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STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

Financial Statements and  
Letter of Recommendations

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State-Funded Student Assistance  
Programs Audit

---

Federal Financial Assistance  
Programs Audit

---

National Collegiate Athletic Association  
(NCAA) Agreed Upon Procedures Reports

---

Year Ended June 30, 1990 Together with  
Independent Auditors' Reports  
Dated October 8, 1990

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STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

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YEAR ENDED JUNE 30, 1990

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STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

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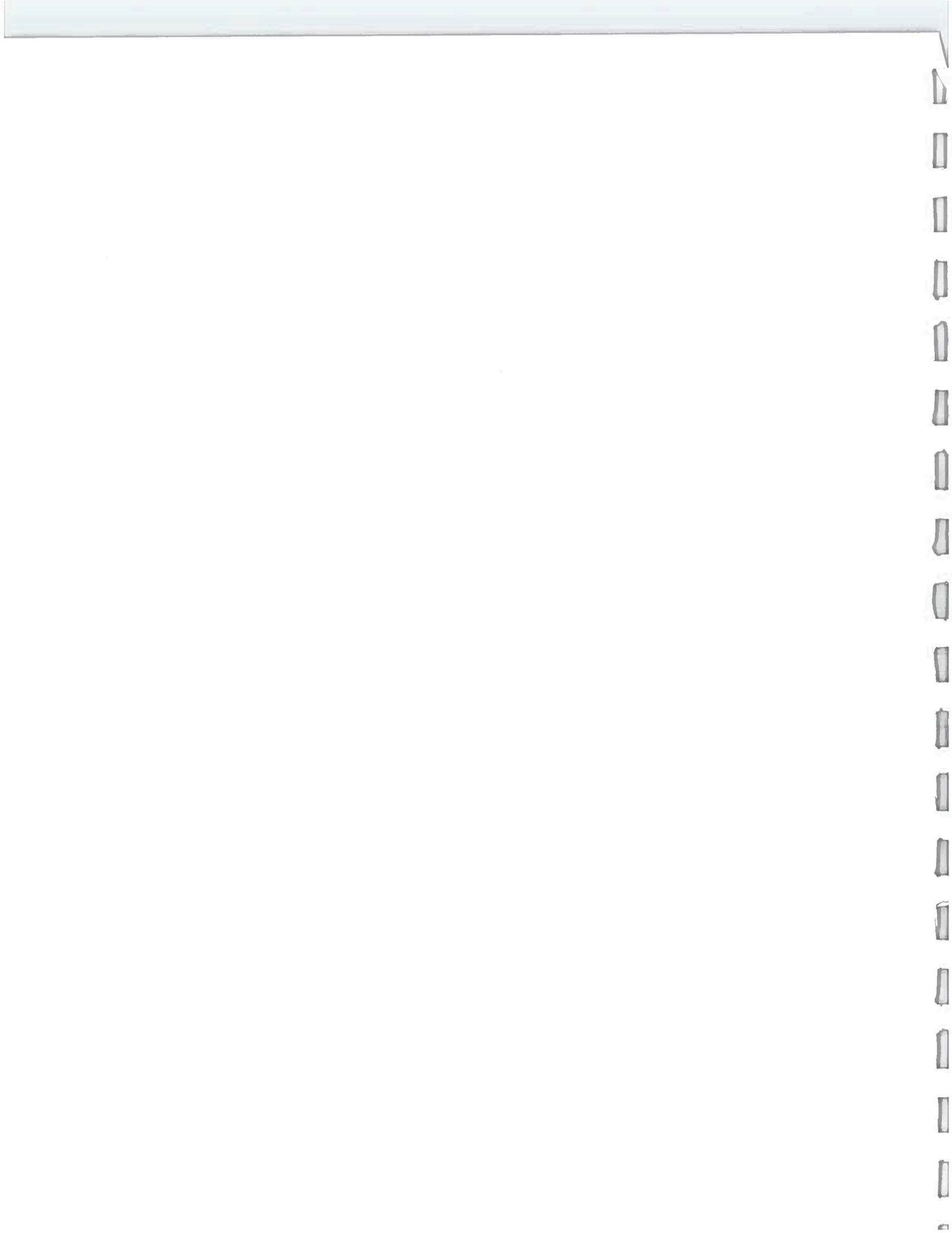
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STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

AUDIT REPORT SUMMARY  
YEAR ENDED JUNE 30, 1990

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Purposes and Scope of Audit

The purposes and scope of this audit were:

- To express an opinion on the financial statements of Metropolitan State College of Denver (the College) as of and for the year ended June 30, 1990, including a review of the related systems of internal control as required by generally accepted auditing standards.
- To evaluate progress in implementing prior audit recommendations.
- To express an opinion on the College's Statement of Appropriations, Expenditures, Transfers and Reversions for State-Funded Student Assistance Programs for the year ended June 30, 1990, including a review of the related systems of internal control.
- To express an opinion on the College's compliance with rules and regulations governing the expenditures of Federal funds, and on the College's Schedule of Changes in Federal Award Fund Balances for the year ended June 30, 1990.
- To perform certain agreed upon procedures to the accounting records and system of internal accounting control of the College as of June 30, 1990 solely to assist the College in complying with National Collegiate Athletic Association Bylaw 6.2.3.2.



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

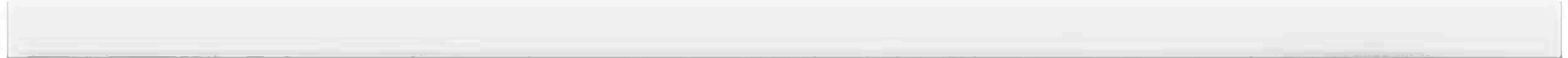
SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT RECOMMENDATIONS  
YEAR ENDED JUNE 30, 1990

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The audit report for the year ended June 30, 1989 included two recommendations.  
The disposition of these recommendations is as follows:

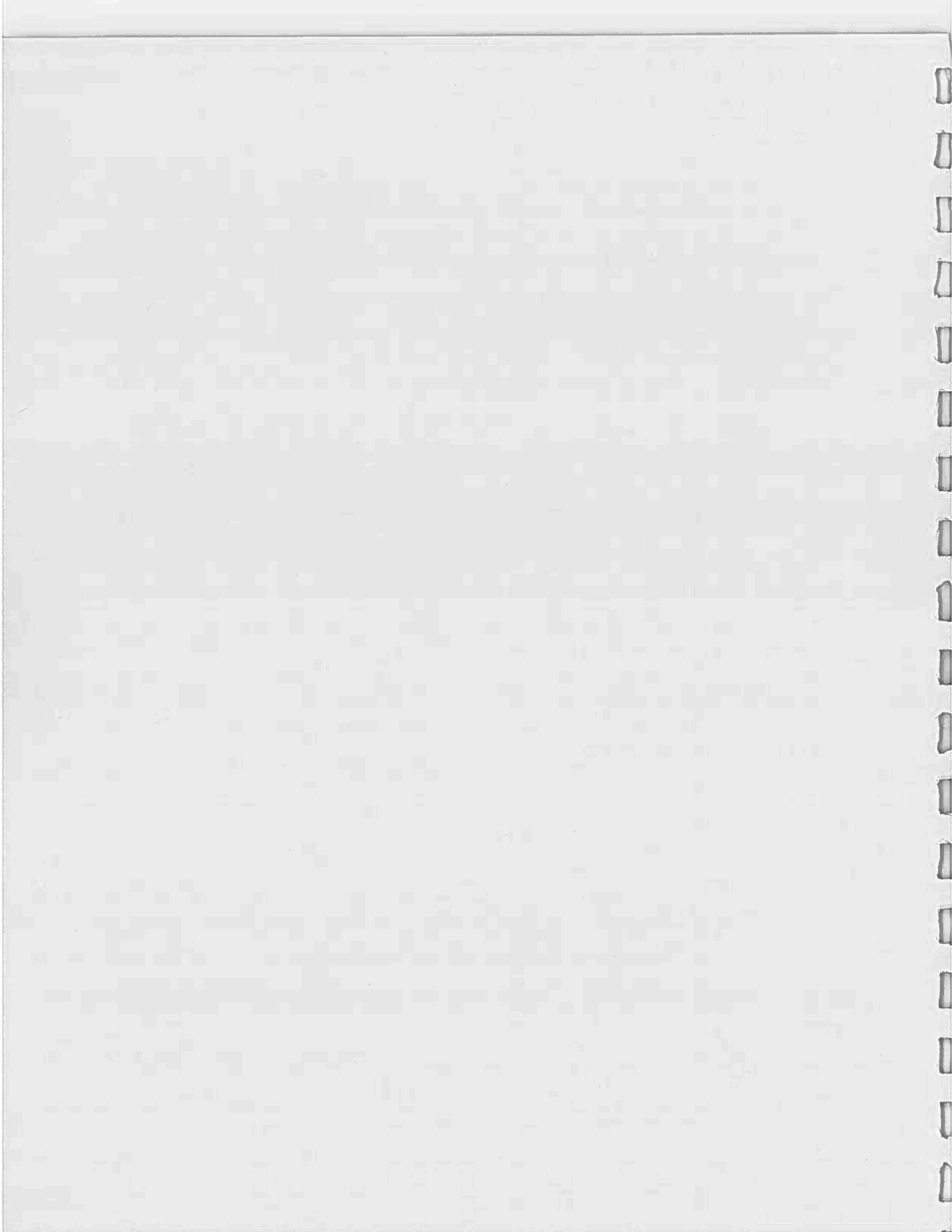
Implemented	--
Not implemented, but:	
In process of implementing	--
Will be implemented	--
Will implement if budget approved	<u>2</u>
Subtotal	2
Rejected/not implemented	--
Total	<u>2</u>





**FINANCIAL STATEMENTS**

**REPORT SECTION**





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# INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee  
State of Colorado

We have audited the accompanying balance sheet of Metropolitan State College of Denver as of June 30, 1990, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the College. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Metropolitan State College of Denver as of June 30, 1990, and the changes in its fund balances and its current funds, revenues, expenditures and other changes for the year then ended, in conformity with generally accepted accounting principles.

*Deloitte & Touche*

October 8, 1990





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

BALANCE SHEET, ALL FUNDS  
JUNE 30, 1990  
(With comparative totals as of June 30, 1989)

<u>ASSETS</u>	<u>1990</u>	<u>1989</u>
<b>CURRENT FUNDS:</b>		
Unrestricted:		
Cash and certificates of deposit (Note 2)	\$ 324,271	\$ 328,559
Cash on deposit with State Treasurer (Note 2)	5,396,671	6,347,962
Accounts receivable (less allowance for doubtful accounts of \$1,171,945 and \$1,045,892, respectively)	522,502	594,346
Deferred charges	144,844	136,234
Prepaid expenses	--	182,913
Other assets	1,796	5,832
Total unrestricted funds	<u>6,390,084</u>	<u>7,595,846</u>
Restricted:		
Cash on deposit with State Treasurer (Note 2)	146,611	187,308
Cash in transit	59,865	--
Accounts receivable	206,972	139,915
Deferred charges	1,220	895
Total restricted funds	<u>414,668</u>	<u>328,118</u>
 TOTAL CURRENT FUNDS	 <u>\$6,804,752</u>	 <u>\$7,923,964</u>
<b>LOAN FUNDS:</b>		
Cash on deposit with State Treasurer (Note 2)	\$ 172,186	\$ 128,448
Loans receivable (less allowance for doubtful loans of \$1,117,203 and \$968,602, respectively)	<u>4,716,310</u>	<u>4,057,456</u>
 TOTAL LOAN FUNDS	 <u>\$4,888,496</u>	 <u>\$4,185,904</u>
<b>PLANT FUNDS:</b>		
Investment in plant:		
Equipment	<u>\$6,067,534</u>	<u>\$7,014,617</u>
 TOTAL PLANT FUNDS	 <u>\$6,067,534</u>	 <u>\$7,014,617</u>
<b>AGENCY FUNDS:</b>		
Cash on deposit with State Treasurer (Note 2)	\$ 74,181	\$ 63,725
Accounts receivable - other	--	560
Prepaid expense	<u>770</u>	<u>--</u>
 TOTAL AGENCY FUNDS	 <u>\$ 74,951</u>	 <u>\$ 64,285</u>

See notes to financial statements.

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**LIABILITIES AND FUND BALANCES****1990****1989****CURRENT FUNDS:****Unrestricted:**

Payable to banks	\$ 173,438	\$ --
Accounts payable	468,352	734,277
Accrued payroll	75,207	201,498
Due to students	82,180	79,193
Due to other agencies	295,710	250,000
Due to State Treasurer	3,236	8,133
Deferred revenue	2,335,399	2,380,335
Compensated absence liability (Note 1)	851,869	814,570
Fund balances (deficits):		
Allocated for compensated absence liability	(851,869)	(814,570)
Unallocated	<u>2,956,562</u>	<u>3,942,410</u>
Total unrestricted funds	<u>6,390,084</u>	<u>7,595,846</u>

**Restricted:**

Accounts payable	60,320	29,583
Accrued payroll	60,513	62,936
Due to State Treasurer	207,454	106,845
Due to other agencies	65	213
Fund balance	<u>86,316</u>	<u>128,541</u>
Total restricted funds	<u>414,668</u>	<u>328,118</u>

**TOTAL CURRENT FUNDS****\$6,804,752    \$7,923,964****LOAN FUNDS:**

Accounts payable	\$ 405	\$ 584
Due to students	--	364
Fund balances:		
U.S. Government grants refundable	4,263,582	3,554,278
Other loan funds	<u>624,509</u>	<u>630,678</u>

**TOTAL LOAN FUNDS****\$4,888,496    \$4,185,904****PLANT FUNDS:**

Investment in plant:		
Capital lease payable (Note 3)	\$ 5,383	\$ 168,539
Investment in plant	<u>6,062,151</u>	<u>6,846,078</u>
Total investment in plant	<u>6,067,534</u>	<u>7,014,617</u>

**TOTAL PLANT FUNDS****\$6,067,534    \$7,014,617****AGENCY FUNDS:**

Accounts payable	\$ 8,484	\$ 11,701
Deposits held in custody for others	<u>66,467</u>	<u>52,584</u>

**TOTAL AGENCY FUNDS****\$ 74,951    \$ 64,285**







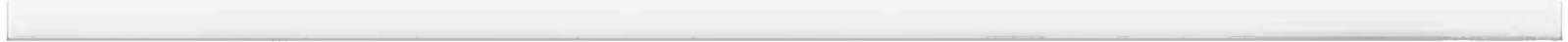
STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

STATEMENT OF CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1990  
(With comparative totals for the year ended June 30, 1989)

	CURRENT FUNDS					
	1990				TOTAL	
	STATE APPROPRIATED FUNDING	AUXILIARY AND SELF-FUNDED	TOTAL UNRESTRICTED	RESTRICTED	1990	1989
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenues	\$42,757,965	\$3,991,545	\$46,749,510	\$ --	\$46,749,510	\$43,664,0
Federal grants and contracts	60,175	153,829	214,004	7,318,278	7,532,282	5,904,3
State grants and contracts	--	--	--	2,215,347	2,215,347	1,945,3
Private gifts, grants and contracts	--	--	--	222,168	222,168	117,3
U.S. Government advances	--	--	--	--	--	--
Investment income	--	--	--	--	--	--
Interest income	--	--	--	--	--	--
Donated property	--	--	--	--	--	--
Expended for plant facilities	--	--	--	--	--	--
Total revenues and other additions	42,818,140	4,145,374	46,963,514	9,755,793	56,719,307	51,631,1
EXPENDITURES AND OTHER DEDUCTIONS:						
Education and general	44,359,712	3,668,953	48,028,665	9,588,583	57,617,248	50,389,3
Indirect costs recovered	--	--	--	60,175	60,175	53,4
Cancellation of loan principal and interest	--	--	--	--	--	--
Administrative costs reimbursed	--	--	--	84,336	84,336	82,2
Collection costs	--	--	--	--	--	--
Disposal of equipment (Note 10)	--	--	--	--	--	--
Refunds to grantors	--	--	--	--	--	--
Provision for doubtful student loans	--	--	--	--	--	--
Total expenditures and other deductions	44,359,712	3,668,953	48,028,665	9,733,094	57,761,759	50,525,1
TRANSFERS AMONG FUNDS AND OTHER ADDITIONS (DEDUCTIONS):						
Mandatory transfers:						
Loan fund matching grant	--	--	--	(87,613)	(87,613)	(70,6
Total mandatory transfers	--	--	--	(87,613)	(87,613)	(70,6
Other transfers:						
Transfers (to) from current unrestricted fund	8,609	--	8,609	--	8,609	(8,6
Transfers from Board of State Colleges	33,395	--	33,395	22,689	56,084	37,1
Total other transfers	42,004	--	42,004	22,689	64,693	28,5
NET INCREASE (DECREASE) FOR YEAR	(1,499,568)	476,421	(1,023,147)	(42,225)	(1,065,372)	1,063,8
FUND BALANCES, beginning of year	1,547,066	1,580,774	3,127,840	128,541	3,256,381	2,192,5
FUND BALANCES, end of year	\$ 47,498	\$2,057,195	\$ 2,104,693	\$ 86,316	\$ 2,191,009	\$ 3,256,3

See notes to financial statements.

LOAN FUNDS		PLANT FUNDS	
1990	1989	INVESTMENT IN PLANT	
1990	1989	1990	1989
\$ --	\$ --	\$ --	\$ --
--	--	--	--
--	--	--	--
115	4,665	--	--
797,118	636,233	--	--
6,110	5,012	--	--
211,451	154,478	--	--
--	--	33,271	21,308
--	--	<u>1,149,028</u>	<u>1,353,758</u>
1,014,794	800,388	1,182,299	1,375,066
--	--	--	--
--	--	--	--
174,710	161,252	--	--
26,160	20,112	--	--
39,630	31,599	--	--
--	--	1,966,226	623,288
4,823	2,194	--	--
<u>145,340</u>	<u>191,666</u>	--	--
390,663	406,823	1,966,226	623,288
87,613	70,693	--	--
<u>87,613</u>	<u>70,693</u>	--	--
(8,609)	8,609	--	--
--	--	--	--
<u>(8,609)</u>	<u>8,609</u>	--	--
703,135	472,867	(783,927)	751,778
<u>4,184,956</u>	<u>3,712,089</u>	<u>6,846,078</u>	<u>6,094,300</u>
<u>\$4,888,091</u>	<u>\$4,184,956</u>	<u>\$6,062,151</u>	<u>\$6,846,078</u>





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

STATEMENT OF CURRENT FUNDS REVENUES,  
EXPENDITURES AND OTHER CHANGES  
YEAR ENDED JUNE 30, 1990  
(With comparative totals for the year ended June 30, 1989)

	STATE APPROPRIATED FUNDING	AUXILIARY AND SELF-FUNDED	UNRESTRICTED TOTAL		RESTRICTED	
			1990	1989	1990	1989
REVENUES:						
Tuition and fees	\$16,437,696	\$1,854,522	\$18,292,218	\$16,985,184	\$ --	\$ --
State appropriations	25,851,899	--	25,851,899	24,431,170	--	--
Federal grants and contracts	60,175	153,829	214,004	193,486	7,237,531	5,654,820
State grants and contracts	--	--	--	--	2,215,667	1,954,936
Private gifts, grants and contracts	--	7,078	7,078	64,581	222,998	109,536
Sales and services - education	--	1,235,675	1,235,675	1,210,306	--	--
Sales and services - auxiliary	--	125,534	125,534	125,764	--	--
Other sources	468,370	768,736	1,237,106	847,052	--	--
Total revenues	42,818,140	4,145,374	46,963,514	43,857,543	9,676,196	7,719,292
EXPENDITURES AND MANDATORY TRANSFERS:						
Expenditures:						
Instruction	22,136,658	926,528	23,063,186	21,423,540	563,847	767,816
Research	--	--	--	--	--	12,000
Public service	--	68,125	68,125	67,472	281,959	105,562
Academic support	6,626,972	46,625	6,673,597	5,798,432	179,728	151,532
Student services	3,455,776	2,480,223	5,935,999	5,026,798	679,584	706,454
Institutional support	7,180,303	147,452	7,327,755	5,916,179	97,438	87,222
Operation and maintenance of plant	4,764,419	--	4,764,419	4,474,673	--	--
Scholarship and grants	195,584	--	195,584	169,414	7,786,027	5,818,013
Total expenditures	44,359,712	3,668,953	48,028,665	42,876,508	9,588,583	7,648,599
Mandatory Transfers:						
Loan Fund Matching Grant	--	--	--	--	87,613	70,693
Total mandatory transfers	--	--	--	--	87,613	70,693
Total expenditures and mandatory transfers	44,359,712	3,668,953	48,028,665	42,876,508	9,676,196	7,719,292
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):						
Transfer from Board of State Colleges	33,395	--	33,395	37,163	22,689	--
Transfer (to) from loan fund	8,609	--	8,609	(8,609)	--	--
Excess (deficiency) of restricted receipts over transfer to revenues	--	--	--	--	(64,914)	54,291
Total other additions (deductions)	42,004	--	42,004	28,554	(42,225)	54,291
NET INCREASE (DECREASE) IN FUND BALANCES	\$(1,499,568)	\$ 476,421	\$(1,023,147)	\$ 1,009,589	\$ (42,225)	\$ 54,291

See notes to financial statements.

TOTAL	
1990	1989
\$18,292,218	\$16,985,184
25,851,899	24,431,170
7,451,535	5,848,306
2,215,667	1,954,936
230,076	174,117
1,235,675	1,210,306
125,534	125,764
<u>1,237,106</u>	<u>847,052</u>
56,639,710	51,576,835
23,627,033	22,191,356
--	12,000
350,084	173,034
6,853,325	5,949,964
6,615,583	5,733,252
7,425,193	6,003,401
4,764,419	4,474,673
<u>7,981,611</u>	<u>5,987,427</u>
57,617,248	50,525,107
<u>87,613</u>	<u>70,693</u>
<u>87,613</u>	<u>70,693</u>
57,704,861	50,595,800
56,084	37,163
8,609	(8,609)
<u>(64,914)</u>	<u>54,291</u>
<u>(221)</u>	<u>82,845</u>
<u>\$(1,065,372)</u>	<u>\$ 1,063,880</u>





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1990  
(With comparative numbers for the year ended June 30, 1989)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Metropolitan State College of Denver (the College) are presented in accordance with fund accounting guidelines set forth in the American Institute of Certified Public Accountants' industry audit guide, Audits of Colleges and Universities, and the National Association of College and University Business Officers' publication, College and University Business Administration.

The financial statements of the College have been prepared on the accrual basis. The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period, as would a statement of income or a statement of revenues and expenses.

Accounting and reporting activities for resources are performed within funds established, based upon the activities and purposes for which the resources are to be used. A separate group of self-balancing accounts is used for each fund; however, in the accompanying financial statements, funds having similar characteristics and purposes have been combined and reported upon as groups of funds.

Within each group of funds, fund balances restricted by outside sources have been identified. Externally restricted funds may only be utilized in accordance with the restrictions placed upon the resources by the external source. Within the restricted group of funds, revenue is recognized only to the extent that expenditures are made. Resources received in excess or deficiency of expenditures made are recorded as "Excess (Deficiency) of Restricted Receipts Over Transfer to Revenues" in the Statement of Current Funds Revenues, Expenditures and Other Changes.

Plant Fund assets are recorded at acquisition cost or fair value at date of acquisition. Depreciation on these assets is not recorded. When Current Funds are used to finance additions and normal replacement of movable equipment in Plant Fund assets, the acquisition costs are accounted for as expenditures in Current Funds.

Summer session tuition and expenditures are deferred to the subsequent year's operations.

Interest on loans to students is recognized as income when received.



The College is an agency of the State of Colorado. A significant portion of the College's operations and activities is funded through state appropriations. Earned revenue in excess of augmenting revenue allocations is transferred to the Board of State Colleges.

Recording the liability for compensated absences results in fund balance deficits which will be funded by state appropriations, federal funds or other funding sources available in future years when the liability is to be paid.

College employees may accrue annual and sick leave based on length of service, but subject to certain limitations on the amount which will be paid upon termination. The estimated cost of compensated absences for which employees are vested is as follows:

	<u>ANNUAL LEAVE</u>	<u>SICK LEAVE</u>	<u>COMBINED</u>
June 30, 1990	\$813,811	\$38,058	\$851,869
June 30, 1989	\$775,107	\$39,463	\$814,570

Certain June 30, 1989 revenue, expenditures and liabilities have been reclassified for consistent presentation with June 30, 1990 account balances.

## 2. DEPOSITS WITH FINANCIAL INSTITUTIONS

At year ended June 30, 1990, the College had \$5,578,959 on deposit with the State Treasurer, which consists of \$5,789,649 carried on the College's books as cash on deposit with State Treasurer less \$210,690 due to the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year end, the carrying amount of the College's deposits was \$324,271 and the bank balance was \$2,429,972, all of which were covered by collateral held in the pledging institution's trust department in the name of the public deposit pool, as required by the Public Deposit Protection Act.



### 3. CAPITAL LEASE PAYABLE

The following is a schedule, by year, of future minimum lease payments for equipment acquired under a capital lease, together with the present value of the net minimum lease payments as of June 30, 1990. The book value of the equipment capitalized under this agreement is \$5,383.

YEARS ENDING <u>JUNE 30.</u>	
1991	\$2,805
1992	2,532
1993	<u>1,266</u>
Total minimum lease payments	6,603
Less amount representing interest	<u>1,220</u>
Present value of net minimum lease payments	<u>\$5,383</u>

### 4. OPERATING LEASES

The College leases building space and equipment under operating lease agreements. Total rental expense for the year ended June 30, 1990 under these agreements was \$447,377.

Minimum future rentals (excluding contingent rentals) required by the above agreements are as follow:

YEARS ENDING <u>JUNE 30.</u>	
1991	\$461,267
1992	414,574
1993	39,027

### 5. METROPOLITAN STATE COLLEGE FOUNDATION, INCORPORATED - A RELATED PARTY

Metropolitan State College Foundation, Incorporated (the Foundation) is a not-for-profit corporation formed to promote the welfare, development, growth and well-being of the College. The Foundation engages in activities that may be beyond the scope of the Trustees of the Board of State Colleges in Colorado. The Foundation's financial records are maintained separately from the College's financial accounting system.

The condensed financial statements of the Foundation for the year ended June 30, 1990 with comparative totals for the year ended June 30, 1989 are summarized on the following pages. These financial statements are not combined with the financial statements of the College.



# BALANCE SHEETS

	<u>JUNE 30.</u>	
	<u>1990</u>	<u>1989</u>
<u>Assets</u>		
Cash and temporary cash investments	\$740,019	\$476,991
Receivables and deposits	6,441	5,516
Fixed assets	<u>24,728</u>	<u>21,940</u>
Total Assets	<u>\$771,188</u>	<u>\$504,447</u>
<u>Liabilities and Fund Balance</u>		
Liabilities	\$454,045	\$237,241
Fund balance	<u>317,143</u>	<u>267,206</u>
Total Liabilities and Fund Balance	<u>\$771,188</u>	<u>\$504,447</u>

## STATEMENTS OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE

	<u>YEAR ENDED JUNE 30.</u>	
	<u>1990</u>	<u>1989</u>
Support and revenue:		
Support - contributions	\$136,173	\$123,464
Revenue	<u>279,478</u>	<u>292,246</u>
Total support and revenue	<u>415,651</u>	<u>415,710</u>
Expenses:		
Payment to or for the benefit of Metropolitan State College of Denver	335,325	378,104
Other expenses	<u>56,219</u>	<u>48,377</u>
Total expenses	<u>391,544</u>	<u>426,481</u>
Excess of support and revenue over (under) expenses before capital additions	24,107	(10,771)
Capital additions	<u>25,830</u>	<u>22,950</u>
Excess of support and revenue over expenses after capital additions	49,937	12,179
Fund balance, beginning of year	<u>267,206</u>	<u>255,027</u>
Fund balance, end of year	<u>\$317,143</u>	<u>\$267,206</u>





## 6. CONTINGENT LIABILITIES

Amounts expended under the terms of certain grants and contracts are subject to audit and possible adjustment by governmental agencies. In the opinion of College management, any adjustments will not have a material adverse effect on the accompanying financial statements.

## 7. PENSION PLAN

The College's principal employee pension plan is the Public Employees' Retirement Association of Colorado (PERA). PERA is a cost-sharing multiple-employer public employee retirement system.

Substantially all full-time employees of the College are covered by PERA. The College's total payroll for the fiscal year ended June 30, 1990 was \$28,991,012; the total payroll of College employees covered by PERA was \$24,349,685. Employer and employee obligations to contribute to PERA are established under Colorado State Law; specifically, Title 24, Article 51 of Colorado Revised Statutes (C.R.S.). For the current fiscal year, the College's contribution to PERA was \$2,968,371, which is 12.2% of covered payrolls and \$2,707,844 for June 30, 1989. Contributions by employees were \$1,947,574, which is 8% of covered payrolls.

The College's contribution to PERA for the calendar year ended December 31, 1989 was approximately .69% of all employer contributions to PERA for the year ended December 31, 1989.

An employee is eligible for full retirement benefits at age 55 with at least 30 years service with the College and other entities covered by PERA, at age 60 with at least 20 years service or at age 65 with at least 5 years service, or by earning 35 or more years of credited service. Reduced retirement benefits are available at age 55 with at least 20 years service or at age 60 with at least 5 years service.

Disability and survivors benefits are also available. There was no change in PERA benefits during the year. PERA benefits vest after five years service with covered employers. Benefit provisions are established under Colorado State Law; specifically, Title 24, Article 51, C.R.S.

During the current fiscal year, there were no changes in benefit provisions or in the actuarial funding method. The amortization period for unfunded actuarial accrued liabilities was decreased from 28 years to 25 years.

The pension benefit obligation, which is the actuarial measure of the present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users of the College's financial statements assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERA and other pension programs and among employees. As



of December 31, 1989, the total pension benefit obligation of the State Division within PERA was \$3,503,037,000. Net assets of the division available for benefits, at fair market value, were \$3,639,225,000.

The annual report of PERA for the calendar year 1989 provides historical trend information under the heading "Schedule of Funding Progress." This historical trend information shows the progress being made in accumulating sufficient assets to pay benefits when due.

PERA's assets do not include any loans or securities of the College.

#### 8. CAMPUS SHARED COSTS

The College's portion of campus shared costs for the Auraria Campus, where the College is located, is as follows:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>1990</u>	<u>1989</u>
Administration of Auraria Higher Education		
Center and operation and maintenance of plant	\$4,500,013	\$4,331,480
Library and media center	<u>2,616,075</u>	<u>2,474,678</u>
	<u>\$7,116,088</u>	<u>\$6,806,158</u>

These campus shared costs have been included in the functional expenditure categories of the statements of current funds revenues, expenditures and other changes as follows:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>1990</u>	<u>1989</u>
Operation and maintenance of plant	\$4,500,013	\$4,331,480
Academic support	<u>2,616,075</u>	<u>2,474,678</u>
	<u>\$7,116,088</u>	<u>\$6,806,158</u>

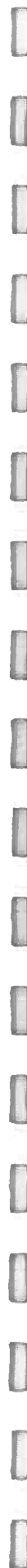


9. RECONCILIATION OF ALLOCATED APPROPRIATION FUNDING SOURCES TO FINANCIAL STATEMENT REVENUES FOR THE YEAR ENDED JUNE 30, 1990:

	GENERAL FUND	CASH FUNDS	TOTAL UN- RESTRICTED FUNDS	SPONSORED PROGRAMS AND OTHER RESTRICTED FUNDS	TOTAL
Allocated appropriation funding	\$25,852,000	\$16,966,000	\$42,818,000	\$ --	\$42,818,000
State grants and contracts	--	--	--	2,216,000	2,216,000
Federal grants and contracts	--	154,000	154,000	7,237,000	7,391,000
Student fees	--	1,854,000	1,854,000	--	1,854,000
Other student activity sources	--	769,000	769,000	--	769,000
Private gifts, grants and contracts	--	7,000	7,000	223,000	230,000
Sales and services - education	--	1,236,000	1,236,000	--	1,236,000
Sales and services - auxiliary	--	126,000	126,000	--	126,000
Financial statement revenues	<u>\$25,852,000</u>	<u>\$21,112,000</u>	<u>\$46,964,000</u>	<u>\$9,676,000</u>	<u>\$56,640,000</u>

10. DISPOSAL OF EQUIPMENT

In accordance with the state fiscal rules and the State of Colorado Higher Education Accounting Standard No. 5, all equipment at the College with a book value less than \$500 and all computer software previously recorded through the period ending June 30, 1989 have been removed from the College's Plant Fund. Included in disposal of equipment is \$267,523 of computer software and \$1,392,755 of equipment with a book value of less than \$500, which were deleted from the College's records.





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Members of the Legislative Audit Committee  
State of Colorado

In planning and performing our audit of the financial statements of Metropolitan State College of Denver (the College) for the year ended June 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the College.

This report is intended solely for the use of the College, members of the Legislative Audit Committee and Colorado Commission of Higher Educations, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon release by the Legislative Audit Committee, is a matter of public record.

*Deloitte & Touche*

October 8, 1990





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

AUDITORS' FINDINGS AND RECOMMENDATIONS REGARDING  
INTERNAL ACCOUNTING CONTROLS  
JUNE 30, 1990

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1. EDP DISASTER PLANNING

Finding - The College has not completed a disaster recovery plan for its data processing facility.

Recommendation - We recommend that the College place a higher priority on funding for the development of a comprehensive plan. This plan should include a test execution and adequate staff training on appropriate documentary procedures when on-line entry of data is not possible.

College's Response - The College recognizes the need for completion of a disaster recovery plan and for testing this plan. Full implementation of a disaster recovery plan will depend on the College's priorities relative to funding computer needs.

2. AUTOMATED DATA PROCESSING SCHEDULING SYSTEM

Finding - Many of the batch jobs that are run on a nightly or weekly basis at the College have dependencies. For example, one job cannot be executed until several other jobs are successfully completed. Because of limitations in existing scheduling software, batch jobs must be scheduled sequentially. A more sophisticated scheduling system would allow for the development of more complex dependency scheduling and could potentially lead to a significant reduction in the overall amount of time needed to complete nightly batch runs and reduce the lagtime in obtaining needed reports.

Recommendation - We recommend that this system be investigated and that the possibility of using a more advanced scheduling software package be examined.

College's Response - The College recognizes the need for a more sophisticated batch scheduling software. Implementation will depend on the College's priorities relative to funding computer needs.

3. BANK RECONCILIATIONS

Finding - During our testing we found that the payroll and accounts payable bank accounts are not being reconciled on a timely basis.



Recommendation - We recommend that these accounts be reconciled shortly after the bank statements are received. We also recommend that reconciling items be cleared as soon as possible.

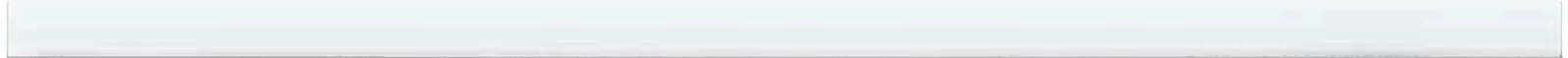
College's Response - The College recognizes the need for the timely reconciliations of our bank statements and journalization of our reconciling items. Effective November 1990, reconciliations will be prepared and journal entries made within one month of receipt of our bank statements.

#### 4. APPROVAL OF REFUND CHECKS

Finding - During our testing we found that both financial aid refund checks as well as regular student refund checks are reviewed for propriety, however, no written documentation of this approval is being performed.

Recommendation - We recommend that as refunds are reviewed, the reviewer sign indicating approval.

College's Response - Currently, final approval is given for student refund checks when the Accounts Receivable Supervisor authorizes the check run request. Effective November 1990, the Accounts Receivable Supervisor will sign and date the working copy of the check refund report and keep this copy on file for the fiscal year.



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS  
JUNE 30, 1990

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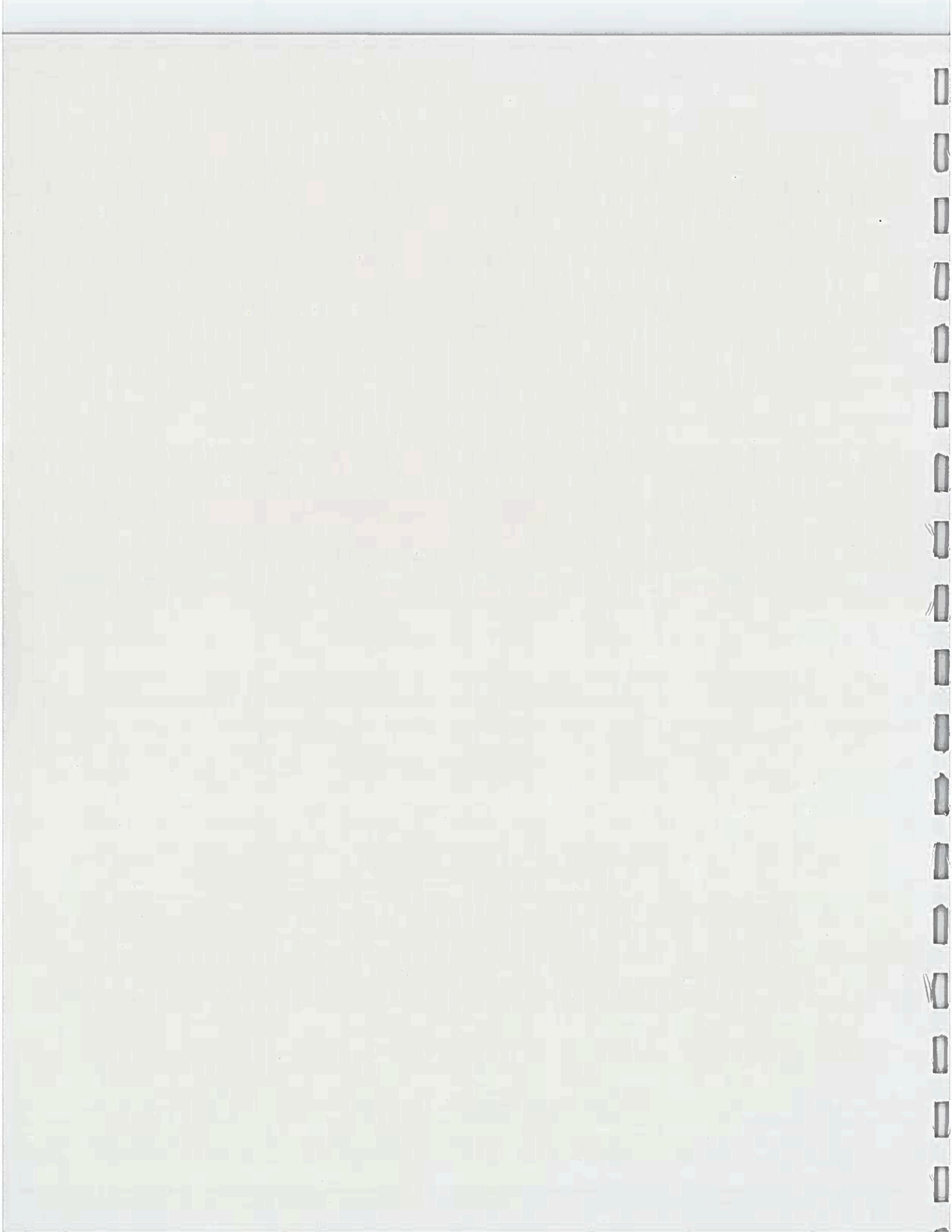
<u>RECOMMENDATIONS</u>	<u>DISPOSITION</u>
<u>EDP Disaster Planning</u>  We recommend that the College place a higher priority on funding for the development of a comprehensive plan. This plan should include a test execution and adequate staff training on appropriate documentary procedures when on-line entry of data is not possible.	See current year finding and recommendation No. 1.
<u>Automated Data Processing Scheduling System</u>  We recommend that this system be investigated and that the possibility of using a more advanced scheduling software package be examined.	See current year finding and recommendation No. 2.



**STATE OF COLORADO**  
**METROPOLITAN STATE COLLEGE OF DENVER**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES,  
TRANSFERS AND REVERSIONS OF THE STATE-FUNDED  
STUDENT ASSISTANCE PROGRAMS FOR THE YEAR ENDED  
JUNE 30, 1990 AND INDEPENDENT AUDITORS' REPORT**





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
YEAR ENDED JUNE 30, 1990

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INTRODUCTION

Metropolitan State College of Denver (the College) is a state-supported institution of higher education located in Denver, Colorado.

Our financial and compliance audit of the various state-funded student assistance programs at the College for the year ended June 30, 1990 was directed toward the objectives and criteria set forth in the "Colorado Handbook for State-Funded Student Assistance Programs" issued by the Colorado Commission on Higher Education (CCHE), March 1990 revision. The state-funded student assistance programs were audited simultaneously with the federal assistance programs for the year ended June 30, 1990.

STATE FUNDED ASSISTANCE PROGRAMS

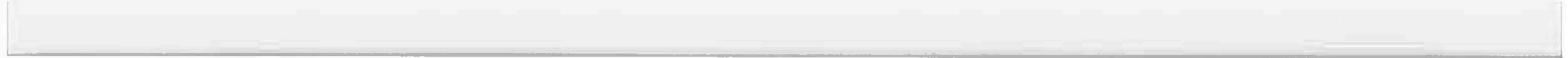
The various state-funded student assistance programs at the College include the Colorado Student Incentive Grant Program (CSIG), Colorado Student Grant Program (CSG), Colorado Work-Study Program (CWS), Undergraduate Merit Program (Merit), the Colorado Nursing Scholarship Program and the Colorado Diversity Grant Program (CDG). State funds are also provided as matching for the Perkins Student Loan Program (Perkins) and Income Contingent Loan Student Loan Program (ICL).

The state-funded student assistance awards made by the College were \$2,181,883 during the fiscal year ended June 30, 1990. In addition, total state-funded matching funds of \$32,057 and \$55,556 during the fiscal year 1990 were transferred to the Perkins and ICL Student Loan Funds, respectively.

The Director of Financial Aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the College in federal and state financial aid programs. The College Controller is responsible for the programs' financial management, general ledger accounting, payments and collections.

During the audit period, Metropolitan State College of Denver obtained authorizations to award federal student financial aid funds of \$5,495,360 in the Pell Grant Program, \$486,071 in the Supplemental Education Opportunity Grant Program, \$438,063 in the College Work-Study Program, \$297,118 in Perkins and \$500,000 in ICL.

During the audit period, Metropolitan State College of Denver was authorized to award Colorado student financial aid funds of \$115,093 in the CSIG, \$815,367 in CSG, \$625,029 in Merit, \$59,218 in CDG and \$566,650 in CWS.



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

REPORT SUMMARY

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PURPOSES AND SCOPE OF AUDIT

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of Government Auditing Standards issued by the Comptroller General of the United States. The purpose of the audit was to formulate an opinion on the statement of student aid program appropriations, expenditures and reversions for the fiscal year ended June 30, 1990, and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements and CCHE directives which are set forth in the handbook.

Our audit included:

- Expressing an opinion on the statements of student aid program appropriations, expenditures and reversions.
- Evaluation of the policies, procedures, and practices used to administer these programs.
- Determination of compliance with applicable sections of the CCHE guidelines contained in the "Colorado Handbook for State-Funded Student Assistance Programs," 1990 revision.

The audit covered the period July 1, 1989 through June 30, 1990 and field work was performed during the period September 11, 1990 through October 8, 1990 at the College's Business and Student Financial Aid Offices.

SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT RECOMMENDATIONS

The audit report for the year ended June 30, 1989, included 6 recommendations. The disposition of these audit recommendations at October 8, 1990, was as follows:

Implemented	5
Partially Implemented	--
Not implemented	<u>1</u>
Total	<u><u>6</u></u>



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 1990

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1. BASIS OF ACCOUNTING

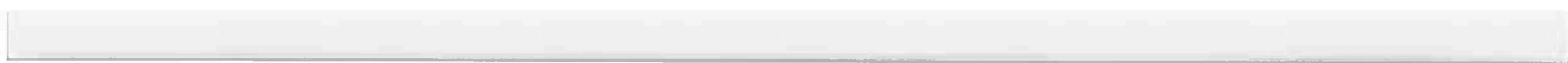
The accounting system of Metropolitan State College of Denver is structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Offices in its revised publication, College and University Business Administration, as supplemented by the American Institute of Certified Public Accountants industry audit guide, Audits of Colleges and Universities.

The Perkins and ICL Student Loan matching requirement from general funds, as approved by the CCHE, is recorded as a transfer from general funds to loan funds and not as a general fund expense and loan fund revenue.

All student aid is expensed on a cash basis except for the CWS. The CWS is on the accrual basis in that the expense is recognized when the services are performed.

2. COLORADO STUDENT INCENTIVE GRANTS

Colorado Student Incentive Grants consist of 50% non-federal state funds and 50% federal funds.





## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE)

Members of the Legislative Audit Committee  
State of Colorado

We have audited the financial statements of the Metropolitan State College of Denver (the College) for the year ended June 30, 1990, and have issued our report thereon dated October 8, 1990. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering state-funded student assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, and the procedures prescribed by the Colorado Commission on Higher Education (CCHE). For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering state-funded student assistance programs in the following categories:

### Accounting Controls

- . Receivables
- . Cash receipts
- . Purchasing
- . Accounts payable
- . Cash disbursements
- . Payroll
- . General ledger

### Controls used in Administering State Programs

- . Specific Requirements
  - .. Types of services
  - .. Eligibility
  - .. Matching level of effort
  - .. Reporting
  - .. Cost allocation
  - .. Special requirement, if any

The management of the College, is responsible for establishing and maintaining internal control systems used in administering state-funded student assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering state-funded student assistance programs are to provide





Members of the Legislative Audit Committee  
State of Colorado

management with reasonable, but not absolute, assurance that, with respect to state-funded student assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse, and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering state-funded student assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all the applicable control categories listed above. With respect to internal control systems used in administering state-funded student assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the state-funded student assistance programs of the College. Accordingly, we do not express an opinion on the internal control systems used in administering the state-funded assistance programs of the College.

Our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a state-funded student assistance programs of the College. The results of our audit procedures did, however, disclose certain immaterial weaknesses in the internal control structure, which are described in the accompanying Independent Auditors' Comments and Recommendations.

This report is intended solely for the use of Legislative Audit Committee, management and the cognizant state and federal agencies from which the College receives funding. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Dalzell & Touche*

October 8, 1990



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
INDEPENDENT AUDITORS' COMMENTS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 1990

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FINDING NO. 1:

Of 15 merit awards tested, one was found which did not meet the academic eligibility criteria for cumulative GPA as defined in the College's '89-90 Institutional Program Plan. The student was awarded an athletic award for the Spring '90 semester, however, she had less than a 2.0 cumulative GPA for the Fall '89 term.

RECOMMENDATION NO. 1:

The College should establish a formal policy defining which office (awarding office or financial aid office) is responsible for reviewing eligibility requirements before merit awards are granted. This policy should then be enforced.

COMMENTS ON FINDING AND RECOMMENDATION NO. 1:

According to the athletic office, a student may be held out of competition if the G.P.A. falls below 2.0 cumulative, but the merit scholarship will only be canceled by the financial aid office. The two offices need to clearly define who will check the 2.0 cumulative requirement and add any changes necessary to the institutional plan.

ACTIONS TAKEN OR PLANNED:

Until further decisions are made in this matter, the financial aid office will check the merit scholarship recipients eligibility.

FINDING NO. 2:

While reviewing 15 CSIG recipients for financial need, it was noted that one student was overawarded by \$504 in Colorado Work Study. A system is currently in place whereby the financial aid office distributes to personnel a listing of awards versus amounts earned to date. The personnel department is then responsible for distributing to work study supervisors information regarding the status on the awards. Work study supervisors are then responsible for ensuring students do not overearn the awards by controlling hours worked.

RECOMMENDATION NO. 2:

Although the overaward was discovered by the financial aid office and the award was properly carried over as a student contribution to the 1991 financial need analysis, the College should stress to department supervisors the importance of monitoring the work study recipients for overearning on their awards.



COMMENTS ON FINDING AND RECOMMENDATION NO. 2:

The financial aid office relies on the student personnel office to monitor students earnings on work-study. As stated in the finding, the financial aid office does carry forward any over-award, but there does need to be improved monitoring of student earnings and enforcement of over-earnings on work-study awards.

ACTIONS TAKEN OR PLANNED:

Better coordination between the personnel office and the student work-study employers will be implemented.

FINDING NO. 3:

One student who received both CSG and CSIG awards indicated on the American College Testing application (ACT) that he had previously attended another school, however, there was no financial aid transcript (FAT) in the student's file for this institution. The financial aid office was able to obtain a copy of this transcript during our audit (transcript was dated September 27, 1990). This student had passed the one-term grace period for FATs.

Another student who received a CSIG award also indicated on his ACT that he had attended another college for which no FAT could be found. Although there was some indication that the student had never attended the college (previous school was not listed on his current ACT) and this fact was subsequently confirmed by financial aid personnel with the college, there was no indication in the student's file that the financial aid office had followed-up on the information after receiving the '89-90 ACT. (NOTE/This student had also passed the one-term grace period for FATs).

RECOMMENDATION NO. 3:

The College should design and implement a system to ensure all proper financial aid transcripts are obtained and that incorrect information is followed-up on.

COMMENTS ON FINDING AND RECOMMENDATION NO. 3:

The College is aware of this situation.

ACTIONS TAKEN OR PLANNED:

The college will establish proper communication procedures between the admissions office and financial aid office to insure that all institutions listed on a student's admission application will be included on the data base for access by the financial aid software. This will prevent future omission of financial aid transcripts for schools listed with the admissions office, but not listed by the student on the financial aid application. No action will be necessary to compare schools listed on the CFAR due to those questions being dropped completely from the new ACT application.



FINDING NO. 4:

One of the 15 files tested for the CDG did not have an award letter. The award letter is required since it documents the offer and acceptance of the award.

RECOMMENDATION NO. 4:

After the student signs the award letter, it should be placed in the student's file before approval to disburse funds is given.

COMMENTS ON FINDING AND RECOMMENDATION NO. 4:

The award letter was recorded on our system, but misfiled.

ACTIONS TAKEN OR PLANNED:

A duplicate award letter has been signed and put in the student's file.





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
DISPOSITION OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 1990

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PRIOR YEAR FINDING NO. 1:

The College's policy on CDG requires students to be freshmen to receive these funds. One student who received this award did not meet the requirements. We recommended that the College ascertain the eligibility status of participants at the end of each semester.

DISPOSITION:

The College has changed its eligibility policy and no instances of non-compliance with the policy were noted in the current year. This finding is resolved.

PRIOR YEAR FINDING NO. 2:

Students' award/acceptance letters did not agree to final disbursed amounts. We recommended that when awards are changed, the institution should obtain revised signed award/acceptance letters.

DISPOSITION:

Implemented.

PRIOR YEAR FINDING NO. 3:

One of the grant recipients received an overaward. We recommended that whenever a student's enrollment status, resources, or eligibility changes, a new award package should be produced.

DISPOSITION:

The College has implemented a new software program which precludes overawards on grants. This finding is resolved.

PRIOR YEAR FINDING NO. 4:

The allocation requirement of CWS funds between needed and needed-based students was not met. We recommended adherence to the CCHE limitations.

DISPOSITION:

The allocation requirement was met in the current year. This finding is resolved.



PRIOR YEAR FINDING NO. 5:

One file for Merit did not have an award letter. We recommended that signed award letters be placed in the student's file.

DISPOSITION:

The client was unable to produce the award letter. This compliance finding was noted in the current year as well. This finding is considered unresolved.

PRIOR YEAR FINDING NO. 6:

The College transferred funds in excess of 10% between state programs without written approval. We recommended that the proper approvals be received prior to such transfers.

DISPOSITION:

Verbal approval was received in the prior year. The College was in compliance for fiscal year 1990; this finding is considered resolved.



**STATE OF COLORADO**  
**METROPOLITAN STATE COLLEGE OF DENVER**

**Schedule of Changes in Federal Award Fund Balances  
For the Year Ended June 30, 1990 and  
Independent Auditors' Report**





## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF CHANGES IN FEDERAL AWARD FUND BALANCES

Members of the Legislative Audit Committee  
State of Colorado

We have audited the financial statements of Metropolitan State College of Denver for the year ended June 30, 1990 and have issued our report thereon dated October 8, 1990. These financial statements are the responsibility of the management of the College. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Metropolitan State College of Denver taken as a whole. The accompanying Schedule of Changes in Federal Award Fund Balances for the year ended June 30, 1990, which is also the responsibility of the management of the College, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

*Deloitte + Touche*

October 8, 1990





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

SCHEDULE OF CHANGES IN FEDERAL AWARD FUND BALANCES  
YEAR ENDED JUNE 30, 1990

CFDA PROGRAM NUMBER	FEDERAL AGENCY ADMINISTERING THE GRANT	GRANT OR CONTRACT	FUND BALANCE JUNE 30, 1989	FUND ADDITIONS			FUND BALANCE JUNE 30, 1990
				FEDERAL FUNDS	OTHER	FUND DEDUCTIONS	
16.600	Justice	Federal Correctional Institute	\$ --	\$ 9,416	\$ --	\$ 9,416	\$ --
47.000	NSF	Unclassified Grants and Contracts	--	138,228	--	138,228	--
27.009	OPM	Training Government Employees	--	1,606	--	1,606	--
84.003	Educational	Bilingual Education Program	--	114,288	--	114,288	--
84.016	Justice	Institute For International Studies	--	10,061	--	10,061	--
84.055	Education	Cooperative Education Program	--	78,265	--	78,265	--
84.964	Education	Veterans Education Outreach	--	18,071	--	18,071	--
84.042	Education	Special Services Program	--	106,175	--	106,175	--
84.047	Education	Upward Bound Programs	--	319,714	--	319,714	--
		Total Direct Federal Grants	--	795,824	--	795,824	--
84.007	Education	Supplemental Education Opportunity Grant	--	486,071	--	486,071	--
84.063	Education	Pell Grant Program	--	5,495,360	--	5,495,360	--
84.033	Education	College Work Study Program	--	403,683	--	403,683	--
84.038	Education	National Direct Student Loan Program (Perkins)	3,564,417	297,118	154,190	242,165	3,773,560
13.364	HHS	Nursing Student Loan Program	13,272	--	1,339	7,894	6,717
N/A	Education	Income Contingent Loan Program	586,542	500,000	140,657	140,603	1,086,596
		Total Federal Student Aid	4,164,231	7,182,232	296,186	6,775,776	4,866,873
84.027	CCHE	Education of Handicapped	--	(150)	--	(150)	--
43.000	CCHE	Federal JTPA - Youth Project	--	377	--	377	--
84.069	CCHE	Supplemental Student Incentive Grant	--	57,546	57,547	115,093	--
84.029	CCHE	Congressional Teacher Scholarship Program	--	20,000	--	20,000	--
17.250	CAA	National Youth Sports Program	--	95,905	--	95,905	--
43.000	NASA	Center For Advancement of Science, Engineering and Technology	--	37,037	--	37,037	--
		Total Pass-Through Funds	--	210,715	57,547	268,262	--
		Total Federal Awards	\$4,164,231	\$8,188,771	\$353,733	\$7,839,862	\$4,866,873



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

NOTES TO SCHEDULE OF CHANGES IN FEDERAL AWARD FUND BALANCES  
YEAR ENDED JUNE 30, 1990

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1. BASIS OF PRESENTATION

The accompanying Schedule of Changes in Federal Award Fund Balances (the schedule) has been prepared in the format set forth by the State of Colorado Division of Accounts and Control. The purpose of the schedule is to present a summary of the activities of Metropolitan State College of Denver (the College) for the year ended June 30, 1990 which have been financed by the U. S. Government.

For purposes of the schedule, federal awards have been classified into three types:

1. Direct federal awards consisting of federal assistance and procurement relationships entered into directly between the College and the U. S. Government
2. Federal student financial aid, and
3. Sub-awards received from non-federal organizations made under federally sponsored programs conducted by those organizations.

Because the schedule presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position, changes in fund balances, or the current funds revenues, expenditures and other changes of the College.

2. AWARDS OTHER THAN STUDENT LOANS

Deductions (expenditures) are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U. S. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State and Local Governments. Under those principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, the expenditures include a portion of cost associated with general College activities (indirect costs) which are allocated to federal awards' costs, and related revenues applicable to these cost recoveries are classified as unrestricted revenues in the College's financial statements. In the accompanying schedule, additions to restricted grants and contracts and other agreements are recognized when funds are either received or become due from the federal government.



### 3. STUDENT LOAN FUNDS

Student loans are funded by the federal government under various programs, e.g., Perkins Loan Program, National Direct Student Loan (NDSL), Income Contingent Loan Program (ICL) and Nursing Student Loan (NSL). Activity related to these loan programs in the accompanying schedule includes capital transactions such as federal and College contributions, loans canceled and changes in the allowance for uncollectible loans. It also reflects operating items, e.g., revenues arising from interest earned on loans and expenditures for administrative and collection costs.





## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE

Members of the Legislative Audit Committee  
State of Colorado

We have audited the financial statements of Metropolitan State College of Denver (the College) as of and for the year ended June 30, 1990 and have issued our report thereon dated October 8, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the College for the year ended June 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.





Members of the Legislative Audit Committee  
State of Colorado

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Revenue/receipts  
Purchases/disbursements  
Payroll  
Financial Reporting  
Eligibility

Our consideration of the internal control structure included all of the control categories listed above. The purpose of our consideration of the internal control structure was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the College in the Schedule of Internal Control Findings and Recommendations.

This report is intended for the information of the Legislative Audit Committee, management, and the cognizant state and federal agencies from which the College receives funding. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Dillette + Touche*

October 8, 1990





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INDEPENDENT AUDITORS' COMPLIANCE REPORT BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS

Members of the Legislative Audit Committee  
State of Colorado

We have audited the financial statements of Metropolitan State College of Denver (the College) as of and for the year ended June 30, 1990 and have issued our report thereon dated October 8, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the College is the responsibility of the College's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the College complied, in all material respects, with the provisions referred to in the third paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the College had not complied, in all material respects, with those provisions.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the College in the Schedule of Compliance Findings and Questioned Costs.

This report is intended for the information of the Legislative Audit Committee, management, and the cognizant state and federal agencies from which the College receives funding. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Deloitte + Touche*

October 8, 1990





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Members of the Legislative Audit Committee  
State of Colorado

We have audited the Metropolitan State College of Denver's (the College) compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1990. The management of the College is responsible for compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Compliance Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the College complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1990.

This report is intended for the information of the Legislative Audit Committee, management, and the cognizant state and federal agencies from which the College receives funding. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Deloitte + Touche*

October 8, 1990





## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE)

Members of the Legislative Audit Committee  
State of Colorado

We have audited the financial statements of the Metropolitan State College of Denver (the College), for the year ended June 30, 1990, and have issued our report thereon dated October 8, 1990. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, "Audits of State and Local Governments." For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

### Accounting Controls

- . Receivables
- . Cash receipts
- . Purchasing
- . Accounts payable
- . Cash disbursements
- . Payroll
- . General ledger

### Controls used in Administering Federal Programs

- . General Requirements
  - .. Political activity
  - .. Civil rights
  - .. Cash management
  - .. Federal financial reports





Members of the Legislative Audit Committee  
State of Colorado

- . Specific Requirements
  - .. Types of services
  - .. Eligibility
  - .. Matching level of effort
  - .. Reporting
  - .. Cost allocation
  - .. Special requirements, if any

The management of the College, is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse, and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all the applicable control categories listed above. During the year ended June 30, 1990, the College expended 75% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of the College, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of the College did not extend beyond this preliminary review phase.



Members of the Legislative Audit Committee  
State of Colorado

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the College. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the College. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the College.

Also, our audit, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

Our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance programs of the College. The results of our audit procedures did, however, disclose certain immaterial weaknesses in the internal control structure, which are described in the accompanying Schedule of Internal Control Findings and Recommendations.

This report is intended solely for the use of Legislative Audit Committee, management and the cognizant state and federal agencies from which the College receives funding. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*DeBette + Tausche*

October 8, 1990



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

SCHEDULE OF INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 1990

---

FINDING NO. 1:

During our testing it was noted that one Colorado Work Study Program award was incorrectly entered on the Student Information System as a summer-1 award. Per review of the award letter, the award actually covered both summer-1 and summer-2 sessions and the student earned college work study in both sessions.

RECOMMENDATION NO. 1:

Information entered and printouts received should be reviewed for accuracy.

COMMENTS ON FINDING AND RECOMMENDATION NO. 1:

The original summer work-study award covered summer-1 and summer-2. The award was inadvertently changed to show only summer-1 when a scholarship was added to the award.

ACTION TAKE OR PLANNED:

The error was a manual data entry error. The award has since been changed to show the correct amounts for summer 1 and 2.

FINDING NO. 2:

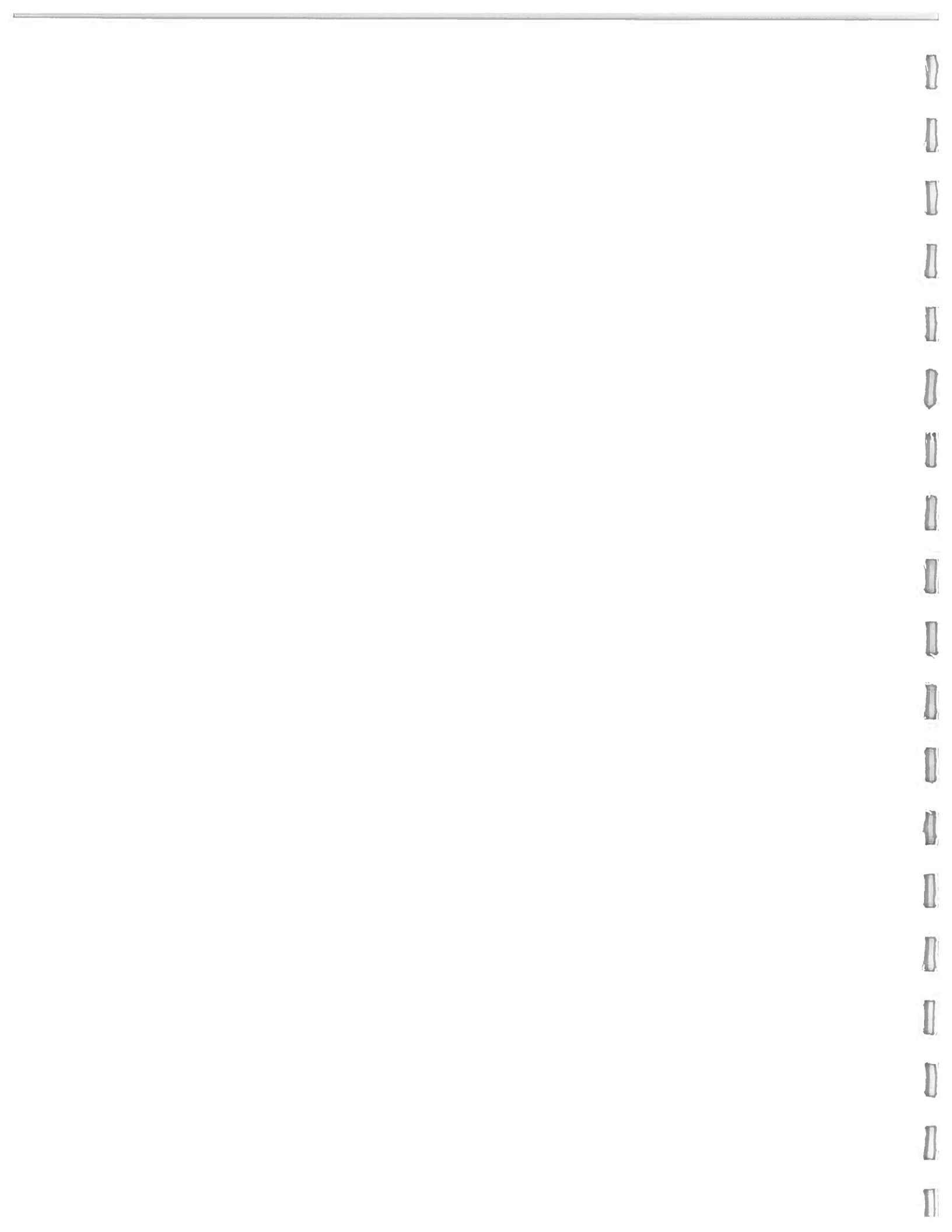
During our testing it was noted that the College financial aid office does not have a formal system in place to follow-up on the disposition of GSL/SLS loan applications. If a lender notifies the College of the disposition of a loan application, the financial aid office will update the student's financial aid file; however, if the lender does not, no further action is taken. The loan application disposition should be documented for file maintenance purposes, facilitation of accurate financial aid transcript transmittal and compliance with counseling requirements.

RECOMMENDATION NO. 2:

Trace and document all approved loans that are not received from the lending institution.

COMMENTS ON FINDING AND RECOMMENDATION NO 2:

Loans that have been denied by the lender or by the College show a "D" in the status column on screen 328, "Loan Snap Shot." Often the school is not made aware when the student does not follow through with corrections requested by the lender. In these cases the loan is not denied but not completed with the lender.



RECOMMENDATION NO. 5:

Since manual calculations are susceptible to error, procedures should be established to provide for the review of the completed worksheet prior to computer data entry which initiates the refund/repayment process.

COMMENTS ON FINDING AND RECOMMENDATION NO. 5:

No errors were found in the worksheet. The employee performing this duty always double checks his work for accuracy.

ACTION TAKEN OR PLANNED:

Ideally, a second person would check the worksheet but due to the current workload, it probably will not be implemented.

FINDING NO. 6:

The College does not have a system which verifies the names of the previously attended schools entered on the student's American College Testing (ACT) application versus those entered on the admissions application. Only the number of schools are verified. Admissions only records on the Student Information System those prior schools for which the College will transfer academic credits. Due to these system deficiencies, the financial aid department may not obtain the required financial aid transcripts, which are required for disbursement of student financial aid.

RECOMMENDATION NO. 6:

The College should establish adequate procedures for verifying previously attended schools and obtaining the proper financial aid transcripts.

COMMENTS ON FINDING AND RECOMMENDATION NO. 6:

The College is aware of this situation.

ACTION TAKEN OR PLANNED:

The college will establish proper communication procedures between the admissions office and financial aid office to insure that all institutions listed on a student's admission application will be included on the data base for access by the financial aid software. This will prevent future omission of financial aid transcripts for schools listed with the admission office but not listed by the student on the financial aid application. No action will be necessary to compare schools listed on the CFAR due to those questions being dropped completely from the new ACT application.





STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1990

---

FINDINGS NO. 1:

Two of the 50 GSL files tested did not contain signed check release forms. A signed check release form is required since it documents distribution of the award, and acceptance by the student.

RECOMMENDATION NO. 1:

Established procedures for processing and applying loan proceeds should be followed.

COMMENTS ON FINDING AND RECOMMENDATION NO. 1:

The College recognizes that there was a problem in the accountability for the GSL/SLS check release forms.

ACTIONS TAKEN OR PLANNED:

Effective June 1, 1990 new procedures were implemented for the release of all GSL/SLS checks and the handling of the GSL/SLS check releases. The financial aid and cashiers offices will keep copies of the signed release reports showing the movement of the check releases between both offices.

FINDING NO. 2:

Two of the 50 GSL files tested did not contain required financial aid transcripts (FAT). FAT's must be received within the semester following the student's first financial aid disbursement from the College. FAT's are required documents for the purpose of verifying that financial aid disbursements are not made to a student in default on loans or grants.

RECOMMENDATION NO. 2

Procedures should be established to follow-up on FAT's that are requested but not received. Information differences between admissions and ACT (regarding prior schools attended) should be followed up with the student and the results documented.

COMMENTS ON FINDING AND RECOMMENDATION NO. 2:

Of the two errors, one student never attended the previous institution indicated so no FAT is required. For the other student, we now have the FAT and the student never received aid at the previous institution.



RECOMMENDATION NO. 7:

All required documents should be maintained in the student files.

COMMENTS ON FINDING AND RECOMMENDATION NO. 7:

The financial aid office agrees with this finding.

ACTIONS TAKEN OR PLANNED:

One award letter has since been filed in the folder. The award was accepted on July 22, 1989. The other award letter has not been found even though the records show one was accepted on June 20, 1989. A duplicate award letter will be sent for the student to sign.

FINDING NO. 8:

Fourteen of 60 Perkins and ICL student files tested did not contain a signed copy of the student's rights and responsibilities. The statement of rights and responsibilities is a required document because it notifies the student of his or her rights and responsibilities regarding the loan.

RECOMMENDATION NO. 8:

Procedures should be established to ensure that loan funds are not disbursed until the statement of rights and responsibilities is received by the College.

COMMENTS ON FINDING AND RECOMMENDATION NO. 8:

The College recognizes that a procedural problem existed in the handling of the rights and responsibilities statement between the financial aid and loan offices.

ACTIONS TAKEN OR PLANNED:

Effective July 1, 1990 the loan office assumed the responsibility for the filing of the rights and responsibilities statements. A memo will be sent to the financial aid office informing them of the receipt of the completed statement from the student.

FINDING NO. 9:

One of the 50 SLS files tested contained an application that was not signed by a financial aid counselor. The counselor's signature is required to show approval of the financial aid award.



RECOMMENDATION NO. 9:

Established procedures for loan approval should be followed.

COMMENTS ON FINDING AND RECOMMENDATION NO. 9:

The loan was data transmitted on-line. We are not required to have a "signed" application. A copy of the application is in the student's file. Red "Data Transmitted On-Line" had been stamped on the application but did not show on the Xerox copy.

ACTION TAKEN OR PLANNED:

No action necessary.



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

DISPOSITION OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 1990

---

PRIOR YEAR FINDING NO. 1:

One file for a Perkins Loan did not contain a promissory note. We recommended that a tracking system be maintained to verify that all promissory notes have been received.

DISPOSITION:

The student signed a new promissory note and the note was filed in the student file. In addition, the tracking system has been implemented. This finding has been resolved.

PRIOR YEAR FINDING NO. 2:

One SLS disbursement was to a student studying abroad. There was no documentation as to how the student met the satisfactory academic progress requirements. We recommended that the College establish a procedure for determining satisfactory academic progress of students studying abroad.

DISPOSITION:

Implemented.

PRIOR YEAR FINDING NO. 3:

One SLS check release was not maintained in the student file. We recommended that established procedures regarding obtaining and retaining check releases be followed.

DISPOSITION:

The check release was not located; therefore, finding is considered unresolved. Missing check releases were noted in the current year as well, see Compliance Finding No. 1 unresolved.

PRIOR YEAR FINDING NO. 4:

One of the GSL applications was not present in the student file. We recommended that all required documents be maintained in the student files.

DISPOSITION:

Financial aid personnel could not locate the missing GSL application in the student file. Finding is considered unresolved. This compliance finding was noted in the current year as well, see Compliance Finding No. 3.





PRIOR YEAR FINDING NO. 5:

Refunds were not processed in a timely manner. We recommended that a system be established to process refunds timely.

DISPOSITION:

This is a current year finding as well, see Compliance Finding No. 5.

PRIOR YEAR FINDING NO. 6:

Financial aid counselors were not required to sign check requests for refunds. We recommended that the financial aid counselor's authorization be obtained.

DISPOSITION:

Implemented.

PRIOR YEAR FINDING NO. 7:

Several SLS student files did not contain statements of education purposes, default, and refunds. We recommended that these certificates be maintained in the students' files.

DISPOSITION:

Implemented.

PRIOR YEAR FINDING NO. 8:

The monitoring of Federal College Work Study award limits were not being controlled effectively. We recommended that monthly reconciliations of awards be performed.

DISPOSITION:

Implemented.



STATE OF COLORADO  
METROPOLITAN STATE COLLEGE OF DENVER

Independent Accountants' Report  
on the Application of Agreed Upon Procedures  
to the Intercollegiate Athletics Department  
Schedule of Revenues and Expenditures



Members of the Legislative Audit Committee  
State of Colorado

- c. We read the College's detail accounting records to identify all individual contributions received by the College's Intercollegiate Athletics Department (the Department) that individually constituted more than ten percent of the total contributions (\$46,910 x 10% = \$4,690) received by the College's Intercollegiate Athletics Program during the above period. We identified two such contributions which had been properly reported.
- d. We performed the following tests of reasonableness on operating data: compared actual amounts expended to budgeted amounts for revenues and expenditures; and compared ticket prices to attendance records and number of games for the major sports. No unusual items were noted in the performance of these procedures.

Because the above procedures "a" through "d" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with procedures "a" through "d" referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Department in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to the financial statements of the College or the Department taken as a whole.

Internal Control Structure: Policies and Procedures  
Related to Intercollegiate Athletics - Agreed-Upon Procedures

The management of the College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- e. We made inquiries of the Department's management regarding internal accounting controls unique to the Department and documented such procedures. Based on our inquiries, no material weakness in the control structure of the major sports came to our attention. However, there were no formal internal controls for the non-major sports. See Findings 2 and 3.



Members of the Legislative Audit Committee  
State of Colorado

- f. We made inquiries about the College's procedures for monitoring the Foundation's activities. We found that the Director of Athletics maintained direct primary control of the activities of the Foundation. Based on our inquiries, nothing came to our attention that would indicate that the procedures would not provide the College's Intercollegiate Athletics Director with a complete understanding of the activities sponsored by the Foundation for the year ended June 30, 1990.
- g. We selected twenty-five cash disbursements related to the College's Intercollegiate Athletics Programs and read the related document package and cancelled check indicating that all key accounting controls were functioning as represented to us by the College. We found that internal controls over such disbursements were not consistently applied to all expenditures. See Finding 1.
- h. We selected twenty-five cash receipts relating to the College's Intercollegiate Athletics Program and read the deposit transmittal, photocopy of receipt or other support indicating that all key accounting controls were functioning as represented to us by the College. We found that internal controls over such receipts were not consistently applied to all receipts. See Finding 1.

Agreed-upon procedures "e" through "h" applied to certain aspects of the College's system of internal accounting control and were more limited than would be necessary to express an opinion on the system of internal accounting taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedures "e" through "h" to certain aspects of the system of internal accounting control, we do not express an opinion on whether the system of internal accounting control of the College in effect for the year ended June 30, 1990, taken as a whole, was sufficient to meet the objectives stated above. In connection with applying our procedures, we did note certain opportunities for improvement in internal accounting controls. Our findings and recommendations are included with this report.

*Deloitte + Touche*

October 10, 1990





METROPOLITAN STATE COLLEGE OF DENVER  
INTERCOLLEGIATE ATHLETICS DEPARTMENT

SCHEDULE OF REVENUES AND EXPENDITURES  
YEAR ENDED JUNE 30, 1990

	<u>BASKETBALL</u>	<u>VOLLEYBALL</u>	<u>OTHER SPORTS</u>	<u>NON PROGRAM SPECIFIC</u>	<u>TOTAL PROGRAM</u>
<u>OPERATING REVENUES</u>					
Gate receipts	\$ 5,612	\$ 3,352	\$ 1,454	\$ --	\$ 10,418
Restricted grants/ financial aid	54,192	21,345	67,537	--	143,074
Student activity fees	167,119	44,221	52,960	180,700	445,000
Contributions:					
Miscellaneous gifts	431	363	804	4,979	6,577
MSCD Foundation	9,798	1,696	28,387	452	40,333
State appropriations	--	--	--	167,375	167,375
Miscellaneous income	--	--	--	58	58
Total Operating Revenues	237,152	70,977	151,142	353,564	812,835
<u>OPERATING EXPENDITURES</u>					
Salaries and benefits	117,819	30,921	7,910	217,521	374,171
Materials and supplies	40,069	6,128	26,267	59,291	131,755
Travel	25,115	12,600	40,567	20,251	98,533
Financial aid	<u>54,192</u>	<u>21,345</u>	<u>67,537</u>	<u>76,387</u>	<u>219,461</u>
Total Operating Expenditures	<u>237,195</u>	<u>70,994</u>	<u>142,281</u>	<u>373,450</u>	<u>823,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (43)</u>	<u>\$ (17)</u>	<u>\$ 8,861</u>	<u>\$(19,886)</u>	<u>\$(11,085)</u>



Finding 2:

The Department does not have formal internal controls over direct cash receipts for its non-major sports.

Recommendation:

The Department should either institute the procedures used for its major sports for its non-major sports or it should develop other controls for the non-major sports which better meet the requirements of these sports.

Response:

The Department will implement new procedures to document its receipts of cash transactions. Cash collections will be deposited with the cashiers the next business day or at the night depository after each major game. Small deposits will be made weekly with the cashiers. Supporting documentation for all deposits will be maintained by the Department with a copy of the deposit transmittal form.

A policy statement for the receipts of revenues for major and non-major sports will be added to the coach's manual. Compliance and review of these procedures will be monitored by the Athletic Director.

Finding 3:

The controls which the Department has in place for major sports over direct cash receipts are not applied to all transactions on a consistent basis. We noted in the course of testing gate receipts that tally sheets were not consistently maintained. Further, where the tally sheets were maintained, there was no evidence that a reconciliation was done between the revenue recorded and the cash collected. We also noted for a \$1,006 cash receipt, only \$250 was supported by adequate documentation. Lastly, we selected a cash receipt for \$205, which was not deposited in a timely manner.

Recommendation:

The Department should apply the procedures it has in place to all transactions for its major sports on a consistent basis.

Response:

The Department will implement new procedures to document its receipts of cash transactions. Cash collections will be deposited with the cashiers the next business day or at the night depository after each major game. Small deposits will be made weekly with the cashiers. Supporting documentation for all deposits will be maintained by the Department with a copy of the deposit transmittal form.

A policy statement for the receipt of revenues for major and non-major sports will be added to the coach's manual. Compliance and review of these procedures will be monitored by the Athletic Director.

