, student center retail stores, health services, and athletics. Revenues from exchange transactions are recognized when they are earned and measurable.

Operating expenses represent the full cost of providing the services and goods associated with operating revenues. These expenses are accrued when incurred and measurable and reported using functional classifications.

Nonoperating revenues consist primarily of gifts from grantors and donors, and investment income that are relied upon and budgeted for support of operating expenses. Also included in nonoperating revenues are Federal Pell Grants. Nonoperating expenses include interest expense on capital debt.

Other revenues include revenues from state capital construction and controlled maintenance appropriations, capital gifts, and grants primarily designated for capital purposes. Other expenses include payments to other governing boards or other institutions.

(k) Summer Session Revenue and Related Expenses

The System prorates the summer session revenues and expenses based on the number of days between the first day of the summer session and the last day of the summer session which falls before or after June 30.

(l) Application of Restricted and Unrestricted Resources

This application is made on a case-by-case basis by management depending on overall program requirements and resources. Generally, management applies restricted resources then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(m) 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 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.

(n) Reclassifications and Restatements

With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, no restatements to the prior fiscal year have been made, however the fiscal year 2015 beginning net position has been adjusted to reflect the change in accounting principle. The financial statements and related footnote disclosures, while a presentation of the current and prior fiscal year, will not be comparable for this reason. The total decrease to the beginning net position of $487.8 million is comprised of the establishment of deferred outflows of resources, deferred inflows of resources, and net pension liability.

(4) Cash and Cash Equivalents

The System deposits its cash and cash equivalents with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities authorized by CRS 24-75-601.1. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2015, the System had cash on deposit with the State Treasurer of $717.8 million which represented approximately 9.4 percent of the total $7.7 billion fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2014, the System had cash on deposit with the State Treasurer of $522.2 million which represented approximately 7.0 percent of the total $7.5 billion fair value of deposits in the Pool.

For financial reporting purposes all of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at fiscal year-end. On the basis of the System's participation in the Pool, the System reports as an increase or decrease in cash and cash equivalents 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 or losses included in income reflect only the change in fair value for the fiscal year.

The difference between the System's cash carrying value, deposits with the State Treasurer and balances at other banks is due to outstanding checks and deposits in transit. Interest earned on deposits with the State for the fiscal years ended June 30, 2015 and 2014 was approximately $5.2 million and $5.0 million, respectively. These amounts reflect increases in cash and cash equivalents and increases or decreases in investment income as a result of recording unrealized gains or losses on deposits with the State Treasurer. The System reflected an unrealized gain of $2.3 million on cash and cash equivalents on deposit with the State Treasurer for both fiscal years ended June 30, 2015 and 2014, respectively. The unrealized gain on investment income for the fiscal year ended June 30, 2015 was $56 thousand and the unrealized gain on investment income for the fiscal year ended June 30, 2014 was $1.5 million. Detailed information on the State Treasurer's pooled cash and cash equivalents and investments is available from the State Treasurer's office.

Investments in the Treasurer's Pool are exposed to custodial credit risk if the securities are uninsured, are not registered in the state's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the state's name. As of June 30, 2015, none of the investments in the State Treasurer's Pool are subject to custodial credit risk.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to it. To manage custodial risk, deposits with financial institutions are made in accordance with the Colorado Public Deposit Protection Act (PDPA) of 1975. PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having a market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under PDPA are considered to be collateralized with securities held by the pledging institutions in the System's name. Deposits held in money market funds are not PDPA eligible deposits.

At June 30, 2015 and 2014, the System's book value of cash not on deposit with the State Treasurer was $28.2 million and $17.0 million, respectively. Cash included petty cash/change funds and bank account balances of $122 thousand and $28.1 million as of June 30, 2015 and $175 thousand and $16.8 million as of June 30, 2014, respectively. Bank account balances per the bank at June 30, 2015 and 2014 were $30.2 million and $24.4 million, respectively. Of the June 30, 2015 deposits, $765 thousand were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $29.4 million were collateralized with securities held by the pledging institution's trust department or agent in the System's name. Of the June 30, 2014 deposits, $776 thousand were covered by depository insurance and were not exposed to custodial credit risk, and the remaining $23.6 million were collateralized with securities held by the pledging institution's trust department or agent in the System's name.

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government. Based on these parameters, as of June 30, 2015, approximately 88.0 percent of investments of the Treasurer's Pool are subject to credit quality risk reporting. Except for $87.4 million of corporate bonds rated lower medium and $25.0 million of corporate bonds rated very speculative, these investments are rated from upper medium to the highest quality, which indicates that the issuer has a strong capacity to pay principal and interest when due. As of June 30, 2014, approximately 87.0 percent of investments of the Pool are subject to credit quality risk reporting. Except for $15.2 million of corporate bonds rated lower medium and $25.4 million of corporate bonds rated very speculative, these investments are rated from upper medium to the highest quality.

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. In addition to statutory limitations on these types of investments, the State Treasurer's investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of the individual fund if the Treasurer is investing for a specific fund rather than the Pool. The Treasurer actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds. The Treasurer further limits investment risk by setting a minimum/maximum range for the percentage of investments subject to interest rate risk and by laddering maturities and credit ratings. As of June 30, 2015, the weighted average maturity of investments in the Treasurer's Pool was 0.063 years for Commercial Paper (6.3 percent of the Pool), 1.339 years for U.S. Government Securities (47.5 percent of the Pool), 2.528 years for Asset Backed Securities (18.5 percent of the Pool), 2.196 years for Corporate Bonds (22.9 percent of the Pool), and 0.010 years for Money Market Mutual Funds (4.8 percent of the Pool). As of June 30, 2014, the weighted average maturity of investments in the Pool was 0.043 years for Commercial Paper (1.0 percent of the Pool), 1.424 years for U.S. Government Securities (55.8 percent of the Pool), 3.033 years for Asset Backed Securities (19.9 percent of the Pool), and 2.766 years for Corporate Bonds (23.3 percent of the Pool).

The Treasurer's Pool was not subject to foreign currency risk or concentration of credit risk in fiscal years ended June 30, 2015 or 2014.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

(5) Restricted Investments

As of June 30, 2015 and 2014, the System's restricted investments had a fair value of $25.5 million and $25.7 million, respectively. Investment earnings/losses consist of land fund interest and income/loss from investments held by the CSU Foundation. For fiscal years ending June 30, 2015 and 2014 there was an investment loss of $723 thousand and investment earnings of $999 thousand, respectively.

No investment types were purchased and sold during the years that were not owned as of June 30, 2015 and 2014. The System only invests in U.S. Treasury securities, which are federally guaranteed investments, as required by state law. The System's restricted investments include investments held by the CSU Foundation that are invested in the CSU Foundation's long-term endowment pool, which are not evidenced by securities that exist in physical or book form.

(Amounts expressed in thousands)

The following details each major category of the System's investments at fair value as of June 30, 2015 and 2014:

	June 30 2015	June 30 2014
U.S. Treasury obligations	$ 11,229	10,689
Investments held by the CSU Foundation in long-term endowment pool:		
Corporate equities	1,042	711
Mutual funds	5,366	5,617
Private equities	1,755	2,010
International equities	2,219	2,471
Hedge funds	892	1,373
Alternative investments	2,967	2,794
	14,241	14,976
Total investments	$ 25,470	25,665

(a) Credit Quality Risk

At June 30, 2015 and 2014, the System (investments held by the CSU Foundation) had debt securities in the following credit risk categories:

	June 30 2015	June 30 2014
Bond mutual funds (Standard & Poor's/Moody's)		
Below A1	$ 6	168
AAA / Aaa	185	238
AA / Aa	111	149
A / A	155	10
BBB / Baa	117	307
BB / Ba	31	69
B / B	6	40
Below B	6	10
	$ 617	991

The CSU Foundation's investment policy is utilized to manage credit risk relating to the CSU System assets invested in the CSU Foundation's long-term endowment pool. This policy specifies that the dollar weighted average of the fixed income portfolio should be investment grade quality or above.

(Amounts expressed in thousands)

(b) Interest Rate Risk

At June 30, 2015, the following System investments were subject to interest rate risk:

Type of Investment	Fair Value	Weighted Average Maturity (in years)	Duration (in years)
U.S. Treasury obligations	$ 11,229	0.63	-
Investments held by the CSU Foundation in long-term endowment pool:			
Bond mutual funds:			
PIMCO - Low Duration Fund	617	2.00	1.10
Total investments subject to interest rate risk	$ 11,846		

At June 30, 2014, the following System investments were subject to interest rate risk:

Type of Investment	Fair Value	Weighted Average Maturity (in years)	Duration (in years)
U.S. Treasury obligations	$ 10,689	0.64	-
Investments held by the CSU Foundation in long-term endowment pool:			
Bond mutual funds:			
PIMCO - Low Duration Fund	991	3.50	2.80
Total investments subject to interest rate risk	$ 11,680		

The Colorado State University Foundation's investment policy is utilized to manage interest rate risk relating to the System amounts invested in the CSU Foundation's long-term endowment pool. This policy specifies that the portfolio's weighted average maturity is to be ten years or less at all times and that the fixed income portion of the portfolio is to be targeted at five percent of the total portfolio with an acceptable range being between two percent and eight percent.

(Amounts expressed in thousands)

The System's U.S. Treasury obligations are invested in accordance with Colorado Revised Statute 23-31-504. This statute requires these investments relating to the CSU land grant fund to be invested in specific types of investments, which includes U.S. Treasury obligations. The System does not have a specific policy relating to the management of interest rate risk.

Discretely presented component units – As of June 30, 2015, the Foundations' investments consisted of various securities carried at fair market value as determined by quoted market prices on national exchanges. Alternative investments are valued at the position value (NAV) provided by the investment manager. This NAV is computed based on dealer quotations on the fair market value of the underlying securities, the majority of which are traded on national exchanges. Alternative investments are comprised of two investment types: absolute return and long/short investments. The goal of absolute return investments is to earn a stable return uncorrelated with equity markets. The goal of long/short investments is to outperform the S&P 500 Index over the long-term with less volatility.

The following details each major category of the CSU Foundation's investments at fair market value as of June 30, 2015 and 2014:

	June 30	
	2015	**2014**
Cash and cash equivalents subject to investment management direction	$ 1,700	1,899
Equities:		
Large-cap	70,362	108,424
International	61,975	61,828
Global	35,755	-
Micro-cap	17,073	17,791
Small/mid-cap	12,042	-
Fixed income	17,243	24,813
Alternative investments	161,794	160,064
Short duration	19,870	-
Student-managed investments	913	852
Total	$ 398,727	375,671

(Amounts expressed in thousands)

Net investment income of the CSU Foundation consisted of the following for the fiscal years ended June 30, 2015 and 2014:

	June 30	
	2015	**2014**
Interest, dividends, and other income	$ 5,534	3,397
Net unrealized and realized gain on investments	4,881	43,688
Less investment management fees	(3,361)	(2,624)
	7,054	44,461
Less net investment (income) loss on deposits held in custody for CSU	29	(1,586)
Total	$ 7,083	42,875

The following details each major category of the CSU-Pueblo Foundation's investments at fair market value for the fiscal years ended June 30, 2015 and 2014:

	June 30	
	2015	**2014**
Marketable equity securities		
Domestic	$ 15,313	14,485
International	4,011	3,360
Marketable debt securities		
Domestic	8,676	7,337
International	1,225	1,284
Real estate investment trust	636	522
Master limited partnership	574	529
Total	$ 30,435	27,517

(Amounts expressed in thousands)

Net investment income of the CSU-Pueblo Foundation consisted of the following for the fiscal years ended June 30, 2015 and 2014:

	2015		
	Unrestricted	Temporarily Restricted	Total
Dividend income	$ 330	1,789	2,119
Interest income	-	3	3
Realized gains - securities	(44)	(239)	(283)
Unrealized gains	(109)	(592)	(701)
Total investment income	$ 177	961	1,138

	2014		
	Unrestricted	Temporarily Restricted	Total
Dividend income	$ 277	1,154	1,431
Interest income	1	4	5
Net rental income	29	122	151
Realized gains - securities	41	171	212
Realized gains - real estate	1,318	1,322	2,640
Unrealized gains	374	1,558	1,932
Total investment income	$ 2,040	4,331	6,371

(Amounts expressed in thousands)

(6) Accounts Receivable

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying Statements of Net Position**.**

	June 30	
	2015	**2014**
Student accounts receivable:	$ 42,153	36,586
Less allowance for doubtful accounts	(10,988)	(9,605)
Student accounts receivable, net	$ 31,165	26,981
Student loans receivable:	$ 31,401	27,438
Less allowance for doubtful accounts	(8,107)	(4,049)
Student loans receivable, net	23,294	23,389
Less current portion	(2,911)	(2,462)
Noncurrent student loans receivable, net	$ 20,383	20,927
Grant and other accounts receivable:		
Sponsored programs	$ 39,625	43,318
Commercial receivables	5,860	5,267
Conferences and summer programs	594	516
Insurance trust fund	1,628	1,174
Receivables from Foundation	2,951	2,394
Athletics	608	625
Capital construction - due from state	-	272
Self-funded operations	540	665
Other	4,189	2,226
Total grant and other accounts receivable	55,995	56,457
Less allowance for doubtful accounts	(5,804)	(4,269)
Grant and other accounts receivable, net	$ 50,191	52,188

(Amounts expressed in thousands)

Discretely presented component unit – As of June 30, 2015 and 2014, the CSU Foundation's pledges receivable consisted of the following:

	June 30	
	2015	**2014**
Receivables due in less than one year	$ 9,246	11,709
Receivables due in one to five years	16,275	14,222
Receivables due in more than five years	305	801
	25,826	26,732
Less allowance for uncollectible pledges	(645)	(618)
Less present value discounting	(937)	(1,011)
	$ 24,244	25,103

Unconditional promises to give (pledges receivable) are from various entities including foundations, corporations, and individuals. The discount factor utilized in the present value calculation is the five-year U.S. Treasury note rate as of June 30th in the fiscal year in which the commitment is made.

During the year ended June 30, 2014, a previously recorded testamentary promise to give was satisfied. The CSU Foundation considered the net present value of the commitment and accepted an immediate cash gift as well as a one-year pledge in satisfaction of the testamentary commitment. This transaction resulted in a $2.6 million recorded loss, which is included in the change in allowance for uncollectible pledges in the statement of activities.

Pledges receivable from two donors represented approximately 41 percent of net pledges receivable for each of the fiscal years ended June 30, 2015 and 2014.

Discretely presented component unit – As of June 30, 2015 and 2014, CSU-Pueblo Foundation's net unconditional promises to give was $1.0 million and $2.0 million, respectively.

The allowance for uncollectible unconditional promises to give was arrived at by identifying specific donors that have failed to keep their promises and by applying a historical percentage of 1.5 percent to the remaining amount.

Unamortized discount was arrived at by discounting amounts to be received in the future by the average market rate earned on investments of two percent.

(Amounts expressed in thousands)

(7) Capital Assets

Following are the changes in capital assets for the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Nondepreciable capital assets:					
Land	$ 24,753	-	5,070	-	29,823
Land improvements	2,321	-	-	-	2,321
Construction in progress	164,149	128,716	(189,313)	(4,441)	99,111
Collections	2,878	935	-	(5)	3,808
Total nondepreciable capital assets	194,101	129,651	(184,243)	(4,446)	135,063
Depreciable capital assets:					
Land and leasehold improvements	83,347	-	5,076	-	88,423
Buildings and improvements	1,326,392	16,682	171,149	(30)	1,514,193
Software	73,118	2,517	767	-	76,402
Equipment	252,385	20,439	7,251	(7,127)	272,948
Library materials	87,694	1,258	-	(1,671)	87,281
Total depreciable capital assets	1,822,936	40,896	184,243	(8,828)	2,039,247
Less accumulated depreciation:					
Land and leasehold improvements	46,055	5,723	-	-	51,778
Buildings and improvements	438,191	47,506	-	(19)	485,678
Software	33,348	14,612	-	-	47,960
Equipment	187,324	19,580	-	(5,298)	201,606
Library materials	78,478	2,117	-	(1,671)	78,924
Total accumulated depreciation	783,396	89,538	-	(6,988)	865,946
Net depreciable capital assets	1,039,540	(48,642)	184,243	(1,840)	1,173,301
Total capital assets, net	$ 1,233,641	81,009	-	(6,286)	1,308,364

Land includes the following conservation easements:	
Catspaw Conservation Easement	$ 3,155
Snow Mountain Conservation Easement	5,000
Elmgreen Conservation Easement	515
Ben Delatour Forest Legacy Conservation Easement	4,000
S. Boulder/Toll Family Conservation Easement	5,070
Total	$ 17,740

(Amounts expressed in thousands)

Following are the changes in capital assets for the fiscal year ended June 30, 2014:

	Balance June 30, 2013	Additions	Transfers	Deletions	Balance June 30, 2014
Nondepreciable capital assets:					
Land	$ 22,405	-	2,348	-	24,753
Land improvements	2,019	302	-	-	2,321
Construction in progress	87,558	147,630	(61,744)	(9,295)	164,149
Collections	2,666	212	-	-	2,878
Total nondepreciable capital assets	114,648	148,144	(59,396)	(9,295)	194,101
Depreciable capital assets:					
Land and leasehold improvements	78,329	194	5,125	(301)	83,347
Buildings and improvements	1,272,318	8	54,142	(76)	1,326,392
Software	65,003	8,505	-	(390)	73,118
Equipment	242,309	24,847	129	(14,900)	252,385
Library materials	88,844	1,027	-	(2,177)	87,694
Total depreciable capital assets	1,746,803	34,581	59,396	(17,844)	1,822,936
Less accumulated depreciation:					
Land and leasehold improvements	41,856	4,199	-	-	46,055
Buildings and improvements	398,332	39,859	-	-	438,191
Software	19,866	13,489	-	(7)	33,348
Equipment	178,886	19,635	-	(11,197)	187,324
Library materials	78,137	466	-	(125)	78,478
Total accumulated depreciation	717,077	77,648	-	(11,329)	783,396
Net depreciable capital assets	1,029,726	(43,067)	59,396	(6,515)	1,039,540
Total capital assets, net	$ 1,144,374	105,077	-	(15,810)	1,233,641

Land includes the following conservation easements:	
Catspaw Conservation Easement	$ 3,155
Snow Mountain Conservation Easement	5,000
Elmgreen Conservation Easement	500
Ben Delatour Forest Legacy Conservation Easement	4,000
Total	$ 12,655

Interest expense capitalized, net of related interest income for the System, was $7.5 million and $6.9 million for the fiscal years ended June 30, 2015 and 2014, respectively.

(Amounts expressed in thousands)

(8) Accrued Liabilities

The current accrued liabilities balances as of June 30, 2015 and 2014 were comprised of:

	June 30 2015	June 30 2014
Accrued payroll and benefits	$ 68,562	61,247
Accrued interest payable	12,469	12,023
Other liabilities	1,414	1,265
Total	$ 82,445	74,535

(9) Noncurrent Liabilities

Noncurrent liability activity for the fiscal year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds and COPs payable	$ 818,860	314,617	(90,331)	1,043,146	19,298
Capital leases payable	9,358	15,529	(2,937)	21,950	3,496
Total bonds and capital leases	828,218	330,146	(93,268)	1,065,096	22,794
Other liabilities:					
Deposits held for others	32,228	2,112	(5,035)	29,305	6,266
Other	7,288	2,170	(1,124)	8,334	2,388
Accrued compensated absences	48,923	3,103	-	52,026	2,701
Net pension liability	-	524,663	-	524,663	-
Total noncurrent liabilities	$ 916,657	862,194	(99,427)	1,679,424	34,149

(Amounts expressed in thousands)

Noncurrent liability activity for the fiscal year ended June 30, 2014 was as follows:

	Balance June 30, 2013 *	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds and COPs payable	$ 664,162	173,880	(19,182)	818,860	18,083
Capital leases payable	7,752	4,343	(2,737)	9,358	2,355
Total bonds and capital leases	671,914	178,223	(21,919)	828,218	20,438
Other liabilities:					
Deposits held for others	33,063	1,536	(2,371)	32,228	5,842
Other	31,199	724	(24,635)	7,288	2,802
Accrued compensated absences	44,581	4,342	-	48,923	2,513
Total noncurrent liabilities	$ 780,757	184,825	(48,925)	916,657	31,595

*as restated per GASB 65

(10) Revenue Bonds and Certificates of Participation (COPs)

The revenue bonds consist of multiple issues to finance the acquisition, construction, repair, and equipping of various auxiliary and research facilities of the System. The revenue bonds are payable semiannually and monthly, have serial maturities, contain sinking fund requirements, and certain bonds contain optional redemption provisions. The optional redemption provisions allow the System to redeem at various dates, portions of the outstanding revenue bonds at 100 percent of the principal amount of the revenue bonds redeemed. Payment of the principal and interest on certain bonds is either insured by various financial guarantee insurance policies or qualifies for payment under the State Intercept Program, which provides payment by the State Treasurer if payment is not made by the due date.

On April 28, 2015, the System issued $235.2 million in System Enterprise Revenue Bonds, Series 2015 A, B, C. The proceeds from the sale of Series 2015 A, B, C will be used to construct a 643,000 gross square foot multipurpose stadium to be located between Lake Street and Pitkin Street in Fort Collins, Colorado, to advance refund a portion of the outstanding Series 2007 B Bonds, Series 2008 A Bonds and Series 2009 A Bonds, pay capitalized interest on the 2015 A, B Bonds and pay the costs of issuing the Series 2015 A, B, C Bonds.

On April 28, 2015, the System issued $66.7 million in System Enterprise Revenue Bonds, Series 2015 D. The proceeds of Series 2015 D will be used to defray a portion of the cost of financing certain 2015 Improvement Projects, pay capitalized interest, and pay the costs of issuing the Series 2015 D Bonds.

On December 31, 2013, the System issued $138.7 million in System Enterprise Revenue Bonds, Series 2013 E. The proceeds from the sale of Series 2013 E will be used to construct, remodel, improve, renovate and equip the Aggie Village, Eddy Hall, Lory Student Center, Animal Sciences and Engineering II at CSU, pay capitalized interest, and pay the costs of issuing the Series 2013 E Bonds.

On September 24, 2013, the System issued $26.5 million in System Enterprise Revenue Bonds, Series 2013 C, D. The proceeds from the sale of Series 2013 C, D will be used to renovate, remodel, improve, and construct an addition to the Occhiato University Center at CSU-Pueblo, pay capitalized interest, and pay the costs of issuing the Series 2013 C, D Bonds.

(Amounts expressed in thousands)

A general description of each bond issue, original issuance amount, and the amount outstanding as of June 30, 2015 and 2014 is detailed below.

Revenue bonds and COPs payable consisted of the following at June 30, 2015 and 2014:

		June 30	
	Interest Range	**2015**	**2014**
Colorado State University System:			
Colorado State University System Enterprise Revenue Bonds of 2007 A, issued in the original amount of $160.7 million and mature in varying annual amounts from March 2019 to to March 2037. $26.9 million advance refunded with 2012 B, $110.8 million advance refunded with 2013 A, and $3.8 million advance refunded with 2013 B.	4.625%-5.250%	$ 19,185	19,185
Colorado State University System Enterprise Revenue Refunding Bonds of 2007 B, issued in the original amount of $34.3 million and mature in varying annual amounts to March 2021. $2.5 million advance refunded with 2015 C.	4.000%-5.000%	7,275	12,320
Colorado State University System Enterprise Revenue Bonds of 2008 A, issued in the original amount of $83.3 million and mature in varying annual amounts to March 2038. $64.7 million advance refunded with 2015 C.	3.000%-5.000%	10,400	76,970
Colorado State University System Enterprise Revenue Bonds of 2009 A, issued in the original amount of $56.1 million and mature in varying annual amounts to March 2039. $54.4 million advance refunded with 2013 A and $0.3 million advance refunded with 2015 C.	3.000%-5.000%	870	1,150
Colorado State University System Enterprise Revenue Bonds of 2010 A, issued in the original amount of $25.3 million and mature in varying annual amounts to March 2020.	4.000%-5.000%	16,950	19,880
Colorado State University System Enterprise Revenue Bonds of 2010 B, issued in the original amount of $40.3 million and mature in varying annual amounts from March 2021 to March 2033.	4.900%-5.957%	40,335	40,335
Colorado State University System Enterprise Revenue Bonds of 2010 C, issued in the original amount of $33.3 million and mature in varying annual amounts from March 2032 to March 2040.	6.057%	33,250	33,250

(Amounts expressed in thousands)

	Interest Range	June 30 2015	June 30 2014
Colorado State University System Enterprise Revenue Bonds of 2012 A, issued in the original amount of $126.2 million and mature in varying annual amounts to March 2044.	2.000%-5.000%	$ 124,970	126,245
Colorado State University System Enterprise Revenue Refunding Bonds of 2012 B, issued in the original amount of $54.1 million and mature in varying annual amounts to March 2035.	2.000%-5.000%	52,580	52,995
Colorado State University System Enterprise Revenue Bonds of 2012 C, issued in the original amount of $5.3 million and mature in varying annual amounts to March 2017.	0.728%-1.864%	2,170	3,230
Colorado Statue University System Enterprise Revenue and Revenue Refunding Bonds of 2013 A, issued in the original amount of $182.0 million and mature in varying annual amounts to March 2043.	1.000%-5.000%	175,445	180,305
Colorado State University System Enterprise Revenue Refunding Bonds of 2013 B, issued in the original amount of $16.7 million and mature in varying annual amounts to March 2020.	0.427%-2.073%	8,780	10,830
Colorado State University System Enterprise Revenue Bonds of 2013 C, issued in the original amount of $18.6 million and mature in varying annual amounts from March 2029 to March 2044.	5.000%-5.250%	18,610	18,610
Colorado State University System Enterprise Revenue Bonds of 2013 D, issued in the original amount of $7.9 million and mature in varying annual amounts to March 2028.	0.963%-5.251%	7,400	7,855
Colorado State University System Enterprise Revenue Bonds of 2013 E, issued in the original amount of $138.7 million and mature in varying annual amounts to March 2045.	3.000%-5.000%	138,230	138,740
Colorado State University System Enterprise Revenue Bonds of 2015 A, issued in the original amount of $134.7 million and mature in varying annual amounts to March 2055.	4.000%-5.000%	134,730	-

(Amounts expressed in thousands)

	Interest Range		June 30 2015	June 30 2014
Colorado State University System Enterprise Revenue Bonds of 2015 B, issued in the original amount of $32.8 million and mature in varying annual amounts to March 2030.	2.688%-4.081%	$	32,815	-
Colorado State University System Enterprise Revenue Refunding Bonds of 2015 C, issued in the original amount of $67.7 million and mature in varying annual amounts to March 2038.	2.000%-5.000%		67,675	-
Colorado State University System Enterprise Revenue Bonds of 2015 D, issued in the original amount of $66.7 million and mature in varying annual amounts to March 2047.	Variable		66,655	-
Unamortized bond premium/discount			82,702	74,729
Total System Bonds			1,041,027	816,629
Colorado State University - Pueblo:				
Portion of the State of Colorado Certificate of Participation to remodel the Academic Resource Center (Library). Payable annually with a final maturity in 2029.	5.100%		2,119	2,231
Total System Bonds and Certificates of Participation		$	1,043,146	818,860

(Amounts expressed in thousands)

The scheduled maturities of the revenue bonds and COPs as of June 30, 2015 are as follows:

	Principal	Interest	Total Payments
2016	$ 19,298	41,184	60,482
2017	21,699	42,422	64,121
2018	21,115	41,871	62,986
2019	21,926	41,222	63,148
2020	22,889	40,224	63,113
2021-2025	131,870	184,459	316,329
2026-2030	153,802	153,574	307,376
2031-2035	188,440	113,937	302,377
2036-2040	169,335	69,583	238,918
2041-2045	111,735	34,152	145,887
2046-2050	44,315	16,565	60,880
2051-2055	54,020	6,865	60,885
Total debt service maturities	960,444	786,058	1,746,502
Unamortized bond premium/discount	82,702		
Total	$ 1,043,146		

The System Enterprise Revenue Bonds are secured by a pledge of 10 percent of all net revenues derived at the System from charges to students for the provision of general instruction by the System, CSU facilities fees (80 percent of first $10 credit hour fee and 100 percent of additional $5 per credit hour fee), CSU-Pueblo facilities fees (100 percent), net revenues derived from the operation of the auxiliary pledged facilities, and net revenues of the CSU Research Building Revolving Fund (RBRF) enterprise. Revenues from the RBRF enterprise include all revenues derived by CSU from the operation of the pledged facilities including allocated recoveries on research contracts and grants performed under the auspices of CSU. Investment earnings from revenue sources are also included. See Note 12 for more information regarding these pledged revenues. The Revenue Bonds are special limited obligations of the Board of Governors and do not constitute a general obligation of the Board or the System.

There were no material events regarding rating changes to report for fiscal years ended June 30, 2015 and 2014.

(11) Defeased Obligations

On April 28, 2015, the System issued $67.7 million in System Enterprise Revenue Refunding Bonds, Series 2015 C with an average interest rate of 4.27 percent to advance refund $82.4 million of outstanding bonds with an average interest rate of 4.92 percent. Refunded bonds included the Enterprise System Revenue Bonds, Series 2007 B ($2.5 million); System Enterprise Revenue Bonds, Series 2008 A ($64.7 million); and System Enterprise Revenue Bonds, Series 2009 A ($255 thousand). Net proceeds of $75.3 million were deposited with an escrow agent. The System completed the 2015 C refunding to reduce its total debt service payments over the next 23 years by $8.3 million and obtain an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $5.1 million. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $7.5 million. This difference is reported in the accompanying financial statements as a deferred outflow and is being amortized through fiscal year 2038.

(Amounts expressed in thousands)

The sources and uses of funds required for the transactions are shown below:

Sources		
Principal amount of new debt	$	67,675
Net original issue premium		7,983
Total sources of funds	$	75,658
Uses		
Refunding escrow deposits	$	75,279
Issuance costs		379
Total uses of funds	$	75,658

Calculation of difference in cash flow requirements and economic gain:

Cash flow difference		
Old debt service cash flows	$	118,473
Less new debt service cash flows		110,158
Cash flow difference	$	8,315
Economic gain		
Present value of old debt service cash flows	$	72,052
Less present value of new debt service cash flows		66,958
Economic gain	$	5,094

Issuance costs were as follows:

Cost of issuance	$	112
Underwriter's discount		267
Total issuance costs	$	379

Calculation of reacquisition price over carrying value of old debt:

Reacquisition price	$	75,279
Less carrying amount of old debt		67,791
Reacquisition price over carrying value of old debt	$	7,488

Prior to the Series 2015 C detailed above, the System issued System Enterprise Revenue Bonds, Series 2013 A, B in fiscal year 2013; System Enterprise Revenue Bonds, Series 2012 B, C in fiscal year 2012; and System Enterprise Revenue Bonds, Series 2007 B in fiscal year 2008. The escrow deposits from Series 2015 C; Series 2013 A, B; Series 2012 B, C; and Series 2007 B are being used to purchase certain U.S. governmental obligations. The principal and interest from the U.S. governmental obligations will be sufficient to enable the escrow agent to make all future debt service payments on the refunded bonds and

(Amounts expressed in thousands)

COPs. As a result, the refunded bonds and COPs are considered to be defeased and the liability for those bonds is no longer reflected in the Statements of Net Position.

The following bonds and certificates of participation were included in the refundings and have since been redeemed: Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 1996; Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 1997; Certificates of Participation, Series 1997; Student Sports Recreational Facilities Revenue Bonds, Series 1998; Research Building Revolving Fund Enterprise Revenue Bonds, Series 2001; Enterprise System Refunding and Improvement Revenue Bonds, Series 2003 A (partially refunded on 2007 B and fully refunded on 2012 C); Enterprise System Revenue Bonds, Series 2003 B (fully refunded on 2012 B); and Enterprise System Revenue Bonds, Series 2005 B (partially refunded on 2012 B and fully refunded on 2013 A).

Research Building Revolving Fund Enterprise Revenue Bonds, Series 2005 A (fully refunded on 2007 B); System Enterprise Revenue Bonds, Series 2007 A (partially refunded on 2012 B and partially refunded on 2013 A, B); System Enterprise Revenue Bonds, Series 2007 C (partially refunded on 2013 B); System Enterprise Revenue Bonds, Series 2007 B (partially refunded on 2015 C); System Enterprise Revenue Bonds, Series 2008 A (partially refunded on 2015 C); and System Enterprise Revenue Bonds, Series 2009 A (partially refunded on 2013 A and 2015 C) were also refunded and have remaining defeased obligations at June 30, 2015 as follows:

	Original Amount Refunded	Balance June 30, 2015
CSU Research Building Revolving Fund Enterprise Revenue Bonds, Series 2005 A	$ 9,535	4,715
CSU System Enterprise Revenue Bonds, Series 2007 A	141,480	141,480
CSU System Enterprise Revenue Bonds, Series 2007 C	14,500	13,135
CSU System Enterprise Revenue Bonds, Series 2007 B	2,480	2,480
CSU System Enterprise Revenue Bonds, Series 2008 A	64,745	64,745
CSU System Enterprise Revenue Bonds, Series 2009 A	54,615	53,710
	$ 287,355	280,265

(12) Pledged Revenues and Related Expenses

CSU and CSU-Pueblo are required to pledge certain revenues and report related expenses in accordance with the various bond resolutions. The pledged revenues and related expenses were as follows:

System Enterprise Revenue and Revenue Refunding Bonds (including Tuition and University Facilities Fees Revenue Bonds)

Pledged by 10 percent System tuition revenues, CSU facilities fees (80 percent of first $10 credit hour fee and 100 percent of additional $5 per credit hour fee), CSU-Pueblo facilities fees (100 percent), CSU Research Building Revolving Fund revenues, and remaining auxiliary revenue.

(Amounts expressed in thousands)

	June 30	
	2015	2014
Operating revenues	$ 194,782	178,877
Operating expenses	(107,477)	(103,035)
Pledged revenues over operating expenses	87,305	75,842
Net nonoperating expenses	(32,327)	(26,489)
Other revenues and transfers	25,403	3,030
Net pledged revenues	$ 80,381	52,383

The debt covenants for the above bonds require indirect cost recoveries from research-related grants to be pledged. The pledged revenue reported above includes $3.0 million and $3.8 million in indirect cost recoveries for the fiscal years ended June 30, 2015 and 2014, respectively, which is the amount of actual indirect cost recoveries used to support the related bond activity. The remaining amount of indirect cost recoveries required to be pledged is $45.6 million and $44.5 million for the fiscal years ended June 30, 2015 and 2014, respectively.

The revenue bonds contain provisions to establish and maintain reasonable fees, rates, and other charges to ensure gross revenues are sufficient for debt service coverage. The System is also required to comply with various other covenants while the bonds are outstanding. Managements of the two institutions believe the universities have met all debt service coverage ratios and have complied with all bond covenants.

(13) Capital Lease Obligations

The following is a schedule of the System’s future minimum lease payments for obligations under capital leases for each of the five subsequent fiscal years and for five-year increments thereafter.

	Total
Fiscal year ending June 30:	
2016	$ 4,009
2017	4,021
2018	2,960
2019	1,752
2020	1,166
2021-2025	11,224
Minimum future lease payments	25,132
Less amount representing interest	3,182
Present value of minimum lease payments	$ 21,950

Capital lease agreements have been utilized to provide for the use of property and equipment. As of June 30, 2015 and 2014, respectively, the System had capital lease obligations in effect with capitalized asset costs of $31.8 million and $17.7 million; accumulated depreciation of $6.9 million and $4.7 million; and related outstanding liabilities of $22.0 million and $9.4 million.

(Amounts expressed in thousands)

(14) Operating Leases

The following is a schedule of the System's aggregate minimum rental commitments for operating leases of real and personal property for each of the five subsequent fiscal years and for five-year increments thereafter.

	Future Minimum Obligations For Operating Leases
Fiscal year ending June 30:	
2016	$ 2,899
2017	2,643
2018	2,287
2019	2,090
2020	1,622
2021-2025	2,235
Total	$ 13,776

Rent expense was $2.7 million for both fiscal years ended June 30, 2015 and 2014.

CSU-Pueblo leases a football stadium from a non-profit organization. The lease expires June 12, 2028 and is renewable subject to CSU-Pueblo meeting certain requirements as specified in the lease terms. The annual rent of the lease is $100; however, CSU-Pueblo pays the annual costs of maintenance and upkeep for the lease premises.

(15) Net Position

The System is subject to multiple constraints, including those imposed by Colorado Constitutional and related legislative actions, State of Colorado statutes, and bond covenants in conjunction with statutory provisions on pledging revenues of the auxiliary facilities.

Student loan money is expended according to external restrictions imposed by the program funding sources. The federal programs are administered according to Department of Education Blue Book guidelines. The state match money is restricted by the Colorado Commission on Higher Education policy for student loan programs. The amounts restricted are $26.2 million and $25.6 million and are reported as restricted net position - expendable on the financial statements as of June 30, 2015 and 2014, respectively.

The auxiliary facilities included in the CSU Student and Faculty Services have outstanding debt that is supported by pledges of revenue earned by the facilities. Under the bond covenants and statutes in effect at the time of debt issuance, any excess reserves earned by the auxiliary facilities are restricted for use by the auxiliary operations. The amount restricted of $35.1 million and $30.0 million is reported as restricted net position - expendable on the financial statements as of June 30, 2015 and 2014, respectively.

Colorado Revised Statute 23-31-135 requires a support fee to be annually assessed to cooperative state or accountable students in the System's professional veterinary medicine program. The statute specifies that this fee must be credited to a reserve account and used for renovation projects and for the acquisition or replacement of equipment. As of June 30, 2015 and 2014, this reserve had net position of $564 thousand and $1.1 million, respectively. These amounts are reported as restricted net position - expendable on the financial statements.

(Amounts expressed in thousands)

Total restricted net position was as follows:

	June 30	
	2015	**2014**
Restricted for nonexpendable purposes:		
Scholarships, research and other	$ 14,221	15,007
Endowment/Land Grant	11,930	10,972
Total	$ 26,151	25,979
Restricted for expendable purposes:		
Endowment/Land Grant	$ 1,207	1,591
Student loans	26,157	25,614
Colorado Water Institute	333	331
Gifts	1,656	1,827
Plant fund gifts not capitalized	3,251	1,548
Auxiliary pledged net assets	35,060	30,076
Tuition and fee pledged assets	9,982	6,717
Research Building Revolving Fund	4,116	3,701
Equipment reserve for Vet Med	564	1,077
Colorado State Forest Service legislative funds	8,486	7,333
Workstudy	138	-
Other	32	182
Total	$ 90,982	79,997

Although other amounts reflected in unrestricted net position are not externally restricted, they may be internally designated by the System's administration for various purposes.

In regard to the net assets of the CSU Foundation, temporarily restricted net assets and the income earned on permanently restricted net assets, consisting of endowment funds to be held in perpetuity, are available to support CSU by providing funds for student scholarships, capital improvements, research, institutional support, and other educational purposes and activities. Also, as of June 30, 2015 and 2014, the CSU Foundation's Board has designated $27.9 million and $31.4 million, respectively, of the unrestricted net assets to be used for board-designated endowments.

In regard to the net assets of the CSU-Pueblo Foundation, temporarily restricted net assets and the income earned on permanently restricted net assets, consisting of endowment funds to be held in perpetuity, are available to support CSU-Pueblo by providing funds for athletics, scholarships, repairs of facilities, etc. Also, as of June 30, 2015 and 2014, CSU-Pueblo Foundation's Board has designated $4.7 million and $4.8 million, respectively, of the unrestricted net assets to be used for operating reserve for subsequent years' expense, soccer/lacrosse complex deficit, University Center renovation and enhancements, special project awards, and University personnel discretionary funds.

(Amounts expressed in thousands)

(16) Commitments

Outstanding purchase order commitments against future funds not reflected in the financial statements at June 30, 2015 were $137.6 million. These outstanding purchase order commitments included $90.0 million of System capital construction commitments. CSU capital construction commitments included approximately $71.4 million for the Aggie Village North Redevelopment, $3.0 million for the Chemistry Building, $2.8 million for the Research Drive Parking Lot, $1.8 million for the University Art Museum Addition, $1.7 million for the Ingersoll Hall Center Area Renovation, $1.3 million for the PERC Relocation, and $1.1 million for the Center for the Agricultural Education. The remaining capital construction commitments were for other smaller projects at CSU and CSU-Pueblo. Of the remaining noncapital purchase order commitments, $27.2 million were related to CSU sponsored contracts and grants.

In addition to purchase order commitments, CSU has contracted obligations of $17.8 million at June 30, 2015 related to employment hiring incentives and shared costs on long-term federal contracts. The hiring incentives arise in recruiting faculty and research scientists whereby the University commits to pay for various laboratory remodeling, equipment and other costs that are important to the person in accepting the position. This obligation is binding on the University upon acceptance of the employment offer. The shared cost obligations arise in connection with federal contracts and grants in which the University agrees to pay for certain costs beyond what would otherwise be reimbursed by the sponsor under the contract or grant. Although the University can exercise cancellation clauses to avoid these shared cost obligations, the University has not used that option to avoid such obligations, and such obligation is considered highly probable. In both cases, settlement of the obligation involves payments to third parties, generally within three years.

Outstanding commitments at June 30, 2015 were:

Purchase order commitments	$	137,569
Shared cost obligations on long-term revenue contracts		11,851
Obligations under accepted employment offers		5,930
Total	$	155,350

(17) Employment Benefits

Employees of the System, eligible for retirement benefits, participate in one of three retirement plans. Eligible student employees participate in a Student Employee Retirement Plan (SERP), which is funded solely by student contributions. The SERP is a defined contribution plan administered by a consortium of institutions of higher education in the state. All other eligible employees of the System participate in one of two additional plans, the State Division Trust Fund (SDTF), a defined benefit pension fund administered by the Public Employees' Retirement Association (PERA) or an Optional Retirement Plan - The Defined Contribution Plan for Retirement (DCP), subject to eligibility criteria defined by PERA and the University for each separate governing entity.

The System's total payroll for the fiscal years ended June 30, 2015 and 2014 was approximately $580.5 million and $550.3 million, respectively. Payroll for employees covered by the PERA plan, the optional defined contribution plan, and the student retirement plan was approximately $149.3 million, $359.5

million, and $19.0 million, respectively, for the fiscal year ended June 30, 2015 and $147.3 million, $335.3 million, and $20.3 million, respectively, for the fiscal year ended June 30, 2014. The remaining employees were not eligible for participation in any of the System's plans.

(a) PERA Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

Plan Description

Eligible employees of the System are provided with pensions through the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provision 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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S.

(Amounts expressed in thousands)

Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, receive an annual increase of two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two 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 two percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve 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. 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 System 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 are summarized in the table below:

	Fiscal Year 2014		Fiscal Year 2015	
	CY13	CY14		CY15
	7/1 to 12/31	1/1 to 6/30	7/1 to 12/31	1/1 to 6/30
Employer contribution rate	10.15%	10.15%	10.15%	10.15%
Apportioned to the Health Care Trust Fund[1]	-1.02%	-1.02%	-1.02%	-1.02%
Apportioned to the SDTF	9.13%	9.13%	9.13%	9.13%
Amortization Equalization Disbursement (AED)[2]	3.40%	3.80%	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED)[2]	3.00%	3.50%	3.50%	4.00%
Total employer contribution rate to the SDTF	15.53%	16.43%	16.43%	17.33%

[1] As specified in C.R.S. Section 24-51-208(1)(f)

[2] As specified in C.R.S. Section 24-51-411

The 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 System is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the System were $27.0 million, $25.2 million, and $23.2 million for the years ended June 30, 2015, 2014 and 2013, respectively, including the 1.02 percent apportioned to the Health Care Trust Fund.

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

At June 30, 2015, the System reported a liability of $524.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The System proportion of the net pension liability was based on System contributions to the SDTF for the calendar year 2014 relative to the total contributions of participating employers to the SDTF.

(Amounts expressed in thousands)

At December 31, 2014, the System proportion was 5.58 percent, which was a decrease of 0.04 percent from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the System recognized pension expense of $15.4 million. At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	39
Net difference between projected and actual earnings on pension plan investments	10,698	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	261	2,407
Contributions subsequent to the measurement date	13,029	-
Total	$ 23,988	2,446

$13.0 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Total
Fiscal year ending June 30:	
2016	$ 1,506
2017	1,658
2018	2,674
2019	2,675
2020	-
Thereafter	-
Total	$ 8,513

(Amounts expressed in thousands)

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 %
Real wage growth	1.10 %
Wage inflation	3.90 %
Salary increases, including wage inflation	3.90 – 9.57 %
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 %
Future 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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back one year, and Females set back two years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SDTF's long-term expected rate of return on pension plan investments was determined using 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.

(Amounts expressed in thousands)

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target 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	10 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the System Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 672,745	524,663	400,107

(Amounts expressed in thousands)

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.

Adoption of New Accounting Standard

Effective July 1, 2014, the System adopted the provisions of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* (GASB Statement No. 68). Statement No. 68 requires the System, as a participant in the multiple-employer cost-sharing PERA defined benefit retirement program to record its proportionate share, as defined in GASB Statement No. 68, of PERA's unfunded pension liability. The System 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 or the General Assembly.

To the extent practical, changes made to comply with GASB Statement No. 68 should be presented as a restatement of the fiscal year 2014 financial statements. However, PERA did not provide the information required to restate the System's fiscal year 2014 financial statements; therefore, the impact of adoption of GASB Statement No. 68 is shown as a cumulative effect adjustment to Net Position, beginning of year, in fiscal year 2015. The impact of the adoption of GASB Statement No. 68 is detailed below:

Net Position, beginning of year	$	899,611
Cumulative effect of change in accounting principle for GASB 68		(487,936)
Cumulative effect of change in accounting principle for non GASB 68		162
Net Position, beginning of year, as restated	$	411,837

The System's proportionate share of PERA's net pension liability directly reduces unrestricted net positon. Beginning unrestricted net position of $169.7 million was reduced by the cumulative effect of adopting GASB Statement No. 68.

Prior to the adoption of GASB Statement No. 68, the requirements of GASB Statement No. 27, *Accounting for Pensions by State and local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures* were followed as part of participating in the multiple-employer cost-sharing PERA program. The focus of the previously followed GASB statements was the pension costs, while the focus of GASB Statement No. 68 is the liability and the unfunded status of the pension plan.

(b) Voluntary Tax-Deferred Retirement Plans

PERA offers a voluntary 401(k) plan entirely separate from the Defined Benefit Pension Plan. Certain agencies and institutions of the State offer 403(b) or 401(a) plans. The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all cost of administration and funding are borne by the plan participants.

(c) University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under the University's optional retirement plan, all Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the

University's Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). DCP participants may select from three investment companies as follows:

1. Fidelity Investments / MetLife (eligible Faculty/Staff at CSU-Pueblo do not have access to this investment company)
2. Teachers Insurance and Annuity Association (TIAA)
3. Variable Annuity Life Insurance Corporation (VALIC)

The defined contribution retirement plans are established pursuant to state statute (24-54.5-101 to 24-54.5-107 CRS). The CSU plan was adopted by the Board of Governors in December 1992 and the CSU-Pueblo plan was adopted in April 1993. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU and CSU-Pueblo are the Plan Sponsors. All participants contribute the required 8 percent of eligible salary. As required, CSU provides a matching contribution of 9.4 percent of eligible salary for all "permanent" appointees (those with regular, special and senior teaching appointments at half-time or greater) and for temporary appointees with appointments of half-time or greater for the second and subsequent consecutive year(s). CSU-Pueblo provides a matching contribution of 10.7 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half-time and nonstudent temporary, hourly employees. Both employee and employer contributions are vested immediately. Investments are participant-directed within the funds available through the authorized investment companies. The System's aggregate contribution to the above three vendors was equal to 9.6 percent of covered payroll or approximately $34.5 million for the fiscal year ended June 30, 2015 and 8.9 percent of covered payroll or approximately $29.8 million for the fiscal year ended June 30, 2014. The employee aggregate contribution to the above three vendors was equal to 8.0 percent of covered payroll or approximately $28.8 million for the fiscal year ended June 30, 2015 and $26.8 million for the fiscal year ended June 30, 2014.

The Federal retirement system covers a very limited number of employees at CSU Extension. The System's contribution to this plan was approximately $135 thousand for fiscal year ended June 30, 2015 and $155 thousand for fiscal year ended June 30, 2014.

(d) Student Employee Retirement Program

Eligible student employees contribute 7.5 percent of covered payroll to the student employee retirement program (SERP). The SERP is funded entirely through employee contributions with no employer match. The SERP is a mandatory plan for all student employees who are enrolled at CSU but are not classified as a half-time student or greater. The SERP was established pursuant to state statute (24-54.6-101 through 24-54.6-106 CRS) as a mandatory nonqualified plan under 403(b) of the IRC in lieu of mandatory old age, survivors, and disability insurance (OASDI) coverage. The student retirement plan is a defined contribution plan administered by the individual agencies that make up the System, as applicable. All contributions are vested immediately and are participant-directed within the funds available through the sole investment company, TIAA-CREF. The contribution by student employees for the fiscal years ended June 30, 2015 and 2014 was approximately $1.4 million and $1.5 million, respectively.

(e) Health Insurance Programs

The System's contribution to the various health insurance programs was approximately $17.7 million and $17.5 million for the fiscal years ended June 30, 2015 and 2014, respectively.

(18) Risk Financing and Insurance-Related Activities

CSU manages a combination of self-insured and fully-insured property and casualty insurance programs to best protect the University's assets. At CSU, separate accounts currently make up the self-insured program: workers' compensation, liability, auto comprehensive/collision and property. CSU contracts various day-to-day operations of the self-funded benefit plan, including claims processing, to third-party administrators. CSU carries excess insurance for liability and workers' compensation claims over $500 thousand per occurrence, including claims arising from employment practices. CSU's excess liability limits for this insurance are $25.0 million per occurrence. CSU self-insures for property insurance claims less than $100 thousand per occurrence with a $1 thousand deductible per occurrence paid by the university department incurring the loss. CSU purchases property insurance with limits of $1.0 billion. In addition to this, CSU carries auto insurance for out-of-state vehicles and workers' compensation for out-of-state employees, student intern professional liability, professional liability insurance (Architects & Engineers), crime insurance, foreign liability insurance, Canadian Liability, Cyber Liability, Aviation Liability, Unmanned Aerial Vehicles Liability, TULIP (Tenant User Liability Insurance Program), and self-insures for in-state auto insurance.

In addition to the above, CSU is self-insured for various other risks of loss. At CSU, separate accounts currently make up the self-insured program: healthcare, dental, short-term disability, and an unallocated reserve fund. CSU contracts various day-to-day operations of the self-funded benefit plans, including claims processing, to third-party administrators. Program funding is derived from a combination of premiums paid by benefit plan participants and various institutional match amounts. The self-funded benefit plans are fully self-insured except for healthcare coverage, which is reinsured for claims expenses above $275 thousand per covered employee per year. The Unallocated Reserve Account is a general contingency reserve fund for miscellaneous and unanticipated expenses of the other health related accounts.

The amount of claims and administrative costs for the self-funded plans for fiscal years ended June 30, 2015 and 2014 did not exceed plan revenues and reserves. Eligible faculty and nonclassified staff employees may select from various benefit plans and may elect to make premium contributions in the form of a pre-tax salary reduction.

The above health related programs had estimated claim liabilities of $23.0 million and $27.2 million at June 30, 2015 and 2014, respectively, which include incurred but not reported claims (IBNR) along with known claims at year end. These estimates are made through a combination of analyzing payments in early months of the subsequent year, historical trends, industry guidelines, and underwriting advice from our third-party administrator and benefits consultant.

In addition to these claims, workers' compensation had estimated claim liabilities of $5.4 million and $6.0 million at June 30, 2015 and 2014, respectively. Liability self-insurance had estimated claim liabilities of $302 thousand and $308 thousand at June 30, 2015 and 2014, respectively. These estimates are based on current data and actuarial reports. Property self-insurance had no estimated claim liabilities at June 30, 2015 and 2014.

(Amounts expressed in thousands)

The changes in the balance of claim liabilities were as follows:

	2015	2014
Claim liabilities, beginning of year	$ 33,555	32,540
Incurred claims (including IBNR)	40,237	40,337
Claim payments	(45,132)	(39,322)
Claim liabilities, end of year	$ 28,660	33,555

Claims liabilities are recorded in accrued liabilities, deposits held for others, and other noncurrent liabilities on the Statements of Net Position.

(19) Post-Employment Healthcare and Life Insurance Benefits

(a) PERA Post-Employment Healthcare Plan

Plan Description

The System contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The System is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the System are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ending June 30, 2015, 2014, and 2013, the System contributions to the HCTF were $1.5 million, $1.5 million and $1.4 million, respectively, equal to their required contributions for each year.

(b) Other Post-Employment Benefits (OPEB) – CSU

Plan Descriptions

CSU contributes to three single-employer defined benefit healthcare plans: CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy). Each plan provides premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending benefit coverage to spouses and dependents that elect to participate. CSU also has a self-insured Long-Term Disability Plan (LTD). This plan provides income replacement after the 91st consecutive calendar day of total disability. Benefit provisions for each of the plans are established and amended through the Board of Governors of the Colorado State University System. CSU does not issue separate financial reports for the plans.

(Amounts expressed in thousands)

Membership of each plan consisted of the following as of June 30, 2015:

	DCP Refund	PERA Subsidy	RX Subsidy	LTD Income Replacement
Active plan members	4,614	664	664	4,908
Former employees receiving income replacement	-	-	-	28
Retirees receiving a subsidy	365	505	357	-
Retirees eligible for a subsidy but not yet receiving one	-	182	515	-
Total	4,979	1,351	1,536	4,936

CSU Retiree Medical Premium Refund Plan for DCP Participants

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with five or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $200 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between five and 20 years. DCP participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in the DCP at the time of appointment. DCP participants also include certain employees hired prior to April 19, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join the DCP. The DCP Refund is administered by HealthSmart.

The assets of the DCP Refund were held in a revocable trust whereby the plan assets were restricted to expenditures necessary and appropriate to fulfilling the purpose of the plan until June 27, 2014, when the balance was transferred to an irrevocable trust. Prior to the transfer, CSU provided funding equal to the annual OPEB cost provided by the actuarial valuation. After the transfer, CSU provides funding equal to the annual required contribution (ARC). The funds available to cover the plan benefits were $37.0 million and $36.4 million for fiscal years ended June 30, 2015 and 2014, respectively. Funds provided for the benefit of the program included $1.4 million and $3.0 million for fiscal years ended June 30, 2015 and 2014, respectively, plus the corresponding interest income less plan costs. Total amounts paid to retirees for this healthcare subsidy were $708 thousand and $662 thousand for fiscal years ended June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, 365 and 334 former employees, respectively, were qualified to receive such benefits.

CSU Retiree Medical Premium Subsidy for PERA Participants

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

During the prior year, funds equal to the annual OPEB costs, provided by the actuarial valuation, were set aside, along with the related interest income, in an internal service fund to cover plan benefits until June 27, 2014, when the balance of the fund was transferred to an irrevocable trust. During the current year, funds equal to the annual required contribution, provided by the actuarial valuation, were transferred to the irrevocable trust. The funds available to cover the plan benefits were $21.6 million and $19.7 million for fiscal years ended June 30, 2015 and 2014, respectively. The funds contributed to the plan for fiscal years ended June 30, 2015 and 2014 were $3.0 million and $3.8 million, respectively. The average number of beneficiaries of this subsidy was 505 for both fiscal years ended June 30, 2015 and 2014. The benefits paid by the University were $1.2 million and $1.3 million for fiscal years ended June 30, 2015 and 2014, respectively.

CSU Retiree Umbrella Rx Plan for PERA Participants

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare supplement plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The Umbrella Rx plan reimburses the retiree for the complete cost of the prescription copay less a $10 copay for retail and a $20 copay for mail-order drugs. Spouses and dependents of retirees enrolled in the plan can be covered with the payment of $44 per month for those enrolled in Medicare or $99 per month for those not enrolled in Medicare. The plan is administered by Employee Benefit Management Services, Inc.

CSU set aside funds in an internal service fund equal to the OPEB cost provided by the actuarial valuation until June 27, 2014, when the balance of the fund was transferred to an irrevocable trust. Starting in fiscal year ended June 30, 2015, CSU transferred funds equal to the annual required contribution, provided by the actuarial valuation, to the irrevocable trust. The funds contributed to the plan for fiscal years ended June 30, 2015 and 2014 were $204 thousand and $195 thousand, respectively. These funds, which include those previously set aside, along with the amounts paid in by participants of $28 thousand in fiscal year 2015 and the related interest income, have resulted in total funds available of $581 thousand and $498 thousand as of fiscal years ended June 30, 2015 and 2014, respectively, for this plan. Plan members were reimbursed $72 thousand and $101 thousand for prescription claims for the fiscal years ended June 30, 2015 and 2014, respectively.

CSU Long-Term Disability Plan

The University contributes to the LTD income replacement plan. This plan provides a monthly income replacement benefit which begins on the 91st consecutive calendar day of total disability. The LTD coverage provides the eligible PERA or Federal Retirement Plan participants with up to 60 percent of pre-disability covered monthly salary, not to exceed six thousand dollars per month, or up to 69 percent of covered monthly salary, not to exceed $6,900 per month for DCP participants. The income replacement benefit will increase three percent annually. The plan is offset by any other benefits or earnings received or eligible to be received from other sources such as PERA, Federal Retirement, Social Security, or Workers' Compensation. The minimum income replacement benefit is $50 per month. Employees are eligible to receive benefits until one of the following circumstances occur: recovery, death, age 65 if disabled when less than 60, four and three-fourths years if disabled between the ages of 60 and 65, or age 70 if disabled between the ages of 65 and 68 ¾. This plan is administered by Assurant Insurance Company.

CSU set aside funds in an internal service fund equal to the OPEB cost provided by the actuarial valuation until June 27, 2014, when the balance of the fund was transferred to an irrevocable trust. Starting in fiscal year ended June 30, 2015, CSU transferred funds equal to the annual required contribution, provided by the actuarial valuation, to the irrevocable trust. The funds contributed to the plan for fiscal years ended June 30, 2015 and 2014 were $3.2 million and $1.3 million, respectively. The funds contributed to the plan in fiscal year ended June 30, 2015 included a one-time clean up transfer from the fringe pool of $1.8 million. These funds, which include those previously set aside and the related interest income, have resulted in total funds available of $7.4 million and $5.4 million as of fiscal years ended June 30, 2015 and 2014, respectively. Plan members received $949 thousand and $942 thousand in benefits for fiscal years ended June 30, 2015 and 2014, respectively.

Funding Policy, Status, and Progress

CSU's annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. Fiscal year 2008 was the year of transition and CSU elected to prospectively implement GASB Statement 45 resulting in the net OPEB obligation at the beginning of the year being set at $0. For each of the plans, CSU had set aside funds in an internal service fund to cover future benefits in varying amounts. On June 27, 2014, the funds held in the internal service fund were transferred to an irrevocable trust, and GASB Statement 43 was implemented, leaving a net OPEB obligation for each plan. CSU's current funding status and remaining net OPEB obligation for each plan for fiscal year ended June 30, 2015 are as follows:

(Amounts expressed in thousands)

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Actuarial accrued liability (a)	$ 34,014	50,077	2,841	11,570
Actuarial value of plan assets (b)[1]	35,021	18,368	452	5,279
(Overfunded)/unfunded actuarial accrued liability (a) - (b)	$ (1,007)	31,709	2,389	6,291
Funded ratio (b)/(a)	103.0%	36.7%	15.9%	45.6%
Covered payroll (c)	$ 305,603	N/A	N/A	N/A
(Overfunded)/unfunded actuarial accrued liability as a percentage of covered payroll [(a) - (b)]/(c)	-0.3%	N/A	N/A	N/A
Contribution rates:				
CSU (through June 27, 2014)	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go
CSU (subsequent to June 27, 2014)	Based on ARC	Based on ARC	Based on ARC	Based on ARC
Participants	N/A	N/A	$0 - $99 / month based on eligibility	N/A
Net OPEB obligation/(asset)	$ (738)	(884)	135	(3,945)

[1] Value of plan assets as of January 1, 2014 as they were being held in the internal service fund.

Total assets transferred on June 27, 2014, to an irrevocable trust for each of the plans:

	DCP Refund	PERA Subsidy	RX Subsidy	LTD Income Replacement	Total
Amounts transferred to irrevocable trust as of 6/27/2014	$ 36,329	19,697	498	5,350	61,874

Traditionally, the contributions made each year have been deposited into accounts that are internally restricted for the sole benefit of the plan participants. Given the restricted nature of these resources, on June 27, 2014, management transferred these resources to an irrevocable trust that qualifies as plan assets under GASB Statements No. 43 and 45. Total cash transferred to the trust on this date was $61.9 million. In conjunction with the transfer of the assets to an irrevocable trust, the amortization factor was changed from 30 years to one year for the DCP Refund plan only. The University recognized an adjustment of $22.2 million in relation to the change in the amortization factor on the DCP Refund as a special item in fiscal year 2014.

The financial statements for the irrevocable trust, included in the supplementary information, have been prepared using the accrual basis of accounting. On a going forward basis, plan members' contributions will be recognized in the period in which the contributions are due. Employee contributions to each plan will be recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

(Amounts expressed in thousands)

Investments are reported at fair market value and administrative costs are direct expenditures of the plan. The trust does not issue separate financial statements other than those included in the supplementary information.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. OPEB assets and liabilities as of June 30, 2015, are recorded in other noncurrent assets and other noncurrent liabilities.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs, if applicable, between CSU and the plan participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	DCP Refund	**PERA Subsidy**	**Rx Subsidy**	**LTD Income Replacement**
Valuation date	1/1/2014	1/1/2014	1/1/2014	1/1/2014
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	1 Year Open, Level Percent of Pay	30 Years Closed, Level Dollar	30 Years Closed, Level Dollar	30 Years Open, Level Percent of Pay
Remaining amortization period	1 Year	24 Years	24 Years	30 Years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	4.00%	4.00%	4.00%	4.00%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Salary increase rate	N/A	N/A	N/A	4.00%
Healthcare cost Trend rate	N/A	7% initial, 5% ultimate	N/A	N/A

(c) Other Post-Employment Benefits (OPEB)

CSU-Pueblo – 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. The retiree is responsible for paying 100 percent of the health insurance cost. As of June 30, 2015, there were 62 participants in the plan, of which four were CSU-Pueblo retirees.

CHEIBA financial statements are prepared under accounting principles generally accepted in the United States of America using the accrual basis of accounting following Governmental Accounting Standards for a business type activity. The financial statements can be obtained by contacting: Human Resources, Colorado State University-Pueblo, 2200 Bonforte Blvd., Pueblo, Colorado 81001.

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.

(d) Life Insurance Program

During fiscal years ended June 30, 2015 and 2014, PERA provided its members with access to a group decreasing term life insurance plan offered by Unum Provident. Active members may join the Unum Provident Plan and continue coverage into retirement. PERA retirees are not eligible to enroll in the insurance program. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

(20) Compensated Absences Liability

System employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount that will be paid upon termination. The estimated liability of compensated absences for which employees are vested as of June 30, 2015 and 2014 was $52.0 million and $48.9 million, respectively.

Overall, expenses increased for the fiscal year ended June 30, 2015 by $3.1 million and increased for the fiscal year ended June 30, 2014 by $4.3 million, for the estimated compensated absences liabilities.

(21) Direct Student Financial Aid Reporting

During the fiscal years ended June 30, 2015 and 2014, CSU, CSU-Global and CSU-Pueblo participated in the federal government's Direct Loan Program. This program provides loans from the federal government to qualifying students and their families for educational purposes. While CSU, CSU-Global and CSU-Pueblo help students obtain these loans, the University is not a party to the loans and is not responsible for collection of monies owed or for defaults by borrowers.

The gross amounts of Direct Loans disbursed during the fiscal years ended June 30, 2015 and 2014 were $239.4 million and $224.7 million, respectively.

(Amounts expressed in thousands)

(22) Scholarship Allowance

Tuition, fees, and auxiliary revenues and the related scholarship allowances for the year ended June 30, 2015 were as follows:

	June 30 2015 Tuition and Fees	June 30 2015 Auxiliary Revenues	June 30 2015 Total
Gross revenue	$ 574,736	158,579	733,315
Scholarship allowances:			
Federal	29,908	893	30,801
State	11,308	866	12,174
Private	313	179	492
Institutional	72,903	2,776	75,679
Total allowances	114,432	4,714	119,146
Net revenue	$ 460,304	153,865	614,169

Tuition, fees, and auxiliary revenues and the related scholarship allowances for the year ended June 30, 2014 were as follows:

	June 30 2014 Tuition and Fees	June 30 2014 Auxiliary Revenues	June 30 2014 Total
Gross revenue	$ 516,908	148,868	665,776
Scholarship allowances:			
Federal	30,422	659	31,081
State	8,869	1,315	10,184
Private	291	249	540
Institutional	67,709	2,245	69,954
Total allowances	107,291	4,468	111,759
Net revenue	$ 409,617	144,400	554,017

(23) System Foundations and Endowments

As discussed in Note 1(c), the CSU Foundation and CSU-Pueblo Foundation have been incorporated into the System’s financial reporting entity as a result of adopting GASB Statement No. 61. The Colorado State University Research Foundation (CSURF) did not meet the requirements of GASB Statement No. 61 to be incorporated into the System’s financial reporting entity.

(Amounts expressed in thousands)

(a) Colorado State University Research Foundation

CSURF is a private, nonprofit Colorado corporation established in 1941 to aid and assist the institutions governed by the Board of the System in their research and educational efforts. CSURF officers are appointed annually by the Board of Directors. The Board of Directors consists of five voting members and two nonvoting members. No person who is an employee of CSU or CSU-Pueblo is eligible to serve as an officer of CSURF or as a voting member of the Board.

Colorado State University Ventures (CSUV) is a wholly owned subsidiary of Colorado State University Research Foundation. CSUV is used to assist in the promotion, development, improvement, and expansion of the facilities and programs of the Colorado State University System (System). The sole voting member of the nonprofit corporation is CSURF.

CSURF is a member in a Joint Venture, INTO-CSU, LLC. The purpose of the Joint Venture is to create an avenue for international students to attend CSU in a number of undergraduate pathways with multiple programs. INTO-CSU, LLC helps students integrate into classes as well as housing on campus. CSURF's primary role is to financially support the joint venture.

The major sources of CSURF revenues are royalties, rents, management fees, licensing fees, and administration fees. The support provided by CSURF to the universities includes patent and licensing management, equipment leasing, municipal lease administration, debt financing through mortgage debt service, and land acquisition, development, and management. During the fiscal years ended June 30, 2015 and 2014, royalty revenues equaled $4.8 million and $1.3 million, respectively, and expenses were $2.7 million and $802 thousand, respectively. Also during the fiscal years ended June 30, 2015 and 2014, rental revenues equaled $6.4 million and $5.1 million, respectively, and related expenses were $4.6 million and $3.2 million, respectively.

At June 30, 2015, CSURF's debt to provide buildings for use by the universities was $53.5 million.

At June 30, 2015, the assets of CSURF consisted of:

Cash and current assets	$	5,948
Property and equipment		52,082
Other assets		20,572
Total assets	$	78,602

At June 30, 2014, CSURF's debt to provide buildings for use by the universities was $45.9 million.

(Amounts expressed in thousands)

At June 30, 2014, the assets of CSURF consisted of:

Cash and current assets	$	5,345	*
Property and equipment		60,139	
Other assets		10,093	*
Total assets	$	75,577	*

* The FY14 Financial Statements were issued using draft Financial Statements from CSURF; however, when CSURF issued their final Financial Statements these amounts had changed.

Audited financial statements of CSURF are available at 410 University Services Center, P.O. Box 483, Fort Collins, CO 80522.

(b) CSU-Pueblo Board-Designated Funds

CSU-Pueblo manages two board-designated funds. These funds' assets and activity are reported as part of the System. Both funds retain 20 percent of earnings each year to build the corpus of the fund and transfer 80 percent of the annual earnings to CSU-Pueblo as designated by the Board. The first board-designated fund was established in 1994 from the proceeds of land sales in the Walking Stick Development immediately west of the campus. The sale of excess land adjacent to the university campus provides resources that support the academic mission of CSU-Pueblo. To date, CSU-Pueblo has sold 16 parcels of land with the proceeds from the sales being placed in a board-designated fund. The Walking Stick Fund assets consisted of cash and land. The cash held by the Walking Stick Fund was $5.3 million for both fiscal years ended June 30, 2015 and 2014.

On June 30, 2000, CSU-Pueblo sold the KTSC-TV television license and certain related assets. The proceeds of the sale have been placed in a board-designated fund to support the maintenance of the Buell Communication Center building, telecommunications equipment associated with the Mass Communications program of CSU-Pueblo, and scholarships. The cash held by the KTSC Fund was $2.6 million for both fiscal years ended June 30, 2015 and 2014.

(c) INTO CSU, LLC

INTO CSU, LLC is a limited liability company jointly owned by CSURF and INTO USA, LLC. CSURF and INTO USA, LLC each own 50 percent of the common units. INTO CSU, LLC has entered into a service agreement with Colorado State University and INTO University Partnerships Limited (IUP) whereby INTO CSU, LLC will manage an international student center, located on campus and, in connection with the services of IUP, be the exclusive provider of marketing and student recruitment services for the INTO CSU programs.

As part of the Service Agreement, CSURF agreed to loan the joint venture up to $1.5 million. The promissory note matures February 2027 with monthly interest payments of five percent due beginning March 2017. In connection with the agreement for CSURF to loan funds to INTO CSU, LLC, the University has agreed to reimburse CSURF for net funds loaned to the joint venture. As of the end of the year, the University has booked a receivable for $253 thousand due from CSURF relating to amounts that have been loaned to the joint venture.

(d) CSURF de Mexico, Association Civil

During last fiscal year, CSURF formed an entity in Mexico, CSURF de Mexico, Association Civil ("The AC") to assist the university in development of a satellite campus in Todos Santos, Mexico that will consist of classroom, housing, dining and research facilities. The development and ownership of the property is separate from The AC and is equally owned by The AC and a third party. During last fiscal year, the university provided $450 thousand in funding to help build the facility. The facility opened in October 2015.

Todos Santos Mexico will further aid CSU in its mission of teaching, research, and outreach. Education abroad opportunities for CSU students will be available in wildlife ecology and conservation, agriculture, hospitality, nutrition, ecology, human development and family studies, the arts and more.

(e) CSU System Foundation

During this fiscal year, the Board of Governors authorized the creation of a CSU System Foundation (Foundation) in accordance with Colorado law. This System Foundation was established as a Colorado not for profit entity to support the System. The Foundation was created to accept transfers of intellectual property of the System and CSU Global Campus, which in turn is then licensed to a wholly owned private corporate subsidiary (Corporation) of the Foundation in exchange for ownership of this Corporation and a share of the revenues of this private entity. Once these entities are operational, it is anticipated that the Foundation will distribute monies or make grants to the System in accordance with the rules and regulations of the internal revenue code.

As of June 30, 2015, there has been no activity in the Foundation or the Corporation.

(24) State Support

In fiscal year 2006 state support for higher education changed with the implementation of the College Opportunity Fund. As a result of this legislation, which was adopted in S.B. 04-189 passed in the 2004 state legislative session, the State no longer provides a direct state general fund appropriation to the System. Instead, state support is provided to the System in the form of fee for service contracts with the State for the delivery of special programs, graduate programs, and high cost/high demand programs. In fiscal years ended June 30, 2015 and 2014 the System received $78.9 million and $72.0 million, respectively, in state fee for service contract revenue.

State support was also provided to the System in the form of student tuition stipends provided to students by the state College Opportunity Fund. In fiscal years ended June 30, 2015 and 2014, stipends were provided to students attending classes at Colorado State University and Colorado State University-Pueblo in the amount of $43.0 million and $37.8 million, respectively.

(25) Contingencies

Contingencies include those in which the System is a defendant in several lawsuits including various claims related to activities or employees of the System. The System believes that final settlement of matters not covered by insurance will not materially or adversely affect its financial condition or operations.

Financial Awards from Federal and State Agencies

The System receives significant financial awards from federal and state agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the System. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition or operations of the System.

(26) Subsequent

On August 6, 2015 the System sold $95.8 million Series 2015 E-1, $43.9 million Series 2015 E-2 (Green Bonds) and $16.6 million Series 2015 F in System Enterprise Revenue Bonds. The proceeds of the sale of the Series 2015 E-1, E-2, F Bonds will be used for the construction, acquisition, improvement and equipping of a 152,000 square foot biology building for research and teaching; a 105,000 square foot medical center building; a 30,000 square foot plant environmental research center to be used for teaching, research and outreach; a four-story parking structure; a new surface parking lot; a pedestrian underpass; and an 85,000 square foot academic space to be located on the east side of the new stadium. All projects are in Fort Collins. The proceeds will also be used for other capital projects as designated by the Board of Governors, to pay capitalized interest on the Series 2015 E-1 Bonds and to pay the cost of issuing the Series 2015 E-1, E-2, F Bonds.

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability

		2015	2014
Proportion of the net pension liability		5.6%	5.6%
Proportionate share of the net pension liability	$	524,663,289	500,697,690
Covered-employee payroll	$	152,106,074	146,046,010
Proportionate share of the net pension liability as a percentage of covered-employee payroll		344.9%	342.8%
Plan fiduciary net position as a percentage of the total pension liability		59.8%	61.1%

Schedule of Contributions

		2015	2014
Contractually required contributions	$	25,461,171	23,729,278
Contributions in relation to the contractually required contribution		(25,461,171)	(23,729,278)
Contribution deficiency/(excess)	$	-	-
Covered-employee payroll	$	152,974,073	150,398,241
Contributions as a percentage of covered-employee payroll		16.6%	15.8%

COLORADO STATE UNIVERSITY SYSTEM
Required Supplemental Information
Other Post-Employment Benefits – Funding Progress
(Unaudited)
June 30, 2015
(Amounts expressed in thousands)

Schedules of Funding Progress

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
DCP Refund							
	1/1/2014	$ 35,021	34,014	(1,007)	103.0%	$ 305,603	-0.3%
	7/1/2012	-	31,063	31,063	0.0%	259,317	12.0%
	1/1/2011	-	28,917	28,917	0.0%	248,228	11.6%
PERA Subsidy							
	1/1/2014	18,368	50,077	31,709	36.7%	-	0.0%
	7/1/2012	-	45,849	45,849	0.0%	-	0.0%
	1/1/2011	-	53,177	53,177	0.0%	-	0.0%
Rx Subsidy							
	1/1/2014	452	2,841	2,389	15.9%	-	0.0%
	7/1/2012	-	2,556	2,556	0.0%	-	0.0%
	1/1/2011	-	2,832	2,832	0.0%	-	0.0%
LTD Income Replacement	1/1/2014	5,279	11,570	6,291	45.6%	-	0.0%
	7/1/2012	-	15,466	15,466	0.0%	-	0.0%
	1/1/2011	-	13,017	13,017	0.0%	-	0.0%

COLORADO STATE UNIVERSITY SYSTEM
Required Supplemental Information
Other Post-Employment Benefits – Funding Progress
(Unaudited)
June 30, 2015
(Amounts expressed in thousands)

SCHEDULES OF EMPLOYER CONTRIBUTIONS

	Year Ended June 30	Annual Required Contribution	Percentage Contributed
DCP Refund	2015	$ 1,368	100.0%
	2014	35,809	103.3%
PERA Subsidy	2015	3,040	100.0%
	2014	4,189	500.5%
Rx Subsidy	2015	177	99.8%
	2014	207	273.1%
LTD Income Replacement	2015	1,209	261.2%
	2014	1,338	470.3%

Supplemental Information

Colorado State University Other Post-Employment Benefits Trust

Statements of Plan Net Assets
as of June 30, 2015
(Unaudited)
(Amounts expressed in thousands)

	Other Post-Employment Benefits					
	DCP Refund	**PERA Subsidy**	**RX Subsidy**	**LTD Income Replacement**	**2015 Total**	**2014 Total**
Assets						
Cash and short-term investments	$ 36,985	21,552	581	7,391	66,509	61,874
Receivables:						
Employee	-	-	-	114	114	-
Interest and dividends	4	2	-	1	7	-
Total receivables	4	2	-	115	121	-
Total assets	36,989	21,554	581	7,506	66,630	61,874
Net Assets						
Net assets held in trust for other post-employment benefits	$ 36,989	21,554	581	7,506	66,630	61,874

Colorado State University Other Post-Employment Benefits Trust
Statements of Changes in Plan Net Assets
as of June 30, 2015
(Unaudited)
(Amounts expressed in thousands)

	Other Post-Employment Benefits					
	DCP Refund	**PERA Subsidy**	**RX Subsidy**	**LTD Income Replacement**	**2015 Total**	**2014 Total**
Additions						
Contributions						
Contributions from employer	$ 1,368	3,041	176	1,814	6,399	61,874
Contributions from employees	-	-	28	1,346	1,374	-
Total contributions	1,368	3,041	204	3,160	7,773	61,874
Investment income						
Interest	41	23	1	7	72	-
	41	23	1	7	72	-
Less investment expense	4	2	-	1	7	-
Net investment income	37	21	1	6	65	-
Total additions	1,405	3,062	205	3,166	7,838	61,874
Deductions						
Benefit payments	708	1,194	72	949	2,923	-
Administrative expenses	37	11	50	61	159	-
Total deductions	745	1,205	122	1,010	3,082	-
Changes in net assets	660	1,857	83	2,156	4,756	61,874
Net assets, beginning of year	36,329	19,697	498	5,350	61,874	-
Net assets, end of year	$ 36,989	21,554	581	7,506	66,630	61,874