# REPORT OF

# THE

# STATE AUDITOR

## STATE COLLEGES IN COLORADO FINANCIAL AND STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS AUDITS

**FISCAL YEAR ENDED**
**JUNE 30, 1994**

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December 16, 1994

Members of the Legislative Audit Committee:

This report contains the results of the financial and state-funded student assistance programs audits of the State Colleges in Colorado. This report presents our findings and recommendations and the responses of the State Colleges in Colorado.

The auditor's reports on compliance and internal accounting and administrative controls included in this document are intended solely for the information and use of the Legislative Audit Committee, the State Colleges in Colorado, and the cognizant federal and state agencies from which the State Colleges receive grant monies, and should not be used for any other purpose. This restriction is not intended to limit distribution of this report, which upon release by the Legislative Audit Committee, is a matter of public record.

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STATE OF COLORADO
OFFICE OF STATE AUDITOR
TIMOTHY M. O'BRIEN
State Auditor

REPORT SUMMARY

# STATE COLLEGES IN COLORADO FINANCIAL AND STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS AUDITS FISCAL YEAR ENDED JUNE 30, 1994

## Authority, Purpose, and Scope

These audits of the State Colleges in Colorado were conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor's Office to conduct audits of all departments, institutions, and agencies of state government. These audits were made in accordance with generally accepted auditing standards. Audit work was performed from May 1994 through November 1994.

The purposes and scope of our audits were to:

- Express an opinion on the financial statements of the State Colleges in Colorado for the year ended June 30, 1994. This included a review of the related internal control structure as required by generally accepted auditing standards.
- Evaluate compliance with rules and regulations governing the expenditure of federal and state funds.
- Express an opinion on the Statements of Appropriations, Expenditures, Transfers, and Reversions for State-Funded Student Financial Assistance Programs for Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College for the year ended June 30, 1994.
- Evaluate progress in implementing prior audit recommendations.

The Schedules of Federal Financial Assistance activity and applicable audit opinions and reports of the State Colleges in Colorado are included in the June 30, 1994 Statewide Single Audit Report issued under separate cover.

## Audit Opinions

We expressed unqualified opinions on the financial statements and the Statements of Appropriations, Expenditures, Transfers, and Reversions for State-Funded Student Financial Assistance Programs of the State Colleges in Colorado for the year ended June 30, 1994.

## Summary of Findings and Recommendations

### Financial Reporting Procedures

The State Colleges in Colorado issue a single set of financial statements that consolidates the financial activity of the four component campuses and the Office of State Colleges (OSC). OSC staff accumulate the necessary information from each of the state colleges. Over the past several years we have noted significant improvements in the process used to summarize and report the financial information. We encourage the Office of State Colleges to continue to identify further improvements that can be made which will result in more timely, complete, and accurate reporting.

The following is a summary of the significant findings and recommendations included in this report.

## ADAMS STATE COLLEGE

### Documentation for Financial Aid Files

The College is required to obtain certain information from students prior to awarding financial aid funds. Two student files tested did not contain all the required documentation. **We recommend that Adams State College ensure student files contain all required documentation before awarding financial aid funds.**

#### Adams State College Response:

Agree. The Office of Student Financial Aid has instituted new procedures to ensure the review of files includes the collection of all required documentation.

## MESA STATE COLLEGE

Financial aid recipients that withdraw from school before the end of the semester are required to refund a portion of the financial aid received. A pro rata share of the refund must be returned to the applicable federal program within 60 days of the student's withdrawal. Three such refunds were not returned to the Stafford Loan Program within the required time frame. **We recommend Mesa State College institute the necessary procedures to ensure tuition refunds to federal programs are made on a timely basis.**

#### Mesa State College Response:

Agree. The College is the process of revising the entire student refund policy and related procedures in response to the new federal Student Financial Aid refund regulations.

# METROPOLITAN STATE COLLEGE OF DENVER

## Compliance With Financial Aid Requirements

Metropolitan State College of Denver is required to match the Federal Perkins Loan Program capital contribution with institutional funds. Because of a change in the required match percentage, the College's Fiscal Year 1994 match was $18,826 less than the amount required. The College matched the remaining funds in Fiscal Year 1995. **We recommend Metropolitan State College of Denver improve internal controls over the Perkins Loan Program to ensure the correct match of institutional funds is made to the program.**

### Metropolitan State College of Denver Response:

Agree. MSCD signed its most current Institutional Participation Agreement in January 1992. The agreement was for one-ninth matching for Perkins federal capital contribution. The regulation changed in the fall of 1992. The College will match at the required one-third of the federal capital contribution for Fiscal Year 1995 and make the additional Fiscal Year 1994 contribution.

## More Frequent Federal Cash Draws

During Fiscal Year 1994, the College made three large cash draws for the PELL Grant. The cash draws were requested after the actual disbursement of cash to the financial aid recipients. State statutes do not allow for the advancement of funds to federal programs operating under letters of credit. Because sufficient PELL grant funds were available to cover the cash disbursements, the College should have requested the cash draws on a more timely basis. The draws should be made prior to, or as close as possible to, the actual disbursements of funds to financial aid recipients. **We recommend Metropolitan State College of Denver request draws of federal cash for the PELL Grant prior to the actual disbursements to financial aid recipients.**

### Metropolitan State College of Denver Response:

Agree. We implemented a new cash draw policy effective July 1, 1994 to make more frequent draws of cash during the beginning of our regular semesters.

## Western State College

Personnel files of employees sometimes contained incomplete documentation. For example, 8 of 30 personnel files reviewed did not contain the INS form I-9. In addition, seven personnel files for administrative employees did not have a current annual performance evaluation. **We recommend Western State College improve its procedures for collecting payroll and personnel documents.**

### Western State College Response:

Agree. To be implemented 2/1/95.

## Summary of Progress in Implementing Prior Audit Recommendations

The audit report for the State Colleges in Colorado for Fiscal Year 1993 contained 27 audit recommendations. The disposition of these recommendations as of November 18, 1994, was as follows:

Adams State College

| | |
|---|---|
| Implemented | 8 |
| Partially implemented | 2 |
| **Total** | 10 |

Western State College

| | |
|---|---|
| Implemented | 3 |
| Partially Implemented | 4 |
| | 7 |

Mesa State College (No prior year recommendations)

Metropolitan State College of Denver

| | |
|---|---|
| Implemented | 8 |
| Partially implemented | 1 |
| **Total** | 9 |

Office of State Colleges

| | |
|---|---|
| Implemented | 1 |

## RECOMMENDATION LOCATOR

| Rec. No. | Page No. | Recommendation Summary | Agency Addressed | Agency Response | Implementation Date |
|---|---|---|---|---|---|
| 1 | 11 | Complete the inventory physical count as close as possible to fiscal year-end. Also, review the final inventory sheets for accuracy and back up the computer system daily. | Adams State College | Agree | 6/95 |
| 2 | 12 | Review and follow policies for handling bank deposits. | Adams State College | Agree | FY 94-95 |
| 3 | 13 | Review student files for all required documentation before awarding student financial aid. | Adams State College | Agree | FY 94-95 |
| 4 | 15 | Prepare and deliver financial aid refund checks due to lenders in a timely manner. | Mesa State College | Agree | October 1994 |
| 5 | 15 | Revise distribution order of financial aid refunds, and strengthen procedures to consistently review withdrawal reports and calculate and issue refunds in accordance with federal guidelines. | Metropolitan State College of Denver | Agree | Fall 1994 |

## RECOMMENDATION LOCATOR

| Rec. No. | Page No. | Recommendation Summary | Agency Addressed | Agency Response | Implementation Date |
|---|---|---|---|---|---|
| 6 | 16 | Improve internal controls over the Perkins Loan Program to ensure the correct match of required institutional funds is made to the program. | Metropolitan State College of Denver | Agree | FY 94-95 |
| 7 | 18 | Request draws of federal cash for the PELL Grant prior to the actual disbursements to financial aid recipients. | Metropolitan State College of Denver | Agree | FY 94-95 |
| 8 | 19 | Strengthen cash controls by ensuring cash receipt correction forms are properly reviewed and approved. In addition, consider limiting access to cash drawers to increase accountability. | Metropolitan State College of Denver | Agree | November 1994 |
| 9 | 20 | Study and revise methods used to identify students subject to pro rata refunds and improve timeliness of obtaining this information to ensure that all students are appropriately identified and refunds calculated within the required time frame. | Metropolitan State College of Denver | Agree | December 1994 |

## RECOMMENDATION LOCATOR

| Rec. No. | Page No. | Recommendation Summary | Agency Addressed | Agency Response | Implementation Date |
|---|---|---|---|---|---|
| 10 | 21 | Strengthen documentation procedures over collecting payroll personnel information. | Western State College | Agree. | 2/1/95 |
| 11 | 22 | 1) Review the List of Form Level Security Per User to ensure that access to data processing files is appropriately restricted. 2) Consider restoring Database Administrator position, or reassign duties to a current employee to prevent further compromise in the security of the automated system. | Western State College | Agree. | 2/1/95 |
| 12 | 23 | Ensure transactions are adequately reviewed and approved. | Office of State Colleges | Agree. | 1/31/95 |

# Description of the State Colleges in Colorado

## The State Colleges in Colorado

The Board of Trustees of the State Colleges in Colorado (State Colleges) is the governing board for Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College. Recognizing that each of the colleges has a singular role to play in a system committed to excellence in teaching, the Board of Trustees provides the direction, incentives, and resources to empower its faculty, students, and staff. The Trustees are statutorily charged with responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies.

The Board's history, which began in 1889 with its designation as Trustees of State Normal Schools, records three consistent goals:

- To provide outstanding teaching in four distinctive institutions with diverse student populations
- To confer Board and campus leadership that connects educational issues with the future of Colorado and the communities in which the institutions are located
- To assure to the people of Colorado the most effective utilization of human and financial resources

The Board consists of seven members appointed by the Governor to serve four-year terms. Additionally, a faculty and student Trustee are elected to serve for one-year terms. The President of the State Colleges is responsible for providing leadership for the system and for administering the policies and procedures of the Trustees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public.

## Adams State College, Alamosa

Adams State College is a comprehensive liberal arts college with selected graduate programs. Boasting a multicultural student body, Adams State College extends to its students a supportive residential setting and an opportunity to experience the Hispanic and Native American heritage and culture of the San Luis Valley and surrounding region.

## Mesa State College, Grand Junction

Mesa State College is a multipurpose institution serving the cultural and educational needs of western Colorado. Reflecting its unique educational role and mission, the College offers certificate programs, associate degrees, and baccalaureate degrees, and facilitates access to graduate programs provided by other institutions.

## Metropolitan State College of Denver

Metropolitan State College of Denver is a leader in offering high-quality, accessible education to a diverse student population. As the largest public, exclusively baccalaureate urban college in the United States, Metropolitan State College of Denver is dedicated to cultural pluralism and sensitivity, teaching excellence, high academic standards, and service to the greater metropolitan community.

## Western State College, Gunnison

Western State College is an exemplary undergraduate college of liberal arts and sciences with compatible professional disciplines. Committed to excellence in undergraduate education, a four-year core curriculum, gender and ethnic diversity, and community involvement, Western State College provides interdisciplinary studies which take advantage of the opportunities of its rural, mountain location.

# Findings and Recommendations

## Adams State College

The following comments were prepared by the public accounting firm of Wall, Smith, Bateman and Associates, Inc., who completed the audit work for us for Adams State College.

## Ensure Satisfactory Maintenance Inventory System

To obtain an accurate inventory balance at June 30, 1994, the Adams State College Maintenance Department needs to perform their physical inventory count as close as possible to June 30. Also, the inventory sheets must be complete and mathematically accurate.

The physical inventory count was not complete when we were there to perform audit procedures on June 30. The inventory count was completed on July 12, 1994. The final inventory sheets were incomplete; there were items that did not have the price and count extended; and there were items with mathematically incorrect price and count extensions. The recorded Adams State College maintenance inventory balance at June 30, 1994, was about $69,100.

Additionally, back-up procedures on the new inventory computer system do not appear to be adequate. The system is currently being backed up once a month. Computer equipment failure has caused the department to lose inventory data. Regular back-up procedures would alleviate problems caused by lost data.

### Recommendation No. 1

Adams State College should complete the inventory physical count as close as possible to June 30. Also, the department head should review the final inventory sheets for accuracy and the Maintenance Department should back up their computer system daily.

### Adams State College Response:

Agree. The College's Administration will review current policies and procedures and make the necessary changes to ensure that a satisfactory inventory system is implemented by June 30, 1995.

## Review and Follow Policies for Handling Bank Deposits

During the audit of the Adams State College cash in bank, we found a bank deposit in the amount of about $98,000 that had been prepared on June 30, 1994, but did not get deposited into the bank until August 10, 1994. The bank deposit bag had been misplaced in the cashier area for over a month. Based on our review of the procedures relating to bank deposits, there are control procedures established to detect such an error in a more timely manner. However, the procedures were not followed.

### Recommendation No. 2

Adams State College personnel should review and follow their policies and procedures for handling bank deposits.

### Adams State College Response:

Agree. The College will ensure that its procedures are adhered to in the future.

## Review Student Financial Aid Files for All Required Documentation

In order for a student to be eligible to receive financial aid, the student has to meet certain criteria and the student's financial aid file has to contain documentation to support that the criteria was met. One criterion to be eligible to receive financial aid is that a student must have a signed statement of registration status. Another criterion is that the student must be enrolled full-time to receive certain types of financial aid. Also, when a student transfers in from another college, Adams State

College should obtain a financial aid transcript from the previous college and place it in the student's file.

We reviewed 25 student financial aid files and found the files to be well documented. However, the following exceptions were noted while performing tests of compliance: 1) one student had not signed a statement of registration status, 2) the same student received a Perkins Loan check when he was only enrolled for four credit hours and therefore was ineligible for the loan (Adams State College had discovered this situation prior to our audit and has implemented procedures to prevent similar occurrences), and 3) another student's file did not contain a financial aid transcript from a previous college.

## Recommendation No. 3

The financial aid office at Adams State College should review student files more closely for all required documentation before awarding a student financial aid.

### Adams State College Response:

Agree. The College's Office of Student Financial Aid has instituted the following procedures to ensure the review of files includes the collection of all required documentation.

1. A tracking requirement has been added on the Banner computer system to request the Financial Aid Compliance Form, which includes the Statement of Selective Service Registration Compliance.

2. The Banner Computer System has been set up to check enrollment on every student on every disbursement. Rules are in place and being used to monitor enrollment on every financial aid disbursement, including Perkins Loan disbursement.

3. The Banner Computer System checks all college records on-line in both Admissions and Records for colleges previously attended. A financial aid transcript requirement is automatically generated for each college reported.

# Mesa State College

The following comments were prepared by the public accounting firm of Chadwick, Steinkirchner, Davis & Co., P.C., who completed audit work for us for Mesa State College.

## Ensure Timely Refunds Due to Lenders Under U.S. Department of Education Stafford Loan Program

When Mesa State College receives student financial assistance funds, it is required to comply with certain federal and state rules and regulations. We reviewed compliance with federal and state requirements for student refunds by testing refund calculations for 34 students who had withdrawn from school prior to the end of the semester. Of these students, 21 had withdrawn early enough to cause the College to be required to refund a portion of the funds it received to the federal or state financial aid program, or if from a Stafford Loan, then directly to the lender.

We noted that out of the 21 refunds due, 1 refund due to a lender under the Stafford Loan Program was not made within 60 days of withdrawal as program regulations require, and 2 refunds due to lenders have still not been made.

Mesa State College has since reviewed the refund calculations for all applicable students and identified one more instance in Fiscal Year 1994 where a refund due to a lender under the Stafford Loan Program was not made. The College intends to issue all three refund checks as soon as possible. Mesa State College has indicated that the untimely refund and the failure to issue the other Stafford Loan refunds were due to the implementation of new Student Financial Aid refund regulations and personnel turnover in the Mesa State College Financial Aid Office.

The College is in the process of revising their entire student refund policy and related procedures, and a new financial aid director has been hired. Therefore, the College believes that future Student Financial Aid refunds will be made as required and in a timely manner.

## Recommendation No. 4

Refund checks should be prepared and delivered to the lenders, and established procedures should be followed to ensure timely refunds in the future.

### Mesa State College Response:

Agree.

# Metropolitan State College of Denver

The following comments were prepared by the public accounting firm of Anderson & Whitney, P.C., who completed audit work for us for Metropolitan State College of Denver.

# Revise Financial Aid Refund Procedures

When students officially withdraw from the College during the first part of the semester, they are entitled to receive a refund of a portion of tuition and fees paid. If the tuition and fees were paid all or in part from student financial aid, a pro rata share of the refund must go back to the financial aid programs. The College has 60 days from the official withdrawal date to make the refund to the various financial aid programs.

Federal regulations dictate the order of distribution of refunds to the various financial aid programs. In the College's procedures, the Federal Supplemental Educational Opportunity Grant is improperly ordered before the Federal PELL Grant program. We also noted a few instances where the financial aid refund was not returned to the program within the 30-day requirement.

## Recommendation No. 5

Metropolitan State College of Denver should revise the distribution order of financial aid refunds, and strengthen procedures to consistently review withdrawal reports and calculate and issue refunds in accordance with federal guidelines.

### Metropolitan State College of Denver Response:

Agree. Effective with the Fall 1994 semester, the distribution and timeliness of student financial aid refunds have been modified to meet the current federal regulations.

## Properly Match Federal Perkins Loan Contributions

Metropolitan State College administers the Federal Perkins Loan Program. The program is funded by federal capital contributions and a required institutional match. Prior to Fiscal Year 1993 the receiving institution was required to match the federal contribution at a rate of one-ninth using institutional funds. Effective July 1, 1993, the required institutional capital contribution to the Program increased to three-seventeenths of the federal capital contribution. Effective July 1, 1994, the required institutional capital contribution was increased again to one-third of the federal contribution.

The Fiscal Year 1994 federal contribution of $288,031 received by the College was matched at the former one-ninth rate. Metropolitan State should have matched $50,829, but because the wrong percentage was used, the College only matched $32,003. The College matched the remaining $18,826 during Fiscal Year 1995. The College needs to improve the internal controls surrounding the Perkins Loan Program to ensure the correct amount of matching funds is contributed to the federal programs during the current fiscal year.

### Recommendation No. 6

Metropolitan State College of Denver should improve the internal controls over the Perkins Loan program to ensure the correct match of required institutional funds is made to the program.

### Metropolitan State College of Denver Response:

Agree. MSCD signed its most current Institutional Participation Agreement in January 1992. The agreement was for one-ninth matching for Perkins federal capital contribution. The regulation changed in the fall of 1992. The College will match at the required one-third of the federal capital

contribution for Fiscal Year 1995 and make the additional Fiscal Year 1994 contribution.

# Make Federal Cash Draws More Frequently

During Fiscal Year 1994 the College expended over $8 million on programs sponsored by the federal government. The largest of the sponsored programs is the PELL Grant. Most of the PELL Grant expenditures occur at the beginning of each semester. During Fiscal Year 1994 the College received several PELL Grant authorizations. The initial authorization for $2.5 million was received in June 1993. The second notice authorizing an additional $2.2 million was received by the College in November. By the end of November, the College had received authorization to draw, as needed, the majority of the PELL grant award.

During the year the College requested three large cash draws related to the PELL Grant. The first draw was received in late August 1993 for $1.4 million, and a second in early October 1993 for about $1 million. The actual expenditures related to these draws occurred during August and September. The third draw was received in late February 1994 for $2.3 million. The actual expenditures related to this draw occurred in late January and February 1994.

Because the College is drawing the federal funds after the actual cash disbursement, other funds, including state-appropriated funds, are being used to provide operating capital for federal programs. State statutes do not allow for the advancement of funds to federal programs that operate using letters of credit or which federal funds are available. The Federal Grants Management Handbook defines a letter of credit as, "Grantees with a continuing grant relationship with a federal agency of at least one year and who are to receive at least $120,000 will be paid with a letter of credit."

During this period, we understand that the College had working capital advances, ranging between $300,000 and $500,000, approved by the State Controller and State Treasurer. Although not sufficient to cover the total cash disbursements made during the period, the College has been using the working capital advances in place of drawing the federal funds. However, the College cannot draw on the advance if federal funds are authorized and available. PELL Grant funds were authorized and available to the College prior to each of the large disbursements. Therefore, the College should have drawn down the federal funds prior to when the actual disbursements of cash occurred.

Management from Metropolitan State College of Denver and the Office of State Colleges do not believe that the PELL Grant Program operates under a letter of credit agreement, and therefore the above statute does not apply. The State Auditor's Office will work with the State Treasurer and the State Controller to determine if the PELL Grant Program operates as a letter of credit for both MCD and other State institutions of higher education involved with the PELL Grant Program.

In either event, we believe the College should request and draw the PELL Grant funds from the federal government on a more frequent basis during periods of large expenditures. This would primarily apply at the beginning of each semester. These draws should be made prior to, or as close as possible to, the actual disbursement of funds to financial aid recipients.

## Recommendation No. 7

Metropolitan State College of Denver should request draws of federal cash for the PELL Grant prior to, or as close as possible to, the actual disbursement of funds to the financial aid recipients.

### Metropolitan State College Response:

Agree. We agree that federal cash draws should be made as close to the disbursement date as possible in an effort to minimize the use of the working capital advance. MSCD implemented a new cash draw policy effective July 1, 1994, to make more frequent cash draws during the beginning of our regular semesters.

# Strengthen Cash Controls

The College is responsible for collecting, processing, and depositing its cash receipts and disbursements in accordance with State Fiscal Rules. We believe the College needs to formalize and implement certain common cash controls because of an increase in the amount of currency flowing through the cashier's office for the disbursement of student loan proceeds.

In our testing of cash receipt procedures and controls, we noted the following:

- Several cash receipt correction forms were not approved by the cashier and/or signed off as reviewed. The College's internal procedures require a

reviewer's signature to indicate approval of the document. This provides a significant control point over the processing and validity of cash adjustments.

- Cashiers do not have sole access and custody of their drawers. This makes accountability for potential shortages or other errors more difficult.

- Daily bank deposits are presently picked up by courier early in the afternoon of the day following the receipt of the cash.

The first two procedures above increase the chances that cash could be misappropriated. We believe the College needs to update the cash receipts processing procedures and controls because of the increased activity in this area.

## Recommendation No. 8

Metropolitan State College of Denver should strengthen cash controls by ensuring cash receipt correction forms are properly reviewed and approved. In addition, the College should consider limiting the access to cash drawers to increase accountability for shortages or other errors as they occur.

### Metropolitan State College of Denver Response:

Agree. Every effort will be made to strengthen the cash controls in the cashiering office. All cash receipt corrections will be signed by the cashier and cashiering supervisor. We will explore the possibility of limiting cash drawer access and a later pickup time by our courier service.

# Improve Procedures Used To Identify Students Subject to Tuition Refunds

Effective July 1992, federal regulations require that financial aid recipients who are first-time students and who withdraw on or before 60 percent of the semester has elapsed are subject to a refund calculation of tuition and fees paid for that semester. The College must calculate the refund using both the federal guidelines and the College's internal refund policy. The calculation that provides the largest refund amount must be used. The College has 60 days from either the date of the official withdrawal, or the last documented date of attendance, to calculate and return the refund to the appropriate financial aid programs.

During the semester the College uses a weekly withdrawal report obtained from the Admissions and Records office to identify students subject to the refund calculation. As a means of ensuring all students eligible for a refund have been identified, the College runs a computer program at the end of the semester to identify all financial aid recipients subject to refunds. The computer program identified two students for the fall 1993 semester for which the refund calculations were not completed and a refund returned to the federal program. During our testing we identified one additional student who should have been subject to a refund calculation.

According to College staff, an incorrect date was used which resulted in the computer program not identifying the student. In order to ensure all students were properly identified, College staff reran the computer program with the correct date. We did not perform any additional audit procedures to verify whether all students were properly identified.

The College needs to improve its procedures to ensure that all students subject to the refund calculation are identified on a timely basis. Waiting until the end of the semester does not allow the College sufficient time to compute and distribute any refunds on an accurate and timely basis.

## Recommendation No. 9

Metropolitan State College of Denver should study and revise the methods used to identify students subject to a refund calculation to improve the timeliness of obtaining this information. This will help ensure all appropriate refund calculations are determined within the required time frame.

### Metropolitan State College of Denver Response:

Agree. We will study and revise the methods and programs to identify students subject to pro rata refunds on a timely basis.

# Western State College

The following comments were prepared by the public accounting firm of Johnson, Holscher, Plutt & Company, P.C., who completed audit work for us for Western State College.

# Strengthen Controls Over Payroll Documentation

Personnel files of employees are sometimes incomplete in showing compliance with federal or college payroll requirements. Lack of payroll documentation may result in filing penalties from the Internal Revenue Service (IRS) of between $100 and $1,000 per employee, as well as incorrect withholding. Also, personnel documentation helps substantiate reasons for pay increases and advances or corrective actions.

A review of 30 employee files revealed the following:

| | Administrative Employee | Work-Study Employee |
|---|---|---|
| Completion of form I-9 not present | 2 | 6 |
| IRS Form W-4 (Employee's Withholding Allowance Certificate) not present | -- | 2 |
| Work-Study contract not present | n.a. | 1 |
| Explanation of reason employee paid twice in pay period not present | -- | 1 |

Also, seven of the administrative employee files did not have documentation of an annual performance review. Similar conditions existed in the prior fiscal year. For example, 12 out of 45 files did not contain a completed INS Form I-9. This lack of documentation appears to be partially caused by the absence of a uniform checklist incorporated into the personnel file verifying that all documentation has been obtained when the personnel file is set up or a change is made.

## Recommendation No. 10

Western State College should strengthen documentation procedures over collecting payroll personnel information by implementing a checklist which will be contained in the personnel file indicating that all compliance documents have been collected and that the employee has properly supported, authorized, and approved deductions.

### Western State College Response:

Agree. To be implemented 2/1/95.

# Maintain Integrity Access Into Data Processing Systems

The College eliminated the database administration position during the fiscal year. The database administrator is responsible for maintaining the integrity, access, and security of the College's database. The database administrator is independent of programming and user functions. The database administrator ensures that segregation is maintained among the functional, processing, and database components of the automated systems which the College uses.

The duties of this position do not appear to have been absorbed into another position as a result of the College's reorganization. It does not appear that the College has taken actions to maintain appropriate access. For instance, the director of financial aid has the ability and clearance to access and maintain information authorizing awards as well as the disbursement (cashier) functions. In another example, the assistant director of financial aid has retained access to automated payroll functions although student payroll processing is now the responsibility of Human Resources. These authorizations are contained in the List of Form Level Security Per User, a listing which shows (by individual) the clearance to various automated systems of the College.

## Recommendation No. 11

Western State College should:

1. Review the List of Form Level Security Per User to insure that access to data processing files is appropriately restricted.

2. Consider restoring the database administrator position or reassigning the duties to a current employee to prevent further compromise in the security of the automated system.

### Western State College Response:

Agree. To be implemented 2/1/95.

# Office of State Colleges

## Ensure Segregation of Duties When Processing Financial Transactions

It is the Office of State Colleges' (OSC) policy that the Fiscal Services Manager prepares and processes financial transactions. The Director of Budget is responsible for approving those transactions. In Fiscal Year 1994 the Director of Budget left and was replaced with a temporary employee. A permanent replacement for that position was not hired until August 1994. With these staffing changes that occurred, it was necessary to provide additional authorization capabilities to the Fiscal Services Manager in order to continue processing transactions.

Therefore, the Office of State Colleges requested and obtained approval from Division of Accounts and Control to allow the Fiscal Services Manager to retain both the Level I and III authorization capabilities on the State accounting system. Because the additional approval capabilities created a segregation-of-duties concern, the Office of State Colleges established a compensating control. The Director of Management Services was to review all transactions after they were recorded on the accounting system.

In our review of six randomly selected transactions processed in Fiscal Year 1994, we noted that five of the six items were properly reviewed and had sufficient supporting documentation. One transaction involved a hotel charge that was supposed to be reimbursed by an OSC staff. No supporting documentation was available to indicate that a reimbursement occurred. Further discussions with staff indicated that the OSC was not reimbursed, and they are in the process of collecting the amount due.

### Recommendation No. 12

The Office of State Colleges should ensure transactions are adequately reviewed and approved.

## The Office of State Colleges Response:

Agree. Due to the small staff size, the Office of State Colleges is aware of the necessity to constantly evaluate our review and approval procedures with the intent to ensure compliance with all applicable fiscal rules and accounting principles. These procedures were most recently evaluated November 1994 through January 1995. We will continue to evaluate our procedures on a regular basis.

# Disposition of Prior Year Audit Recommendations

Listed below are the recommendations included in the State Colleges in Colorado audit report for the year ended June 30, 1993, and their disposition as of November 18, 1994.

| Recommendation | Disposition |
|---|---|
| **ADAMS STATE COLLEGE** | |
| 1. Adams State College should continue to improve its cash management of federal funds to ensure that both federal and state needs are met. | Implemented. |
| 2. Adams State College should develop a policy for following up on the status of Perkins loans with the Central Collection Agency to ensure uncollectible notes are returned in a timely manner. | Implemented. |
| 3. Adams State College should more carefully review the information included in State Controller exhibits. | Implemented. |
| 4. Adams State College should reassess and continue to document its internal accounting and administrative controls to ensure that adequate controls are in place and functioning to protect the College's assets. | Partially Implemented.<br><br>Adams State College has updated policies and procedures for several transaction cycles. Other updates are planned in the future. |
| 5. Adams State College should develop policies and procedures for the collection of admissions revenues at intercollegiate athletic events. | Implemented. |
| 6. Adams State College should not report payroll transactions of other entities in its financial statements. | Implemented. |

| Recommendation | Disposition |
|---|---|
| 7. Adams State College should develop policies regarding the eligibility for payroll services provided to non-College organizations and obtain written agreements with current organizations. | Implemented. |
| 8. Adams State College should develop and maintain a perpetual inventory system for the Maintenance Department and have the Maintenance Department maintain copies of invoices to price year-end inventory accurately. | Partially Implemented.<br><br>The need for a perpetual inventory system is being reassessed. |
| 9. Adams State College should follow required approval procedures for journal entries or revise the Operating Procedures Manual to reflect appropriate approval processes. | Implemented. |
| 10. Adams State College should make better efforts to meet State reporting deadlines for state-funded student financial aid. | Implemented. |

## MESA STATE COLLEGE

There were no prior year recommendations.

## METROPOLITAN STATE COLLEGE

| | |
|---|---|
| 11. Develop personal computer usage policy and procedural statement. | Implemented. |
| 12. Implement environmental controls which provide adequate protection of computer resources. | Partially implemented.<br>Comment not repeated as further controls are not practicable until the Data Center is expanded. |
| 13. Reconcile listing of overdue accounts receivable to accounts sent to the Central Collection Agency. | Implemented. |
| 14. Fully document reasons for financial aid award revisions. | Implemented. |

## LIMITATIONS ON DISCLOSURE OF INFORMATION CONTAINED IN THIS DOCUMENT

The enclosed report is being distributed to you at this time for your information in accordance with Colorado Revised Statutes (CRS).

SECTION 2-3-103 (2) states in part:

> All reports shall be open to public inspection except for that portion of any report containing recommendations, comments, and any narrative statements which is **released only upon the approval of a majority vote of the committee (emphasis supplied).**

SECTION 2-3-103.7 (1) states in part:

> Any state employee **or other individual acting in an oversight role as a member of a committee, board, or commission** who willfully and knowingly discloses the contents of any report prepared by, or at the direction of, the State Auditor's Office prior to **the release of such report by a majority vote** of the committee as provided in Section 2-3-103 (2) is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than five hundred dollars (emphasis supplied).

| Recommendation | Disposition |
|---|---|
| 15. Update Colorado Diversity Grant program policies to include all underrepresented groups. | Implemented. |
| 16. Maintain signed student applications for all no-need-based awards. | Implemented. |
| 17. Ensure that all required financial aid transcripts are maintained in student files. | Implemented. |
| 18. Submit corrections for the FISAP Report to the federal Department of Education. | Implemented. |
| 19. Correct the error in the calculation of the federal and institutional capital contribution. | Implemented. |
| **WESTERN STATE COLLEGE** | |
| 20. Western State College should include a representative from all major users on the data processing users group and redefine the role of the group to include:<br>a. Assessing the postimplementation review of the system.<br>b. Coordinating the ongoing development of the system.<br>c. Setting priorities.<br>d. Establishing appropriate relationships with data processing vendors.<br>e. Developing and overseeing the implementation of administrative and accounting controls for the new system. | Partially Implemented.<br><br>User groups were established late in the fiscal year. The effectiveness of groups cannot be evaluated until more meetings are held. |
| 21. Western State College should consider transferring the responsibility for student payrolls to the Human Resources Department and take appropriate measures to strengthen payroll procedures. | Partially Implemented.<br><br>Payroll processing transferred to Human Resources Department. See current year Recommendation No. 10. |

| Recommendation | Disposition |
|---|---|
| 22. Western State College should determine and document the adequacy of its administrative and accounting controls, and identify the cause and effect of journal voucher and cash disbursements errors noted during annual financial audits. | Partially Implemented.<br><br>College has begun to review its internal controls and plans to document remaining financial control systems during Fiscal Year 1995 using the "Management Systems Evaluation Tool Kit." |
| 23. Western State College should assign an individual responsibility for ensuring compliance with NCAA requirements and implement necessary procedures to include:<br><br>a. Modifying the accounting system to capture expenditure information by sport.<br><br>b. Identifying in employment contracts the amount to be paid.<br><br>c. Establishing uniform accounting procedures and documentation requirements for ticket and concession activities. | Partially Implemented.<br><br>Part C has been established and implementation of parts A and B have been deferred until Fiscal Year 1995. |
| 24. Western State College should record all contributions and scholarships made by the Foundation for the benefit of the College and reconcile the amounts received to the Foundation records. | Implemented. |
| 25. Western State College should determine how it can shorten the time period for awarding financial aid. | Implemented. |
| 26. Western State College should consider filling the controller position to ensure the integrity of its financial reporting system and meet financial needs. | Implemented. |
| **OFFICE OF STATE COLLEGES** | |
| 27. The Office of State Colleges should evaluate its budgetary oversight process for auxiliary and self-funded activities. | Implemented. |

**STATE OF COLORADO**

TIMOTHY M. O'BRIEN, C.P.A.
State Auditor

**OFFICE OF STATE AUDITOR**
(303) 866-2051
FAX (303) 866-2060

**Legislative Services Building**
**200 East 14th Avenue**
**Denver, Colorado 80203-2211**

November 18, 1994

**Independent Auditor's Report**

Members of the Legislative Audit Committee:

We have audited the accompanying balance sheet of the State Colleges in Colorado, a component unit of the State of Colorado, as of June 30, 1994, and the related statements of changes in fund balances and of current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the management of the State Colleges. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the State Colleges in Colorado as of June 30, 1994, and the changes in fund balances, and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements of the State Colleges in Colorado. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

# STATE COLLEGES IN COLORADO

## FINANCIAL STATEMENTS

State Colleges in Colorado
Balance Sheet
June 30, 1994

| | Current Funds | | | |
|---|---|---|---|---|
| | State Appropriated | Auxiliary and Self-Funded Activities | Restricted | Student Loan Funds |
| ASSETS | | | | |
| Cash | $615,439 | $1,102,053 | $108,308 | $30,000 |
| Cash with the State Treasurer | 7,147,702 | 4,188,335 | 1,268,505 | 1,156,854 |
| Investments | - | 190,634 | - | - |
| Accts receivable less allowance of $1,083,920 | 584,880 | 733,682 | 373,529 | 173 |
| Loan receivable less allowance of $1,751,805 | - | 40,568 | - | 11,398,065 |
| Interest receivable | - | 8,300 | 2,564 | 47,071 |
| Inventories | 414,805 | 725,826 | - | - |
| Prepaid expenses and deferred charges | 290,462 | 89,299 | 6,159 | - |
| Due from other funds | - | - | - | - |
| Due from state agencies | - | - | 15,915 | - |
| Due from federal government | - | - | - | 29,514 |
| Other assets | 267 | - | - | 4,500 |
| Construction in Progress | - | - | - | - |
| Plant Facilities | | | | |
| Land | - | - | - | - |
| Land improvements | - | - | - | - |
| Buildings | - | - | - | - |
| Equipment | - | - | - | - |
| Library books | - | - | - | - |
| Total Assets | $9,053,556 | $7,078,697 | $1,774,980 | $12,666,177 |
| LIABILITIES | | | | |
| Accounts payable | $1,067,710 | $422,515 | $269,196 | $325 |
| Accrued payroll | 650,937 | 400,441 | 62,895 | - |
| Accrued interest | - | - | - | - |
| Student deposits | 145,251 | 351,352 | 1,689 | 7,643 |
| Deposits held in custody for others | - | - | 469,613 | - |
| Due to State Treasurer | - | - | 185,624 | - |
| Due to other agencies | 54,461 | 71,464 | 24,192 | - |
| Due to other funds | - | - | - | - |
| Deferred revenues | 3,361,996 | 1,046,617 | 137,938 | - |
| Due to Mesa State College Foundation | - | - | - | 200,000 |
| Compensated absence liabilities | 2,694,369 | 290,244 | 18,089 | - |
| Capital lease obligations | - | - | - | - |
| Bonds payable | - | - | - | - |
| Other liabilities | - | 164,550 | 135,629 | - |
| Total Liabilities | 7,974,724 | 2,747,183 | 1,304,865 | 207,968 |
| FUND BALANCE | | | | |
| U.S. government grants refundable | - | - | | 10,871,820 |
| Designated for compensated absences | (2,694,369) | (290,244) | (18,089) | - |
| Restricted | - | 0 | 359,309 | 1,586,389 |
| Unrestricted | 3,773,201 | 4,621,758 | 128,894 | - |
| Net investment in plant | - | - | - | - |
| Total Fund Balance | 1,078,832 | 4,331,514 | 470,115 | 12,458,209 |
| Total Liabilities and Fund Balance | $9,053,556 | $7,078,697 | $1,774,980 | $12,666,177 |

The accompanying notes to the financial statements are an integral part of this statement.

| Endowment and Similar Funds | Plant Funds: Unexpended | Plant Funds: Renewals and Replacements | Plant Funds: Retirement of Indebtedness | Plant Funds: Investment in Plant | Memorandum Only: Total |
|---|---|---|---|---|---|
| $52,724 | $322,995 | $1,197,696 | $835,670 | - | $4,264,885 |
| - | 5,083,678 | 1,040,708 | 28,047 | - | 19,913,829 |
| - | 17,660,588 | 349,344 | 33,351 | - | 18,233,917 |
| - | - | 9,901 | - | - | 1,702,165 |
| - | - | - | - | - | 11,438,633 |
| - | 126,070 | 7,941 | 292 | - | 192,238 |
| - | - | - | - | - | 1,140,631 |
| - | - | - | - | - | 385,920 |
| - | - | - | 125,067 | - | 125,067 |
| - | - | - | - | - | 15,915 |
| - | - | - | - | - | 29,514 |
| - | - | - | - | - | 4,767 |
| - | 5,584,746 | 132,677 | | | 5,717,423 |
| - | - | - | | 1,078,571 | 1,078,571 |
| - | - | - | | 6,438,454 | 6,438,454 |
| - | - | - | | 67,727,996 | 67,727,996 |
| - | 8,936 | - | | 24,737,697 | 24,746,633 |
| - | - | - | | 11,677,991 | 11,677,991 |
| $52,724 | $28,787,013 | $2,738,267 | $1,022,427 | $111,660,709 | $174,834,549 |
| | | | | | |
| - | $635,932 | $160,430 | - | - | $2,556,108 |
| - | - | - | - | - | 1,114,273 |
| - | 127,824 | - | 378,391 | - | 506,215 |
| - | - | - | - | - | 505,935 |
| - | - | - | - | - | 469,613 |
| - | - | - | - | - | 185,624 |
| - | - | - | - | - | 150,117 |
| - | 125,067 | - | - | - | 125,067 |
| - | - | - | - | - | 4,546,551 |
| - | - | - | - | - | 200,000 |
| - | - | - | - | - | 3,002,702 |
| - | - | - | - | $90,483 | 90,483 |
| - | 30,051,459 | - | - | 6,300,613 | 36,352,072 |
| - | 11,482 | 28,790 | - | 135,400 | 475,851 |
| 0 | 30,951,764 | 189,220 | 378,391 | 6,526,496 | 50,280,611 |
| | | | | | |
| - | - | - | - | - | 10,871,820 |
| - | - | - | - | - | (3,002,702) |
| 52,724 | 410,438 | 835,474 | 644,036 | - | 3,888,370 |
| - | (2,575,189) | 1,713,573 | - | - | 7,662,237 |
| - | - | - | - | 105,134,213 | 105,134,213 |
| 52,724 | (2,164,751) | 2,549,047 | 644,036 | 105,134,213 | 124,553,938 |
| $52,724 | $28,787,013 | $2,738,267 | $1,022,427 | $111,660,709 | $174,834,549 |

State Colleges in Colorado
Statement of Changes in Fund Balances
Year Ended June 30, 1994

| | Current Funds | | |
|---|---|---|---|
| | State Appropriated | Auxiliary and Self-Funded Activities | Restricted |
| Revenues and Other Additions | | | |
| Unrestricted current fund revenues | $93,518,125 | $26,999,539 | - |
| State grants and contracts | - | - | $6,888,237 |
| Federal grants and contracts | 194,264 | 79,986 | 16,011,579 |
| Private gifts and contracts | 1,400 | 179,589 | 955,733 |
| Investment income | - | 146,081 | - |
| Interest income | - | - | 4,264 |
| U S government advances | - | - | - |
| Additions to plant facilities | - | - | - |
| Retirement of indebtedness | - | - | - |
| Gain/(loss) on debt extinguishment | - | - | - |
| Capitalization of Debt | - | - | - |
| Other additions | - | - | 8,066 |
| Total Revenues and Other Additions | 93,713,789 | 27,405,195 | 23,867,879 |
| Expenditures and Other Deductions | | | |
| Educational and general expenditures | - | 6,139,129 | 23,444,255 |
| Auxiliary enterprises expenditures | 93,114,125 | 18,672,985 | 186,925 |
| Indirect cost recovered | 362,704 | 17,076 | 344,435 |
| Refunded to grantors | - | - | 9,856 |
| Loan cancellation and write offs | - | - | - |
| Administrative and collection costs | - | - | 42,046 |
| Expended for plant facilities | 41,236 | - | - |
| Loss on debt extinguishment | - | - | - |
| Retirement of indebtedness | - | - | - |
| Capitalization of debt | - | - | - |
| Interest on indebtedness | - | - | - |
| Disposal of plant facilities | - | - | - |
| Other Deductions | - | | - |
| Total Expenditures and Other Deductions | 93,518,065 | 24,829,190 | 24,027,517 |
| Transfers Among Funds - Additions (Deductions) | | | |
| Mandatory Transfers | | | |
| Principal and interest | - | (980,149) | - |
| Loan fund matching grant | - | - | (56,386) |
| Current unrestricted fund matching | (109,634) | - | 109,634 |
| Renewals and replacements | - | (257,339) | - |
| CCHE transfers | - | - | - |
| Transfers (to) from other funds | - | (29) | 29 |
| Total Mandatory Transfers | (109,634) | (1,237,517) | 53,277 |
| Voluntary Transfers | | | |
| Transfers (to) from other funds | (243,098) | 40,743 | (13,939) |
| Other | - | (285,823) | - |
| Total Voluntary Transfers | (243,098) | (245,080) | (13,939) |
| Total Transfers Among Funds | (352,732) | (1,482,597) | 39,338 |
| Net Increase (Decrease) in Fund Balance | (157,008) | 1,093,408 | (120,300) |
| Fund Balance - Beginning of Year | 1,235,840 | 3,238,106 | 590,414 |
| Fund Balance - End of Year | $1,078,832 | $4,331,514 | $470,114 |

The accompanying notes to the financial statements are an integral part of this statement.

| | | Plant Funds | | | |
|---|---|---|---|---|---|
| Student Loan Funds | Endowment and Similiar Funds | Unexpended | Renewals and Replacements | Retirement of Indebtedness | Investment in Plant |
| - | - | - | - | - | - |
| - | - | $205,924 | $232,005 | - | - |
| $58,608 | - | - | - | - | - |
| 2,000 | - | - | - | - | - |
| 7,479 | $2,327 | 117,395 | 52,145 | 40,367 | - |
| 317,235 | - | - | - | - | - |
| 363,362 | - | - | - | - | - |
| - | - | 278,928 | - | - | $4,384,174 |
| - | - | - | - | - | 433,569 |
| - | - | - | - | - | (120,153) |
| - | - | 41,918 | - | - | - |
| 19,293 | - | | - | - | - |
| 767,977 | 2,327 | 644,165 | 284,150 | 40,367 | 4,697,590 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 43,530 | - | - | - | - | - |
| 32,996 | - | - | - | - | - |
| (3,821) | - | - | - | - | - |
| 111,810 | - | 3 | - | 14,048 | 808 |
| - | - | 504,660 | 1,442,503 | - | - |
| - | - | 659,619 | - | - | 198,296 |
| - | - | - | - | 429,751 | - |
| - | - | - | - | - | 41,918 |
| - | - | 187,219 | - | 527,725 | 4,020 |
| - | - | - | - | - | 1,716,846 |
| 39,356 | 20,702 | - | - | - | - |
| 223,871 | 20,702 | 1,351,501 | 1,442,503 | 971,524 | 1,961,888 |
| - | - | (244,112) | - | 1,224,261 | - |
| 56,386 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 257,339 | - | - |
| - | - | - | - | - | - |
| - | - | 1,840,548 | - | (1,840,548) | - |
| 56,386 | 0 | 1,596,436 | 257,339 | (616,287) | 0 |
| - | (2,706) | (18,682) | 419,823 | (448,899) | 552,581 |
| - | - | - | - | - | - |
| 0 | (2,706) | (18,682) | 419,823 | (448,899) | 552,581 |
| 56,386 | (2,706) | 1,577,754 | 677,162 | (1,065,186) | 552,581 |
| 600,492 | (21,081) | 870,418 | (481,191) | (1,996,343) | 3,288,283 |
| 11,857,717 | 73,805 | (3,035,169) | 3,030,238 | 2,640,379 | 101,845,930 |
| $12,458,209 | $52,724 | ($2,164,751) | $2,549,047 | $644,036 | $105,134,213 |

State Colleges in Colorado
Statement of Current Funds Revenues,
Expenditures, and Other Changes
Year Ended June 30, 1994

| | *Unrestricted Funds* | | | *Memorandum Only* |
|---|---|---|---|---|
| | State Appropriated | Auxiliary and Self-Funded Activities | Restricted Fund | Total |
| Revenues | | | | |
| Tuition and fees | $37,971,759 | $7,564,501 | - | $45,536,260 |
| State of Colorado appropriations | 54,287,946 | - | $1,328,150 | 55,616,096 |
| Federal grants and contracts | 260,838 | 79,986 | 15,738,897 | 16,079,721 |
| State grants and contracts | - | - | 5,339,322 | 5,339,322 |
| Local gifts, grants, and contracts | - | - | 169,782 | 169,782 |
| Private gifts, grants and contracts | 1,400 | 181,364 | 1,011,892 | 1,194,656 |
| Sales and services of educational activities | - | 2,080,151 | - | 2,080,151 |
| Sales and services of auxiliary enterprises | - | 15,934,500 | - | 15,934,500 |
| Other sources | 1,191,846 | 1,564,693 | 12,330 | 2,768,869 |
| Total Revenues | 93,713,789 | 27,405,195 | 23,600,373 | 144,719,357 |
| Expenditures | | | | |
| Instruction | 48,897,118 | 1,155,769 | 2,877,761 | 52,930,648 |
| Research | - | - | 70,321 | 70,321 |
| Public service | - | - | 664,517 | 664,517 |
| Academic support | 11,180,761 | 77,918 | 495,112 | 11,753,791 |
| Student services | 8,769,233 | 4,349,431 | 2,036,490 | 15,155,154 |
| Institutional support | 13,265,018 | 485,207 | 452,099 | 14,202,324 |
| Operation of plant | 10,920,919 | 812 | 107,199 | 11,028,930 |
| Scholarships and fellowships | 482,042 | 85,108 | 16,795,216 | 17,362,366 |
| Auxiliary enterprises | - | 18,672,985 | 186,925 | 18,859,910 |
| Other | 2,974 | 1,960 | | 4,934 |
| Total Expenditures | 93,518,065 | 24,829,190 | 23,685,640 | 142,032,895 |
| Transfers Among Funds and Other Additions/(Deductions) | | | | |
| Mandatory transfers | | | | |
| Principal and interest | - | 980,149 | - | 980,149 |
| Renewals and replacements | - | 257,339 | - | 257,339 |
| Loan fund matching grant | - | - | 56,386 | 56,386 |
| Transfers (to)/from other funds | 109,634 | 29 | (116,827) | (7,164) |
| Total Mandatory Transfers | 109,634 | 1,237,517 | (60,441) | 1,286,710 |
| Total Expenditures and Mandatory Transfers | 93,627,699 | 26,066,707 | 23,625,199 | 143,319,605 |
| Voluntary Transfers and Other Additions/(Deductions) | | | | |
| Transfers from the board | - | - | (4,664) | (4,664) |
| Transfers (to) from other funds | (243,098) | (245,080) | (16,439) | (504,617) |
| Excess (deficiency) of restricted receipts over/(under) revenue | - | - | (1,602) | (1,602) |
| Refunded to Grantors | - | - | (5,032) | (5,032) |
| Scholarships transferred to foundation | - | - | (67,737) | (67,737) |
| Total Voluntary Transfers and Other Additions (Deduction | (243,098) | (245,080) | (95,474) | (583,652) |
| Net Increase (Decrease) in Fund Balance | ($157,008) | $1,093,408 | ($120,300) | $816,100 |

The accompanying notes to the financial statements are an integral part of this statement.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Governance

The Board of Trustees of the State Colleges in Colorado ("State Colleges") is the governing board for Adams State College, Mesa State College, Metropolitan State College, and Western State College. The Trustees are statutorily charged with responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies. The Board consists of seven members appointed by the Governor serving four-year terms. Additionally, a faculty and student trustee are elected to serve for one-year terms.

### Basis of Presentation and Financial Reporting Entity

In accordance with Governmental Accounting Standards Board Statement No. 14 (GASB No. 14), the financial reporting entity of the State Colleges includes the combined operations of the component institutions, the Office of State Colleges, and all related entities for which State Colleges is financially accountable. As defined in GASB No. 14, financial accountability may stem from the State Colleges's ability to appoint a majority of the governing boards of the related organization, its ability to impose its will on the related organization, or its ability to access assets or be held responsible for the debts of the related organization. GASB No. 14 is effective for Fiscal Year 1994.

Accordingly, the accompanying financial statements contain the operations of the Office of State Colleges and the following for component colleges:

Adams State College
Mesa State College
Metropolitan State College
Western State College

In addition, the accompanying financial statements contain the results of operations of the following related entities for which the State Colleges are financially accountable:

State Colleges Educational Authority, Inc.

For financial reporting purposes, the State Colleges is considered to be a component unit of the State of Colorado.

The significant accounting policies followed by the State Colleges are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The financial statements of the State Colleges are prepared on the accrual basis, except for depreciation related to plant fund assets, which is not recorded.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of the operating 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 revenues and expenses.

Generally accepted accounting principles for colleges and universities provide that encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of the final reporting date should not be reported as expenditures nor included as liabilities. This policy is reflected in the financial statements. However, the encumbrance concept is implemented throughout the year as a management tool to enhance budgetary control and responsive management.

Investments are stated at their market value at date of gift, or at cost, if purchased by the colleges.

Inventories are stated at the lower of cost or market. The central stores inventory, accounted for in State Appropriated Fund, consists primarily of office supplies and other consumable goods. It is valued using the average cost method. The bookstore inventory, in Auxiliary and Self-funded Activities, includes instructional materials and soft goods held for resale. It is valued using the first-in-first-out method.

Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of donation. A physical inventory of all inventory of all plant assets is taken annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed. Depreciation on physical plant and equipment is not recorded. The colleges follow the policy of capitalizing only those plant assets with an initial cost or fair value greater than or equal to $1,000.

To the extent that current funds are used to finance plant assets, the amounts are accounted for as 1) expenditures, in the case of normal replacement of movable equipment and library books; 2) mandatory transfers, in the case of required provisions for debt service and facilities renewal and replacement; and, 3) as transfers of a nonmandatory nature, in all other cases.

Summer session tuition and fees and related direct academic expenditures are deferred and reflected in the statement of current funds revenues, expenditures, and other changes in the subsequent fiscal year.

To the extent that current funds are used for debt amortization and interest and for equipment, renewal and replacement reserves, the amounts are accounted for as mandatory transfers.

Interfund borrowings are recorded on each fund as due to/from other funds. All interfund loans are temporary in nature; no interest is charged on interfund loans. Such borrowings are authorized in advance by administrative action. The borrowings have identifiable repayment schedules in most instances and provide needed working capital or cash advances for special projects.

**Fund Accounting**

Accounts are maintained in accordance with principles of "Fund Accounting." These principles require resources to be classified for accounting and reporting purposes into account groups in accordance with the activities or objectives specified for the resources. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined. Accordingly, all financial transactions have been recorded and reported by fund group.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets.

**Description of Funds**

**Current Operating Funds**. The current operating funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the college (i.e., instruction, research grants and contracts, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, and auxiliary activities). Current operating funds include:

1. The State Appropriated Fund which is used to account for transactions related to the State Colleges state appropriated budget as approved by the Colorado State Legislature and the Trustees of the State Colleges.

2. The Auxiliary and Self-funded Fund which is used to account for transactions of substantially self-supporting activities that primarily provide services for students, faculty, and staff. Auxiliary enterprises include, but are not limited to, student housing, food services, the bookstore, and athletics. Included in the auxiliary fund are self-supporting activities which are funded by unrestricted gifts and other income designated for specific purposes.

3. Within the Restricted 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 Revenue, Expenditures, and Other Changes.

4. Agency funds have been combined with current restricted funds on the financial statements.

**Non-operating Funds**. Non-operating funds include:

1. The Student Loan Fund, funded primarily by the federal government, is used to account for loans to students. Interest on loans to students is recognized as income when received.

2. The Endowment and Similar Funds consist of endowment income funds which are subject to the restrictions of donor gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized.

3. Plant Funds are used to account for transactions relating to investment in properties. They include 1) unexpended plant fund, 2) renewal and replacement fund, 3) retirement of indebtedness, and 4) investment in plant. The unexpended plant fund is composed of amounts which have been appropriated or designated for purchase of land, improvements, buildings, and equipment. The renewal and replacement fund is to account for renewal and replacement of plant fund assets rather than additions and improvements to plant. The retirement of the indebtedness fund represents funds to provide for payment of principal and interest, primarily pursuant to the terms of bond indentures. The investment in plant fund represents the total of property, buildings, and equipment, and the related liabilities.

## NOTE 2: CASH WITH THE STATE TREASURER, CASH ON HAND AND IN BANK, AND INVESTMENTS

**Cash with the State Treasurer**. At year end June 30, 1994, the State Colleges had $ 19,728,205 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

**Cash on Hand and in Banks**. At year end, cash on hand and in banks consisted of the following:

| | |
|---|---|
| Cash on Hand | $ 183,230 |
| Checking Accounts | 3,162,397 |
| Certificates of Deposit | 919,258 |
| | $4,264,885 |

The carrying amount of the State Colleges cash on deposit was $4,081,655 and the bank balance was $9,403,876. Of this bank balance, $1,109,046 was covered by Federal note depository insurance or by collateral held by the institution's agent in the institution's name and $8,294,830 was 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.

**Investments**. At year end June 30, 1994, investments with a carrying value of $18,233,917 and a market value of $18,720,472 are categorized to give an indication of the level of risk assumed. Of this total, $18,009,932 were investments insured or registered or for which securities are held by the broker's or dealer's trust department or agent in the institution's name; $190,634 were insured or registered or for which the securities are held by COLOTRUST or the custodian bank in COLOTRUST's name; $33,351 were uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the institution's name. Yield on investments ranged from 3.21% to 8.38%.

## NOTE 3: ACCOUNTS AND LOANS RECEIVABLE

At June 30, 1994, accounts receivable were as follows:

| Accts Rec | Adams | Mesa | Metro | Western | OSC | Total |
|---|---|---|---|---|---|---|
| Accts Rec | $ 374,594 | $1,159,788 | $ 760,423 | $ 463,294 | $27,986 | $ 2,786,085 |
| Less Allow Doubt Acct | 108,348 | 498,551 | 233,694 | 243,327 | - | 1,083,920 |
| Net Acct Rec | $ 266,246 | $ 661,237 | $ 526,729 | $ 219,967 | $27,986 | $ 1,702,165 |
| Loans Rec | | | | | | |
| Loans Rec | $1,405,141 | $ 887,600 | $8,844,554 | $2,053,144 | - | $13,190,439 |
| Less Allow Doubt Acct | 140,021 | 147,755 | 1,241,699 | 222,330 | - | 1,751,805 |
| Net Loans Rec | $1,265,120 | $ 739,845 | $7,602,855 | $1,830,814 | - | $11,438,634 |

## NOTE 4: OBLIGATIONS UNDER CAPITALIZED LEASES

**Adams State College**

On June 1, 1994, Adams State College entered into a lease/purchase agreement for NCR Computer equipment which requires annual payments with interest at 5.81%. Principal requirements to maturity are as follows.

| Year ending June 30: | |
|---|---|
| 1995 | $ 33,257 |
| 1996 | 31,221 |
| 1997 | 33,035 |
| 1998 | 9,386 |
| TOTAL | $ 106,899 |

**Metropolitan State College**

MSCD leases building space and equipment under operating lease agreements. Rental expense for the year ended June 30, 1994 was $611,128. Minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

| Year Ending June 30 | |
|---|---|
| 1995 | $538,004 |
| 1996 | 470,218 |
| 1997 | 467,279 |
| 1998 | 266,155 |
| 1999 | 266,155 |
| Total | $2,007,811 |

MSCD has a three-year sublease rental agreement for $42,534 each year from July 1, 1993 through June 30, 1996. Two years remain on this sub-lease rental agreement for a total of $85,068.

**Western State College**

A capital lease for equipment lease dated February 1, 1992 requires semi-annual payments of $20,106 with interest at 7.23%. Principal and interest requirements to maturity are as follows:

| Year Ending June 30 | |
|---|---|
| 1995 | $40,212 |
| 1996 | 40,212 |
| 1997 | 20,106 |
| Total | 100,530 |
| Less amount representing Interest | 10,047 |
| Principle outstanding | $90,483 |

Operating Leases:

An operating lease for equipment, dated October 1, 1993, requires monthly payments of $2,877 for 60 months, which includes maintenance agreement of $1,424 per month.

**Office of State Colleges**

The Office of State Colleges (OSC) has a lease agreement to rent office space at 1580 Lincoln, Suite 750, Denver through August 21, 1998 with monthly payments of $3,436.30. Following is a schedule of future minimum lease payments.

| Year Ending June 30 | |
|---|---|
| 1995 | $41,236 |
| 1996 | 41,236 |
| 1997 | 41,236 |
| 1998 | 41,236 |
| 1999 | 6,873 |
| Net minimum lease payments | $171,817 |

## NOTE 5: REVENUE BONDS PAYABLE

**Adams State College**

In March 1994, the college refunded its outstanding housing system revenue bonds, series A,B,C, D, and F totaling $1,927,000. The bonds were retired from proceeds of a $12,945,000 issue of Adams Auxiliary Facilities System - Enterprise Revenue Bonds issued March, 1994. The economic loss resulting from this transaction was estimated to be $1,988. Total future cash flows over the life of the refunded bonds would have been $2,248,680 compared to $2,878,296 for the refunding bonds.

The new series A 1994 Enterprise Revenue bonds have annual maturities through 2006 than the bonds will mature in 2009, 2014, and 2019. Interest rates vary from 3.30% to 5.75% with an average rate of 5.55%. The bonds are collateralized by first lien on all net revenues of the Auxiliary Facilities System which consists of all dormitories, cafeteria, apartment buildings, and college center. Also, the series A 1994 Bonds are insured through the Municipal Bond Investors Assurance Corporation (MBIA).

Under the terms of the bond resolution the Debt Service Reserve Requirement may be maintained by cash or a qualified surety bond or a combination of both in the amount of $1,182,180. The College fulfilled this requirement with the purchase of a Debt Service Reserve Surety Bond in the amount of $1,182,180 issued through the Municipal Bond Investors Assurance Corporation (MBIA).

Under the terms of the bond resolution the Repair and Replacement Reserve Requirement is to start with an initial amount of $200,000 with deposits in the amount of not less than $25,000 each year from 1995-1998 or until a reserve of $300,000 is met. As of June 30, 1994, the college had a Repair and Replacement Reserve balance of $535,474.

Principal and interest requirements to maturity are as follows:

| Year Ending June 30 | |
|---|---|
| 1995 | $923,259 |
| 1996 | 934,548 |
| 1997 | 924,548 |
| 1998 | 1,173,797 |
| 1999 | 1,186,358 |
| 2000-2019 | 18,501,094 |
| | 23,643,604 |
| Less amount representing interest | (10,698,604) |
| Principal Outstanding | $12,945,000 |

In 1994, Adams State College defeased its Certificates of Participation, Series 1991 totaling $925,000, with an average interest rate of 7.16% by placing a portion on the proceeds of the Adams Auxiliary Facilities System- Enterprise Revenue Bonds, Series A 1994, in a Certificate Escrow Fund. This Escrow Fund is maintained by an Escrow Agent in accordance with he terms of the Series A Resolution and the Certificate Escrow Agreement. This Escrow Agreement provides for the full and timely payment of all future debt service payments on the Certificates of Participation. Accordingly, the Escrow Fund assets and the liability of the College's financial statements. On June 30, 1994 $925,000 of the Certificates of Participation outstanding are considered economically defeased. The advance refunding resulted in an increase of aggregate debt service payments of $468,448 and an economic loss of $46,685.

**Mesa State College**

Mesa Auxiliary Facilities Revenue Bonds, Series B 1994, require annual debt service payments ranging from $586,913 to $970,069, including interest at 3.3% to 5.75%. Final payments are due November of 2019. The bonds are secured by a first lien on and pledge of certain net revenues of the Mesa Auxiliary Facilities System. A $300,000 renewal and replacement reserve fund is maintained as required by the bond resolution. Bonds maturing in 2004 are callable at a premium of 1% and bonds maturing in 2005 at .5%. Bonds maturing in 2006 and thereafter are subject to mandatory sinking fund redemption without premium.

The following is a schedule of future minimum bond payments as of June 30, 1994:

| | Auxiliary Facility Revenue Bonds |
|---|---|
| 1995 | $970,069 |
| 1996 | 886,036 |
| 1997 | 816,036 |
| 1998 | 822,276 |
| 1999 | 827,316 |
| 2000-2019 | 13,394,917 |
| Net minimum bond payments | 17,716,650 |
| Less: interest included above | 7,701,650 |
| | 10,015,000 |
| Less: unamortized discount and issue cost | 320,417 |
| | $9,694,583 |

On March 15, 1994, the Trustees of the State Colleges in Colorado issued $10,015,000 in Mesa Auxiliary Facilities System- Enterprise Revenue Bonds, Series 1994, to advance refund $3,135,000 in 1991 Certificates of Participation and $550,000 in Housing Revenue Bonds, Series 1965, 1966, and 1967, and to finance renovation and expansion of the Suanders Field House Building. $3,880,991.71 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result, the Certificated of Participation, 1991, and the Bonds, 1965, 1966, 1967 are considered economically defeased and the liability for this debt has been removed from the investment in plant fund.

The advance refunding resulted in the recognition of an accounting loss of $198,296, an increase of aggregate debt service requirements of $1,091,137 over the next 25 years, and an economic gain of $447,898.

**Western State College**

On March 31, 1994 the College issued $14,145,000 in Student Housing Revenue Bonds with an average interest rate of 5.458% to advance refund $12,975,000 of outstanding 1992 Series Bonds with an average interest rate of 6.522%. The net proceeds of $13,634,619 (after payment of $322,163 in underwriting fees. insurance, and other issuance costs) plus an additional $415,088 1992 Series Debt Service Reserve funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. As a result, the 1992 Series bonds are considered defeased and the liability for those bonds has been removed from the Unexpended Plant Fund.
The college advance refunded the 1992 Series bonds to reduce its total debt service payments over the next 21 years by $51,009 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $65,842.

The 1994 bonds require interest only payments until May 15, 1996 when the bonds begin to mature in increasing amounts through May 15, 2015. Interest rates vary from 4.0% on bonds maturing May 15, 1996 to 5.625% on all bonds maturing after May 15, 2009. The bonds are collateralized by a first lien on and pledge of all revenues of the Auxiliary Facilities System.

Debt Service Reserve Requirement - Under the terms of the bond agreement the College is required to maintain in a Debt Service Reserve Fund and amount equal to the lesser of (1) the combined maximum annual principal and interest payments on all bonds outstanding, (2) the combined average annual principal and interest payments on all bonds outstanding, or (3) ten percent of the original principal amount of each issue outstanding. The initial debt service reserve requirement of $1,220,812 is satisfied by a surety bond obtained at bond closing.

Renewal and Replacement Fund - Under the terms of the bond agreement the College transferred $300,000 into the Renewal and Replacement Fund. The agreement required transfers of not less than $50,000 each year during 1995 and 1996 until the fund totals not less that $400,000.

A summary of the amounts recorded in fund balance for the purpose of meeting the bond payments and satisfying the terms of the bond agreement as of June 30, 1994 are: $300,000 - Renewal and Replacement; and $33,351 - Retirement of Indebtedness.

Principal and interest requirements to maturity are as follows:

| Year Ending June 30 | |
|---|---|
| 1995 | $875,471 |
| 1996 | 825,404 |
| 1997 | 1,157,404 |
| 1998 | 1,199,774 |
| 1999 | 1,214,094 |
| 2000-2015 | 19,426,865 |
| Total Principal and Interest | 24,699,012 |
| Less Interest | 10,554,012 |
| Total Principal | $14,145,000 |

## NOTE 6: EXTINGUISHMENT OF DEBT

### Adams State College

In 1991, Adams defeased its outstanding Series 1972, Adams State College Center Revenue Bonds totaling $1,345,000, with an average interest rate of 5.6% by placing the proceeds of certificates of participation, Series 1991 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the colleges financial statements. As of June 30, 1994, $1,035,000 of the bonds outstanding are considered economically defeased.

### Mesa State College

In 1991, Mesa State College defeased its outstanding Series 1984, College Center Revenue Bonds totaling $905,000, with an average interest rate of 10.1%, by placing the proceeds of the Certificates of Participation, Series 1991 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the colleges financial statements. As of June 30, 1994, $365,000 of the bonds outstanding are considered economically defeased.

## NOTE 7: COLLEGE FOUNDATIONS

Foundations in the State Colleges are unconsolidated nonprofit corporations formed to provide financial assistance to college students and to otherwise assist the colleges in serving educational needs. The foundations engage in activities that may be beyond the scope of the Board of Trustees. Their financial records are maintained separately from the colleges' financial accounting systems. As of June 30, 1994, the Foundations' unaudited summarized balance sheets and statements of revenues and expenses for Mesa, MSCD, and Western were as follows:

| | Mesa | Metropolitan | Western |
|---|---|---|---|
| Assets | $3,468,805 | $1,445,440 | $4,263,307 |
| Liabilities | 1,342 | 579,961 | 1,095,882 |
| Fund Balance | $3,467,463 | $865,479 | $3,167,425 |
| Revenue | $789,888 | $691,691 | $672,756 |
| Expenses | 380,983 | 621,520 | 614,133 |
| Excess of Revenue | $408,905 | $70,171 | $58,623 |

As of June 30, 1993, the Foundations' unaudited summarized balance sheets and statements of revenues and expenses were as follows:

| | Mesa | Metropolitan | Western |
|---|---|---|---|
| Assets | $3,092,565 | $1,261,865 | $4,214,709 |
| Liabilities | 1,313 | 466,557 | 919,114 |
| Fund Balance | $3,091,252 | $795,308 | $3,295,595 |
| | | | |
| Revenue | $778,374 | $608,264 | $697,347 |
| Expenses | 379,694 | 453,667 | 537,716 |
| Excess of Revenue | $398,680 | $154,597 | $159,631 |

Adams State College Foundation adopted a calendar year end for audit and tax purposes. As of December 31, 1993 and 1992 the Foundation's summarized balance sheet and statement of revenue and expenses were as follows:

| Adams | 1993 | 1992 |
|---|---|---|
| Assets | $1,900,491 | $1,776,969 |
| Liabilities | 181,203 | 176,970 |
| Fund Balance | $1,719,288 | $1,599,999 |
| | | |
| Revenue | $214,055 | $226,100 |
| Expenses | 94,766 | 189,707 |
| Excess of Revenue | $ 119,289 | $36,393 |

Under a memorandum of understanding between the colleges and foundations, the colleges grant and manage student loans made from designated foundation funds. The colleges absorb any associated costs in excess of loan interest collections, including loan write-offs and administrative expenses. Student loan fund assets at June 30, 1994, consisting primarily of loans receivable, are held by the colleges and represent a payable to the foundation, of $200,000.

## NOTE 8: CONTINGENT LIABILITIES

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

**Metropolitan State College of Denver**

In March of 1994, a complaint was filed with the United States District against MSCD by three female employees of MSCD alleging sex discrimination and violations of the Equal Pay Act. The College intends to vigorously defend against the claims of the plaintiffs and believes their claims are meritless. The estimated liability associated with this claim is not determinable at the present time, however if the plaintiffs were to prevail on every claim, the amount could be as much as $200,000.

## NOTE 9: COMPENSATED ABSENCES FOR ANNUAL AND SICK LEAVE

Employees may accrue annual and sick leave based on length of service and subject to certain limitations regarding the amount which will be paid upon termination. Estimated costs of compensated absences for which employees are vested for the year ended June 30, 1994 is estimated at $3,002,702. Current expenses include an increase of $337,729 for the estimated compensated absence liability. Recording the liability results in fund balance deficits which will be funded by the state appropriation, federal funds, or other fund sources available in future years when the liability is paid.

## NOTE 10: PENSION PLAN OBLIGATION

The State Colleges principle employee pension plan is the Public Employees Retirement Association of Colorado (PERA). PERA is a cost-sharing, multiple-employer, defined benefit pension plan. The plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. Employees' rights vest in the plan after 5 years of service credit.

An employee is eligible for full retirement benefits at age 55 with at least 30 years of service with PERA covered employees, at age 60 with at least 20 years of service, or at age 65 with at least 5 years of service. Employees are eligible for a full retirement at any age with 35 years of covered service. Reduced retirements are available at age 50 with at least 25 years of service, at age 55 with 20 years, or at age 60 with at least 5 years of service.

The State Colleges total payroll for the Fiscal Year ended June 30, 1994 was $70,540,073; the total payroll of employees covered by PERA was $62,607,213. Employer and employee obligations to contribute to PERA are established under Colorado State Law, specifically, Title 24, Article 51 of Colorado Revised Statues (CRS). For the current fiscal year, the system's contribution to PERA was $7,261,710 which is 11.6% of covered payroll. Contributions by employees were 8.0% of covered payrolls. The State Colleges system contribution to PERA during calendar year 1993 was $7,008,942 or 1.91% of all employer contributions to PERA for the year ended December 31, 1993. At December 31, 1993, the amortization period for the unfunded actuarial accrued liabilities for the State Division decreased from 23 to 22 years.

During the 1993 legislative session, House Bill 1324 was passed making several significant changes to the plan:

- Members with at least 25 years of service can retire and begin receiving a reduced retirement benefit as early as age 50. Prior to this change the earliest retirement age was 55 unless the member had 35 years of service.

- Inactive members with 25 years of service, who are not yet retired have their retirement benefit indexed by the same annual increase paid to benefit recipients.

- The Cost of Living Stabilization Fund was rolled into the Division Trust Funds. Annual increases in retirement benefits for inflation will be made automatically instead of by legislation act.

The pension benefit obligation, which is the actuarial measure of the present value of credit 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 colleges' 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 employers. As of December 31, 1993, the total pension benefit obligation of the State Division within PERA was $5,468,928,000. Net assets available for benefits, at fair market value, are $5,415,070,000.

The annual report of PERA for the calendar year 1993 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.

Beginning in Fiscal Year 1993, in accordance with the provision of CRS 24-54.6 and as provided in section 403 (b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5% contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan was $376,221. Employee contributions were 7.5% of covered payroll.

**Optional Retirement Plan:**
On September 10, 1993 the Board of Trustees adopted an Optional Retirement Plan (ORP) for Faculty and exempt-administrative staff, under the authority of Senate Bill 92-127. The implementation date was May 1, 1994, eligible employees were offered the choice of remaining in PERA or participating in the ORP. New faculty and administrative staff members will be required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contributions plan with three vendors, Fidelity Investments, TIAA-CREFF and VALIC, providing a range of investment accounts for participants. Total payroll of the employees covered by the ORP was $1,027,305. Contributions to the ORP will be the same as PERA contributions for covered payroll. For this Fiscal Year ended June 30, 1994 the State Colleges System contribution to the ORP was $119,184, or 11.6% of covered payroll. Contributions by employees were 8% of covered payroll. All ORP contributions are immediately invested in the employee's account. Normal retirement

for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

## NOTE 11: CAPITAL CONSTRUCTION AND CONTROLLED MAINTENANCE

The State Colleges depend on funding from the state legislature for most capital construction and major maintenance projects for physical plant facilities.

### Adams State College

During the year ended June 30, 1994, Adams:

*expended $94,826 for the Stem Plant Retrofit

*expended $13,302 to repair deteriorated roofs on selected academic buildings

*expended $5,025 for replacement of pool filters

The projects listed above were funded by State Controlled Maintenance Appropriations.

*Also, $127,579 was expended for repair and replacements of Faculty Drive Apartments. This project was funded by Adams State College.

### Mesa State College

During the year ended June 30, 1994, Mesa:

*completed the renovation of the Saunders Field House Building. $7,546 was expended in Fiscal Year 1993 and $230,560 was expended in Fiscal Year 1994 for a total project cost of $238,106.

*began Phase II of the Service Center Roof Replacement Project. Project costs are estimated at $66,030. As of June 30, 1994 $48,705 had been expended and $5,251 had been encumbered.

The projects listed above are being funded through State Appropriations.

*began the College Center Patio Project. The project costs are estimated at $192,442. As of June 30, 1994 $122,600 had been expended and $39,748 encumbered. Funding will be provided through institutional funds.

*began the Parking Improvement Project. The project costs are estimated at $65,556. As of June 30, 1994 $10,017 had been expended and $3,339 encumbered. Funding will be provided through institutional funds.

*began Saunders Field House Renovation and Expansion project. The project costs are estimated at $5,823,000. Funding has been provided through issuance of Auxiliary Facilities Revenue Bonds, Series 1994 (see Note 7). As of June 30, 1994, $234,917 had been expended and $321,144 encumbered.

**Western State College**

During the year ended June 30, 1994, Western:

*expended $27,688 for a fire alarm system in Hurst Hall

*expended $10,950 to repair a leaking roof in Quigley Hall

*expended $29,258 to upgrade the campus-wide steam distribution system

*expended $12,662 to complete the renovation of Crawford Hall

The projects listed above were funded by State Capital Construction Appropriations.

*expended $3,909,338 for the renovation of the College Union and Mears Residence Hall Complex. These projects were funded by the sale of revenue bonds.

## NOTE 12: CAMPUS SHARED CONTROLLED COSTS

Legislation enacted in 1974 established the Auraria Higher Education Center (AHEC) and included MSCD as one of the constituent institutions, along with the Community College of Denver (CCD), and the University of Colorado at Denver (UCD). Each institution operates independently as an educational institution responsible to its own governing board while sharing common operations. For the purpose of total financial disclosure and instruction, such intercampus costs must be considered. MSCD's portion of campus shared costs for the Auraria Campus is as follows:

| | Year Ended June 30,1994 |
|---|---|
| Administration of AHEC, plant operations | $5,333,657 |
| Library and media center | 2,907,820 |
| Total | $8,241,477 |

## NOTE 13: SALE OF TRUSTEE PROPERTY

From the sale of real property owned by the Trustees of the State Colleges, $127,037 was realized. Pursuant to House Bill 1234 the proceeds and interest earned on the proceeds ($4,264) were continuously credited to the "State Colleges Undergraduate Enrichment Fund" created by Section 23-50-113, Colorado Revised Statues (C.R.S.). Interest earned from June 1992 through May 1993 ($4,664) was transferred to Metropolitan State College to advance and enrich undergraduate education.

## NOTE 14: DEFICIT FUND BALANCE IN THE UNEXPENDED PLANT FUND

During Fiscal Year 1993, Western State College sold revenue bonds to finance major renovations in residence halls and the College Union. The establishment of required reserves and closing costs were also financed by incurring a liability for bonds. These expenditures and net transfers-out of $786,333 to reserves created a deficit fund balance in the unexpended plant fund.

This deficit will be reduced to zero over the life of the bonds as payments of principal are made. The offset to the reduction of bonds payable will be to fund additions.

| | |
|---|---|
| Consolidated Fund Balance, July 1, 1993 | ($3,035,169) |
| Consolidated Change in Fund Balance during year | 870,418 |
| Consolidated Ending Fund Balance, June 30, 1994 | ($2,164,751) |

## NOTE 15: HOUSE BILL 1187 PROVISIONS

HB 85-1187 provides that each governing board may expend all cash reserves generated and retain them from fiscal year to fiscal year. Consistent with the 1993-94 long bill headnote provisions, all unexpended cash funds at year end, pursuant to approval of the Trustees of the State Colleges, have been retained by the colleges and OSC and rolled forward into Fiscal Year 1994-95.

## NOTE 16: RESTATEMENT OF PRIOR YEARS' FINANCIAL INFORMATION

To present the financial statements on a comparable basis with the current year, some prior year figures contained in this statement have been restated.

## NOTE 17: LEGISLATIVE APPROPRIATION

### Appropriated Funds

The Colorado Legislature establishes spending authority to the Trustees of the State Colleges in its annual Long Appropriations Bill. Appropriated funds include an amount from the State of Colorado's General Fund, as well as certain cash funds. Cash funds include tuition, certain fees, and certain other revenues sources.

For the year ended June 30, 1994, appropriated expenditures were within the authorized spending authority. The Trustees of the State Colleges had a total appropriation of $99,247,417. Actual appropriated revenues earned totaled $96,193,024. Actual appropriated expenditures and transfers totalled $96,063,370. The net increase in appropriated fund balances was $129,654.

### Non-appropriated Funds

All other revenues and expenditures reported by the Trustees of the State Colleges represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues and other revenue sources.

### Financial Statement Presentation

The accompanying financial statements contain revenues and expenditures from both appropriated and non-appropriated funds. Appropriated and non-appropriated revenues and expenditures are included in each fund group based on the principles of fund accounting.

# STATE COLLEGES IN COLORADO

# COMBINING FINANCIAL STATEMENTS

tate Colleges in Colorado
ombining Balance Sheet
une 30, 1994

| ASSETS | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **tate Appropriated Fund** | | | | | | |
| Cash | $387,237 | $388 | $189,487 | $38,227 | $100 | $615,439 |
| Cash with the State Treasurer | 1,257,921 | 727,265 | 3,976,041 | 311,922 | 874,553 | 7,147,702 |
| Accounts receivable (less allowance for doubtful accts) | 90,919 | 176,469 | 264,831 | 24,675 | 27,986 | 584,880 |
| Inventories | 153,531 | 116,711 | - | 144,563 | - | 414,805 |
| Prepaid expenses and deferred charges | 30,955 | 89,625 | 140,757 | 25,683 | 3,442 | 290,462 |
| Other assets | - | - | 267 | - | - | 267 |
| Total State Appropriated Fund | $1,920,563 | $1,110,458 | $4,571,383 | $545,070 | $906,082 | $9,053,556 |
| **uxiliary and Self-Funded Activites** | | | | | | |
| Cash | $812,211 | $222,321 | $1,815 | $65,706 | - | $1,102,053 |
| Cash with the State Treasurer | 1,251,825 | 792,178 | 1,720,168 | 424,164 | - | 4,188,335 |
| Investments | - | - | 190,634 | - | - | 190,634 |
| Accounts receivable (less allowance for doubtful accts) | 148,169 | 398,492 | 22,885 | 164,136 | - | 733,682 |
| Loans Receivable (less allowance for doubtful accounts) | - | - | 40,568 | - | - | 40,568 |
| Interest receivable | 7,691 | - | 609 | - | - | 8,300 |
| Inventories | 188,195 | 301,756 | - | 235,875 | - | 725,826 |
| Prepaid expenses and deferred charges | 1,393 | 58,603 | 29,289 | 14 | - | 89,299 |
| Total Auxiliary and Self-Funded Activites | $2,409,484 | $1,773,350 | $2,005,968 | $889,895 | $0 | $7,078,697 |
| **estricted Fund** | | | | | | |
| Cash | $108,308 | - | - | - | - | $108,308 |
| Cash with the State Treasurer | 282,535 | $228,424 | $529,395 | $94,592 | $133,559 | 1,268,505 |
| Accounts receivable (less allowance for doubtful accts) | 17,257 | 86,276 | 239,013 | 30,983 | - | 373,529 |
| Interest receivable | 2,564 | - | - | - | - | 2,564 |
| Prepaid expenses and deferred charges | 2,200 | 45 | 3,914 | - | - | 6,159 |
| Due from state agencies | 9,316 | - | 6,599 | - | - | 15,915 |
| Total Restricted Fund | $422,180 | $314,745 | $778,921 | $125,575 | $133,559 | $1,774,980 |

te Colleges in Colorado
nbining Balance Sheet
e 30, 1994

| ASSETS | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **dent Loan Funds** | | | | | | |
| Cash | $30,000 | - | - | - | - | $30,000 |
| Cash with the State Treasurer | 129,112 | $205,225 | $573,422 | $249,095 | - | 1,156,854 |
| Accounts receivable (less allowance for doubtful accts) | - | - | - | 173 | - | 173 |
| Loan receivable (less allowance for doubtful accounts) | 1,265,120 | 739,845 | 7,562,286 | 1,830,814 | - | 11,398,065 |
| nterest receivable | 769 | 40,636 | - | 5,666 | - | 47,071 |
| Due from Federal Government | 29,514 | - | - | - | - | 29,514 |
| Other assets | 4,500 | - | - | - | - | 4,500 |
| Total Student Loan Funds | $1,459,015 | $985,706 | $8,135,708 | $2,085,748 | $0 | $12,666,177 |
| **dowment and Similar Funds** | | | | | | |
| Cash | $52,724 | - | - | - | - | $52,724 |
| Total Endowment and Similar Funds | $52,724 | $0 | $0 | $0 | $0 | $52,724 |
| **xpended Fund** | | | | | | |
| Cash | $322,995 | - | - | - | - | $322,995 |
| Cash with the State Treasurer | - | $4,712 | - | $5,078,966 | - | $5,083,678 |
| nvestments | 9,500,000 | 5,662,300 | - | 2,498,288 | - | 17,660,588 |
| nterest receivable | 90,915 | 35,155 | - | - | - | 126,070 |
| Construction in progress | 618,725 | 281,526 | - | 4,684,495 | - | 5,584,746 |
| Equipment | - | - | - | 8,936 | - | 8,936 |
| Total Unexpended Fund | $10,532,635 | $5,983,693 | $0 | $12,270,685 | $0 | $28,787,013 |
| **ewals and Replacements Fund** | | | | | | |
| Cash | $202,787 | $994,909 | - | - | - | $1,197,696 |
| Cash with the State Treasurer | 31,378 | 438,760 | - | $570,570 | - | 1,040,708 |
| nvestments | 349,344 | - | - | - | - | 349,344 |
| Accounts Receivable (less allowance for doubtful Accts) | 9,901 | - | - | - | - | 9,901 |
| nterest receivable | 7,941 | - | - | - | - | 7,941 |
| Construction in Progress | - | 132,677 | - | - | - | 132,677 |
| Total Renewals and Replacements Fund | $601,351 | $1,566,346 | $0 | $570,570 | $0 | $2,738,267 |

State Colleges in Colorado
Combining Balance Sheet
June 30, 1994

| ASSETS | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Retirement of Indebtedness Fund** | | | | | | |
| Cash | $187,672 | $647,998 | - | - | - | $835,670 |
| Cash with the State Treasurer | 4,333 | 23,714 | - | - | - | 28,047 |
| Investments | - | - | - | $33,351 | - | 33,351 |
| Interest receivable | 292 | - | - | - | - | 292 |
| Due from other funds | - | - | - | 125,067 | - | 125,067 |
| Total Retirement of Indedtedness Fund | $192,297 | $671,712 | $0 | $158,418 | $0 | $1,022,427 |
| **Investment in Plant Fund** | | | | | | |
| Land | $170,210 | $812,945 | - | $95,416 | - | $1,078,571 |
| Land improvements | 3,245,013 | 1,289,358 | - | 1,904,083 | - | 6,438,454 |
| Buildings | 20,109,761 | 27,377,521 | - | 20,240,714 | - | 67,727,996 |
| Equipment | 4,217,531 | 6,962,184 | $9,157,397 | 4,333,242 | $67,343 | 24,737,697 |
| Library books | 3,066,727 | 5,403,723 | - | 3,207,541 | - | 11,677,991 |
| Total Investment in Plant Fund | $30,809,242 | $41,845,731 | $9,157,397 | $29,780,996 | $67,343 | $111,660,709 |

ıte Colleges in Colorado
mbining Balance Sheet
ıe 30, 1994

| LIABILITIES AND FUND BALANCES | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **ıte Appropriated Fund** | | | | | | |
| Accounts payable | $233,016 | $166,901 | $389,172 | $155,021 | $123,600 | $1,067,710 |
| Accrued payroll | 460,287 | 119,091 | 44,030 | 27,529 | - | 650,937 |
| Student deposits | - | 71,902 | 71,037 | 2,312 | - | 145,251 |
| Due to other agencies | - | - | 54,461 | - | - | 54,461 |
| Deferred revenues | 469,113 | 283,921 | 2,299,623 | 309,339 | - | 3,361,996 |
| Compensated absence liabilities | 401,513 | 432,179 | 1,354,314 | 461,454 | 44,909 | 2,694,369 |
| Total Liabilities | 1,563,929 | 1,073,994 | 4,212,637 | 955,655 | 168,509 | 7,974,724 |
| Fund Balance | | | | | | |
| Designated for compensated absences | (401,513) | (432,179) | (1,354,314) | (461,454) | (44,909) | (2,694,369) |
| Unrestricted | 758,147 | 468,643 | 1,713,060 | 50,869 | 782,482 | 3,773,201 |
| Total Fund Balance | 356,634 | 36,464 | 358,746 | (410,585) | 737,573 | 1,078,832 |
| Total State Appropriated Fund | $1,920,563 | $1,110,458 | $4,571,383 | $545,070 | $906,082 | $9,053,556 |
| **xiliary and Self-Funded Activities** | | | | | | |
| Accounts payable | $119,156 | $60,584 | $67,904 | $174,871 | - | 422,515 |
| Accrued payroll | - | 46,674 | 27,374 | 326,393 | - | 400,441 |
| Student deposits | 101,101 | 111,647 | - | 138,604 | - | 351,352 |
| Due to other agencies | - | - | 71,464 | - | - | 71,464 |
| Deferred revenues | 208,300 | 290,100 | 464,699 | 83,518 | - | 1,046,617 |
| Compensated absence liabilities | 163,101 | 76,280 | - | 50,863 | - | 290,244 |
| Other liabliities | 164,550 | - | - | - | - | 164,550 |
| Total Liabilities | 756,208 | 585,285 | 631,441 | 774,249 | 0 | 2,747,183 |
| Fund Balance | | | | | | |
| Designated for compensated absences | (163,101) | (76,280) | - | (50,863) | - | (290,244) |
| Unrestricted | 1,816,377 | 1,264,345 | 1,374,527 | 166,509 | - | 4,621,758 |
| Total Fund Balance | 1,653,276 | 1,188,065 | 1,374,527 | 115,646 | 0 | 4,331,514 |
| Total Auxiliary and Self-Funded Activities | $2,409,484 | $1,773,350 | $2,005,968 | $889,895 | $0 | $7,078,697 |

tate Colleges in Colorado
ombining Balance Sheet
une 30, 1994

| LIABILITIES AND FUND BALANCES | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **estricted Fund** | | | | | | |
| Accounts payable | $44,332 | $24,021 | $180,311 | $15,868 | $4,664 | $269,196 |
| Accrued payroll | - | 2,915 | 59,926 | 54 | - | 62,895 |
| Student Deposits | - | - | - | 1,689 | - | 1,689 |
| Deposits held in custody for others | 179,416 | 62,902 | 227,295 | - | - | 469,613 |
| Due to State Treasurer | - | - | 185,624 | - | - | 185,624 |
| Due to other agencies | - | - | 24,192 | - | - | 24,192 |
| Deferred revenues | - | 137,938 | - | - | - | 137,938 |
| Compensated absence liabilities | 18,089 | - | - | - | - | 18,089 |
| Other liabilities | 135,629 | - | - | - | - | 135,629 |
| Total Liabilities | 377,466 | 227,776 | 677,348 | 17,611 | 4,664 | 1,304,865 |
| Fund Balance | | | | | | |
| Designated for compensated absences | (18,089) | - | - | - | - | (18,089) |
| Restricted | 62,803 | 86,969 | 101,573 | 107,964 | - | 359,309 |
| Unrestricted | - | - | - | - | 128,894 | 128,894 |
| Total Fund Balance | 44,714 | 86,969 | 101,573 | 107,964 | 128,894 | 470,114 |
| Total Restricted Fund | $422,180 | $314,745 | $778,921 | $125,575 | $133,559 | $1,774,980 |
| **tudent Loan Funds** | | | | | | |
| Accounts payable | $325 | - | - | - | - | $325 |
| Due to Mesa State College Foundation | - | $200,000 | - | | - | 200,000 |
| Student Deposits | - | - | $6,271 | $1,372 | - | 7,643 |
| Total Liabilities | 325 | 200,000 | 6,271 | 1,372 | 0 | 207,968 |
| Fund Balance | | | | | | |
| U.S. government grants refundable | 987,373 | 747,864 | 7,195,308 | 1,941,275 | - | 10,871,820 |
| Restricted | 471,317 | 37,842 | 934,129 | 143,101 | - | 1,586,389 |
| Total Fund Balance | 1,458,690 | 785,706 | 8,129,437 | 2,084,376 | 0 | 12,458,209 |
| Total Student Loan Funds | $1,459,015 | $985,706 | $8,135,708 | $2,085,748 | $0 | $12,666,177 |

ate Colleges in Colorado
ombining Balance Sheet
ne 30, 1994

| LIABILITIES AND FUND BALANCES | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **dowment and Similiar Funds** | | | | | | |
| Fund Balance | | | | | | |
| Restricted | $52,724 | - | - | - | - | $52,724 |
| Total Fund Balance | 52,724 | 0 | 0 | 0 | 0 | 52,724 |
| Total Endowment and Similiar Funds | $52,724 | $0 | $0 | $0 | $0 | $52,724 |
| **expended Fund** | | | | | | |
| Accounts payable | $11,743 | $48,382 | - | $575,807 | - | $635,932 |
| Accrued Interest | - | 127,824 | - | - | - | 127,824 |
| Due to other funds | - | - | - | 125,067 | - | 125,067 |
| Bonds Payable | 10,103,682 | 5,802,777 | - | 14,145,000 | - | 30,051,459 |
| Other Liabilities | 11,482 | - | - | - | - | 11,482 |
| Total Liabilities | 10,126,907 | 5,978,983 | 0 | 14,845,874 | 0 | 30,951,764 |
| Fund Balance | | | | | | |
| Restricted | 405,728 | 4,710 | - | - | - | 410,438 |
| Unrestricted | - | - | - | (2,575,189) | - | (2,575,189) |
| Total Fund Balance | 405,728 | 4,710 | 0 | (2,575,189) | 0 | (2,164,751) |
| Total Unexpended Fund | $10,532,635 | $5,983,693 | $0 | $12,270,685 | $0 | $28,787,013 |
| **newals and Replacements Fund** | | | | | | |
| Accounts payable | $37,087 | $123,143 | - | $200 | - | $160,430 |
| Other liabilities | 28,790 | - | - | - | - | 28,790 |
| Total Liabilities | 65,877 | 123,143 | 0 | 200 | 0 | 189,220 |
| Fund Balance | | | | | | |
| Restricted | 535,474 | 300,000 | - | - | - | 835,474 |
| Unrestricted | - | 1,143,203 | - | 570,370 | - | 1,713,573 |
| Total Fund Balance | 535,474 | 1,443,203 | 0 | 570,370 | 0 | 2,549,047 |
| Total Renewals and Replacements Fund | $601,351 | $1,566,346 | $0 | $570,570 | $0 | $2,738,267 |

tate Colleges in Colorado
ombining Balance Sheet
une 30, 1994

| LIABILITIES AND FUND BALANCES | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **etirement of Indebtedness Fund** | | | | | | |
| Accrued interest | $183,602 | $69,722 | - | $125,067 | - | $378,391 |
| Total Liabilities | 183,602 | 69,722 | 0 | 125,067 | 0 | 378,391 |
| Fund Balance | | | | | | |
| Restricted | 8,695 | 601,990 | - | 33,351 | - | 644,036 |
| Total Fund Balance | 8,695 | 601,990 | 0 | 33,351 | 0 | 644,036 |
| Total Retirement of Indebtedness Fund | $192,297 | $671,712 | $0 | $158,418 | $0 | $1,022,427 |
| **ıvestment in Plant Fund** | | | | | | |
| Capital lease obligations | - | - | - | $90,483 | - | $90,483 |
| Bonds payable | 2,408,807 | 3,891,806 | - | - | - | 6,300,613 |
| Other liabilities | 135,400 | - | - | - | - | 135,400 |
| Total Liabilities | 2,544,207 | 3,891,806 | 0 | 90,483 | 0 | 6,526,496 |
| Fund Balance | | | | | | |
| Net investment in plant | 28,265,035 | 37,953,925 | 9,157,397 | 29,690,513 | 67,343 | 105,134,213 |
| Total Fund Balance | 28,265,035 | 37,953,925 | 9,157,397 | 29,690,513 | 67,343 | 105,134,213 |
| Total Investment in Plant Fund | $30,809,242 | $41,845,731 | $9,157,397 | $29,780,996 | $67,343 | $111,660,709 |

ate Colleges in Colorado
mbining Statement of Changes in Fund Balances
ar Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **ate Appropriated Fund** | | | | | | |
| venues and Other Additions | | | | | | |
| Unrestricted current fund revenues | $11,659,766 | $15,767,065 | $52,697,427 | $12,393,282 | $1,000,585 | $93,518,125 |
| Federal grants and contracts | - | - | 194,264 | - | - | 194,264 |
| Private gifts, grants, & contracts | - | - | - | 1,400 | - | 1,400 |
| Total Revenues and Other Additions | 11,659,766 | 15,767,065 | 52,891,691 | 12,394,682 | 1,000,585 | 93,713,789 |
| penditures and Other Deductions | | | | | | |
| Educational and general expenditures | 11,552,974 | 15,655,319 | 52,820,849 | 12,531,260 | 553,723 | 93,114,125 |
| Expended for plant facilities | - | - | - | - | 41,236 | 41,236 |
| State assessment | - | - | - | - | 362,704 | 362,704 |
| Total Expenditures and Other Deductions | 11,552,974 | 15,655,319 | 52,820,849 | 12,531,260 | 957,663 | 93,518,065 |
| nsfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Current unrestricted fund matching | - | - | (109,634) | - | - | (109,634) |
| Other | - | - | - | - | - | 0 |
| Total Mandatory Transfers | 0 | 0 | (109,634) | 0 | 0 | (109,634) |
| Voluntary Transfers | | | | | | |
| Transfers from the board | 13,679 | 4,169 | - | 5,629 | (23,477) | 0 |
| Transfers (to) from other funds | - | (219,000) | - | (24,098) | - | (243,098) |
| Total Voluntary Transfers | 13,679 | (214,831) | 0 | (18,469) | (23,477) | (243,098) |
| Total Transfers Among Funds | 13,679 | (214,831) | (109,634) | (18,469) | (23,477) | (352,732) |
| t Increase (Decrease) in Fund Balance | 120,471 | (103,085) | (38,792) | (155,047) | 19,445 | (157,008) |
| nd Balance - Beginning of Year | 236,163 | 139,549 | 397,538 | (255,538) | 718,128 | 1,235,840 |
| nd Balance - End of Year | $356,634 | $36,464 | $358,746 | ($410,585) | $737,573 | $1,078,832 |

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Auxiliary and Self-Funded Activities** | | | | | | |
| Revenues and Other Additions | | | | | | |
| Unrestricted current fund revenues | $5,550,505 | $7,480,971 | $6,871,412 | $7,096,651 | - | $26,999,539 |
| Federal grants and contracts | - | - | 79,986 | - | - | 79,986 |
| Private gifts and contracts | - | 111,377 | - | 68,212 | - | 179,589 |
| Investment income | - | 138,372 | - | 7,709 | - | 146,081 |
| Total Revenues and Other Additions | 5,550,505 | 7,730,720 | 6,951,398 | 7,172,572 | 0 | 27,405,195 |
| Expenditures and Other Deductions | | | | | | |
| Educational and general expenditures | 515,996 | 745,867 | 4,744,987 | 132,279 | - | 6,139,129 |
| Auxiliary enterprises expenditures | 4,162,392 | 5,347,286 | 2,092,947 | 7,070,360 | - | 18,672,985 |
| Indirect costs recovered | - | 6,798 | - | 10,278 | - | 17,076 |
| Total Expenditures and Other Deductions | 4,678,388 | 6,099,951 | 6,837,934 | 7,212,917 | 0 | 24,829,190 |
| Transfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Principal and interest | (387,279) | (592,870) | - | - | - | (980,149) |
| Renewals and replacements | (257,339) | - | - | - | - | (257,339) |
| Other | - | (29) | - | - | - | (29) |
| Total Mandatory Transfers | (644,618) | (592,899) | 0 | 0 | 0 | (1,237,517) |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | 45,529 | - | - | (4,786) | - | 40,743 |
| Other | - | (285,823) | - | - | - | (285,823) |
| Total Voluntary Transfers | 45,529 | (285,823) | 0 | (4,786) | 0 | (245,080) |
| Total Transfers Among Funds | (599,089) | (878,722) | 0 | (4,786) | 0 | (1,482,597) |
| Net Increase (Decrease) in Fund Balance | 273,028 | 752,047 | 113,464 | (45,131) | 0 | 1,093,408 |
| Fund Balance - Beginning of Year | 1,380,248 | 436,018 | 1,261,063 | 160,777 | 0 | 3,238,106 |
| Fund Balance - End of Year | $1,653,276 | $1,188,065 | $1,374,527 | $115,646 | $0 | $4,331,514 |

:ate Colleges in Colorado
ɔmbining Statement of Changes in Fund Balances
ɜar Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **estricted Fund** | | | | | | |
| evenues and Other Additions | | | | | | |
| State grants and contracts | $1,082,282 | $1,497,133 | $3,446,974 | $861,848 | - | $6,888,237 |
| Federal grants and contracts | 2,808,860 | 3,453,889 | 8,484,379 | 1,264,451 | - | 16,011,579 |
| Private gifts and contracts | 503,329 | 127,051 | 158,737 | 166,616 | - | 955,733 |
| Interest income | - | - | - | - | 4,264 | 4,264 |
| Other additions | 8,066 | - | - | - | - | 8,066 |
| Total Revenues and Other Additions | 4,402,537 | 5,078,073 | 12,090,090 | 2,292,915 | 4,264 | 23,867,879 |
| :penditures and Other Deductions | | | | | | |
| Educational and general expenditures | 4,331,647 | 4,942,433 | 11,892,330 | 2,277,845 | - | 23,444,255 |
| Auxiliary enterprises expenditures | - | 124,008 | - | 62,917 | - | 186,925 |
| Indirect cost recovered | 75,328 | 65,422 | 194,264 | 9,421 | - | 344,435 |
| Refunded to grantors | - | 9,856 | - | - | - | 9,856 |
| Administrative and collection costs | - | - | 42,046 | - | - | 42,046 |
| Total Expenditures and Other Deductions | 4,406,975 | 5,141,719 | 12,128,640 | 2,350,183 | 0 | 24,027,517 |
| ansfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Loan fund matching grant | - | (5,365) | (32,003) | (19,018) | - | (56,386) |
| Current unrestricted fund matching | - | - | 109,634 | - | - | 109,634 |
| Other | - | 29 | - | - | - | 29 |
| Total Mandatory Transfers | 0 | (5,336) | 77,631 | (19,018) | 0 | 53,277 |
| Voluntary Transfers | | | | | | |
| Transfers from the board | - | - | 4,664 | - | (4,664) | 0 |
| Transfers (to) from other funds | (43,029) | - | - | 29,090 | - | (13,939) |
| Total Voluntary Transfers | (43,029) | 0 | 4,664 | 29,090 | (4,664) | (13,939) |
| Total Transfers Among Funds | (43,029) | (5,336) | 82,295 | 10,072 | (4,664) | 39,338 |
| t Increase (Decrease) in Fund Balance | (47,467) | (68,982) | 43,745 | (47,196) | (400) | (120,300) |
| nd Balance - Beginning of Year | 92,181 | 155,951 | 57,828 | 155,160 | 129,294 | 590,414 |
| nd Balance - End of Year | $44,714 | $86,969 | $101,573 | $107,964 | $128,894 | $470,114 |

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Student Loan Funds** | | | | | | |
| Revenues and Other Additions | | | | | | |
| Federal grants and contracts | $28,204 | $30,404 | - | - | - | $58,608 |
| Private gifts and contracts | - | - | - | $2,000 | - | 2,000 |
| Investment income | - | 1,366 | - | 6,113 | - | 7,479 |
| Interest income | 45,265 | 17,575 | $218,142 | 36,253 | - | 317,235 |
| US government advances | - | - | 282,533 | 80,829 | - | 363,362 |
| Other additions | 5,491 | - | - | 13,802 | - | 19,293 |
| Total Revenues and Other Additions | 78,960 | 49,345 | 500,675 | 138,997 | 0 | 767,977 |
| Expenditures and Other Deductions | | | | | | |
| Indirect cost recovered | 9,722 | - | - | 33,808 | - | 43,530 |
| Refunded to grantors | - | - | 404 | 32,592 | - | 32,996 |
| Loan cancellation and write offs | (904) | - | (2,917) | - | - | (3,821) |
| Administrative and collection costs | 6,145 | 16 | 97,558 | 8,091 | - | 111,810 |
| Other deductions | - | - | - | 39,356 | - | 39,356 |
| Total Expenditures and Other Deductions | 14,963 | 16 | 95,045 | 113,847 | 0 | 223,871 |
| Transfer Among Fund - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Loan fund matching grant | - | 5,365 | 32,003 | 19,018 | - | 56,386 |
| Total Mandatory Transfers | 0 | 5,365 | 32,003 | 19,018 | 0 | 56,386 |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | - | - | - | - | - | 0 |
| Other | - | - | - | - | - | 0 |
| Total Voluntary Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Transfers Among Funds | 0 | 5,365 | 32,003 | 19,018 | 0 | 56,386 |
| Net Increase (Decrease) in Fund Balance | 63,997 | 54,694 | 437,633 | 44,168 | 0 | 600,492 |
| Fund Balance - Beginning of Year | 1,394,693 | 731,012 | 7,691,804 | 2,040,208 | 0 | 11,857,717 |
| Fund Balance - End of Year | $1,458,690 | $785,706 | $8,129,437 | $2,084,376 | $0 | $12,458,209 |

ıte Colleges in Colorado
mbining Statement of Changes in Fund Balances
ar Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **dowment and Similiar Funds** | | | | | | |
| venues and Other Additions | | | | | | |
| Investment income | $2,327 | - | - | - | - | $2,327 |
| Total Revenues and Other Additions | 2,327 | 0 | 0 | 0 | 0 | 2,327 |
| ɔenditures and Other Deductions | | | | | | |
| Other deductions | - | - | - | 20,702 | - | 20,702 |
| Total Expenditures and Other Deductions | 0 | 0 | 0 | 20,702 | 0 | 20,702 |
| nsfers Among Funds - Additions (Deductions) | | | | | | |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | (2,500) | - | - | (206) | - | (2,706) |
| Total Voluntary Transfers | (2,500) | 0 | 0 | (206) | 0 | (2,706) |
| Total Transfers Among Funds | (2,500) | 0 | 0 | (206) | 0 | (2,706) |
| Increase (Decrease) in Fund Balance | (173) | 0 | 0 | (20,908) | 0 | (21,081) |
| ıd Balance - Beginning of Year | 52,897 | 0 | 0 | 20,908 | 0 | 73,805 |
| ıd Balance - End of Year | $52,724 | $0 | $0 | $0 | $0 | $52,724 |

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Unexpended Fund** | | | | | | |
| Revenues and Other Additions | | | | | | |
| State grants and contracts | $113,153 | $2,045 | - | $90,726 | - | $205,924 |
| Investment income | 117,329 | 66 | - | - | - | 117,395 |
| Additions to plant facilities | 278,928 | - | - | - | - | 278,928 |
| Capitalization of debt | - | 41,918 | - | - | - | 41,918 |
| Total Revenues and Other Additions | 509,410 | 44,029 | 0 | 90,726 | 0 | 644,165 |
| Expenditures and Other Deductions | | | | | | |
| Expended for plant facilities | 9,372 | 82,398 | - | 412,890 | - | 504,660 |
| Loss on debt extinguishment | - | - | - | 659,619 | - | 659,619 |
| Administrative and collection costs | - | 3 | - | - | - | 3 |
| Interest on indebtedness | - | - | - | 187,219 | - | 187,219 |
| Total Expenditures and Other Deductions | 9,372 | 82,401 | 0 | 1,259,728 | 0 | 1,351,501 |
| Transfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Principal and interest | - | (41,918) | - | (202,194) | - | (244,112) |
| Other | - | - | - | 1,840,548 | - | 1,840,548 |
| Total Mandatory Transfers | 0 | (41,918) | 0 | 1,638,354 | 0 | 1,596,436 |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | (103,682) | 85,000 | - | - | - | (18,682) |
| Total Voluntary Transfers | (103,682) | 85,000 | 0 | 0 | 0 | (18,682) |
| Total Transfers Among Funds | (103,682) | 43,082 | 0 | 1,638,354 | 0 | 1,577,754 |
| Net Increase (Decrease) in Fund Balance | 396,356 | 4,710 | 0 | 469,352 | 0 | 870,418 |
| Fund Balance - Beginning of Year | 9,372 | 0 | 0 | (3,044,541) | 0 | (3,035,169) |
| Fund Balance - End of Year | $405,728 | $4,710 | $0 | ($2,575,189) | $0 | ($2,164,751) |

ate Colleges in Colorado
›mbining Statement of Changes in Fund Balances
›ar Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **›newals and Replacements Fund** | | | | | | |
| ›venues and Other Additions | | | | | | |
| Unrestricted current fund revenues | - | - | - | - | - | |
| State grants and contracts | - | $232,005 | - | - | - | $232,005 |
| Investment income | $38,979 | 13,166 | - | - | - | 52,145 |
| Total Revenues and Other Additions | 38,979 | 245,171 | 0 | 0 | 0 | 284,150 |
| ›penditures and Other Deductions | | | | | | |
| Expended for plant facilities | 495,575 | 663,517 | - | 283,411 | - | 1,442,503 |
| Total Expenditures and Other Deductions | 495,575 | 663,517 | 0 | 283,411 | 0 | 1,442,503 |
| ›nsfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Renewals and replacements | 257,339 | - | - | - | - | 257,339 |
| Total Mandatory Transfers | 257,339 | 0 | 0 | 0 | 0 | 257,339 |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | - | 419,823 | - | - | - | 419,823 |
| Total Voluntary Transfers | 0 | 419,823 | 0 | 0 | 0 | 419,823 |
| Total Transfers Among Funds | 257,339 | 419,823 | 0 | 0 | 0 | 677,162 |
| ›t Increase (Decrease) in Fund Balance | (199,257) | 1,477 | 0 | (283,411) | 0 | (481,191) |
| nd Balance - Beginning of Year | 734,731 | 1,441,726 | 0 | 853,781 | 0 | 3,030,238 |
| nd Balance - End of Year | $535,474 | $1,443,203 | $0 | $570,370 | $0 | $2,549,047 |

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Retirement of Indebtedness Fund** | | | | | | |
| Revenues and Other Additions | | | | | | |
| Investment income | $17,640 | $22,727 | - | - | - | $40,367 |
| Total Revenues and Other Additions | 17,640 | 22,727 | 0 | 0 | 0 | 40,367 |
| Expenditures and Other Deductions | | | | | | |
| Administrative and collection costs | - | 14,048 | - | - | - | 14,048 |
| Retirement of indebtedness | 75,000 | 354,751 | - | - | - | 429,751 |
| Interest on indebtedness | 257,746 | 269,979 | - | - | - | 527,725 |
| Total Expenditures and Other Deductions | 332,746 | 638,778 | 0 | 0 | 0 | 971,524 |
| Transfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Principal and interest | 387,279 | 634,788 | - | 202,194 | - | 1,224,261 |
| Transfers to (from) other funds | - | - | - | (1,840,548) | - | (1,840,548) |
| Total Mandatory Transfers | 387,279 | 634,788 | 0 | (1,638,354) | 0 | (616,287) |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | (448,899) | - | - | - | - | (448,899) |
| Total Voluntary Transfers | (448,899) | 0 | 0 | 0 | 0 | (448,899) |
| Total Transfers Among Funds | (61,620) | 634,788 | 0 | (1,638,354) | 0 | (1,065,186) |
| Net Increase (Decrease) in Fund Balance | (376,726) | 18,737 | 0 | (1,638,354) | 0 | (1,996,343) |
| Fund Balance - Beginning of Year | 385,421 | 583,253 | 0 | 1,671,705 | 0 | 2,640,379 |
| Fund Balance - End of Year | $8,695 | $601,990 | $0 | $33,351 | $0 | $644,036 |

ate Colleges in Colorado
ombining Statement of Changes in Fund Balances
ear Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **vestment in Plant Fund** | | | | | | |
| evenues and Other Additions | | | | | | |
| Gain/(Loss) on debt extinguishment | ($120,153) | | | | | ($120,153) |
| Additions to plant facilities | 851,007 | $1,084,968 | $1,841,105 | $604,346 | $2,748 | 4,384,174 |
| Retirement of indebtedness | 75,000 | 358,569 | - | - | - | 433,569 |
| Total Revenues and Other Additions | 805,854 | 1,443,537 | 1,841,105 | 604,346 | 2,748 | 4,697,590 |
| penditures and Other Deductions | | | | | | |
| Administrative and collection costs | - | 808 | - | - | - | 808 |
| Interest on indebtedness | 873 | 3,147 | - | - | - | 4,020 |
| Capitalization of debt | - | 41,918 | - | - | - | 41,918 |
| Loss on disposal of debt | - | 198,296 | - | - | - | 198,296 |
| Disposal of plant facilities | 630,035 | 443,066 | 367,888 | 275,857 | | 1,716,846 |
| Total Expenditures and Other Deductions | 630,908 | 687,235 | 367,888 | 275,857 | 0 | 1,961,888 |
| ansfers Among Funds - Additions (Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Principal and interest | - | - | - | - | - | |
| Transfers to (from) other funds | - | - | - | - | - | 0 |
| Total Mandatory Transfers | - | - | - | - | - | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Voluntary Transfers | | | | | | |
| Transfers (to) from other funds | 552,581 | - | - | - | - | 552,581 |
| Other | - | - | - | - | - | 0 |
| Total Voluntary Transfers | 552,581 | 0 | 0 | 0 | 0 | 552,581 |
| Total Transfers Among Funds | 552,581 | 0 | 0 | 0 | 0 | 552,581 |
| t Increase (Decrease) in Fund Balance | 727,527 | 756,302 | 1,473,217 | 328,489 | 2,748 | 3,288,283 |
| nd Balance - Beginning of Year | 27,537,508 | 37,197,623 | 7,684,180 | 29,362,024 | 64,595 | 101,845,930 |
| nd Balance - End of Year | $28,265,035 | $37,953,925 | $9,157,397 | $29,690,513 | $67,343 | $105,134,213 |

State Colleges in Colorado
Combining Statement of Current Funds Revenues,
Expenditures, and Other Changes
For the Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **State Appropriated Fund** | | | | | | |
| Revenues | | | | | | |
| Tuition and fees | $3,699,972 | $6,339,685 | $21,851,847 | $6,080,255 | - | $37,971,759 |
| State of Colorado appropriations | 7,713,259 | 9,142,519 | 30,316,439 | 6,115,144 | $1,000,585 | 54,287,946 |
| Federal grants and contracts | - | 66,574 | 194,264 | - | - | 260,838 |
| Private gifts, grants, and contracts | - | - | - | 1,400 | - | 1,400 |
| Other sources | 246,535 | 218,287 | 529,141 | 197,883 | - | 1,191,846 |
| Total Revenues | 11,659,766 | 15,767,065 | 52,891,691 | 12,394,682 | 1,000,585 | 93,713,789 |
| Expenditures | | | | | | |
| Instruction | 5,757,038 | 8,450,325 | 28,342,381 | 6,347,374 | - | 48,897,118 |
| Academic support | 1,353,115 | 1,622,053 | 7,006,649 | 1,198,944 | - | 11,180,761 |
| Student services | 1,007,777 | 1,634,462 | 4,572,816 | 1,554,178 | - | 8,769,233 |
| Institutional support | 1,820,869 | 1,845,575 | 6,962,963 | 1,719,184 | 916,427 | 13,265,018 |
| Operation of plant | 1,502,726 | 1,935,024 | 5,836,254 | 1,605,679 | 41,236 | 10,920,919 |
| Scholarships and fellowships | 111,449 | 167,880 | 99,786 | 102,927 | - | 482,042 |
| Other | - | - | - | 2,974 | - | 2,974 |
| Total Expenditures | 11,552,974 | 15,655,319 | 52,820,849 | 12,531,260 | 957,663 | 93,518,065 |
| Transfers Among Funds and Other Additions/(Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Transfers (to) from other funds | - | - | 109,634 | - | - | 109,634 |
| Total Mandatory Transfers | 0 | 0 | 109,634 | 0 | 0 | 109,634 |
| Total Expenditures and Mandatory Transfers | 11,552,974 | 15,655,319 | 52,930,483 | 12,531,260 | 957,663 | 93,627,699 |
| Voluntary Transfers and Other Additions/(Deductions) | | | | | | |
| Transfers from the board | 13,679 | 4,169 | - | 5,629 | (23,477) | 0 |
| Transfers (to)/ from other funds | - | (219,000) | - | (24,098) | - | (243,098) |
| Total Voluntary Transfers and Other Additions/(Deductions) | 13,679 | (214,831) | 0 | (18,469) | (23,477) | (243,098) |
| Net Increase (Decrease) in Fund Balance | $120,471 | ($103,085) | ($38,792) | ($155,047) | $19,445 | ($157,008) |

:tate Colleges in Colorado
:ombining Statement of Current Funds Revenues,
:xpenditures, and Other Changes
'or the Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **ıuxiliary and Self-Funded Activities** | | | | | | |
| :evenues | | | | | | |
| Tuition and fees | $1,280,132 | $2,227,775 | $2,981,458 | $1,075,136 | - | $7,564,501 |
| Federal grants and contracts | - | - | 79,986 | - | - | 79,986 |
| Private gifts, grants, and contracts | 1,775 | 111,377 | - | 68,212 | - | 181,364 |
| Sales and services of educational activities | 0 | 37,969 | 2,042,182 | - | - | 2,080,151 |
| Sales and services of auxiliary enterprises | 4,170,194 | 5,215,227 | 622,787 | 5,926,292 | - | 15,934,500 |
| Other sources | 98,404 | 138,372 | 1,224,985 | 102,932 | - | 1,564,693 |
| Total Revenues | 5,550,505 | 7,730,720 | 6,951,398 | 7,172,572 | 0 | 27,405,195 |
| xpenditures | | | | | | |
| Instruction | 515,996 | 639,563 | - | 210 | - | 1,155,769 |
| Academic support | - | 4,522 | - | 73,396 | - | 77,918 |
| Student services | - | 24,972 | 4,323,910 | 549 | - | 4,349,431 |
| Institutional support | - | - | 421,077 | 64,130 | - | 485,207 |
| Operation of plant | - | - | - | 812 | - | 812 |
| Scholarships and fellowships | - | 83,608 | - | 1,500 | - | 85,108 |
| Auxiliary enterprises | 4,162,392 | 5,347,286 | 2,092,947 | 7,070,360 | - | 18,672,985 |
| Other | - | - | - | 1,960 | - | 1,960 |
| Total Expenditures | 4,678,388 | 6,099,951 | 6,837,934 | 7,212,917 | 0 | 24,829,190 |
| ransfers Among Funds and Other Additions/(Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Principal and interest | 387,279 | 592,870 | - | - | - | 980,149 |
| Renewals and replacements | 257,339 | - | - | - | - | 257,339 |
| Transfers (to) from other funds | - | 29 | - | - | - | 29 |
| Total Mandatory Transfers | 644,618 | 592,899 | 0 | 0 | 0 | 1,237,517 |
| Total Expenditures and Mandatory Transfers | 5,323,006 | 6,692,850 | 6,837,934 | 7,212,917 | 0 | 26,066,707 |
| Voluntary Transfers and Other Additions and (Deductions) | | | | | | |
| Transfers (to) from other funds | 45,529 | (285,823) | - | (4,786) | - | (245,080) |
| Total Voluntary Transfers and Other Additions/(Deductions) | 45,529 | (285,823) | 0 | (4,786) | 0 | (245,080) |
| et Increase (Decrease) in Fund Balance | $273,028 | $752,047 | $113,464 | ($45,131) | $0 | $1,093,408 |

State Colleges in Colorado
Combining Statement of Current Funds Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1994

| | Adams | Mesa | MSCD | Western | OSC | Total |
|---|---|---|---|---|---|---|
| **Restricted Fund** | | | | | | |
| State of Colorado appropriations | - | $1,328,150 | - | - | - | $1,328,150 |
| Federal grants and contracts | $2,808,860 | 3,430,702 | $8,242,287 | $1,257,048 | - | 15,738,897 |
| State grants and contracts | 1,082,282 | - | 3,447,424 | 809,616 | - | 5,339,322 |
| Local gifts, grants, and contracts | - | 169,782 | - | - | - | 169,782 |
| Private gifts, grants, and contracts | 505,267 | 152,999 | 162,369 | 191,257 | - | 1,011,892 |
| Other sources | 8,066 | - | - | - | $4,264 | 12,330 |
| Total Revenues | 4,404,475 | 5,081,633 | 11,852,080 | 2,257,921 | 4,264 | 23,600,373 |
| Expenditures | | | | | | |
| Instruction | 466,338 | 702,233 | 1,447,995 | 261,195 | - | 2,877,761 |
| Research | 17,067 | 22,675 | - | 30,579 | - | 70,321 |
| Public service | - | 165,553 | 469,965 | 28,999 | - | 664,517 |
| Academic support | 74,205 | 143,629 | 225,633 | 51,645 | - | 495,112 |
| Student services | 804,313 | 66,526 | 1,078,036 | 87,615 | - | 2,036,490 |
| Institutional support | 128,119 | 14,060 | 205,584 | 104,336 | - | 452,099 |
| Operation of plant | 80,388 | 3,563 | - | 23,248 | - | 107,199 |
| Scholarships and fellowships | 2,836,545 | 3,834,050 | 8,507,162 | 1,617,459 | - | 16,795,216 |
| Auxiliary enterprises | - | 124,008 | - | 62,917 | - | 186,925 |
| Total Expenditures | 4,406,975 | 5,076,297 | 11,934,375 | 2,267,993 | 0 | 23,685,640 |
| Transfers Among Funds and Other Additions/(Deductions) | | | | | | |
| Mandatory Transfers | | | | | | |
| Loan fund matching grant | - | 5,365 | 32,003 | 19,018 | - | 56,386 |
| Other | (2,500) | (29) | (114,298) | - | - | (116,827) |
| Total Mandatory Transfers | (2,500) | 5,336 | (82,295) | 19,018 | 0 | (60,441) |
| Total Expenditures and Mandatory Transfers | 4,404,475 | 5,081,633 | 11,852,080 | 2,287,011 | 0 | 23,625,199 |
| Voluntary Transfers and Other Additions/(Deductions) | | | | | | |
| Transfers (to) from other funds | (45,529) | - | - | 29,090 | - | (16,439) |
| Excess (deficiency) of restricted receipts over/(under) revenue | (1,938) | (68,982) | 43,745 | 25,573 | - | (1,602) |
| Refunded to grantors | - | - | - | (5,032) | - | (5,032) |
| Scholarships Transferred to Foundation | - | - | - | (67,737) | - | (67,737) |
| Transfers from board | - | - | - | - | (4,664) | (4,664) |
| Total Voluntary Transfers and Other Additions/(Deductions) | (47,467) | (68,982) | 43,745 | (18,106) | (4,664) | (95,474) |
| Net Increase (Decrease) in Fund Balance | ($47,467) | ($68,982) | $43,745 | ($47,196) | ($400) | ($120,300) |

**STATE OF COLORADO**

TIMOTHY M. O'BRIEN, C.P.A.
State Auditor

**OFFICE OF STATE AUDITOR**
(303) 866-2051
FAX (303) 866-2060

**Legislative Services Building**
**200 East 14th Avenue**
**Denver, Colorado 80203-2211**

November 18, 1994

**Independent Auditor's Report on the Internal Control Structure Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards***

Members of the Legislative Audit Committee:

We have audited the financial statements of the State Colleges in Colorado, a component unit of the State of Colorado, as of and for the year ended June 30, 1994, and have issued our report thereon dated November 18, 1994.

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 State Colleges in Colorado for the year ended June 30, 1994, 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 State Colleges in Colorado is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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.

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

- Revenues/receipts
- Purchases/disbursements
- Payroll disbursements
- Financial reporting
- Property and equipment
- Federal grant reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the State Colleges' ability to record, process, summarize, and report financial data consistent with the assertions of management in the State Colleges in Colorado's financial statements. These reportable conditions are discussed in the Findings and Recommendations section of this report.

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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness as defined above. However, we believe none of the reportable conditions described above is a material weakness.

**STATE OF COLORADO**

TIMOTHY M. O'BRIEN, C.P.A.
State Auditor

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**Legislative Services Building**
**200 East 14th Avenue**
**Denver, Colorado 80203-2211**

November 18, 1994

**Independent Auditor's Report on Compliance Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Legislative Audit Committee:

We have audited the financial statements of the State Colleges in Colorado, a component unit of the State of Colorado, as of and for the year ended June 30, 1994, and have issued our report thereon dated November 18, 1994. 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 State Colleges in Colorado is the responsibility of State Colleges in Colorado's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the State Colleges' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the State Colleges in Colorado complied, in all material respects, with the provisions referred to in the preceding paragraph. However, the results of our procedures disclosed immaterial instances of noncompliance with the provisions referred to in the preceding paragraph, which are described in the Auditor's findings and recommendations section of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State Colleges in Colorado had not complied, in all material respects, with those provisions.

**STATE OF COLORADO**

TIMOTHY M. O'BRIEN, C.P.A.
State Auditor

**OFFICE OF STATE AUDITOR**
(303) 866-2051
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Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

November 18, 1994

**Independent Auditor's Report on Statement of Appropriations, Expenditures, Transfers, and Reversions**

Members of the Legislative Audit Committee:

We have audited the statements of appropriations, expenditures, transfers, and reversions of the state-funded student assistance programs of the State Colleges in Colorado, a component unit of the State of Colorado, for the year ended June 30, 1994. These financial statements are the responsibility of the Colleges' management. 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.

The accompanying statements were prepared in the format as set forth in the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs.* The statements are a summary of cash activity of the state-funded student financial assistance programs with the exception of the Perkins Loan and College Work-Study Programs, and do not present certain transactions that would be included in the financial statements of the state-funded student financial assistance programs if presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above, present fairly, the appropriations, expenditures, transfers, and reversions of the state-funded student financial assistance programs of the State Colleges in Colorado for the year ended June 30, 1994, in conformity with the provisions of the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs.*

# Adams State College
## State-Funded Student Assistance Programs
## Statement of Appropriations, Expenditures, Transfers and Reversions
## Year Ended June 30, 1994

| | Total State-Funded Student Assistance | Part-Time Student Grants | Student Incentive Grants | Student Grant Program | Work Study Program | Graduate Grant Program | Colorado Nursing Program | Colorado Scholars Program | Non-Res Scholars Program | Athletic Grant Program | Paul Douglas Tchr Schol |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Appropriations: | | | | | | | | | | | |
| Original | 1,517,321 | 3,664 | 66,179 | 333,394 | 337,646 | 12,032 | 3,132 | 105,566 | 561,669 | 90,999 | 2,500 |
| Supplemental | | | | | | | | | | | |
| Transfers | | | | | | | | | | | |
| Total | 1,517,321 | 3,664 | 66,179 | 333,394 | 337,646 | 12,032 | 3,132 | 105,566 | 561,669 | 90,999 | 2,500 |
| Expenditures | 1,517,321 | 3,664 | 66,179 | 333,394 | 337,646 | 12,032 | 3,132 | 105,566 | 561,669 | 90,999 | 2,500 |
| Reversions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The accompanying footnotes are an integral part of this statement.

# Mesa State College
## State-Funded Student Assistance Programs
## Statement of Appropriations, Expenditures, Transfers and Reversions
## Year Ended June 30, 1994

| | Total State-Funded Student Assistance | Student Incentive Grants | Student Grant Program | Work Study Program | Part-time Student Grant | Colorado Nursing Program | Undergrad Merit Program | Perkins Loan Match | Colorado Diversity Grant |
|---|---|---|---|---|---|---|---|---|---|
| ›propriations: | | | | | | | | | |
| Original | 1,313,135 | 73,923 | 565,890 | 354,558 | 13,340 | 17,547 | 282,512 | 5,365 | 0 |
| Supplemental | | | | | | | | | |
| Transfers | | | (54,971) | (36,818) | 40 | | 7,249 | | 84,500 |
| Total | 1,313,135 | 73,923 | 510,919 | 317,740 | 13,380 | 17,547 | 289,761 | 5,365 | 84,500 |
| ›penditures | 1,305,771 | 73,923 | 510,919 | 310,376 | 13,380 | 17,547 | 289,761 | 5,365 | 84,500 |
| ›versions | 7,364 | 0 | 0 | 7,364 | 0 | 0 | 0 | 0 | 0 |

e accompanying footnotes are an integral part of this statement.

# Metropolitan State College of Denver
## State-Funded Student Assistance Programs
## Statement of Appropriations, Expenditures, Transfers and Reversions
## Year Ended June 30, 1994

| | Total State-Funded Student Assistance | Student Incentive Grants | Student Grant Program | Work Study Program | Part-time Student Grant | Perkins Loan Match | Under-Grad Merit Program | Colorado Nursing Program | Diversity Grant Program |
|---|---|---|---|---|---|---|---|---|---|
| Appropriations: | | | | | | | | | |
| Original | 3,525,111 | 150,729 | 1,534,528 | 870,334 | 93,848 | 50,829 | 823,343 | 1,500 | |
| Supplemental | (18,276) | | 2,181 | (1,332) | (299) | (18,826) | | | |
| Transfers | 0 | | (317,455) | | | | (24,495) | | 341,950 |
| Total | 3,506,835 | 150,729 | 1,219,254 | 869,002 | 93,549 | 32,003 | 798,848 | 1,500 | 341,950 |
| Expenditures | 3,506,835 | 150,729 | 1,219,254 | 869,002 | 93,549 | 32,003 | 798,848 | 1,500 | 341,950 |
| Reversions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The accompanying footnotes are an integral part of this statement.

# Western State College
## State-Funded Student Assistance Programs
## Statement of Appropriations, Expenditures, Transfers and Reversions
## Year Ended June 30, 1994

| | Total State-Funded Student Assistance | Student Incentive Grants | Student Grant Program | Work Study Program | Part-time Student Grant | Under-Grad Merit Program | Perkins Loan Match | Diversity Grant Program |
|---|---|---|---|---|---|---|---|---|
| ›propriations: | | | | | | | | |
| Original | 716,818 | 25,207 | 213,600 | 208,174 | 2,600 | 209,906 | 19,018 | 38,313 |
| Supplemental | | | | | | | | |
| Transfers | | | | | | | | |
| Total | 716,818 | 25,207 | 213,600 | 208,174 | 2,600 | 209,906 | 19,018 | 38,313 |
| ›penditures | 716,818 | 25,207 | 213,600 | 208,174 | 2,600 | 209,906 | 19,018 | 38,313 |
| ›versions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

e accompanying footnotes are an integral part of this statement.

**STATE COLLEGES IN COLORADO**
**STATE FUNDED STUDENT ASSISTANCE PROGRAMS**
**JUNE 30, 1994**

**Summary of significant accounting policies and notes to the Statements of Appropriations, Expenditures, Transfers, and Reversions.**

**Basis of Accounting**

The College's accounting systems are structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in their revised publication College and University Business Administration, as supplemented by the American Institute of Certified Public Accountants industry guide Audits of Colleges and Universities.

The Perkins Loan Program matching requirement from general funds, as approved by the Colorado Commission on Higher Education, is recorded as a transfer from general fund to loan fund and not as a general fund expense and loan fund revenue.

All Student aid is expensed on a cash basis except for Perkins Loans and the College Work Study Program (CWS). Perkins Loan disbursements are recorded as loans receivable when the funds are disbursed. The CWS is on the accrual basis in that the expense is recognized when the services are performed.

**Note A**

Student Incentive Grants consist of 50 percent non-federal state funds and 50 percent federal funds. The amount shown is the combined total.

**Note B**

The Undergraduate Merit Award Program included expenditures for both the Colorado Scholars and Colorado Athletic Grant Programs.

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