

Independent Accountant's Report on Bond Compliance

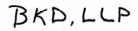
Members of the Legislative Audit Committee:

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Colorado State University System (the System), a component unit of the State of Colorado, as of and for the year ended June 30, 2010, which collectively comprise its basic financial statements and have issued our report thereon dated December 1, 2010, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Colorado State University Foundation, the discretely presented component unit, as described in our report on the System's financial statements. The financial statements of the Colorado State University Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply with the terms, covenants, provisions, or conditions of the respective Authorizing Bond Resolutions and the Official Statements (collectively, bond resolutions) insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such compliance.

In accordance with the respective bond resolutions discussed above, revenue bonds' earnings requirement schedules (Schedules) are shown on pages 111-113. We have not audited the Schedules and express no opinion on them.

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the Colorado University System Board of Governors, the Colorado State University Board of Governors' Audit Committee and the Colorado State University System's management, and is not intended to be and should not be used by anyone other than these specified parties.



December 1, 2010





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Colorado State University System

(A Component Unit of the State of Colorado) Revenue Bonds' Earnings Requirement Schedules (Unaudited) Year Ended June 30, 2010

Colorado State University (CSU) Enterprise System Revenue and Refunding Bonds

The following information is presented in accordance with the bond resolutions of the Enterprise System Refunding and Improvement Revenue Bonds. Below are calculations of the earnings requirement for meeting the following bond resolutions: a) CSU Enterprise System Refunding and Revenue Bonds, Series 2003A, 2003B, and 2005B, which report the earnings of the entire Enterprise System net of the revenues and expenses earned and expensed between the Auxiliary Facilities; b) CSU-P Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds, Series 2003; and c) System Enterprise Revenue Bonds, Series 2007A, B, & C, 2008A, and 2009A, which include the earnings of 10% tuition, CSU 80% facilities fees, CSU-P 100% facilities fees, CSU Research Building Revolving Fund, and the remaining Auxiliary pledged revenues after debt service requirements on the 2003A, 2003B, and 2005B bonds.

a) The bond resolutions require that earnings be calculated after the payment of the bond maturities for the prior year of the Auxiliary Facilities and the Student Recreational Facilities bonds. For the purposes of determining compliance with the bond resolution, earnings are computed as follows:

Auxiliary revenues	\$ 81,854,785
Add:	
Auxiliary fee revenue	15,633,751
Investment income	1,048,810
	 98,537,346
Auxiliary expenses	
Unrestricted expenses	79,209,267
Less:	
Excluded equipment expenditures	(703,764)
Compensated absences adjustment	(83,095)
	78,422,408
Student sports recreational facilities	
Unrestricted expenses	3,390,550
Less:	
Excluded equipment expenditures	-
Compensated absences adjustment	11,701
	3,402,251
Net income to meet requirement	
under the bond resolution	\$ 16,712,687
Net income required under the bond resolution:	
Current year principal and interest payments	\$ 5,261,071
Minimum earnings ratio required by bond resolution	 100%
Net income required under the bond resolution	\$ 5,261,071

The net income for earnings requirement shown above exceeds the required amount.

Colorado State University System

(A Component Unit of the State of Colorado) Revenue Bonds' Earnings Requirement Schedules (Unaudited) Year Ended June 30, 2010

b) For the purposes of determining compliance with the bond resolution, earnings for the 2003 CSU-P Auxiliary Facility Enterprise Refunding and Improvement Revenue Bonds:

Auxiliary revenues Add:	\$	9,613,189
Auxiliary fee revenue		777,552
Investment income		309,119
	_	10,699,860
Unrestricted expenses		7,955,556
Less:		
Excluded equipment expenditures		(172,284)
Compensated absences adjustment		6,935
		7,790,207
Net income to meet requirement		
under the bond resolution	\$	2,909,653
Net income required under the bond resolution:		
Current year principal and interest payments	\$	500,381
Minimum earnings ratio required by bond resolution		125%
Net income required under the bond resolution	\$	625,476

The net income for earnings requirement shown above exceeds the required amount.

Colorado State University System

(A Component Unit of the State of Colorado) Revenue Bonds' Earnings Requirement Schedules (Unaudited) Year Ended June 30, 2010

c) For the purposes of determining compliance with the bond resolution, earnings for the System Enterprise Revenue earnings are computed as follows:

	_	Tuition and Facilities Fee	-	Research Building Revolving Fund		Total
Pledged revenues	\$	31,160,006	\$	44,146,163	\$	75,306,169
Pledged investment income	_	62,189		62,374		124,563
		31,222,195		44,208,537		75,430,732
Operating expenses	_	8,222	-	802,547		810,769
Total tuition, facilities fee and Research Building						
Revolving Fund, net of operating expenses		31,213,973		43,405,990	-	74,619,963
Auxiliary revenues						
Net available revenues						19,622,340
FY 2010 debt service requirements for 2003A,						, ,
2003B and 2005B bonds						(5,761,452)
Total available for enterprise system					-	13,860,888
Total net enterprise system revenue					\$_	88,480,851
Net income required under the bond resolution:						
Current year principal and interest payments					\$	17,947,985
Minimum earnings ratio required by bond resolution					-	100%
Net income required under the bond resolution					\$	17,947,985

The net income for earnings requirement shown above exceeds the required amount.