



REPORT OF THE STATE AUDITOR

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

**FISCAL YEAR ENDED
JUNE 30, 1996**

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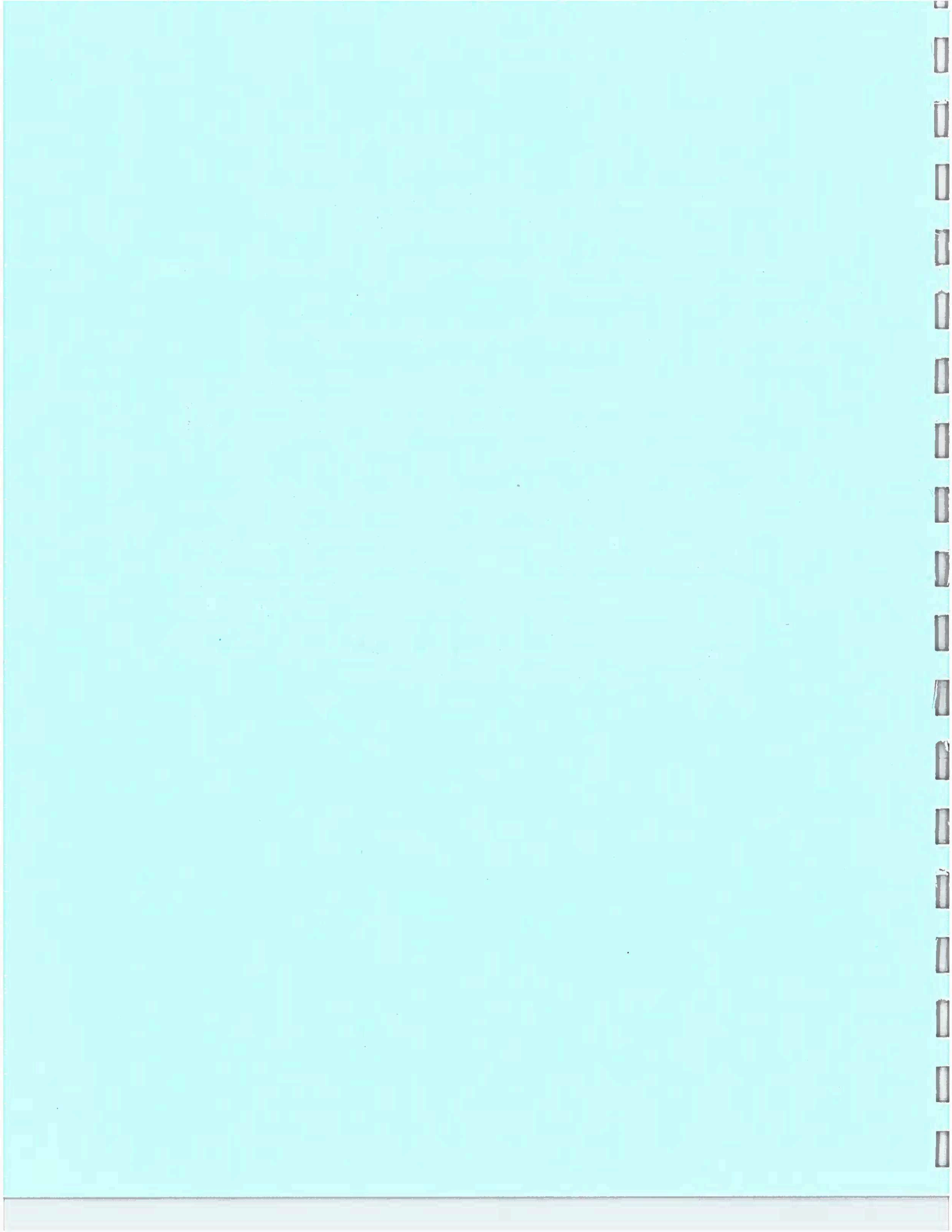
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All reports shall be open to public inspection except for that portion of any report containing recommendations, comments, and any narrative statements which is **released only upon the approval of a majority vote of the committee.** (emphasis supplied)

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STATE OF COLORADO

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State Auditor

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

November 18, 1996

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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J. DAVID BARBA, C.P.A.
State Auditor

**STATE COLLEGES IN COLORADO
FINANCIAL AND STATE-FUNDED STUDENT
FINANCIAL ASSISTANCE PROGRAMS AUDITS
FISCAL YEAR ENDED JUNE 30, 1996**

Authority, Purpose, and Scope

The 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. The audits were made in accordance with generally accepted auditing standards. Audit work was performed from May 1996 through November 1996.

The purposes and scope of our audits were to:

- Express an opinion on the consolidated financial statements of the State Colleges in Colorado for the year ended June 30, 1996. 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, 1996.
- 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, 1996, Statewide Single Audit Report issued under a separate cover.

Audit Opinions and Reports

We expressed unqualified opinions on the consolidated financial statements and the Statements of Appropriations, Expenditures, Transfers, and Reversions for State-Funded Student Financial Assistance Programs for the State Colleges in Colorado for the year ended June 30, 1996.

For further information on this report, contact the State Auditor's Office at (303) 866-2051.

SUMMARY

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State Colleges in Colorado Financial and State-Funded
Student Financial Assistance Programs Audits-June 30, 1996

We issued reports on the State Colleges' internal control structure and on compliance with applicable laws and regulations. We did not note any material internal control weaknesses or material instances of noncompliance with legal or regulatory requirements.

Summary of Findings and Recommendations

The State Colleges in Colorado issue a single set of financial statements that consolidates the financial activity of the four state colleges (Adams, Mesa, Metro, Western), the Western Colorado Graduate Center, and the Office of State Colleges. The consolidated financial statements are prepared by the Office of State Colleges and reviewed by the State Auditor's Office. Our review included verifying the information reported in the consolidated financial statements with the audit work performed by the certified public accounting firms at the four state colleges. The State Auditor's Office uses all audit work to express an opinion on the financial statements of the State Colleges in Colorado.

The following is a summary of the findings and recommendations included in this report as prepared by the various public accounting firms who completed audit work at the individual colleges.

ADAMS STATE COLLEGE

Improve Controls Over Access to the BANNER Computer System

Adams State College has security policies and procedures in place to limit access to the BANNER computer system to authorized personnel. To get access to BANNER, the user must receive from his department head a signed security form authorizing the Computing Services Department to grant access as indicated on the form. We selected six users of the BANNER system to test the accesses that were assigned to users of the system. We found that five of the six users had access to 89 different files for which there was not an authorization form. We believe access to the BANNER system should be limited to areas applicable to the user. **We recommend that Adams State College review the current system and controls used to grant access to the BANNER system. The College should ensure that the methods of granting file access are appropriate and manageable to provide adequate security of the BANNER system and provide compliance with the policies and procedures.**

Adams State College Response:

Agree. Adams State College will implement adequate security policies and procedures to monitor appropriate system access.

METROPOLITAN STATE COLLEGE OF DENVER

Analyze Financial Reporting Issues of Agency and Loan Funds

Several financial reporting issues in the agency and loan funds were identified for further analysis for future years' financial statements. For example, the College's agency fund currently exceeds \$1 million and continues to grow. For reporting purposes, the agency fund is grouped with the Restricted Fund on the financial statements. Generally accepted accounting principles state that agency funds should be disclosed separately if they are material in amount. It appears that some of the activities included in the agency fund could be reported in another fund. In addition, Stafford Loan additions and deletions should not be reported in the financial statements. **We recommend that Metropolitan State College of Denver resolve financial reporting issues in the agency and loan funds.**

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver understands the auditor's concerns with the financial reporting issues of the agency and loan funds. We will review our reporting methods over the next year.

Strengthen Procedures To Ensure Student Financial Aid Compliance

Several areas were noted in the audit of student financial assistance where the College's procedures and policies could be further improved. We found three instances where financial aid refunds were miscalculated resulting in an excess of \$353 being returned to the programs. Also, four refunds were not returned to the appropriate programs in a timely manner. The delays ranged from 1 to 17 days. Other areas of improvement include clarifying College publications to state that Supplemental Employment Opportunity Grant awards are available to part-time as well as full-time students and correcting institutional contributions made to the Perkins Loan program. **We recommend that Metropolitan State College of Denver strengthen student financial assistance policies and practices to more fully comply with federal regulations.**

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver will continue to improve its student financial assistance policies and practices.

SUMMARY

4

State Colleges in Colorado Financial and State-Funded
Student Financial Assistance Programs Audits-June 30, 1996

WESTERN STATE COLLEGE

Procedures Over Equipment Inventory Need To Be Strengthened

Western State College completed an inventory of its equipment at the end of Fiscal Year 1996. This inventory resulted in a net reduction of \$843,000 in the equipment balance shown on the College's accounting records. We tested some of the adjustments made and found the value of equipment shown on the accounting records at year-end is significantly misstated. The problems with the equipment inventory and ending balance were caused by inadequate guidance of personnel performing the physical inventory as well as not communicating the results of the inventory to the Accounting Department in a timely manner. **We recommend that Western State College improve its equipment inventory process by a) providing adequate procedures and guidance to people who conduct equipment inventory counts, b) confirming with department heads that missing equipment has actually been discarded, and c) delivering year-end inventory results to the Accounting Department more timely to allow for a review of the results.**

Western State College Response:

Agree. Western State College will review and modify its equipment inventory policies and procedures for the next inventory cycle.

Summary of Progress in Implementing Prior Audit Recommendations

The audit report for the State Colleges in Colorado for Fiscal Year 1995 contained 19 audit recommendations. The disposition of these recommendations as of October 8, 1996, was as follows:

Adams State College

Implemented	4
Partially Implemented	<u>0</u>
Total	<u>4</u>

Western State College

Implemented	5
Partially Implemented	<u>0</u>
Total	<u>5</u>

Mesa State College

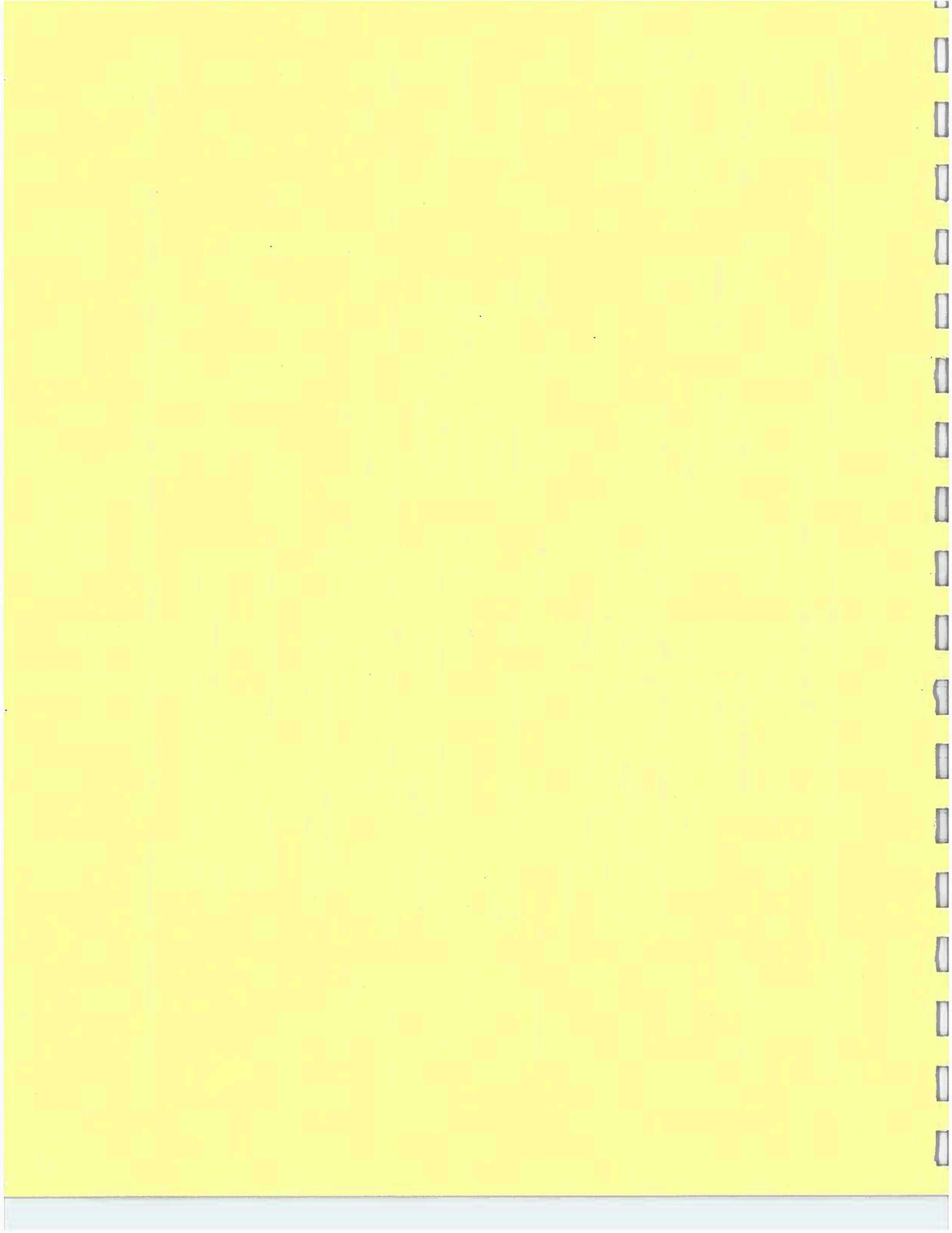
Implemented	2
Deferred	<u>1</u>
Total	<u>3</u>

Metropolitan State College of Denver

Implemented	2
Partially Implemented	2
Deferred	<u>3</u>
Total	<u>7</u>

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	12	Review the current system and controls used to grant access to the BANNER system. The College should ensure that the methods of granting file access are appropriate and manageable to provide adequate security of the BANNER system and provide compliance with the policies and procedures.	Adams State College	Agree	November 1996
2	13	Resolve financial reporting issues in the agency and loan funds.	Metropolitan State College of Denver	Agree	June 1997
3	14	Strengthen student financial assistance policies and practices to more fully comply with federal regulations.	Metropolitan State College of Denver	Agree	June 1997
4	15	<p>Improve its equipment inventory process by:</p> <ul style="list-style-type: none"> a) Providing adequate procedures and guidance to people who conduct equipment inventory counts. b) Confirming with department heads that missing equipment has actually been discarded. c) Delivering year-end inventory results to the Accounting Department more timely to allow for a review of the results. 	Western State College	Agree	June 1997



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 the people of Colorado that human and financial resources are utilized most effectively.

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 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.

Office of State Colleges

The Office of State Colleges, under the direction of the President of the State Colleges in Colorado, is responsible for administering the Trustees' policies and procedures, and for coordinating reporting requirements and external matters for the four state colleges.

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 educational role and mission, the College offers certificate programs, associate degrees, baccalaureate degrees, and facilitates access to graduate programs provided by other institutions.

Metropolitan State College of Denver

Metropolitan State College of Denver strives to offer high-quality, accessible education to a diverse student population. 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 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 that take advantage of the opportunities of its rural, mountain location.

Western Colorado Graduate Center

The Western Colorado Graduate Center is a state-supported non-profit agency designed to provide the residents of western Colorado access to graduate degree programs offered in the state's western communities by state colleges and universities. The Center serves as a resource and referral service as well as a broker of degree programs.

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 audit work at Adams State College.

Improve Controls Over Access to the BANNER Computer System

Adams State College has security policies and procedures in place to limit access to the BANNER computer system to authorized personnel. When a user account is set up, the access to BANNER should be limited to areas applicable to the user. To get access to BANNER, the user must receive from his department head a signed security form authorizing the Computing Services Department to grant access as indicated on the form. The form also indicates what access level should be granted such as "maintenance," "query," or "executable." Users that have access to "maintenance" within a form have the ability to add, delete or change data on BANNER. Users that have access to "query" can only view data. Users that have access to "executable" have the ability to manipulate how data will be presented on a financial report. This includes flagging and sorting data.

We selected six users of the BANNER system and obtained the list of files and access types for each user to ascertain that the access was properly authorized. We tested the maintenance, query, and executable access types that are assigned to users of the system. We compared the users' access to the related security access authorization form to ensure that the users had proper authorization for the assigned access types. We found that five of the users had access to 89 different files for which there was not an authorization form. The exceptions included access to maintenance, query, forms, and executable reports on the BANNER system.

Recommendation No. 1

Adams State College should review the current system and controls used to grant access to the BANNER system. The College should ensure that the methods of granting file access are appropriate and manageable to provide adequate security of the BANNER system and provide compliance with the policies and procedures.

Adams State College Response:

Agree. Adams State College will implement adequate security policies and procedures to monitor appropriate system access.

Mesa State College

The public accounting firm of Chadwick, Steinkirchner, Davis & Co., P.C., completed audit work at Mesa State College. There were no report findings and recommendations resulting from the audit work completed during Fiscal Year 1996.

Metropolitan State College of Denver

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

Analyze Financial Reporting Issues of Agency and Loan Funds

Various financial reporting issues in the agency and loan funds were identified for further analysis for future years' financial statements.

Late in the year, the Colorado Student Loan Program began wiring students' Stafford loan proceeds directly to Metropolitan State College of Denver (Metro) instead of

sending a check to Metro made out to the student. With the electronic transfer, Metro recorded the amounts received as loan fund additions and the application to the student accounts as loan fund deductions. These additions and deductions totaled about \$1.7 million in 1996 and could approximate \$25 million for a full year. Alternative financial reporting should be considered to avoid overstating additions and deductions to the loan fund.

Loan funds are for loans the College makes directly to students. If the Stafford loan additions and deletions continue to be recorded in the loan fund, these amounts should be netted for financial statement presentation. This would be consistent with previous financial statements which properly did not present Stafford loan activity.

The College's agency funds continue to grow and now exceed \$1 million. They are grouped with restricted funds on the financial statements. Generally accepted accounting principles state that agency funds should be shown separately if they are material in amount. Consideration should be given to reporting agency funds separately, since they represent about 35 percent of the restricted fund's assets at June 30, 1996.

The College includes in its agency funds about \$90,000 for future unemployment compensation for employees paid from the auxiliary and restricted funds. Since these parties are not agents of the College, another fund should be used, perhaps an auxiliary fund. Also, the percentage of payroll contributed to this fund should be reviewed and adjusted periodically, based on the College's claims experience.

Recommendation No. 2

Metropolitan State College of Denver should resolve financial reporting issues in the agency and loan funds.

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver understands the auditor's concerns with the financial reporting issues of the agency and loan funds. We will review our reporting methods over the next year.

Strengthen Procedures To Ensure Student Financial Aid Compliance

Several areas were noted in the audit of student financial assistance where the College's procedures and policies could be further improved.

Three financial aid refunds to the programs were miscalculated resulting in excess amounts returned to the programs totaling \$353. Also, four refunds were between 1 and 17 days late in being returned to the program (Pell Grant, CFDA# 84.063) or Stafford lender (CFDA# 84.032). While a similar comment was made last year, definite improvement in this area was noted in the College's procedures during this year's audit procedures.

The College is required to make an institutional capital contribution to the Perkins (CFDA# 84.037) loan fund equaling one-third of any federal capital contributions. The institutional capital contribution in 1995-96 was short \$745 due to the state financial aid appropriation not equaling one-third of the federal contribution. An additional institutional match of \$745 would appear to be the easiest way to resolve this difference.

In a few College publications it is stated that Supplemental Employment Opportunity Grants (CFDA# 84.007) awards are only made to full-time students. Though the College gives some priorities to full-time students, it also makes these grant awards to part-time students, since the program cannot be limited to full-time students. College publications should be clarified to reflect that Supplemental Employment Opportunity Grant awards are also available to part-time students.

Recommendation No. 3

Metropolitan State College of Denver should strengthen student financial assistance policies and practices to more fully comply with federal regulations.

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver will continue to improve its student financial assistance policies and practices.

Western State College

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

Procedures Over Equipment Inventory Need To Be Strengthened

At the end of Fiscal Year 1996, Western State College completed an inventory of its equipment. Based on this inventory, \$943,000 of equipment could not be located and was deleted from the accounting records. This amounted to 30 percent of the total equipment value of the College. In addition, the equipment inventory identified \$100,000 of previously missing equipment which was added back to the accounting records.

We performed a test of items over \$10,000 to confirm that they should be removed from the equipment records. We found that \$245,000 of equipment was still on hand subsequent to June 30. As a result, the value of equipment shown on the accounting records at June 30, 1996, is significantly misstated.

The problems with the equipment inventory appear to have been primarily caused by having a student worker perform the physical inventory without adequate guidance. In addition, the physical inventory results were not submitted to the Accounting Department on a timely basis to allow it to review the results for reasonableness before final year-end closing.

Recommendation No. 4

Western State College should improve its equipment inventory process by:

- a. Providing adequate procedures and guidance to people who conduct equipment inventory counts.
- b. Confirming with department heads that missing equipment has actually been discarded.
- c. Delivering year-end inventory results to the Accounting Department more timely to allow for a review of the results.

Western State College Response:

Agree. Western State College will review and modify its equipment inventory policies and procedures for the next inventory cycle.

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, 1995, and their disposition as of October 8, 1996.

Recommendation	Disposition
ADAMS STATE COLLEGE	
1. Adams State College should estimate the amount of the federal financial aid that will be distributed during tuition and fees week and request the cash draw to coincide with the disbursement of the federal funds.	Implemented.
2. Adams State College should record all liabilities at June 30. Estimates of construction in progress should be made at year-end and included in accounts payable in the financial statements.	Implemented.
3. Adams State College should perform a physical inventory count on an annual basis in accordance with Section 7.34 of the State of Colorado Fiscal Rules. Also, all equipment tags that are in the desk drawer should be attached to the applicable equipment and a policy should be adopted that requires the equipment tags be attached as purchases are made.	Implemented.
4. The Adams State College Maintenance Department should adopt a policy requiring their computer system is backed up on a regular basis.	Implemented.

Recommendation**Disposition****MESA STATE COLLEGE**

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| 5. Mesa State College should improve certain internal accounting procedures and controls to related to its intercollegiate athletics operations. | Implemented. |
| 6. Mesa State College should follow established policies and procedures to ensure timely refunds to the Stafford Loan Program in the future. | Implemented. |
| 7. Mesa State College should have edit reports or other documentation of changes reviewed by a person independent of the input process to ensure that all authorized changes to payroll data have been properly approved and input. This procedure could be performed by the personnel department, since it is now independent of the accounting and payroll function. Further, this review process should be documented to provide an audit trail of the procedures performed. | Deferred. Implementation planned for Fiscal Year 1997. |

METROPOLITAN STATE COLLEGE

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| 8. Metropolitan State College of Denver should revise its repayment policy to a dollar basis in which aid disbursed is compared with budgeted living expenses for the period enrolled. | Implemented. |
| 9. Metropolitan State College of Denver should consider tighter procedures for canceling student registration for non-payment to avoid recognition of tuition, federal assistance, and FTE enrollment. | Implemented. |

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| 10. Metropolitan State College of Denver should obtain a clearer understanding of the various required refund calculations and consistently apply the requirements to the College's tuition and fee structure. | Partially Implemented. See current year Recommendation No. 3. |
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Recommendation**Disposition**

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| 11. Metropolitan State College of Denver should develop procedures to ensure that all financial aid refunds are returned to the program or lender on a timely basis. | Partially Implemented. See current year Recommendation No. 3. |
| 12. Metropolitan State College of Denver should immediately delete passwords for access to the computer system when a person terminates employment. The computer accesses of personnel who transfer to a new job should be reviewed and any accesses no longer required should be deleted. | Deferred. Implementation planned for Fiscal Years 1997-1999. |
| 13. Metropolitan State College of Denver should segregate the duties and the related computer accesses between programmers, computer operators, and users when computer accesses are assigned. Computer accesses are not required for job duties should not be assigned to employees. The existing accesses of all personnel should be reviewed over a period of time and any that conflict with the segregation of duties, or are unnecessary, should be deleted. | Deferred. Implementation planned for Fiscal Years 1997-1999. |
| 14. Metropolitan State College of Denver should require supervisory review and approval to transfer programs to the hold library to run production jobs, and a copy should be made of each version of every program used. A review should be made of all jobs presently in the hold library, and any unnecessary ones should be deleted. | Deferred. Implementation planned for Fiscal Years 1997-1999. |

Recommendation**Disposition****WESTERN STATE COLLEGE**

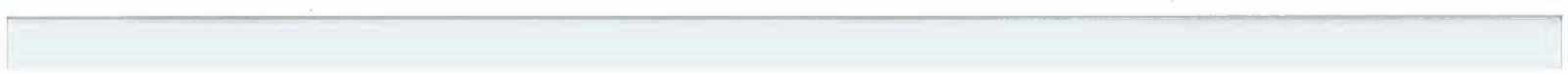
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|---|--------------|
| 15. Western State College should implement a tracking system to provide information on the status of a student's loan. Procedures need to be put in place for routinely checking exit status and documenting that exit conferences have been held. Training of staff is needed to make them aware of the federal regulations regarding first-time borrowers and students exiting the College, documentation of student's files, and the importance of leaving a trail for someone else to follow. | Implemented. |
| 16. Western State College should perform monthly reconciliations between financial aid and general ledger reports in a timely manner to ensure correct information is being reported. | Implemented. |
| 17. Western State College should train anyone handling the Perkins notes of the requirements for Perkins loans and should question any student who has an incomplete address in order to correct it at the time of signing the promissory note. | Implemented. |
| 18. Western State College should study the flow of information to management and eliminate unnecessary reporting and enhance the current system by further defining the needs of the users. | Implemented. |

Recommendation

19. Western State College should adopt an annual confirmation procedure that is supported by top management and implemented by the Database Administrator. This system would identify to Administrators on an individual basis the current modules forms access. The Administrators would then identify the modules forms to which they require access for performance of their management oversight role. All remaining module forms access should be eliminated by the Database Administrator unless the reason for continuing access is documented and initialed by the Administrator. As additional access is required, the request should be made to the Database Administrator.

Disposition

Implemented.





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State Auditor

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Denver, Colorado 80203-2211

November 6, 1996

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, 1996, 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, 1996, 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

Consolidated Financial Statements

State Colleges in Colorado

Consolidated Balance Sheet

June 30, 1996

	Current Funds		Student Loan Funds
	Unrestricted	Restricted	
<u>ASSETS</u>			
Cash	\$1,908,149	\$67,351	\$234,000
Cash With State Treasurer (Note 2)	12,868,267	2,135,021	636,577
Investments	873,104	0	25,000
Accounts Receivable (Note 3)	1,977,141	2,109,999	13,470
Loan Receivable (Note 3)	58,987	0	12,566,224
Interest Receivable	13,028	0	6,288
Inventories	1,184,613	0	0
Prepaid Expenses	376,535	2,321	0
Deferred Charges	201,376	10,918	0
Due from State Agencies	0	10,417	0
Due from Federal Government	0	13,526	32,165
Other Assets	267	0	4,500
Plant Facilities			
Land	0	0	0
Land Improvements	0	0	0
Buildings	0	0	0
Construction in Progress	0	0	0
Equipment	0	0	0
Library Books	0	0	0
Total Assets	<u>19,461,467</u>	<u>4,349,553</u>	<u>13,518,224</u>
<u>LIABILITIES</u>			
Accounts Payable	1,278,721	802,714	50
Accrued Payroll	779,546	85,164	0
Accrued Interest	0	0	0
Student Deposits	568,916	6,191	34,037
Deposits Held in Custody for Others	0	1,034,257	0
Due to State Treasurer	0	1,394,429	0
Due to Other Agencies	32,329	19,995	0
Accrued Compensated Absence Liability	3,337,898	0	0
Deferred Revenue	4,774,006	33,191	0
Capital Lease Obligations	0	0	0
Bonds Payable	0	0	0
Due to Other Funds	0	0	0
Due to Mesa State College Foundation	0	0	200,000
Other Liabilities	58,681	84,546	200
Total Liabilities	<u>10,830,097</u>	<u>3,460,487</u>	<u>234,287</u>
<u>FUND BALANCE</u>			
U.S. Government Grants Refundable	0	0	11,616,100
Unrestricted	11,928,622	0	0
Restricted	0	889,066	1,667,837
Designated for Compensated Absences	(3,297,252)	0	0
Net Investment in Plant	0	0	0
Total Fund Balance	<u>8,631,370</u>	<u>889,066</u>	<u>13,283,937</u>
Total Liabilities and Fund Balance	<u>\$19,461,467</u>	<u>\$4,349,553</u>	<u>\$13,518,224</u>

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

Endowment and Similar Funds	Plant Funds				Memorandum Only
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	Total
\$53,611	\$292,385	\$605,223	\$101,709	\$0	\$3,262,428
0	667,356	621,541	44,215	0	16,972,977
0	6,418,609	828,000	739,591	0	8,884,304
0	0	50,000	0	0	4,150,610
0	0	0	0	0	12,625,211
0	3,618	25,967	1,182	0	50,083
0	0	0	0	0	1,184,613
0	23,417	0	0	0	402,273
0	0	0	0	0	212,294
0	0	0	0	0	10,417
0	0	0	0	0	45,691
0	0	0	0	0	4,767
0	0	0	0	1,170,518	1,170,518
0	0	0	0	6,519,206	6,519,206
0	0	0	0	81,124,554	81,124,554
0	21,167,478	0	0	0	21,167,478
0	0	0	0	27,116,764	27,116,764
0	0	0	0	12,685,316	12,685,316
53,611	28,572,863	2,130,731	886,697	128,616,358	197,589,504
0	878,052	31,853	43,756	0	3,035,146
0	0	0	0	0	864,710
0	84,422	0	165,108	0	249,530
0	0	0	0	0	609,144
0	0	0	0	0	1,034,257
0	0	0	0	0	1,394,429
0	0	0	0	0	52,324
0	0	0	0	0	3,337,898
0	0	0	0	0	4,807,197
0	0	0	0	101,549	101,549
0	21,729,052	0	0	19,050,662	40,779,714
0	0	225,000	0	0	225,000
0	0	0	0	0	200,000
0	0	13,309	0	0	156,736
0	22,691,526	270,162	208,864	19,152,211	56,847,634
0	0	0	0	0	11,616,100
0	473,485	905,053	0	0	13,307,160
53,611	5,407,852	955,516	677,833	0	9,651,715
0	0	0	0	0	(3,297,252)
0	0	0	0	109,464,147	109,464,147
53,611	5,881,337	1,860,569	677,833	109,464,147	140,741,870
\$53,611	\$28,572,863	\$2,130,731	\$886,697	\$128,616,358	\$197,589,504

State Colleges in Colorado

Consolidated Statement of Changes in Fund Balances
Year Ended June 30, 1996

	<u>Current Funds</u>		Student Loan Funds
	<u>Unrestricted</u>	<u>Restricted</u>	
Revenues and Other Additions			
Unrestricted Current Fund Revenues	\$133,587,151	\$0	\$0
Federal Grants and Contracts	126,743	16,818,872	5,528
State Grants and Contracts	218	10,616,328	0
Private Gifts, Grants and Contracts	333,674	1,252,339	0
Indirect Cost Recoveries	564,072	0	0
Investment Income and Interest Income	239,321	6,760	359,292
U.S. Government Advances	0	0	480,692
Expended for Plant Facilities	0	0	0
Retirement of Indebtedness	0	0	0
Capitalization of Asset/Debt	0	0	0
Other Additions	0	0	1,836,186
Total Revenues and Other Additions	<u>134,851,179</u>	<u>28,694,299</u>	<u>2,681,698</u>
Expenditures and Other Deductions			
Education and General	110,350,956	27,656,864	0
State Assessment	505,784	0	0
Auxiliary Enterprise Expenditures	18,093,877	210,439	0
Indirect Costs Recovered	0	513,730	50,342
Refunded to Grantors	0	0	122,627
Loan Cancellations and Writeoffs	0	0	515,000
Administrative Costs and Collection Costs	0	229	148,748
Expended for Plant Facilities	46,540	0	0
Retirement of Indebtedness	0	0	0
Interest on Indebtedness	0	0	0
Capitalization of Asset/Debt	0	0	0
Disposal of Plant Facilities	0	0	0
Other Deductions	0	2,557	1,765,692
Total Expenditures and Other Deductions	<u>128,997,157</u>	<u>28,383,819</u>	<u>2,602,409</u>
Transfers Among Funds - Additions (Deductions)			
Mandatory Transfers:			
Principal and Interest	(2,547,538)	0	0
Renewals and Replacements	(50,000)	0	0
Loan Fund Matching Grant	(10)	(141,896)	141,906
Current Unrestricted Fund Matching	(27,855)	27,855	0
Transfers (To)/From Other Funds	1,101	(1,101)	0
Total Mandatory Transfers	<u>(2,624,302)</u>	<u>(115,142)</u>	<u>141,906</u>
Non-mandatory Transfers			
Transfers (To)/From Other Funds	(1,081,841)	(115,682)	27,520
Total Non-mandatory Transfers	<u>(1,081,841)</u>	<u>(115,682)</u>	<u>27,520</u>
Total Transfers Among Funds	<u>(3,706,143)</u>	<u>(230,824)</u>	<u>169,426</u>
Net Increase (Decrease) in Fund Balance	2,147,879	79,656	248,715
Fund Balance (Deficit)- Beginning of Year	6,483,491	809,410	13,035,222
Fund Balance (Deficit)- End of Year	<u>\$8,631,370</u>	<u>\$889,066</u>	<u>\$13,283,937</u>

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

Plant Funds

Endowment and Similiar Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	5,459,351	121,014	0	0
0	63,785	50,000	0	0
0	0	0	0	0
2,783	20,748	105,828	44,063	0
0	0	0	0	0
0	0	0	0	4,793,165
0	455,550	0	0	339,428
0	0	0	0	636,203
0	0	0	0	0
<u>2,783</u>	<u>5,999,434</u>	<u>276,842</u>	<u>44,063</u>	<u>5,768,796</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	2,602,889	1,146,702	815	1,725
0	0	0	775,576	0
0	0	0	834,802	3,840
0	636,203	0	0	8,068
0	0	0	0	2,193,535
0	0	0	2,024	2,291
<u>0</u>	<u>3,239,092</u>	<u>1,146,702</u>	<u>1,613,217</u>	<u>2,209,459</u>
0	856,870	0	1,690,668	0
0	0	50,000	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>856,870</u>	<u>50,000</u>	<u>1,690,668</u>	<u>0</u>
(1,600)	522,288	704,315	(55,000)	0
<u>(1,600)</u>	<u>522,288</u>	<u>704,315</u>	<u>(55,000)</u>	<u>0</u>
(1,600)	1,379,158	754,315	1,635,668	0
1,183	4,139,500	(115,545)	66,514	3,559,337
52,428	1,741,837	1,976,114	611,319	105,904,809
<u>\$53,611</u>	<u>\$5,881,337</u>	<u>\$1,860,569</u>	<u>\$677,833</u>	<u>\$109,464,146</u>

State Colleges in Colorado

Consolidated Statement of Current Funds
Revenues, Expenditures and Other Changes
Year Ended June 30, 1996

Memorandum Only

	Unrestricted	Restricted	Total
Revenues			
Tuition and Fees	\$50,955,132	\$0	\$50,955,132
State of Colorado Appropriations	60,430,685	0	60,430,685
Federal Grants and Contracts	126,743	16,592,916	16,719,659
State Grants and Contracts	218	10,180,392	10,180,610
Local Gifts , Grants and Contracts	0	13,658	13,658
Private Gifts, Grants and Contracts	335,930	1,187,291	1,523,221
Indirect Cost Recoveries	564,072	0	564,072
Investment Income and Interest Income	15,873	0	15,873
Sales and Services of Educational Activities	1,956,084	0	1,956,084
Sales and Services of Auxiliary Enterprises	17,335,723	0	17,335,723
Other Sources	3,130,719	0	3,130,719
Total Revenues	134,851,179	27,974,257	162,825,436
Expenditures			
Instruction	54,508,559	4,966,389	59,474,948
Research	0	24,904	24,904
Public Service	0	251,854	251,854
Academic Support	11,693,959	657,695	12,351,654
Student Services	16,090,223	2,325,133	18,415,356
Institutional Support	16,038,982	482,083	16,521,065
Operation and Maintenance of Plant	11,774,340	148,944	11,923,284
Scholarships and Fellowships	797,217	18,800,090	19,597,307
Auxiliary Enterprises	18,093,877	210,439	18,304,316
Total Expenditures	128,997,157	27,867,531	156,864,688
Transfers Among Funds - Additions (Deductions)			
Mandatory Transfers:			
Principal and Interest	(82,212)	0	(82,212)
Loan Fund Matching Grant	0	(11,841)	(11,841)
Transfers (To)/From Other Funds	0	(1,101)	(1,101)
Auxiliary Enterprises			
Principle and Interest	(2,465,326)	0	(2,465,326)
Renewals and Replacements	(50,000)	0	(50,000)
Loan Fund Matching Grant	(10)	(130,055)	(130,065)
Current Unrestricted Fund Matching	(27,855)	27,855	0
Transfers (To)/From Other Funds	1,101	0	1,101
Total Mandatory Transfers	(2,624,302)	(115,142)	(2,739,444)
Non-mandatory Transfers and Other Additions (Deductions)			
Transfers (To)/From Other Funds	(1,081,841)	(115,682)	(1,197,523)
Excess of Restricted Receipts over Expenditures	0	206,311	206,311
Other	0	(2,557)	(2,557)
Total Non-mandatory Transfers and Other Additions (Deductions)	(1,081,841)	88,072	(993,769)
Total Expenditures, Transfers and Other Additions (Deductions)	(132,703,300)	(27,894,601)	(160,597,901)
Net Increase (Decrease) in Fund Balances	\$2,147,879	\$79,656	\$2,227,535

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

**STATE COLLEGES IN COLORADO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1996**

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 (ASC), Mesa State College (MSC), Metropolitan State College of Denver (MSCD), Western State College (WSC), and the Western Colorado Graduate Center (WCGC). 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 (OSC), 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.

Accordingly, the accompanying financial statements contain the operations of the Office of State Colleges, the Western Colorado Graduate Center and the following four component colleges:

Adams State College
Mesa State College
Metropolitan State College of Denver
Western State College

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

State Colleges Educational Authority, Inc.

As of March 31, 1994, all assets and liabilities of the State Colleges Educational Authority, Inc. were liquidated. The entity had no financial activity during Fiscal Year 1996.

For financial reporting purposes, the State Colleges System 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 the Current Unrestricted Fund, consists primarily of office supplies and other consumable goods. It is valued using the average cost method. The bookstore inventory, which is accounted for in the Auxiliary and Self-funded Activities fund, 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. The Office of State Colleges follows a policy of capitalizing only those plant assets with an initial cost or fair value greater than or equal to \$5,000.

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 Unrestricted Fund 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 and 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.
2. 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.
3. 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, 1996, the State Colleges had \$15,578,548 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	\$ 304,790
Checking Accounts	2,070,229
Certificates of Deposit	<u>887,409</u>
	<u>\$3,262,428</u>

The carrying amount of the State Colleges cash on deposit was \$2,957,638 and the bank balance was \$10,155,374. Of this bank balance, \$858,203 was covered by Federal note depository insurance or by collateral held by the institution's agent in the institution's name and \$9,297,171 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. A summary of the State College's investments at June 30, 1996, by risk category described below, is as follows. Yield on investments ranged from 4.45% to 7.89%.

	<u>Risk Categories</u>		Book Value	Market Value
	<u>A</u>	<u>B</u>		
U.S. Government Securities	\$2,339,339	\$376,115	\$2,715,454	\$2,769,640
Reverse Repurchase Agreements	<u>5,978,216</u>		<u>5,978,216</u>	<u>6,153,554</u>
Subtotal	<u>\$8,317,555</u>	<u>\$376,115</u>	8,963,670	8,923,194
Investments in COLOTRUST			<u>190,634</u>	<u>191,418</u>
Total Investments			<u>\$8,884,304</u>	<u>\$9,114,612</u>

Risk Category Descriptions:

- A- investments which are insured, registered, or held by the State or its agent in the State's name.
- B- investments which are Uninsured and held by the counter party's trust department or agent.

NOTE 3: ACCOUNTS AND LOANS RECEIVABLE

At June 30, 1996, accounts receivable were as follows:

Current Funds:

<u>Accts Rec</u>	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
Accts Rec	\$ 607,924	\$1,820,249	\$ 2,130,249	\$ 494,592	\$373,043	-	\$ 5,426,057
Less Allow Doubt Acct	<u>129,679</u>	<u>724,175</u>	<u>325,901</u>	<u>145,692</u>	<u>-</u>	<u>-</u>	<u>1,325,447</u>
Net Acct Rec	<u>\$ 478,245</u>	<u>\$ 1,096,074</u>	<u>\$ 1,804,348</u>	<u>\$ 348,900</u>	<u>\$373,043</u>	<u>-</u>	<u>\$ 4,100,610</u>

Loan Funds:

Loans Rec	\$1,482,914	\$ 1,029,852	\$9,701,633	\$2,489,109	-	-	\$14,703,508
Less Allow Doubt Acct	<u>209,191</u>	<u>172,988</u>	<u>1,437,112</u>	<u>259,006</u>	<u>-</u>	<u>-</u>	<u>2,078,297</u>
Net Loans Rec	<u>\$1,273,723</u>	<u>\$ 856,864</u>	<u>\$8,264,521</u>	<u>\$2,230,103</u>	<u>-</u>	<u>-</u>	<u>\$12,625,211</u>

NOTE 4: LEASE OBLIGATIONS**Metropolitan State College of Denver**

MSCD leases building space and equipment under operating lease agreements. Rental expense for the year ended June 30, 1996 was \$699,055. Minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

Year Ending June 30

1997	\$ 719,099
1998	421,019
1999	426,790
2000	110,878
2001	41,443
2002 and later	<u>110,264</u>
Total	<u>\$1,829,493</u>

MSCD has renewed its sub-lease rental agreement for five additional years for a total of \$354,450. Payments made in FY 96 totaled \$44,994.

Western State College

The DEC computer equipment under the capital lease dated February 1, 1992 was replaced and the old lease paid off by a new capital lease dated February 13, 1996 which required annual payments of \$42,000 which includes interest at 5.485%. Title to the equipment passes to the college at the end of the lease term. Principle and interest requirements to maturity are as follows:

Year Ending June 30

1997	\$ 42,000
1998	42,000
1999	<u>28,155</u>
Total	112,155
Less amount representing interest	<u>(10,606)</u>
Principle outstanding	<u>\$101,549</u>

Operating Leases:

An operating lease for equipment, dated October 1, 1993, amended July 1, 1996, requires monthly payments of \$603 for 60 months, which includes maintenance agreement of \$199 per month.

Office of State Colleges

The Office of State Colleges 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

1997	\$41,236
1998	41,236
1999	<u>6,873</u>
Net minimum lease payments	<u>\$ 89,345</u>

In addition to the net minimum lease payments listed above, there is a variable expense component that is paid. This expense is approximately \$200 per month and is expected to increase annually by 4%.

NOTE 5: REVENUE BONDS PAYABLE

Adams State College

The Series A 1994 Enterprise Revenue bonds have annual maturities through 2006 then 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 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, 1996, the college had a Repair and Replacement Reserve balance of \$605,516.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1997	\$924,548
1998	1,173,797
1999	1,186,358
2000	1,166,288
2001	1,185,437
2002-2019	<u>16,149,370</u>
Total	21,785,798
Less amount representing interest	<u>(9,210,798)</u>
Total Principal Outstanding	<u>\$12,575,000</u>

Mesa State College

Mesa Auxiliary Facilities Revenue Bonds, Series B 1994, require annual debt service payments ranging from \$586,913 to \$816,036, including interest at 4.3% 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.

Mesa State College continued...

Mesa Auxiliary Facilities Revenue Bonds, Series A 1996, require annual debt service payments ranging from \$293,475 to \$518,415, including interest at 4.35% to 5.875%. Final payments are due in May of 2016. The bonds are secured by a first lien on and pledge of certain net revenues of the Mesa Auxiliary Facilities System. A \$25,000 renewal and replacement reserve fund is maintained, as required by the bond resolution. Bonds maturing in 2011 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, 1996:

	<u>Auxiliary Facility</u>	<u>Revenue Bonds</u>
	<u>1994B</u>	<u>1996A</u>
1997	\$816,036	\$293,475
1998	822,276	360,155
1999	827,316	518,415
2000	830,756	514,115
2001	827,896	514,275
2002-2006	3,908,147	2,566,380
2007-2011	3,032,465	2,537,413
2012-2016	3,030,790	2,531,569
2017-2021	1,764,863	0
2022-2026	0	0
2027-2031	<u>0</u>	<u>0</u>
Net minimum bond payments	15,860,545	9,835,797
Less: interest included above	<u>6,580,545</u>	<u>4,165,797</u>
Total Principle Outstanding	9,280,000	5,670,000
Less: unamortized discount and issue cost	<u>286,813</u>	<u>140,446</u>
Bonds Payable	<u>\$8,993,187</u>	<u>\$5,529,554</u>

Western State College

On March 31, 1994 the College issued \$14,145,000, Series C 1994, in Student Housing Revenue Bonds with an average interest rate of 5.458%. 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 may vary from 4.000% 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 an 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.

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, 1996 are: \$400,000 - Renewal and Replacement; and \$283,872 - Retirement of Indebtedness.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1997	\$1,157,404
1998	1,199,774
1999	1,214,094
2000	1,215,864
2001	1,210,954
2002-2005	4,855,005
2006-2010	6,071,948
2011-2015	<u>6,073,093</u>
Total Principal and Interest	22,998,136
Less Interest	<u>(8,928,136)</u>
Total Principal Outstanding	<u>\$14,070,000</u>

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, 1996 \$850,000 of the bonds outstanding are considered economically defeased.

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 the 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 defeased Certificates of Participation are not included in the College's financial statements. On June 30, 1996 \$760,000 of the Certificates of Participation outstanding are considered economically defeased.

Mesa State College

In 1994, the College defeased its outstanding Certificates of Participation, Series 1991, totaling \$3,135,000, outstanding Series 1965 Housing Revenue Bonds totaling \$100,000, outstanding Series 1966 Housing Revenue Bonds totaling \$300,000, and outstanding Series 1967 Housing Revenue Bonds totaling \$150,000 by placing the proceeds of Mesa Auxiliary Facilities Revenue Bonds, Series 1994, in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the College's financial statements. On June 30, 1996 \$2,920,000 is considered economically defeased.

Western State College

In Fiscal Year 1994, the college defeased 1992 series bonds by placing the proceeds of the 1994 series plus a portion of the 1992 series debt service reserve funds in an irrevocable trust to provide for all future debt service payments on the 1992 bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the college's financial statements. On June 30, 1996, \$12,975,000 of bonds outstanding are considered 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, 1996, the Foundations' audited summarized balance sheets and statements of revenues and expenses for Mesa, MSCD, and Western were as follows:

	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>
Assets	\$4,352,599	\$2,443,452	\$4,904,491
Liabilities	<u>138,888</u>	<u>1,198,926</u>	<u>542,984</u>
Fund Balance	<u>\$4,213,711</u>	<u>\$1,244,526</u>	<u>\$4,361,507</u>
Revenue	\$1,149,928	\$1,376,541	\$979,098
Expenses	676,148	1,152,063	721,762
Unrealized appreciation on Investments	<u>0</u>	<u>98,183</u>	<u>0</u>
Excess of Revenue	<u>\$473,780</u>	<u>\$322,661</u>	<u>\$257,336</u>

Under a memorandum of understanding between Mesa State College and the Mesa State College Foundation, the College is to grant and manage student loans made from designated Foundation funds. The College absorbs any associated costs in excess of loan interest collections, including loan write-offs and administrative expenses. Student loan fund assets at June 30, 1996, consisting primarily of loans receivable, are held by the College and represent a payable to the Foundation of \$200,000.

Adams State College Foundation adopted a calendar year end for audit and tax purposes. As of December 31, 1995 the Foundation's summarized balance sheet and statement of revenue and expenses were as follows:

<u>Adams</u>	<u>1995</u>
Assets	\$2,304,976
Liabilities	<u>320</u>
Fund Balance	<u>\$2,304,656</u>
Revenue	\$382,583
Expenses	<u>244,349</u>
Excess of Revenue	<u>\$138,234</u>

During the year ended June 30, 1996, the college received funds totaling \$98,128 from the Foundation for special projects, library materials, scholarships and grants-in-aid. These funds are appropriately accounted for and reported in the financial statements. In addition, the Foundation has expended funds for the purchase of an insignificant quantity of supplies and other services from the College.

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

A faculty member filed notice of claim in a federal lawsuit in U.S. Denver District Court and an EEOC claim alleging that he was denied tenure in retaliation for engaging in a constitutionally protected activity. The College has been found liable by the court. Compensatory damages have been determined to be approximately \$261,700. Issues of reinstatement or front pay and issues of attorney's fees have yet to be determined. The estimated liability associated with these claims is not determinable at the present time. However, if the plaintiff were to prevail on every claim, the amount could be as much as \$100,000 for attorney fees and \$0-500,000 for front pay. The issue of whether the Court's decision will be appealed has not been decided.

A faculty member has filed a complaint with the District Court, City and County of Denver, alleging that his right to receive full PERA retirement benefits has been diminished because he allegedly did not receive notice of the impact of the Colorado Legislature enactment of Senate Bill 94-50, which ended C.R.S. 24-54.5-105. The college intends to vigorously defend against the claim of the plaintiff and believes his claim to be meritless. The estimated liability associated with this claim is not determinable at the present time; however, if the plaintiff were to prevail on every claim, the amount could be as much as \$150,000.

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, 1996 is estimated at \$3,337,952. Current expenses include an increase of \$205,543 for the estimated compensated absence liability. Recording the liability may result 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

As of 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 the Public Employees Retirement Association of Colorado (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.

PERA

Plan Description

PERA administers a cost-sharing multiple-employer, defined benefit pension plan (the plan) on behalf of the State Division Trust Fund (SDTF). 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. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended assigns the authority to establish and amend benefit provisions to the State Legislature. PERA issues a publicly available financial annual report that includes financial statements and required supplementary information for SDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, CO, 80203, or by calling PERA's Infoline at 1-800-759-PERA (7352) or Denver metro area 837-6250.

Funding Policy

Plan members and the State Colleges are required to contribute at a rate set by statute. The contribution requirements of plan members and the State Colleges are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The contribution rate for members is 8.0% and for the State Colleges is 11.6% of covered salary. A portion of the State Colleges contribution (0.8% of covered salary) is allocated for the Health Care Fund (see note 11). The State Colleges contributions to SDTF for the years ended June 30, 1996, 1995 and 1994 were \$5,388,978, \$5,334,813 and \$7,261,710 respectively, equal to their required contributions for each year.

Optional Retirement Plan:

Plan Description

The ORP is a defined contribution pension plan with fund sponsors, Fidelity Investments, TIAA-CREF and VALIC, providing a range of investment accounts for participants. Contributions to the ORP will be the same as PERA contributions for covered payroll. The college's contribution to the ORP is 11.6% of covered payroll and contributions by employees is 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.

Funding Policy

The State Colleges System contribution to the ORP for fiscal years 1996, 1995, and 1994 were \$2,830,448, \$2,429,041 and \$119,184 respectively. Employee contributions were 8% of covered payroll. 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.

Student Retirement Plan:

Beginning in Fiscal Year 1993, in accordance with the provisions 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, for the State Colleges System was \$409,473. Employee contributions were 7.5% of covered payroll.

NOTE 11: PERA POST EMPLOYMENT HEALTH CARE PLAN

Plan Description

For PERA plan members, a portion (.8%) of the State Colleges contribution to STDF (see Note 10) is contributed to the Health Care Fund (HFC), a cost sharing multiple-employee post-employment plan administered by PERA. The HFC provides a Health Care Premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, assigns the authority to establish the HCF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA's InfoLine at 1-800-759-PERA (7372) or Denver metro area 837-6250.

Funding Policy

The State Colleges is required to contribute at a rate of .8% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the State Colleges are established under Title 24, Article 51 section 208 of the C.R.S., as amended. The portion of the State College's contribution that was allocated to the HFC for the years ending June 30, 1996, 1995, and 1994 were \$43,112, \$42,679 and \$58,094 respectively, equal to their required contributions for each year.

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, and the University of Colorado at Denver. 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
	<u>June 30, 1996</u>
Administration of AHEC, plant operations	\$5,469,206
Library and media center	<u>3,007,335</u>
Total	<u>\$8,476,541</u>

NOTE 13: CAPITAL CONSTRUCTION

Unexpended capital construction state appropriations as of June 30, 1996 are as follows:

Adams State College	\$ 1,390,724
Mesa State College	3,004,906
Western State College	2,256,995
Office of State Colleges	<u>242,103</u>
Total	<u>\$6,894,728</u>

NOTE 14: 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 were continuously credited to the "State Colleges Undergraduate Enrichment Fund" created by Section 23-50-113, Colorado Revised Statutes (C.R.S.). Interest earned from June 1995 through May 1996 (\$6,816) was transferred to Metropolitan State College of Denver to advance and enrich undergraduate education.

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 1994-95 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 1996-97.

NOTE 16: LEGISLATIVE APPROPRIATION

Appropriated Funds

The Colorado Legislature establishes spending authority for 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, 1996, appropriated expenditures were within the authorized spending authority. The Trustees of the State Colleges had a total appropriation of \$110,429,971. Actual appropriated revenues

earned totaled \$107,897,647. Actual appropriated expenditures and transfers totaled \$106,980,379. The net increase in appropriated fund balances was \$917,268.

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.

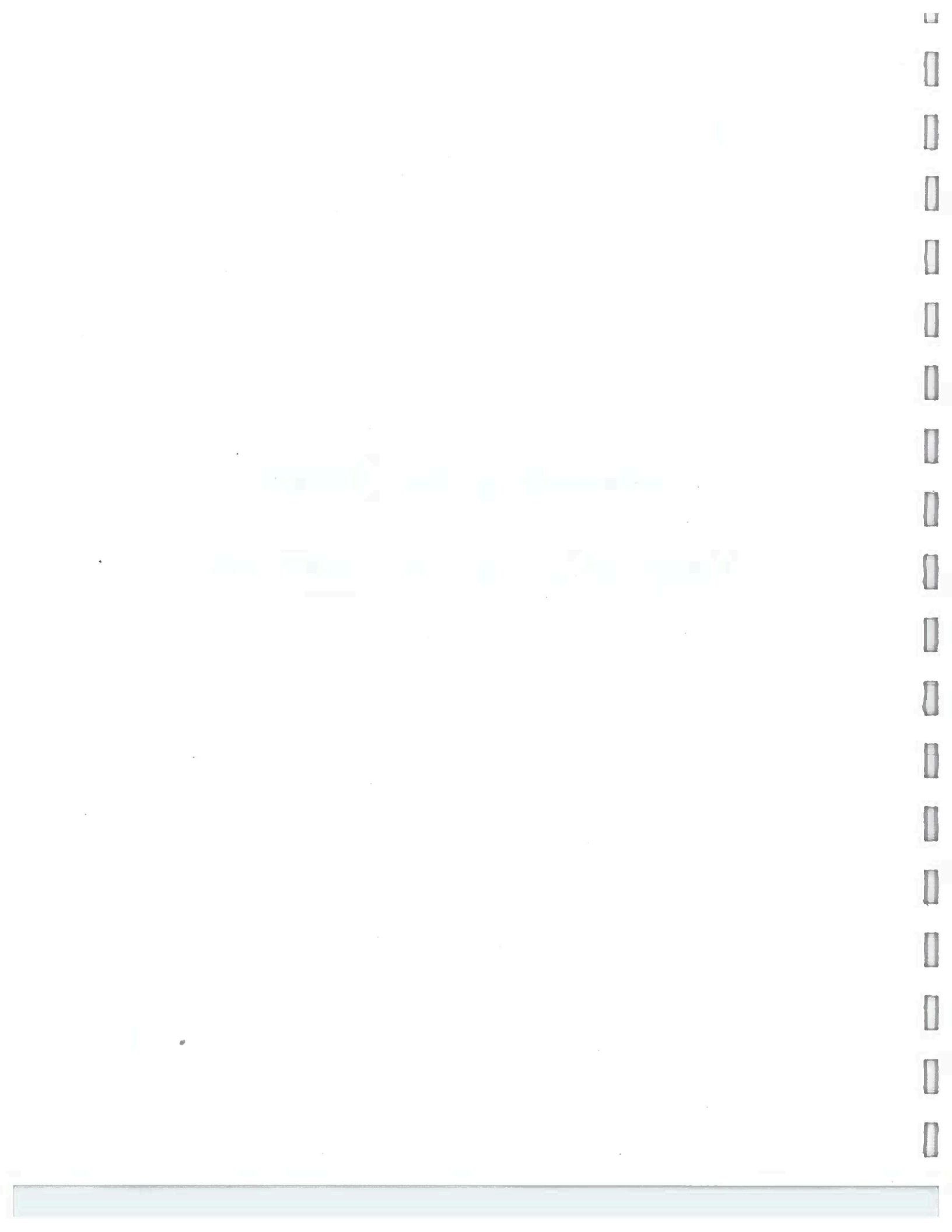
Financial Statement Presentation

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



State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Unrestricted Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
ASSETS							
Cash	\$1,136,320	\$389,550	\$194,300	\$187,879	\$100	\$0	\$1,908,149
Cash With State Treasurer (Note 2)	2,694,583	702,733	7,244,861	1,617,407	552,633	56,050	12,868,267
Investments	0	682,470	190,634	0	0	0	873,104
Accounts Receivable (Note 3)	331,016	782,862	266,448	223,772	373,043	0	1,977,141
Loan Receivable	0	0	58,987	0	0	0	58,987
Interest Receivable	5,923	6,321	784	0	0	0	13,028
Inventories	419,105	530,156	0	235,352	0	0	1,184,613
Prepaid Expenses	34,243	303,424	20,648	14,327	3,893	0	376,535
Deferred Charges	0	0	201,376	0	0	0	201,376
Other Assets	0	0	267	0	0	0	267
Total Assets	4,621,190	3,397,516	8,178,305	2,278,737	929,669	56,050	19,461,467

LIABILITIES

Accounts Payable	359,767	242,509	230,415	364,582	44,467	36,981	1,278,721
Accrued Payroll	510,323	165,617	70,607	32,999	0	0	779,546
Student Deposits	112,415	159,509	145,555	151,437	0	0	568,916
Due to Other Agencies	0	0	32,329	0	0	0	32,329
Accrued Compensated Absence Liability	604,502	613,187	1,500,289	548,780	70,712	428	3,337,891
Deferred Revenue	663,810	560,515	3,134,466	415,215	0	0	4,774,006
Other Liabilities	58,681	0	0	0	0	0	58,681
Total Liabilities	2,309,498	1,741,337	5,113,661	1,513,013	115,179	37,409	10,830,093

FUND BALANCE

Unrestricted	2,916,194	2,269,366	4,564,933	1,273,858	885,202	19,069	11,928,622
Designated for Compensated Absences	(604,502)	(613,187)	(1,500,289)	(508,134)	(70,712)	(428)	(3,297,252)
Total Fund Balance	2,311,692	1,656,179	3,064,644	765,724	814,490	18,641	8,631,370
Total Liabilities and Fund Balance	4,621,190	3,397,516	8,178,305	2,278,737	929,669	\$56,050	\$19,461,467

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Restricted Funds

ASSETS

Cash
Cash With State Treasurer (Note 2)
Accounts Receivable (Note 3)
Prepaid Expenses
Deferred Charges
Due from State Agencies
Due from Federal Government
Total Assets

Adams	Mesa	MSCD	Western	OSC	WCGC	Total
\$8,951	\$58,000	\$400	\$0	\$0	\$0	\$67,351
325,707	32,316	1,555,411	92,499	129,088	0	2,135,021
147,229	313,212	1,537,900	111,658	0	0	2,109,999
1,455	0	716	150	0	0	2,321
0	0	10,918	0	0	0	10,918
10,417	0	0	0	0	0	10,417
0	0	0	13,526	0	0	13,526
493,759	403,528	3,105,345	217,833	129,088	0	4,349,553

LIABILITIES

Accounts Payable
Accrued Payroll
Student Deposits
Deposits Held in Custody for Others
Due to State Treasurer
Due to Other Agencies
Deferred Revenue
Other Liabilities
Total Liabilities

134,638	170,157	397,705	100,214	0	0	802,714
0	21,116	64,048	0	0	0	85,164
0	0	0	6,191	0	0	6,191
229,378	70,903	733,976	0	0	0	1,034,257
0	0	1,394,429	0	0	0	1,394,429
0	7,900	12,095	0	0	0	19,995
0	33,191	0	0	0	0	33,191
84,546	0	0	0	0	0	84,546
448,562	303,267	2,602,253	106,405	0	0	3,460,487

FUND BALANCE

Restricted
Total Fund Balance
Total Liabilities and Fund Balance

45,197	100,261	503,092	111,428	129,088	0	889,068
45,197	100,261	503,092	111,428	129,088	0	889,068
\$493,759	\$403,528	\$3,105,345	\$217,833	\$129,088	\$0	\$4,349,553

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Student Loan Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$30,000	\$204,000	\$0	\$0	\$0	\$0	\$234,000
Cash With State Treasurer (Note 2)	94,496	297	517,868	23,916	0	0	636,577
Investments	0	25,000	0	0	0	0	25,000
Accounts Receivable (Note 3)	0	0	0	13,470	0	0	13,470
Loan Receivable (Note 3)	1,273,723	856,864	8,205,534	2,230,103	0	0	12,566,224
Interest Receivable	444	0	0	5,844	0	0	6,288
Due from Federal Government	32,165	0	0	0	0	0	32,165
Other Assets	4,500	0	0	0	0	0	4,500
Total Assets	1,435,328	1,086,161	8,723,402	2,273,333	0	0	13,518,224

LIABILITIES

Accounts Payable	50	0	0	0	0	0	50
Student Deposits	0	0	34,037	0	0	0	34,037
Due to Mesa State College Foundation	0	200,000	0	0	0	0	200,000
Other Liabilities	200	0	0	0	0	0	200
Total Liabilities	250	200,000	34,037	0	0	0	234,287

FUND BALANCE

U.S. Government Grants Refundable	945,715	823,258	7,687,656	2,159,471	0	0	11,616,100
Restricted	489,363	62,903	1,001,709	113,862	0	0	1,667,837
Total Fund Balance	1,435,078	886,161	8,689,365	2,273,333	0	0	13,283,937
Total Liabilities and Fund Balance	\$1,435,328	\$1,086,161	\$8,723,402	\$2,273,333	\$0	\$0	\$13,518,224

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Endowment and Similiar Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$53,611	\$0	\$0	\$0	\$0	\$0	\$53,611
Total Assets	<u>53,611</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,611</u>
<u>LIABILITIES</u>							
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u>							
Restricted	53,611	0	0	0	0	0	53,611
Total Fund Balance	<u>53,611</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,611</u>
Total Liabilities and Fund Balance	<u>\$53,611</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$53,611</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Unexpended Plant Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$131,385	\$161,000	\$0	\$0	\$0	\$0	\$292,385
Cash With State Treasurer (Note 2)	0	851	0	666,505	0	0	667,356
Investments	550,000	5,868,609	0	0	0	0	6,418,609
Interest Receivable	3,618	0	0	0	0	0	3,618
Prepaid Expenses	0	23,417	0	0	0	0	23,417
Construction in Progress	6,572,472	9,121,756	0	5,473,250	0	0	21,167,478
Total Assets	<u>7,257,475</u>	<u>15,175,633</u>	<u>0</u>	<u>6,139,755</u>	<u>0</u>	<u>0</u>	<u>28,572,863</u>

LIABILITIES

Accounts Payable	103,706	510,956	0	263,390	0	0	878,052
Accrued Interest	37,437	46,985	0	0	0	0	84,422
Bonds Payable	5,413,602	10,912,570	0	5,402,880	0	0	21,729,052
Total Liabilities	<u>5,554,745</u>	<u>11,470,511</u>	<u>0</u>	<u>5,666,270</u>	<u>0</u>	<u>0</u>	<u>22,691,526</u>

FUND BALANCE

Unrestricted	0	0	0	473,485	0	0	473,485
Restricted	1,702,730	3,705,122	0	0	0	0	5,407,852
Total Fund Balance	<u>1,702,730</u>	<u>3,705,122</u>	<u>0</u>	<u>473,485</u>	<u>0</u>	<u>0</u>	<u>5,881,337</u>
Total Liabilities and Fund Balance	<u>\$7,257,475</u>	<u>\$15,175,633</u>	<u>\$0</u>	<u>\$6,139,755</u>	<u>\$0</u>	<u>\$0</u>	<u>\$28,572,863</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Renewals and Replacements Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$582,172	\$23,051	\$0	\$0	\$0	\$0	\$605,223
Cash With State Treasurer (Note 2)	14,284	780	0	606,477	0	0	621,541
Investments	0	828,000	0	0	0	0	828,000
Accounts Receivable (Note 3)	0	50,000	0	0	0	0	50,000
Interest Receivable	25,967	0	0	0	0	0	25,967
Total Assets	622,423	901,831	0	606,477	0	0	2,130,731

LIABILITIES

Accounts Payable	3,598	28,255	0	0	0	0	31,853
Due to Other Funds	0	225,000	0	0	0	0	225,000
Other Liabilities	13,309	0	0	0	0	0	13,309
Total Liabilities	16,907	253,255	0	0	0	0	270,162

FUND BALANCE

Unrestricted	0	298,576	0	606,477	0	0	905,053
Restricted	605,516	350,000	0	0	0	0	955,516
Total Fund Balance	605,516	648,576	0	606,477	0	0	1,860,569
Total Liabilities and Fund Balance	\$622,423	\$901,831	\$0	\$606,477	\$0	\$0	\$2,130,731

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Retirement of Indebtedness Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Tot
Cash	\$101,709	\$0	\$0	\$0	\$0	\$0	\$101,709
Cash With State Treasurer (Note 2)	305	1,910	0	42,000	0	0	44,215
Investments	0	363,476	0	376,115	0	0	739,591
Interest Receivable	0	0	0	1,182	0	0	1,182
Total Assets	<u>102,014</u>	<u>365,386</u>	<u>0</u>	<u>419,297</u>	<u>0</u>	<u>0</u>	<u>886,697</u>

LIABILITIES

Accounts Payable	1,756	0	0	42,000	0	0	43,756
Accrued Interest	46,881	24,802	0	93,425	0	0	165,108
Total Liabilities	<u>48,637</u>	<u>24,802</u>	<u>0</u>	<u>135,425</u>	<u>0</u>	<u>0</u>	<u>208,865</u>

FUND BALANCE

Restricted	53,377	340,584	0	283,872	0	0	677,833
Total Fund Balance	<u>53,377</u>	<u>340,584</u>	<u>0</u>	<u>283,872</u>	<u>0</u>	<u>0</u>	<u>677,833</u>
Total Liabilities and Fund Balance	<u>\$102,014</u>	<u>\$365,386</u>	<u>\$0</u>	<u>\$419,297</u>	<u>\$0</u>	<u>\$0</u>	<u>\$886,697</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1996

Investment in Plant Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Tot
Land	170,210	904,892	0	95,416	0	0	\$1,170,51
Land Improvements	3,325,765	1,289,358	0	1,904,083	0	0	6,519,20
Buildings	25,359,354	27,703,462	0	28,061,738	0	0	81,124,55
Equipment	4,741,961	8,030,007	11,330,295	2,949,121	57,817	7,563	27,116,76
Library Books	3,261,660	5,931,490	0	3,492,166	0	0	12,685,31
Total Assets	36,858,950	43,859,209	11,330,295	36,502,524	57,817	7,563	128,616,35

LIABILITIES

Capital Lease Obligations	0	0	0	101,549	0	0	101,549
Bonds Payable	6,773,371	3,610,171	0	8,667,120	0	0	19,050,66
Total Liabilities	6,773,371	3,610,171	0	8,768,669	0	0	19,152,21
FUND BALANCE							
Net Investment in Plant	30,085,579	40,249,038	11,330,295	27,733,855	57,817	7,563	109,464,14
Total Fund Balance	30,085,579	40,249,038	11,330,295	27,733,855	57,817	7,563	109,464,14
Total Liabilities and Fund Balance	\$36,858,950	\$43,859,209	\$11,330,295	\$36,502,524	\$57,817	\$7,563	\$128,616,35

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Unrestricted Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	T
Revenues and Other Additions							
Unrestricted Current Fund Revenues	\$19,416,317	\$26,983,552	\$65,576,345	\$20,319,884	\$1,235,003	\$56,050	\$133,587,1
Federal Grants and Contracts	0	933	125,810	0	0	0	126,7
State Grants and Contracts	0	218	0	0	0	0	2
Private Gifts, Grants and Contracts	0	205,261	0	128,413	0	0	333,6
Indirect Cost Recoveries	86,951	43,226	391,412	42,483	0	0	564,0
Investment Income and Interest Income	0	223,448	0	15,873	0	0	239,3
Total Revenues and Other Additions	19,503,268	27,456,638	66,093,567	20,506,653	1,235,003	56,050	134,851,1
Expenditures and Other Deductions							
Education and General	13,263,308	19,262,298	63,682,337	13,520,309	585,295	37,409	110,350,9
State Assessment	0	0	0	0	505,784	0	505,7
Auxiliary Enterprise Expenditures	4,885,657	6,348,967	1,724,774	5,134,479	0	0	18,093,8
Expended for Plant Facilities	0	0	0	0	46,540	0	46,5
Total Expenditures and Other Deductions	18,148,965	25,611,265	65,407,111	18,654,788	1,137,619	37,409	128,997,1
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	(934,558)	(705,739)	0	(907,241)	0	0	(2,547,5
Renewals and Replacements	0	0	0	(50,000)	0	0	(50,0
Loan Fund Matching Grant	0	(10)	0	0	0	0	(
Current Unrestricted Fund Matching	0	0	(27,855)	0	0	0	(27,8
Transfers (To)/From Other Funds	0	1,101	0	0	0	0	1,1
Total Mandatory Transfers	(934,558)	(704,648)	(27,855)	(957,241)	0	0	(2,624,3
Non-mandatory Transfers							
Transfers (To)/From Other Funds	(115,626)	(670,000)	(50,000)	(246,215)	0	0	(1,081,8
Total Non-mandatory Transfers	(115,626)	(670,000)	(50,000)	(246,215)	0	0	(1,081,8
Total Transfers Among Funds	(1,050,184)	(1,374,648)	(77,855)	(1,203,456)	0	0	(3,706,1
Net Increase (Decrease) in Fund Balance	304,119	470,725	608,601	648,409	97,384	18,641	2,147,8
Fund Balance (Deficit)- Beginning of Year	2,007,573	1,185,454	2,456,043	117,315	717,106	0	6,483,4
Fund Balance (Deficit)- End of Year	\$2,311,692	\$1,656,179	\$3,064,644	\$765,724	\$814,490	\$18,641	\$8,631,3

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

State Colleges in Colorado

Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Restricted Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Federal Grants and Contracts	3,176,305	3,313,012	9,094,947	1,234,608	0	0	\$16,818,8
State Grants and Contracts	1,303,863	1,720,171	6,533,224	1,059,070	0	0	10,616,3
Private Gifts, Grants and Contracts	620,112	54,119	364,679	213,429	0	0	1,252,3
Investment Income and Interest Income	0	0	0	0	6,760	0	6,7
Total Revenues and Other Additions	5,100,280	5,087,302	15,992,850	2,507,107	6,760	0	28,694,2
Expenditures and Other Deductions							
Education and General	5,007,041	4,838,232	15,527,893	2,283,698	0	0	27,656,8
Auxiliary Enterprise Expenditures	0	178,469	0	31,970	0	0	210,4
Indirect Costs Recovered	72,422	43,226	391,412	6,670	0	0	513,7
Refunded to Grantors	0	0	0	0	0	0	0
Administrative Costs and Collection Costs	0	0	229	0	0	0	2
Other Deductions	0	0	0	2,557	0	0	2,5
Total Expenditures and Other Deductions	5,079,463	5,059,927	15,919,534	2,324,895	0	0	28,383,8
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Loan Fund Matching Grant	(1,841)	(10,000)	(94,165)	(35,890)	0	0	(141,8
Current Unrestricted Fund Matching	0	0	27,855	0	0	0	27,8
Transfers (To)/From Other Funds	0	(1,101)	0	0	0	0	(1,1
Total Mandatory Transfers	(1,841)	(11,101)	(66,310)	(35,890)	0	0	(115,1
Non-mandatory Transfers							
Transfers (To)/From Other Funds	1,600	0	0	(117,282)	0	0	(115,6
Transfers to the Campuses from the Board	0	0	6,816	0	(6,816)	0	0
Total Non-mandatory Transfers	1,600	0	6,816	(117,282)	(6,816)	0	(115,6
Total Transfers Among Funds	(241)	(11,101)	(59,494)	(153,172)	(6,816)	0	(230,8
Net Increase (Decrease) in Fund Balance	20,576	16,274	13,822	29,040	(56)	0	79,6
Fund Balance (Deficit)- Beginning of Year	24,621	83,987	489,270	82,388	129,144	0	809,4
Fund Balance (Deficit)- End of Year	\$45,197	\$100,261	\$503,092	\$111,428	\$129,088	\$0	\$889,0

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Loan Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Federal Grants and Contracts	5,528	0	0	0	0	0	\$5
Investment Income and Interest Income	41,733	26,551	249,335	41,673	0	0	359
U.S. Government Advances	32,164	30,000	310,859	107,669	0	0	480
Other Additions	3,992	0	1,811,268	20,926	0	0	1,836
Total Revenues and Other Additions	83,417	56,551	2,371,462	170,268	0	0	2,681
Expenditures and Other Deductions							
Indirect Costs Recovered	14,529	0	0	35,813	0	0	50
Refunded to Grantors	0	0	122,627	0	0	0	122
Loan Cancellations and Writeoffs	81,902	10,485	393,975	28,638	0	0	515
Administrative Costs and Collection Costs	3,095	30	145,623	0	0	0	148
Other Deductions	0	0	1,759,396	6,296	0	0	1,765
Total Expenditures and Other Deductions	99,526	10,515	2,421,621	70,747	0	0	2,602
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Loan Fund Matching Grant	1,841	10,010	94,165	35,890	0	0	141
Total Mandatory Transfers	1,841	10,010	94,165	35,890	0	0	141
Non-mandatory Transfers							
Transfers (To)/From Other Funds	0	0	50,000	(22,480)	0	0	27
Total Non-mandatory Transfers	0	0	50,000	(22,480)	0	0	27
Total Transfers Among Funds	1,841	10,010	144,165	13,410	0	0	169
Net Increase (Decrease) in Fund Balance	(14,268)	56,046	94,006	112,931	0	0	248
Fund Balance (Deficit)- Beginning of Year	1,449,346	830,115	8,595,359	2,160,402	0	0	13,035
Fund Balance (Deficit)- End of Year	\$1,435,078	\$886,161	\$8,689,365	\$2,273,333	\$0	\$0	\$13,283

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Endowment and Similar Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Investment Income and Interest Income	\$2,783	\$0	\$0		\$0	\$0	\$2
Total Revenues and Other Additions	<u>2,783</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>2</u>
Expenditures and Other Deductions							
Total Expenditures and Other Deductions	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Total Mandatory Transfers	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	
Non-mandatory Transfers							
Transfers (To)/From Other Funds	<u>(1,600)</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>(1)</u>
Total Non-mandatory Transfers	<u>(1,600)</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>(1)</u>
Total Transfers Among Funds	<u>(1,600)</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>(1)</u>
Net Increase (Decrease) in Fund Balance	1,183	0	0	0	0	0	1
Fund Balance (Deficit)- Beginning of Year	52,428	0	0	0	0	0	52
Fund Balance (Deficit)- End of Year	<u>\$53,611</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$53</u>

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Unexpended Plant Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
State Grants and Contracts	\$665,276	\$1,632,600	\$0	\$1,903,578	\$1,257,897	\$0	\$5,459,3
Private Gifts, Grants and Contracts	0	63,785	0	0	0	0	63,7
Investment Income and Interest Income	0	20,748	0	0	0	0	20,7
Retirement of Indebtedness	201,750	225,000	0	28,800	0	0	455,5
Total Revenues and Other Additions	867,026	1,942,133	0	1,932,378	1,257,897	0	5,999,4
Expenditures and Other Deductions							
Expended for Plant Facilities	445,623	119,972	0	779,397	1,257,897	0	2,602,8
Capitalization of Asset/Debt	636,203	0	0	0	0	0	636,2
Total Expenditures and Other Deductions	1,081,826	119,972	0	779,397	1,257,897	0	3,239,0
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	555,839	13,020	0	288,011	0	0	856,8
Total Mandatory Transfers	555,839	13,020	0	288,011	0	0	856,8
Non-mandatory Transfers							
Transfers (To)/From Other Funds	100,000	281,311	0	140,977	0	0	522,2
Total Non-mandatory Transfers	100,000	281,311	0	140,977	0	0	522,2
Total Transfers Among Funds	655,839	294,331	0	428,988	0	0	1,379,1
Net Increase (Decrease) in Fund Balance	441,039	2,116,492	0	1,581,969	0	0	4,139,5
Fund Balance (Deficit)- Beginning of Year	1,261,691	1,588,630	0	(1,108,484)	0	0	1,741,8
Fund Balance (Deficit)- End of Year	\$1,702,730	\$3,705,122	\$0	\$473,485	\$0	\$0	\$5,881,3

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Renewals and Replacements Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
State Grants and Contracts	\$0	\$121,014	\$0	\$0	\$0	\$0	\$121,014
Private Gifts, Grants and Contracts	0	50,000	0	0	0	0	50,000
Investment Income and Interest Income	31,714	74,114	0	0	0	0	105,828
Total Revenues and Other Additions	<u>31,714</u>	<u>245,128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>276,842</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	52,330	1,094,372	0	0	0	0	1,146,702
Total Expenditures and Other Deductions	<u>52,330</u>	<u>1,094,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,146,702</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Renewals and Replacements	0	0	0	50,000	0	0	50,000
Total Mandatory Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	115,626	388,689	0	200,000	0	0	704,315
Total Non-mandatory Transfers	<u>115,626</u>	<u>388,689</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>704,315</u>
Total Transfers Among Funds	<u>115,626</u>	<u>388,689</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>754,315</u>
Net Increase (Decrease) in Fund Balance	95,010	(460,555)	0	250,000	0	0	(115,545)
Fund Balance (Deficit)- Beginning of Year	510,506	1,109,131	0	356,477	0	0	1,976,114
Fund Balance (Deficit)- End of Year	<u>\$605,516</u>	<u>\$648,576</u>	<u>\$0</u>	<u>\$606,477</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,860,516</u>

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Retirement of Indebtedness Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Investment Income and Interest Income	\$8,897	\$16,294	\$0	\$18,872	\$0	\$0	\$44,0
Total Revenues and Other Additions	<u>8,897</u>	<u>16,294</u>	<u>0</u>	<u>18,872</u>	<u>0</u>	<u>0</u>	<u>44,0</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	815	0	0	0	0	0	8
Retirement of Indebtedness	250,000	375,000	0	150,576	0	0	775,5
Interest on Indebtedness	162,484	203,664	0	468,654	0	0	834,8
Other Deductions	0	2,024	0	0	0	0	2,0
Total Expenditures and Other Deductions	<u>413,299</u>	<u>580,688</u>	<u>0</u>	<u>619,230</u>	<u>0</u>	<u>0</u>	<u>1,613,2</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	378,719	692,719	0	619,230	0	0	1,690,6
Total Mandatory Transfers	<u>378,719</u>	<u>692,719</u>	<u>0</u>	<u>619,230</u>	<u>0</u>	<u>0</u>	<u>1,690,6</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	(100,000)	0	0	45,000	0	0	(55,0
Total Non-mandatory Transfers	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>(55,0</u>
Total Transfers Among Funds	<u>278,719</u>	<u>692,719</u>	<u>0</u>	<u>664,230</u>	<u>0</u>	<u>0</u>	<u>1,635,6</u>
Net Increase (Decrease) in Fund Balance	(125,683)	128,325	0	63,872	0	0	66,5
Fund Balance (Deficit)- Beginning of Year	179,060	212,259	0	220,000	0	0	611,3
Fund Balance (Deficit)- End of Year	<u>\$53,377</u>	<u>\$340,584</u>	<u>\$0</u>	<u>\$283,872</u>	<u>\$0</u>	<u>\$0</u>	<u>\$677,8</u>

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

State Colleges in Colorado
Combining Statement of Changes in Fund Balances
Year Ended June 30, 1996

Investment in Plant Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Expended for Plant Facilities	\$1,201,687	\$1,354,380	\$1,514,809	\$714,726	\$0	\$7,563	\$4,793,165
Retirement of Indebtedness	48,250	150,000	0	141,178	0	0	339,428
Capitalization of Asset/Debt	636,203	0	0	0	0	0	636,203
Total Revenues and Other Additions	<u>1,886,140</u>	<u>1,504,380</u>	<u>1,514,809</u>	<u>855,904</u>	<u>0</u>	<u>7,563</u>	<u>5,768,746</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	1,725	0	0	0	0	0	1,725
Interest on Indebtedness	1,606	2,234	0	0	0	0	3,840
Capitalization of Asset/Debt	0	0	0	8,068	0	0	8,068
Disposal of Plant Facilities	582,237	323,078	261,566	1,019,527	7,127	0	2,193,535
Other Deductions	0	2,291	0	0	0	0	2,291
Total Expenditures and Other Deductions	<u>585,568</u>	<u>327,603</u>	<u>261,566</u>	<u>1,027,595</u>	<u>7,127</u>	<u>0</u>	<u>2,209,416</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Total Mandatory Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Non-mandatory Transfers							
Total Non-mandatory Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfers Among Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Fund Balance	1,300,572	1,176,777	1,253,243	(171,691)	(7,127)	7,563	3,559,334
Fund Balance (Deficit)- Beginning of Year	28,785,007	39,072,261	10,077,051	27,905,546	64,944	0	105,904,809
Fund Balance (Deficit)- End of Year	<u>\$30,085,579</u>	<u>\$40,249,038</u>	<u>\$11,330,294</u>	<u>\$27,733,855</u>	<u>\$57,817</u>	<u>\$7,563</u>	<u>\$109,464,148</u>

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

State Colleges in Colorado
Combining Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1996

Unrestricted Funds

Revenues	Adams	Mesa	MSCD	Western	OSC	WCGC	
Tuition and Fees	\$5,947,184	\$9,755,558	\$26,832,013	\$8,420,377	\$0	\$0	\$50,955,
State of Colorado Appropriations	8,102,996	11,291,761	34,005,135	5,739,740	1,235,003	56,050	60,430,
Federal Grants and Contracts	0	933	125,810	0	0	0	126,
State Grants and Contracts	0	218	0	0	0	0	335,
Private Gifts, Grants and Contracts	2,256	205,261	0	128,413	0	0	564,
Indirect Cost Recoveries	86,951	43,226	391,412	42,483	0	0	15,
Investment Income and Interest Income	0	0	0	15,873	0	0	1,956,
Sales and Services of Educational Activities	5,097,313	42,729	1,913,355	0	0	0	17,335,
Sales and Services of Auxiliary Enterprises	266,568	5,666,894	801,584	5,769,932	0	0	3,130,
Other Sources		450,058	2,024,258	389,835	0	0	134,851,
Total Revenues	19,503,268	27,456,638	66,093,567	20,506,653	1,235,003	56,050	

Expenditures

Instruction	6,885,254	10,721,579	30,814,929	6,086,797	0	0	54,508,
Academic Support	1,443,680	1,943,660	7,245,638	1,060,981	0	0	11,893,
Student Services	1,315,163	1,855,732	10,209,981	2,709,347	0	0	16,090,
Institutional Support	1,905,246	2,097,053	8,929,864	1,978,331	1,091,079	37,409	16,038,
Operation and Maintenance of Plant	1,592,663	2,239,676	6,397,105	1,498,356	46,540	0	11,774,
Scholarships and Fellowships	121,302	404,598	84,820	186,497	0	0	797,
Auxiliary Enterprises	4,885,657	6,348,967	1,724,774	5,134,479	0	0	18,093,
Total Expenditures	18,148,985	25,611,265	65,407,111	18,654,788	1,137,619	37,409	128,997,

Transfers Among Funds - Additions (Deductions)

Mandatory Transfers:							
Education and General	0	0	0	(82,212)	0	0	(82,
Principal and Interest							
Auxiliary Enterprises							
Principle and Interest	(934,558)	(705,739)	0	(825,029)	0	0	(2,465,
Renewals and Replacements	0	0	0	(50,000)	0	0	(50,
Loan Fund Matching Grant	0	(10)	0	0	0	0	(27,
Current Unrestricted Fund Matching	0	0	(27,855)	0	0	0	1,
Transfers (To)/From Other Funds	0	1,101	0	0	0	0	(2,624,
Total Mandatory Transfers	(934,558)	(704,648)	(27,855)	(957,241)	0	0	(1,081,
Non-mandatory Transfers and Other Additions (Deductions)							
Transfers (To)/From Other Funds	(115,626)	(670,000)	(50,000)	(246,215)	0	0	(1,081,
Total Non-mandatory Transfers and Other Additions (Deductions)	(115,626)	(670,000)	(50,000)	(246,215)	0	0	(132,703,
Total Expenditures, Transfers and Other Additions (Deductions)	(19,199,149)	(26,985,913)	(65,484,966)	(19,858,244)	(1,137,619)	(37,409)	\$2,147,
Net Increase (Decrease) in Fund Balances	\$304,119	\$470,725	\$608,601	\$648,409	\$97,384	\$18,641	

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

State Colleges in Colorado

Combining Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1996

Restricted Funds

Revenues

Federal Grants and Contracts
State Grants and Contracts
Local Gifts, Grants and Contracts
Private Gifts, Grants and Contracts

Total Revenues

Expenditures

Instruction
Research
Public Service
Academic Support
Student Services
Institutional Support
Operation and Maintenance of Plant
Scholarships and Fellowships
Auxiliary Enterprises

Total Expenditures

Transfers Among Funds - Additions (Deductions)

Mandatory Transfers:

Education and General
Principal and Interest
Renewals and Replacements
Loan Fund Matching Grant
Transfers (To)/From Other Funds
Loan Fund Matching Grant
Current Unrestricted Fund Matching

Total Mandatory Transfers

Non-mandatory Transfers and Other Additions (Deductions)

Transfers (To)/From Other Funds
Transfers to the Campuses from the Board
Excess of Restricted Receipts over Expenditures
Other

Total Non-mandatory Transfers and Other Additions (Deductions)

Total Expenditures, Transfers and Other Additions (Deductions)

Net Increase (Decrease) in Fund Balances

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

	Adams	Mesa	MSCD	Western	OSC	WCGC	T
	\$3,103,883	\$3,269,604	\$8,973,584	\$1,245,845	\$0	\$0	\$16,592.9
	1,303,863	1,679,950	6,287,449	909,130	0	0	10,180.3
	0	13,658	0	0	0	0	13.6
	599,536	64,590	326,582	196,583	0	0	1,187.2
	5,007,282	5,027,802	15,587,615	2,351,558	0	0	27,974.2
	557,445	652,960	3,547,913	208,071	0	0	4,966.3
	0	4,326	0	20,578	0	0	24.9
	0	98,479	111,409	41,966	0	0	251.8
	75,925	85,421	429,844	66,505	0	0	657.6
	794,064	37,032	1,339,582	154,455	0	0	2,325.1
	290,501	9,103	133,258	49,221	0	0	482.0
	82,252	12,570	0	54,122	0	0	148.9
	3,206,854	3,938,341	9,966,115	1,688,780	0	0	18,800.0
	0	178,469	0	31,970	0	0	210.4
	5,007,041	5,016,701	15,528,121	2,315,668	0	0	27,867.5
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(1,841)	(10,000)	0	0	0	0	(11.8
	0	(1,101)	0	0	0	0	(1.1
	0	0	(94,165)	(35,890)	0	0	(130.0
	0	0	27,855	0	0	0	27.8
	(1,841)	(11,101)	(66,310)	(35,890)	0	0	(115.1
	1,600	0	0	(117,282)	0	0	(115.6
	0	0	6,816	0	(6,816)	0	0
	20,576	16,274	13,822	148,879	6,760	0	206.3
	0	0	0	(2,557)	0	0	(2.5
	22,176	16,274	20,638	29,040	(56)	0	88.0
	(4,966,706)	(5,011,528)	(15,573,793)	(2,322,518)	(56)	0	(27,894.6
	\$20,576	\$16,274	\$13,822	\$29,040	(\$56)	\$0	\$79.6



STATE OF COLORADO

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November 6, 1996

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, 1996, and have issued our report thereon dated November 6, 1996.

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, 1996, 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.

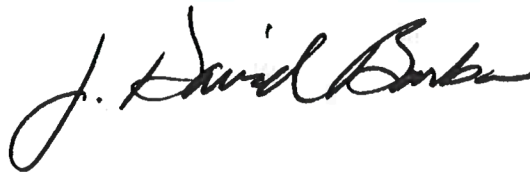
The management of the State Colleges in Colorado is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies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

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

- * Revenues/receipts
- * Non-payroll purchases/disbursements
- * Payroll disbursements
- * Financial 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.

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





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November 6, 1996

**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, 1996, and have issued our report thereon dated November 6, 1996. 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.

J. David Barba





STATE OF COLORADO

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November 6, 1996

Independent Auditor's Report on Statements 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, 1996. 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, 1996, in conformity with the provisions of the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs*.

J. David Barba



Adams State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1996

	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	Perki Loa Matc
Appropriations:											
Original	1,749,593	5,000	60,367	433,607	351,287	12,032	4,427	148,962	681,549	52,362	1,
Supplemental Transfers	10,841			9,000							
Total Expenditures	1,760,434	5,000	60,367	442,607	351,287	12,032	4,427	148,962	681,549	52,362	1,
Reversions	0	0	0	0	0	0	0	0	0	0	

The accompanying footnotes are an integral part of this statement.



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