



**REPORT OF
THE
STATE AUDITOR**

**STATE COLLEGES IN COLORADO
FINANCIAL AND COMPLIANCE AUDIT**

**FISCAL YEAR ENDED
JUNE 30, 1998**

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STATE OF COLORADO

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State Auditor

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

November 25, 1998

Members of the Legislative Audit Committee:

This report contains the results of our financial and compliance audit of the State Colleges in Colorado. The audit included examinations of the consolidated financial statements, the statements of state-funded student assistance programs, and the records and internal controls of Mesa State College's Intercollegiate Athletic Department. The report also presents the findings and recommendations resulting from the examinations, and the responses of the State Colleges in Colorado.

J. David Barba

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**STATE OF COLORADO
OFFICE OF THE STATE AUDITOR**

REPORT SUMMARY

**J. DAVID BARBA, CPA
State Auditor**

**STATE COLLEGES IN COLORADO
FINANCIAL AND STATE-FUNDED STUDENT
FINANCIAL ASSISTANCE PROGRAMS AUDITS
FISCAL YEAR ENDED JUNE 30, 1998**

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 1998 through October 1998.

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, 1998. 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 Assistance Programs for Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College for the year ended June 30, 1998.
- Evaluate progress in implementing prior audit recommendations.

The Schedules of Expenditures of Federal Awards of the State Colleges in Colorado and applicable audit opinions are included in the June 30, 1998, 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 Assistance Programs for the State Colleges in Colorado for the year ended June 30, 1998.

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

SUMMARY

We issued a report on the State Colleges' compliance with applicable laws and regulations and internal controls over financial reporting. We did not note any material instances of noncompliance with legal or regulatory requirements or material internal control weaknesses. Certain areas where the State Colleges can improve their internal controls are described in the Findings and Recommendations section of this report.

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 Office of the State Auditor. 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 Office of the State Auditor also reviewed the internal controls and the financial balances of the Office of State Colleges and the Western Colorado Graduate Center.

Metropolitan State College of Denver was the only College that had findings and recommendations for Fiscal Year 1998. The following is a summary of the findings and recommendations as prepared by the public accounting firm which completed audit work at Metropolitan State College of Denver.

METROPOLITAN STATE COLLEGE OF DENVER

Continue Analyzing Loan Clearing Account

The College has a clearing account in its agency funds to record Perkins loan payments made by students and to record loan cancellations, deferments, and adjustments as reported by the loan servicer. These transactions are then allocated to the Perkins loan fund where each loan balance is adjusted for the current activity.

The cash balance in the clearing account does not appear to be fully-clearing as designed. The cash balance at year end has increased from about \$49,000 in 1996 to \$117,000 in 1998 and seems to include more than recent receipts into the fund.

The College has partially completed an inquiry into the mechanics of receiving and transferring this information to the appropriate loan balance. **We recommend that Metropolitan State College of Denver continue to analyze the loan clearing account to ensure it is operating as intended.**

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver will continue to analyze the loan clearing account.

Review Unemployment Reserve Account

The College includes in its agency funds approximately \$163,000 for future unemployment compensation for employees paid from auxiliary and restricted funds. Unemployment is handled differently for these employees because of the potentially temporary nature of grant funded positions. These funds are charged .75 percent of payroll for unemployment benefits which is deposited into the reserve until it is used by individuals leaving the College.

Due to very limited claims, the unemployment reserve has grown significantly in recent years. In fiscal year 1998, about \$44,000 was added to the account and \$1,900 was spent. If the reserve balance continues to grow, the College could be subject to claims that the unemployment charge is excessive. **We recommend that Metropolitan State College of Denver suspend or greatly reduce this charge until significant unemployment claims become likely or the charge is otherwise justified.**

Metropolitan State College of Denver Response:

Agree. The College will review its unemployment compensation policies and procedures and determine what, if any, changes should be made to the process.

Summary of Progress in Implementing Prior Audit Recommendations

The audit report for the State Colleges in Colorado for Fiscal Year 1997 contained five audit recommendations and three deferred recommendations from the previous Fiscal Year report. The disposition of these recommendations, as of October 23, 1998, was as follows:

Adams State College

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

Metropolitan State College

Implemented	1
Partially Implemented	0
Deferred	<u>1</u>
Total	<u>1</u>

Mesa State College

Implemented	2
Partially Implemented	0
Deferred	<u>0</u>
Total	<u>2</u>

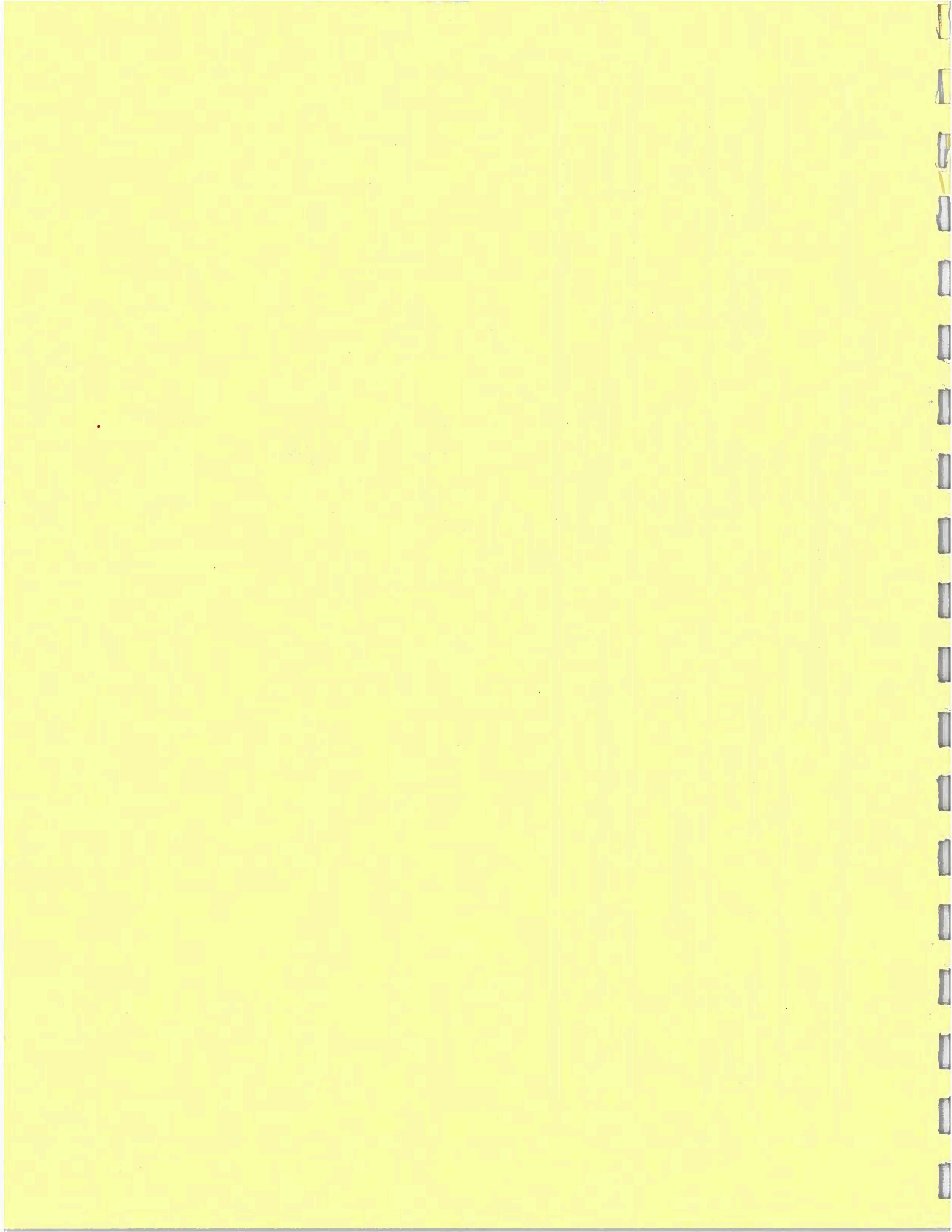
Western State College

Implemented	2
Partially Implemented	0
Deferred	<u>0</u>
Total	<u>2</u>



RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	14	Continue analyzing loan clearing account.	Metropolitan State College of Denver	Agree	June 1999
2	14	Review unemployment reserve account.	Metropolitan State College of Denver	Agree	June 1999



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, Western State College, and the Western Colorado Graduate Center. The Board of Trustees has oversight responsibility for the four state colleges and the Graduate Center in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies.

The Board has three 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 liberal arts college with graduate programs in Teacher Education, Counseling, and Art. Section 23-51-101, C.R.S., provides that Adams State College "shall be a general baccalaureate institution with moderately selective admission standards. Adams state college shall offer limited professional programs, Hispanic programs, undergraduate education degrees, masters' level programs, and two-year transfer programs with a community college role and mission but shall not offer vocational education programs."

Full-time equivalent ("FTE") student, faculty, and staff reported by the College for the last three fiscal years were as follows:

	1996	1997	1998
Resident Students	1,833.1	1,869.1	1,797.7
Nonresident Students	440.8	426.5	378.7
Total Students	<u>2,273.9</u>	<u>2,295.6</u>	<u>2,176.4</u>
Faculty FTE'S	124.4	121.6	122.5
Staff FTE'S	116.8	120.7	123.9
Total Staff and Faculty FTE'S	<u>241.2</u>	<u>242.3</u>	<u>246.4</u>

Mesa State College, Grand Junction

Mesa State College offers certificate programs, associate degrees, baccalaureate degrees, and selected graduate programs. Section 23-53-101, C.R.S., provides that Mesa State College "shall be a general baccalaureate and specialized graduate institution with moderately selective admission. Mesa State College shall offer liberal arts and sciences programs and a limited number of professional, technical,

and graduate programs. Mesa State College shall also maintain a community college role and mission, including vocational and technical programs.”

Section 23-53-115, C.R.S., “authorizes Mesa State College to offer graduate courses and programs in selected areas to ensure that persons living in western Colorado will have reliable, consistent, and cost-effective access to necessary graduate courses and programs.”

Full-time equivalent (“FTE”) student, faculty, and staff reported by the College for the last three fiscal years were as follows:

	1996	1997	1998
Resident Students	3,588.8	3,666.5	3,663.2
Nonresident Students	412.0	406.1	421.7
Total Students	<u>4,000.8</u>	<u>4,072.6</u>	<u>4,084.9</u>
Faculty FTE’S	208.4	212.2	225.1
Staff FTE’S	145.7	145.9	149.2
Total Staff and Faculty FTE’S	<u>354.1</u>	<u>358.1</u>	<u>374.3</u>

Metropolitan State College of Denver

Metropolitan State College of Denver offers education to a student population in the greater metro-Denver area. Section 23-54-101, C.R.S., provides that Metropolitan State College of Denver “shall be a comprehensive baccalaureate institution with modified open admission standards; except that nontraditional students, as defined by the Colorado commission on higher education after consultation with the board of trustees of the state colleges in Colorado, who are at least twenty years of age shall only have an admission requirement of a high school diploma, a GED high school equivalency certificate, or the equivalent thereof. Metropolitan State College of Denver shall offer a variety of liberal arts and science, technical, and educational programs. The College may offer a limited number of professional programs. Metropolitan state college of Denver shall offer no graduate program.”

Full-time equivalent ("FTE") student, faculty, and staff reported by the College for the last three fiscal years were as follows:

	1996	1997	1998
Resident Students	11,766.5	11,988.0	12,166.3
Nonresident Students	320.3	358.5	390.3
Total Students	<u>12,086.8</u>	<u>12,346.5</u>	<u>12,556.6</u>
Faculty FTE'S	594.1	623.7	620.5
Staff FTE'S	344.0	359.6	354.1
Total Staff and Faculty FTE'S	<u>938.1</u>	<u>983.3</u>	<u>974.6</u>

Western State College, Gunnison

Western State College is an undergraduate college of liberal arts and sciences. Section 23-56-101, C.R.S., provides that Western State College "shall be a general baccalaureate institution with moderately selective admission standards. The College shall provide a limited number of professional programs, educational programs, and traditional arts and sciences. The Colorado commission on higher education, after consultation with the college and governing board, shall determine which graduate programs, if any, shall be phased out. Western State College shall offer no two-year programs."

Full-time equivalent ("FTE") student, faculty, and staff reported by the College for the last three fiscal years were as follows:

	1996	1997	1998
Resident Students	1,459.7	1,525.0	1,478.3
Nonresident Students	766.0	754.6	746.1
Total Students	<u>2,225.7</u>	<u>2,279.6</u>	<u>2,224.4</u>
Faculty FTE'S	111.9	112.8	114.1
Staff FTE'S	108.5	109.0	109.9
Total Staff and Faculty FTE'S	<u>220.4</u>	<u>221.8</u>	<u>224.0</u>

Western Colorado Graduate Center

The Western Colorado Graduate Center is 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.

Section 23-53-116, C.R.S., provides that the Western State Graduate Center be "established on the campus of Mesa State College. The center's mission is to ensure reliable, consistent, and cost-effective access for residents of western Colorado to graduate courses and programs that are necessary to maintain or strengthen employment knowledge and skills. The Center is not authorized to provide graduate courses or programs. The Center shall be under the authority and governance of the trustees of the State Colleges in Colorado who shall develop a plan of implementation and operation of the center consistent with the center's mission. The center shall operate independently of Mesa State College and shall commence operation on July 1, 1996."

Findings and Recommendations

Adams State College

The public accounting firm of Johnson, Holscher & Company, Inc., completed audit work at Adams State College. There were no report findings and recommendations resulting from the audit work completed for Fiscal Year 1998.

Mesa State College

The public accounting firm of Dalby, Wendland & Company, P.C., completed audit work at Mesa State College. There were no report findings and recommendations resulting from the audit work completed for Fiscal Year 1998.

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.

Continue Analyzing Loan Clearing Account

The College has a clearing account in its agency funds to record Perkins loan payments made by students and to record loan cancellations, deferments, and adjustments as reported by the loan servicer. These transactions are then allocated to the Perkins loan fund where each loan balance is adjusted for the current activity.

The cash balance in the clearing account does not appear to be fully-clearing as designed. The cash balance at year end has increased from about \$49,000 in 1996 to \$117,000 in 1998 and seems to include more than recent receipts into the fund.

The College has partially completed an inquiry into the mechanics of receiving and transferring this information to the appropriate loan balance.

Recommendation No. 1:

Metropolitan State College of Denver should continue to analyze the loan clearing account to ensure it is operating as intended.

Metropolitan State College of Denver Response:

Agree. Metropolitan State College of Denver will continue to analyze the loan clearing account.

Review Unemployment Reserve Account

The College includes in its agency funds approximately \$163,000 for future unemployment compensation for employees paid from auxiliary and restricted funds. Unemployment is handled differently for these employees because of the potentially temporary nature of grant funded positions. These funds are charged .75 percent of payroll for unemployment benefits which is deposited into the reserve until it is used by individuals leaving the College.

Due to very limited claims, the unemployment reserve has grown significantly in recent years. In fiscal year 1998, about \$44,000 was added to the account and \$1,900 was spent. If the reserve balance continues to grow, the College could be subject to claims that the unemployment charge is excessive.

Recommendation No. 2:

The College should consider suspending or greatly reducing this charge until significant unemployment claims become likely or the charge is otherwise justified.

Metropolitan State College of Denver Response:

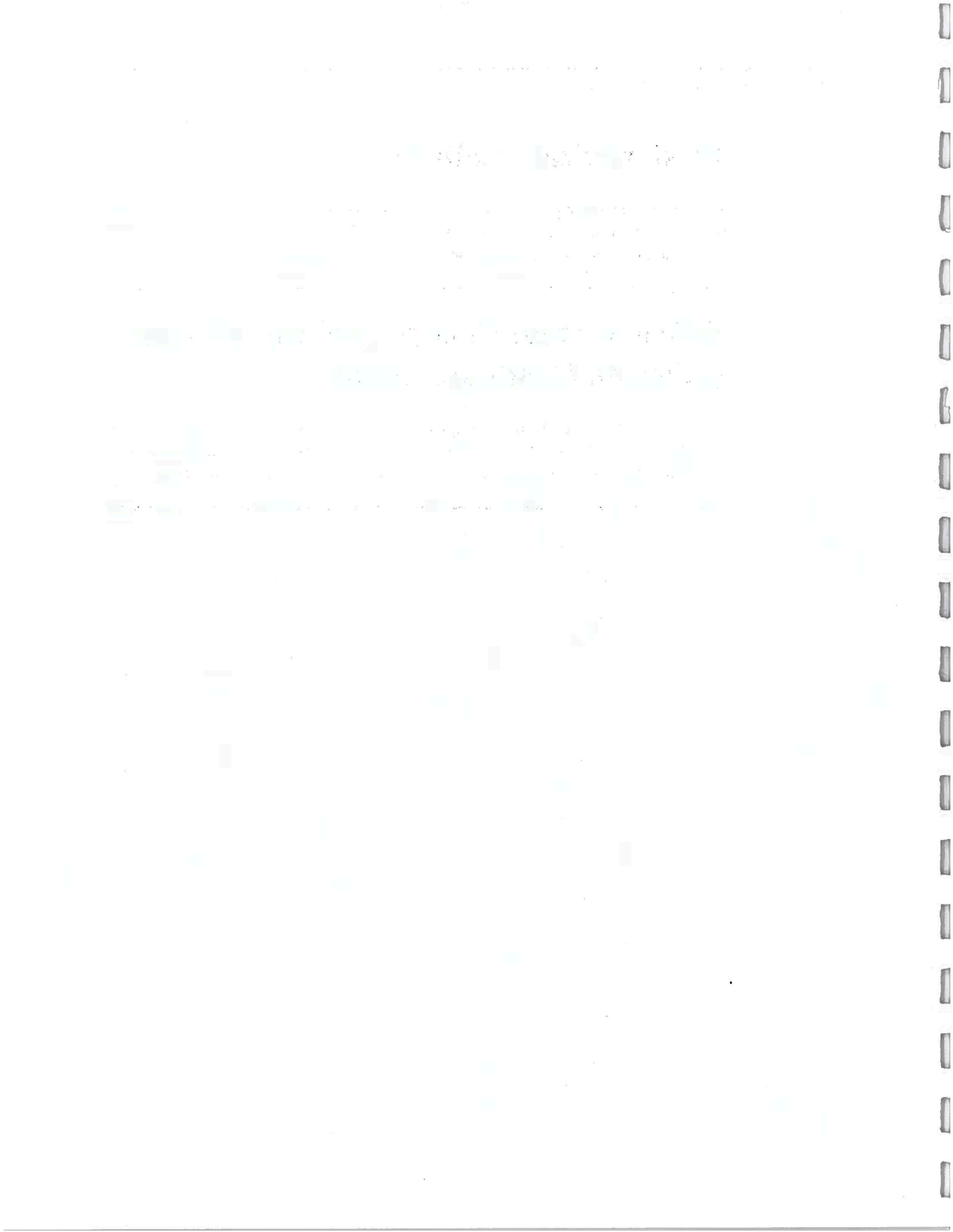
Agree. The College will review its unemployment compensation policies and procedures and determine what, if any, changes should be made to the process.

Western State College

The public accounting firm of Chadwick, Steinkirchner, Davis & Company, P.C., completed audit work at Western State College. There were no report findings and recommendations resulting from the audit work completed for Fiscal Year 1998.

Office of State Colleges and the Western Colorado Graduate Center

The Office of the State Auditor completed audit work at the Office of State Colleges and the Western Colorado Graduate Center. There were no report findings and recommendations resulting from the audit work completed for Fiscal Year 1998.



Disposition of Prior Audit Recommendations

Listed below are the recommendations included in the State Colleges in Colorado audit report for the year ended June 30, 1997, and their disposition as of October 23, 1998. Also listed below are recommendations which were deferred in the State Colleges in Colorado audit report for June 30, 1995 and have now been implemented.

Recommendation

Disposition

ADAMS STATE COLLEGE

There were no recommendations in the prior year.

MESA STATE COLLEGE

- | | |
|--|--------------|
| 1. Mesa State College should develop a change management policy that establishes criteria for requiring security briefings for EDP personnel. | Implemented. |
| 2. Mesa State College should update its disaster recovery plan, periodically perform tests of the plan to determine its adequacy, and revise the plan as needed based on test results. | Implemented. |

METROPOLITAN STATE COLLEGE OF DENVER

- | | |
|--|--------------|
| 3. Metropolitan State College of Denver should strengthen controls over student financial assistance programs so that exit counseling requirements are completed and Colorado Diversity grant awards are only made to eligible students. | Implemented. |
|--|--------------|

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

- | | |
|--|--------------|
| 4. Western State College should reassign accounting staff duties so that the following controls are in place:

1) Recording functions are maintained separate from the reconciling functions.

2) The Director of Accounting, or other supervisor, reviews bank reconciliations for accuracy and timely completion.

3) Access to the check signing machine is restricted to individuals not involved in the recording or reconciling functions. | Implemented. |
| 5. Western State College should determine the best method of delivering necessary services to its students while minimizing the risks of theft and loss that might result from maintaining large amounts of cash on hand. | Implemented. |

June 30, 1995 Recommendations:

- | | |
|---|--------------|
| 6. 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. | Implemented. |
|---|--------------|

Recommendation	Disposition
7. Metropolitan State College of Denver should segregate the duties and the related computer accesses between programmers, computer operators, and users when accesses are assigned. Computer accesses that 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.	Implemented.
8. Metropolitan State College of Denver should require supervisory review and approval to transfer programs to the hold library to run production jobs. The review should be made of all jobs presently in the hold library, and any unnecessary ones should be deleted. A copy should be made of each version of every program used.	Implemented.



STATE OF COLORADO

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

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

October 23, 1998

Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying consolidated balance sheet of the State Colleges in Colorado, a component unit of the State of Colorado, as of June 30, 1998, and the related consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the State Colleges in Colorado as of June 30, 1998, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 1998 on our consideration of the State Colleges in Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the consolidated 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, 1998

	Current Funds		Student	Endowment and
	Unrestricted	Restricted	Loan Funds	Similar Funds
ASSETS				
Cash	\$2,029,532	\$3,194	\$159,800	\$52,149
Cash With State Treasurer (Note 2)	17,066,655	1,124,422	513,145	0
Investments	580,722	0	0	0
Accounts Receivable (Note 3)	1,834,580	1,340,945	47,487	0
Loan Receivable (Note 3)	0	0	12,873,465	0
Interest Receivable	43,300	0	10,916	0
Inventories	1,305,503	0	0	0
Prepaid Expenses	389,879	6,005	0	0
Deferred Charges	264,340	12,205	0	0
Due from Other Funds	68,185	0	137,000	0
Due from State Agencies	0	796,918	0	0
Due from Federal Government	0	6,082	46,555	0
Other Assets	267	0	4,500	0
Land	0	0	0	0
Land Improvements	0	0	0	0
Buildings	0	0	0	0
Construction in Progress	0	0	0	0
Equipment	0	0	0	0
Library Books	0	0	0	0
Total Assets	23,582,963	3,289,771	13,792,868	52,149
LIABILITIES				
Accounts Payable	1,381,301	219,766	190	0
Accrued Payroll	1,372,737	98,265	0	0
Accrued Interest	0	0	0	0
Student Deposits	481,800	259	32,246	0
Deposits Held in Custody for Others	0	0	0	0
Due to State Treasurer (Note 2)	103,207	1,528,368	0	0
Due to Other Agencies	264,599	17,326	0	0
Accrued Compensated Absence Liability	3,567,248	0	0	0
Deferred Revenue	4,898,584	48,344	0	0
Capital Lease Obligations	0	0	0	0
Bonds Payable	0	0	0	0
Due to Other Funds	0	200,000	0	0
Due to Mesa State College Foundation	0	0	200,000	0
Other Liabilities	139,457	74,442	200	0
Total Liabilities	12,208,933	2,186,770	232,636	0
FUND BALANCE				
U.S. Government Grants Refundable	0	0	11,754,328	0
Unrestricted	14,941,278	0	0	0
Restricted	0	1,103,001	1,805,904	52,149
Designated for Compensated Absences	(3,567,248)	0	0	0
Net Investment in Plant	0	0	0	0
Total Fund Balance	11,374,030	1,103,001	13,560,232	52,149
Total Liabilities and Fund Balance	\$23,582,963	\$3,289,771	\$13,792,868	\$52,149

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

<i>Plant Funds</i>					<i>Memorandum Only</i>
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	Agency Funds	Total
\$0	\$752,837	\$104,948	\$0	\$0	\$3,102,460
12,381	706,177	89,158	0	1,114,233	20,626,171
325,189	1,078,357	536,017	0	0	2,520,285
23,417	0	0	0	69,900	3,316,329
0	0	0	0	0	12,873,465
5,185	29,151	2,417	0	0	90,969
0	0	0	0	0	1,305,503
0	0	0	0	18	395,902
0	0	0	0	0	276,545
0	0	0	0	0	205,185
0	0	0	0	0	796,918
0	0	0	0	0	52,637
0	0	0	0	0	4,767
0	0	0	1,836,843	0	1,836,843
0	0	0	6,650,173	0	6,650,173
0	0	0	123,606,501	0	123,606,501
14,472,555	137,451	0	0	0	14,610,006
0	0	0	22,182,145	0	22,182,145
0	0	0	13,735,368	0	13,735,368
<u>14,838,727</u>	<u>2,703,973</u>	<u>732,540</u>	<u>168,011,030</u>	<u>1,184,151</u>	<u>228,188,172</u>
20,019	75,787	42,000	0	212,481	1,951,544
0	0	0	0	0	1,471,002
0	0	267,023	0	0	267,023
0	0	0	0	0	514,305
0	0	0	0	942,763	942,763
0	0	0	0	0	1,631,575
0	0	0	0	0	281,925
0	0	0	0	0	3,567,248
0	0	0	0	16,587	4,963,515
0	0	0	3,792,270	0	3,792,270
0	0	0	38,523,764	0	38,523,764
5,185	0	0	0	0	205,185
0	0	0	0	0	200,000
0	163	0	0	12,320	226,582
<u>25,204</u>	<u>75,950</u>	<u>309,023</u>	<u>42,316,034</u>	<u>1,184,151</u>	<u>58,538,701</u>
0	0	0	0	0	11,754,328
0	1,079,683	0	0	0	16,020,961
14,813,523	1,548,340	423,517	0	0	19,746,434
0	0	0	0	0	(3,567,248)
0	0	0	125,694,996	0	125,694,996
<u>14,813,523</u>	<u>2,628,023</u>	<u>423,517</u>	<u>125,694,996</u>	<u>0</u>	<u>169,649,471</u>
<u>\$14,838,727</u>	<u>\$2,703,973</u>	<u>\$732,540</u>	<u>\$168,011,030</u>	<u>\$1,184,151</u>	<u>\$228,188,172</u>

State Colleges in Colorado
Consolidated Statement of Changes in Fund Balances
Year Ended June 30, 1998

	<i>Current Funds</i>		Student Loan Funds	Endowment and Similiar Funds
	Unrestricted	Restricted		
Revenues and Other Additions				
Unrestricted Current Fund Revenues	\$148,852,346	\$0	\$0	\$0
Federal Grants and Contracts	142,622	18,173,670	1,558	0
State Grants and Contracts	0	13,603,482	0	0
Private Gifts, Grants and Contracts	347,695	1,887,816	0	0
Indirect Cost Recoveries	593,358	0	0	0
Investment Income and Interest Income	2,005,397	8,010	393,377	3,158
U.S. Government Advances	0	0	511,092	0
Expended for Plant Facilities	0	0	0	0
Retirement of Indebtedness	0	0	0	0
Capitalization of Asset/Debt	0	0	0	0
Other Additions	0	0	77,470	0
Total Revenues and Other Additions	151,941,418	33,672,978	983,497	3,158
Expenditures and Other Deductions				
Education and General	124,727,998	33,153,451	0	0
State Assessment	244,446	0	0	0
Auxiliary Enterprise Expenditures	21,037,554	258,477	0	0
Indirect Costs Recovered	0	568,045	25,312	0
Refunded to Grantors	0	0	280,481	0
Loan Cancellations and Writeoffs	0	0	330,144	0
Administrative Costs and Collection Costs	0	0	148,807	0
Expended for Plant Facilities	46,007	0	0	0
Retirement of Indebtedness	0	0	0	0
Interest on Indebtedness	0	0	0	0
Capitalization of Asset/Debt	0	0	0	0
Disposal of Plant Facilities	0	0	0	0
Other Deductions	0	3,136	0	0
Total Expenditures and Other Deductions	146,056,005	33,983,109	784,744	0
Transfers Among Funds - Additions (Deductions)				
Mandatory Transfers:				
Principal and Interest	(4,085,852)	0	0	0
Loan Fund Matching Grant	0	(135,599)	135,599	0
Current Unrestricted Fund Matching	(126,923)	116,676	10,247	0
Transfers (To)/From Other Funds	0	125,000	0	0
Total Mandatory Transfers	(4,212,775)	106,077	145,846	0
Non-mandatory Transfers				
Transfers (To)/From Other Funds	(989,389)	(5,728)	(73,700)	(4,600)
Total Non-mandatory Transfers	(989,389)	(5,728)	(73,700)	(4,600)
Total Transfers Among Funds	(5,202,164)	100,349	72,146	(4,600)
Net Increase (Decrease) in Fund Balance	683,249	(209,782)	270,899	(1,442)
Fund Balance- Beginning of Year	10,631,158	1,312,784	13,289,332	53,591
Implementation of GASB 31	59,622	0	0	0
Fund Balance- End of Year	\$11,374,029	\$1,103,002	\$13,560,231	\$52,149

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

Plant Funds

Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
\$0	\$0	\$0	\$0
0	0	0	0
19,000,590	421,069	0	0
0	554,122	0	0
0	0	0	0
66,853	186,327	79,224	0
0	0	0	0
0	0	0	10,526,130
0	0	0	1,693,800
3,022,735	0	0	13,419,888
0	0	0	0
<u>22,090,178</u>	<u>1,161,518</u>	<u>79,224</u>	<u>25,639,818</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
10,994,888	1,925,995	3,228	8,530
0	0	1,693,800	0
0	0	2,234,032	15,740
13,419,888	0	0	3,022,735
0	0	0	7,010,147
0	0	5,364	11,673
<u>24,414,776</u>	<u>1,925,995</u>	<u>3,936,424</u>	<u>10,068,825</u>
220,898	0	3,864,954	0
0	0	0	0
0	0	0	0
0	(125,000)	0	0
<u>220,898</u>	<u>(125,000)</u>	<u>3,864,954</u>	<u>0</u>
358,128	689,537	25,752	0
<u>358,128</u>	<u>689,537</u>	<u>25,752</u>	<u>0</u>
579,026	564,537	3,890,706	0
(1,745,572)	(199,940)	33,506	15,570,993
16,559,095	2,827,963	390,011	110,124,003
0	0	0	0
<u>\$14,813,523</u>	<u>\$2,628,023</u>	<u>\$423,517</u>	<u>\$125,694,996</u>

State Colleges in Colorado

Consolidated Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1998

Memorandum
Only

	Unrestricted	Restricted	Total
Revenues			
Tuition and Fees	\$57,044,280	\$0	\$57,044,280
State of Colorado Appropriations	67,124,252	0	67,124,252
Federal Grants and Contracts	142,622	17,704,004	17,846,626
State Grants and Contracts	0	13,678,476	13,678,476
Local Gifts, Grants and Contracts	227,271	673,359	900,630
Private Gifts, Grants and Contracts	196,484	1,157,701	1,354,185
Indirect Cost Recoveries	593,358	0	593,358
Investment Income and Interest Income	2,005,397	0	2,005,397
Sales and Services of Educational Activities	1,024,467	0	1,024,467
Sales and Services of Auxiliary Enterprises	20,425,570	0	20,425,570
Other Source	3,157,717	0	3,157,717
Total Revenues	151,941,418	33,213,540	185,154,958
Expenditures			
Instruction	61,016,898	7,268,775	68,285,673
Research	0	67,748	67,748
Public Service	0	510,261	510,261
Academic Support	13,210,500	868,605	14,079,105
Student Services	18,908,235	2,468,771	21,377,006
Institutional Support	16,643,399	650,800	17,294,199
Operation and Maintenance of Plant	13,077,732	157,830	13,235,562
Scholarships and Fellowships	2,161,687	21,160,660	23,322,347
Auxiliary Enterprises	21,037,554	258,477	21,296,031
Total Expenditures	146,056,005	33,411,927	179,467,932
Transfers Among Funds - Additions (Deductions)			
Mandatory Transfers:			
Education and General			
Principal and Interest	(104,468)	0	(104,468)
Loan Fund Matching Grant	0	(98,807)	(98,807)
Current Unrestricted Fund Matching	(126,923)	116,676	(10,247)
Transfers (To)/From Other Funds	0	125,000	125,000
Auxiliary Enterprises			
Principal and Interest	(3,981,384)	0	(3,981,384)
Loan Fund Matching Grant	0	(36,792)	(36,792)
Total Mandatory Transfers	(4,212,775)	106,077	(4,106,698)
Non-mandatory Transfers			
Transfers (To)/From Other Funds	(989,389)	(5,728)	(995,117)
Transfers to the Campuses from the Board	0	0	0
Excess of Restricted Receipts over Expenditures	0	(108,608)	(108,608)
Other	0	(3,136)	(3,136)
Total Non-mandatory Transfers	(989,389)	(117,472)	(1,106,861)
Total Expenditures, Transfers and Other Additions (Deductions)	(151,258,169)	(33,423,322)	(184,681,491)
Net Increase (Decrease) in Fund Balances	\$683,249	(\$209,782)	\$473,467

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, 1998**

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' 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 1998.

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. Adams State College, Metropolitan State College of Denver, and the Western Colorado Graduate Center follow the policy of capitalizing only those plant assets with an initial cost or fair value greater than or equal to \$1,000. Mesa State College, Western State College and 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 fund, and 4) investment in plant fund. 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, 1998, the State Colleges had \$18,994,596 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

The State Colleges deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities approved by C.R.S. 24-75-601.1. The State Colleges reports its share of the Treasurer's unrealized gains and losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 1998. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

The adjustment to beginning fund balance titled "Implementation of GASB 31" represents the cumulative difference between amortized cost and fair value of the State Colleges participation in the State Treasurer's pooled cash investments at the beginning of the fiscal year. As a result of this adjustment, the unrealized gains/losses included in "Investment and Interest Income" of \$97,354, reflect only the change in fair value during the current fiscal year.

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

Cash on Hand	\$214,519
Checking Accounts	2,230,817
Certificates of Deposit	<u>932,150</u>
	<u>\$3,377,486</u>

The carrying amount of the State Colleges cash on deposit was \$3,162,967 and the bank balance was \$8,963,835. Of this bank balance, \$907,582 was covered by Federal note depository insurance or by collateral held by the institution's agent in the institution's name and \$8,056,253 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, 1998 by risk category described below, is as follows. Yield on investments ranged from 4.99% to 7.89%.

	<i>Risk Categories</i>		Book Value	Market Value
	<i>A</i>	<i>B</i>		
U.S. Government Securities	\$2,093,061	\$0	\$2,093,061	\$2,134,176
Investments in Mutual Funds			<u>386,949</u>	<u>386,949</u>
Total Investments			<u>\$2,480,010</u>	<u>\$2,521,125</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, 1998, 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	\$650,410	\$1,237,887	\$1,802,912	\$404,617	\$15,940	\$52	\$4,111,818
Less Allow Doubt Acct	<u>182,150</u>	<u>349,357</u>	<u>259,244</u>	<u>122,065</u>	<u>-</u>	<u>-</u>	<u>912,816</u>
Net Acct Rec	<u>\$468,260</u>	<u>\$888,530</u>	<u>\$1,543,668</u>	<u>\$282,552</u>	<u>\$15,940</u>	<u>\$52</u>	<u>\$3,199,002</u>

Loan Funds:

Loans Rec	\$1,507,284	\$1,049,325	\$10,286,085	\$2,435,303	-	-	\$15,277,997
Less Allow Doubt Acct	<u>241,850</u>	<u>158,118</u>	<u>1,563,959</u>	<u>369,121</u>	<u>-</u>	<u>-</u>	<u>2,333,048</u>
Net Loans Rec	<u>\$1,265,434</u>	<u>\$891,207</u>	<u>\$8,722,126</u>	<u>\$2,066,182</u>	<u>-</u>	<u>-</u>	<u>\$12,944,949</u>

NOTE 4: LEASE OBLIGATIONS

Adams State College

A capital lease for Energy Conservation Equipment was entered into May 17, 1996 in the amount of \$394,255 which requires monthly payments of \$4,527 for ten years which includes interest of 6.75%. Principal and interest requirements to maturity are as follows:

<u>Year Ending June 30</u>	
1999	54,324
2000	54,324
2001	54,324
2002	54,324
2003	54,324
2004- 2007	<u>208,242</u>
Total	\$479,862
Less amount representing interest	<u>(119,147)</u>
Principal outstanding	<u>\$360,715</u>

Mesa State College

Mesa State College leases phone system equipment under a capital lease through October 1, 2004, at which time the title will be transferred to Mesa State College. The lease can be terminated due to lack of funding with 30 days written notice, and the College has an option to purchase at any time during the lease.

Future minimum lease payments:

<u>Year Ending June 30</u>	
1999	\$83,297
2000	83,297
2001	83,297
2002	83,297
2003	83,297
2004- 2007	<u>124,946</u>
Total	\$541,431
Less amount representing interest	<u>(86,127)</u>
Principal outstanding	<u>\$455,304</u>

Metropolitan State College of Denver

MSCD leases building space and equipment under operating lease agreements. Rental expense for the year ended June 30, 1998 under these agreements was \$863,820. Minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

<u>Year Ending June 30</u>	
1999	873,886
2000	462,664
2001	356,875
2002	323,728
2003	277,460
2004 and later	<u>306,484</u>
Total	<u>\$2,601,097</u>

MSCD has a sub-lease rental agreement for four more years totaling \$509,227. Payments made in FY 98 totaled \$81,375.

Western State College

A capital lease for DEC computer equipment dated February 13, 1996 requires annual payments of \$42,000 which includes interest at 5.485%. Title to the equipment passes to the college at the beginning of the lease term.

Principal and interest requirements to maturity on both leases are as follows:

<u>Year Ending June 30</u>	<u>DEC Computer</u>
1999	<u>28,155</u>
Total principal and interest payments	28,155
Less amount representing interest	<u>(1,464)</u>
Principal outstanding	<u>\$26,691</u>

A capital lease for an Energy Management System was entered into December 16, 1996 in the amount of \$3,335,000, which requires semi-annual payments of \$223,100 for ten years which includes interest at 5.897%. Title to the equipment passed to the college at the beginning of the lease term.

Year ending June 30	Energy Management System
1999	\$446,200
2000	446,200
2001	446,200
2002	446,200
2003	446,200
2004-2007	<u>1,561,700</u>
Total Principal and interest payments	3,792,700
Less amount representing interest	<u>(843,140)</u>
Principal outstanding	<u>\$2,949,560</u>

Operating Leases:

An operating lease for Xerox 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

OSC has a lease agreement to rent office space at 1580 Lincoln, Suite 750, Denver through August 31, 2003 with monthly payments varying between \$5,901 per month and \$7,452. Following is a schedule of future minimum lease payments.

<u>Year Ending June 30</u>	
1999	\$65,880
2000	74,130
2001	78,158
2002	83,245
2003	<u>14,021</u>
Net minimum lease payments	<u>\$315,434</u>

In addition to the net minimum lease payment listed above, there is a variable expense component that is paid.

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, 1998, the college had a Repair and Replacement Reserve balance of \$773,340.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1999	1,186,358
2000	1,166,288
2001	1,185,437
2002	1,101,877
2003	1,010,353
2004-2019	<u>14,036,940</u>
Total	19,687,453
Less amount representing interest	<u>(7,872,453)</u>
Total Principal Outstanding	<u>\$11,815,000</u>

Mesa State College

Mesa Auxiliary Facilities Revenue Bonds, Series B 1994, require annual debt service payments ranging from \$586,913 to \$830,756, including interest at 4.4% 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 Auxiliary Facilities Revenue Bonds, Series A 1996, require annual debt service payments ranging from \$504,606 to \$518,415, including interest at 4.35% to 6.0%. 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, 1998:

	<u>Auxiliary Facility</u>	<u>Revenue Bonds</u>
	<u>1994B</u>	<u>1996A</u>
1999	827,316	518,415
2000	830,756	514,115
2001	827,896	514,275
2002	828,936	513,740
2003	823,705	517,490
2004-2008	3,462,080	2,550,500
2009-2013	3,055,655	2,536,188
2014-2018	2,978,975	1,517,444
2019-2023	<u>586,913</u>	<u>0</u>
Net minimum bond payments	14,222,232	9,182,167
Less: interest included above	<u>(5,602,232)</u>	<u>(3,552,167)</u>
Total Principal Outstanding	8,620,000	5,630,000
Less: unamortized discount and issue cost	<u>(261,496)</u>	<u>(115,455)</u>
Bonds Payable	<u>\$8,358,504</u>	<u>\$5,514,545</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, 1998 are: \$560,233 - Renewal and Replacement; and \$245,756 - Retirement of Indebtedness.

Principal and interest requirements to maturity are as follows:

Year Ending June 30	
1999	1,214,094
2000	1,215,864
2001	1,210,954
2002	1,214,554
2003	1,216,279
2004-2006	3,636,721
2007-2011	6,080,212
2012-2015	<u>4,852,281</u>
Total Principal and Interest	20,640,959
Less Interest	<u>(7,450,959)</u>
Total Principal Outstanding	<u>\$13,190,000</u>

NOTE 6: CAPITALIZATION OF INTEREST

Adams State College

The total interest cost incurred on Adams State College Auxiliary Facilities Revenue Bonds during fiscal year ending June 30, 1998 was \$660,993 of which \$110,522 less \$5,516 of investment income was capitalized into construction in progress.

Mesa State College

The total interest cost incurred on Mesa Auxiliary Facilities Revenue Bonds (see Note 5) during the Fiscal Year ending June 30, 1998 was \$814,695, of which \$40,019 was capitalized into construction in progress.

Western State College

There was no interest cost incurred on Western Auxiliary Facilities Revenue Bonds during the Fiscal Year ending June 30, 1998.

NOTE 7: 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, 1998 \$645,000 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, 1998 \$575,000 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, 1998 \$2,265,000 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, 1998, \$12,255,000 of bonds outstanding are considered defeased.

NOTE 8: 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, 1998, 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	\$7,713,068	\$4,594,977	\$6,397,469
Liabilities	<u>64,173</u>	<u>41,061</u>	<u>288,893</u>
Fund Balance	<u>\$7,648,895</u>	<u>\$4,553,916</u>	<u>\$6,108,576</u>
Revenue	\$1,597,900	\$2,993,224	\$989,061
Expenses	1,128,121	1,151,792	1,516,537
Unrealized appreciation on Investments	<u>342,400</u>	<u>223,310</u>	<u>576,849</u>
Excess of Revenue	<u>\$812,179</u>	<u>\$2,064,742</u>	<u>\$49,373</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, 1998, 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, 1997 the Foundation's summarized balance sheet and statement of revenue and expenses were as follows:

<u>Adams</u>	<u>1997</u>
Assets	\$5,879,771
Liabilities	<u>0</u>
Fund Balance	<u>\$5,879,771</u>
Revenue	\$3,725,040
Expenses	<u>239,078</u>
Excess of Revenue	3,485,962
Loss on Investments	<u>(454,590)</u>
Total Change in Net Assets	<u>\$3,031,372</u>

During the year ended June 30, 1998, the college received funds totaling \$176,383 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 9: 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.

The State Colleges System, in the course of conducting business, is a party to various litigation and other claims. Although the final outcome of these legal actions cannot be determined at this time, management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the system.

NOTE 10: 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, 1998 is estimated at \$3,567,247. Current expenses include an decrease of \$72,227 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 11: PENSION PLAN OBLIGATION

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

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREFF and VALIC, providing a range of investment accounts for participants. Contributions to the ORP are the same as PERA contributions for covered payroll. The college's contribution to the ORP is 11.5% of covered payroll and contributions by employees is 8% of covered payroll.

Optional Retirement Plan:

Contributions to the ORP will be the same as PERA contributions for covered payroll. The State College System's contributions to the ORP for the fiscal years ending June 30, 1998, 1997, and 1996 were \$3,350,095, \$3,044,931 and \$2,830,448 respectively. These contributions were equal to the required contributions for each year, or 11.6% of covered payroll in the fiscal years ending June 30, 1996 and 1997 and 11.5% of

covered payroll in the fiscal year ending June 30, 1998. Contributions by employees were 8% of covered payroll. All ORP contributions are immediately invested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

Several employees of OSC elected to continue as members with the Public Employee's Retirement Association of Colorado (PERA).

A. PERA PLAN DESCRIPTION

The plan's purpose is to provide income to members and their families at retirement or in the case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan requires legislation by the General Assembly. The state plan, as well as the other divisions' plans, are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado 80203.

Plan members vest after five years of service and are eligible for retirement benefits at age 55 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers are eligible for retirement at age 50 with 25 years of service. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, the deceased member's eligible children under the age of 18 (23 if a full-time student) or the deceased member's spouse are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

B. FUNDING POLICY

Most employees contribute 8 percent (11.5 percent for state troopers) of their annual gross covered wages to an individual account in the plan. The state contributes 10.8 percent (12.4 percent for state troopers) of the employees' gross covered wages. The annual gross covered wages subject to PERA are the gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code. The contribution requirements of plan members and their employers are established, and may be amended, by the general assembly.

The State College System's contributions to PERA for the fiscal years ending June 30, 1998, 1997 and 1996, were \$5,331,601, \$5,208,516 and \$5,017,187 respectively. These contributions were equal to the required contributions for each year.

Student Retirement Plan

Beginning in fiscal year 1993, in accordance with the provision of section 24-54.6, Colorado Revised Statute (C.R.S.), 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 College System was \$574,581. Employee contributions were 7.5% of covered payroll.

NOTE 13: POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During 1997, the subsidy was \$115.00 for those with 20 years of service credit and reduced by \$5.75 for each year under 20.

The Health Care Fund is maintained by a contribution of 0.8 percent of covered salary. During fiscal year 1997-98, the State College System paid \$398,271 into this Fund.

Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility and the number of years of service credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans and with health maintenance organizations to provide services within Colorado. During 1996 there were approximately 36,300 participants, including spouses and dependents from all contributors to the plan.

Life Insurance Program

PERA provides its members access to two group life insurance plans offered by Prudential and Rocky Mountain Life. Members may join one or both plans and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

Other Programs

Separate post-retirement health care and life insurance benefit plans exist for the State College System, but are small in comparison to the PERA plan for state employees. The state has no liability for any of these other post-retirement health care and life insurance plans.

NOTE 14: 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, 1998</u>
Administration of AHEC, plant operations	\$5,961,506
Library and media center	<u>3,227,814</u>
Total	<u>\$9,189,320</u>

NOTE 15: CAPITAL CONSTRUCTION

Unexpended capital construction state appropriations as of June 30, 1998 are as follows:

Adams State College	\$ 2,082,937
Mesa State College	772,424
Western State College	2,076,086
Office of State Colleges	<u>0</u>
Total	<u>\$ 4,931,447</u>

NOTE 16: 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 1997 through May 1998 (\$8,010) was transferred to Metropolitan State College of Denver to advance and enrich undergraduate education.

NOTE 17: 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 1998-99.

NOTE 18: RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The State Colleges System is subject to risks of loss from liability for accident property damage and personal injury. These risks are managed by the State Division of Risk Management, an agency formed by statute and funded by the Long Bill. Therefore, the State College System is not required to obtain insurance, and accordingly, no reduction occurred in coverage nor did any settlements exceed coverage. The State College

System does not retain risk of loss except for damage incurred to property belonging to the State, limited to a \$1,000 deductible per incident.

The State Division of Risk Management is deemed to be a public entity risk pool; therefore, under the Governmental Immunity Act, The State College System is protected from suit by the Doctrine of Sovereign Immunity except under certain circumstances whereby immunity is waived.

NOTE 19: 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, 1998, appropriated expenditures were within the authorized spending authority. The Trustees of the State Colleges had a total appropriation of \$120,180,895. Actual appropriated revenues earned totaled \$120,709,443. Actual appropriated expenditures and transfers totaled \$118,697,895. The net increase in appropriated fund balances was \$2,011,548.

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, 1998

Unrestricted Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$1,181,524	\$199,389	\$150,978	\$497,541	\$100	\$0	\$2,029,532
Cash With State Treasurer (Note 2)	3,670,650	289,194	7,855,139	1,555,056	3,667,216	29,400	17,066,655
Investments	0	390,088	190,634	0	0	0	580,722
Accounts Receivable (Note 3)	410,875	542,673	696,935	168,105	15,940	52	1,834,580
Interest Receivable	18,145	0	839	24,316	0	0	43,300
Inventories	421,364	570,465	0	313,674	0	0	1,305,503
Prepaid Expenses	36,023	158,928	56,855	134,150	3,862	61	389,879
Deferred Charges	0	21,473	242,867	0	0	0	264,340
Due from Other Funds	0	63,000	0	5,185	0	0	68,185
Other Assets	0	0	267	0	0	0	267
Total Assets	5,738,581	2,235,210	9,194,514	2,698,027	3,687,118	29,513	23,582,963

LIABILITIES

Accounts Payable	379,730	207,395	75,833	604,919	88,551	24,873	1,381,301
Accrued Payroll	575,450	63,751	539,617	193,919	0	0	1,372,737
Student Deposits	111,479	218,322	13,182	138,817	0	0	481,800
Due to State Treasurer	0	0	103,207	0	0	0	103,207
Due to Other Agencies	0	0	264,599	0	0	0	264,599
Accrued Compensated Absence Liability	657,182	654,460	1,621,906	527,938	100,850	4,912	3,567,248
Deferred Revenue	741,321	635,835	3,119,585	401,843	0	0	4,898,584
Other Liabilities	139,457	0	0	0	0	0	139,457
Total Liabilities	2,604,619	1,779,763	5,737,929	1,867,436	189,401	29,785	12,208,933

FUND BALANCE

Unrestricted	3,791,144	1,109,907	5,078,491	1,358,529	3,598,567	4,640	14,941,278
Designated for Compensated Absences	(657,182)	(654,460)	(1,621,906)	(527,938)	(100,850)	(4,912)	(3,567,248)
Total Fund Balance	3,133,962	455,447	3,456,585	830,591	3,497,717	(272)	11,374,030
Total Liabilities and Fund Balance	\$5,738,581	\$2,235,210	\$9,194,514	\$2,698,027	\$3,687,118	\$29,513	\$23,582,963

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Restricted Funds

ASSETS	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$2,694	\$0	\$500	\$0	\$0	\$0	\$3,194
Cash With State Treasurer (Note 2)	174,311	1,374	354,781	464,776	129,180	0	1,124,422
Accounts Receivable (Note 3)	53,391	345,857	827,250	114,447	0	0	1,340,945
Prepaid Expenses	0	658	5,347	0	0	0	6,005
Deferred Charges	0	0	12,205	0	0	0	12,205
Due from State Agencies	10,708	0	786,210	0	0	0	796,918
Due from Federal Government	0	0	0	6,082	0	0	6,082
Total Assets	241,104	347,889	1,986,293	585,305	129,180	0	3,289,771
LIABILITIES							
Accounts Payable	110,566	33,541	60,907	14,752	0	0	219,766
Accrued Payroll	0	27,045	69,384	1,836	0	0	98,265
Student Deposits	0	0	0	259	0	0	259
Due to State Treasurer	0	0	1,528,368	0	0	0	1,528,368
Due to Other Agencies	0	0	17,326	0	0	0	17,326
Deferred Revenue	0	48,344	0	0	0	0	48,344
Due to Other Funds	0	200,000	0	0	0	0	200,000
Other Liabilities	74,442	0	0	0	0	0	74,442
Total Liabilities	185,008	308,930	1,675,985	16,847	0	0	2,186,770
FUND BALANCE							
Restricted	56,096	38,959	310,308	568,458	129,180	0	1,103,001
Total Fund Balance	56,096	38,959	310,308	568,458	129,180	0	1,103,001
Total Liabilities and Fund Balance	\$241,104	\$347,889	\$1,986,293	\$585,305	\$129,180	\$0	\$3,289,771

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Student Loan Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$30,000	\$129,800	\$0	\$0	\$0	\$0	\$159,800
Cash With State Treasurer (Note 2)	49,948	537	106,652	356,008	0	0	513,145
Accounts Receivable (Note 3)	155	0	30,287	17,045	0	0	47,487
Loan Receivable (Note 3)	1,265,279	891,207	8,650,797	2,066,182	0	0	12,873,465
Interest Receivable	1,361	0	0	9,555	0	0	10,916
Due from Other Funds	0	137,000	0	0	0	0	137,000
Due from Federal Government	46,555	0	0	0	0	0	46,555
Other Assets	4,500	0	0	0	0	0	4,500
Total Assets	<u>1,397,798</u>	<u>1,158,544</u>	<u>8,787,736</u>	<u>2,448,790</u>	<u>0</u>	<u>0</u>	<u>13,792,868</u>

LIABILITIES

Accounts Payable	190	0	0	0	0	0	190
Student Deposits	0	0	32,246	0	0	0	32,246
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	<u>390</u>	<u>200,000</u>	<u>32,246</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>232,636</u>

FUND BALANCE

U.S. Government Grants Refundable	847,268	877,226	7,728,241	2,301,593	0	0	11,754,328
Restricted	550,140	81,318	1,027,249	147,197	0	0	1,805,904
Total Fund Balance	<u>1,397,408</u>	<u>958,544</u>	<u>8,755,490</u>	<u>2,448,790</u>	<u>0</u>	<u>0</u>	<u>13,560,232</u>
Total Liabilities and Fund Balance	<u>\$1,397,798</u>	<u>\$1,158,544</u>	<u>\$8,787,736</u>	<u>\$2,448,790</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,792,868</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Endowment and Similiar Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$52,149	\$0	\$0	\$0	\$0	\$0	\$52,149
Total Assets	<u>52,149</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,149</u>

LIABILITIES

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	52,149	0	0	0	0	0	52,149
Total Fund Balance	<u>52,149</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,149</u>
Total Liabilities and Fund Balance	<u>\$52,149</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,149</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Unexpended Plant Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash With State Treasurer (Note 2)	\$0	\$12,381	\$0	\$0	\$0	\$0	\$12,381
Investments	0	223,636	0	101,553	0	0	325,189
Accounts Receivable (Note 3)	0	23,417	0	0	0	0	23,417
Interest Receivable	0	0	0	5,185	0	0	5,185
Plant Facilities							
Construction in Progress	11,947,661	5,202	0	2,519,692	0	0	14,472,555
Total Assets	11,947,661	264,636	0	2,626,430	0	0	14,838,727

LIABILITIES

Accounts Payable	0	0	0	20,019	0	0	20,019
Due to Other Funds	0	0	0	5,185	0	0	5,185
Total Liabilities	0	0	0	25,204	0	0	25,204

FUND BALANCE

Restricted	11,947,661	264,636	0	2,601,226	0	0	14,813,523
Total Fund Balance	11,947,661	264,636	0	2,601,226	0	0	14,813,523
Total Liabilities and Fund Balance	\$11,947,661	\$264,636	\$0	\$2,626,430	\$0	\$0	\$14,838,727

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Renewals and Replacements Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$752,837	\$0	\$0	\$0	\$0	\$0	\$752,837
Cash With State Treasurer (Note 2)	952	9,474	0	695,751	0	0	706,177
Investments	0	1,078,357	0	0	0	0	1,078,357
Interest Receivable	20,024	0	0	9,127	0	0	29,151
Plant Facilities							
Construction in Progress	0	137,451	0	0	0	0	137,451
Total Assets	<u>773,813</u>	<u>1,225,282</u>	<u>0</u>	<u>704,878</u>	<u>0</u>	<u>0</u>	<u>2,703,973</u>

LIABILITIES

Accounts Payable	310	3,238	0	72,239	0	0	75,787
Other Liabilities	163	0	0	0	0	0	163
Total Liabilities	<u>473</u>	<u>3,238</u>	<u>0</u>	<u>72,239</u>	<u>0</u>	<u>0</u>	<u>75,950</u>

FUND BALANCE

Unrestricted	0	847,044	0	232,639	0	0	1,079,683
Restricted	773,340	375,000	0	400,000	0	0	1,548,340
Total Fund Balance	<u>773,340</u>	<u>1,222,044</u>	<u>0</u>	<u>632,639</u>	<u>0</u>	<u>0</u>	<u>2,628,023</u>
Total Liabilities and Fund Balance	<u>\$773,813</u>	<u>\$1,225,282</u>	<u>\$0</u>	<u>\$704,878</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,703,973</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Retirement of Indebtedness Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash	\$104,948	\$0	\$0	\$0	\$0	\$0	\$104,948
Cash With State Treasurer (Note 2)	317	262	0	88,579	0	0	89,158
Investments	0	250,621	0	285,396	0	0	536,017
Interest Receivable	0	0	0	2,417	0	0	2,417
Total Assets	105,265	250,883	0	376,392	0	0	732,540

LIABILITIES

Accounts Payable	0	0	0	42,000	0	0	42,000
Accrued Interest	80,170	98,217	0	88,636	0	0	267,023
Total Liabilities	80,170	98,217	0	130,636	0	0	309,023

FUND BALANCE

Restricted	25,095	152,666	0	245,756	0	0	423,517
Total Fund Balance	25,095	152,666	0	245,756	0	0	423,517
Total Liabilities and Fund Balance	\$105,265	\$250,883	\$0	\$376,392	\$0	\$0	\$732,540

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Investment in Plant Funds

ASSETS

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plant Facilities							
Land	170,210	971,217	0	695,416	0	0	1,836,843
Land Improvements	3,806,191	939,899	0	1,904,083	0	0	6,650,173
Buildings	32,135,516	52,062,764	0	39,408,221	0	0	123,606,501
Equipment	3,438,947	4,434,320	12,610,969	1,680,926	5,500	11,483	22,182,145
Library Books	3,491,626	6,417,099	0	3,826,643	0	0	13,735,368
Total Assets	<u>43,042,490</u>	<u>64,825,299</u>	<u>12,610,969</u>	<u>47,515,289</u>	<u>5,500</u>	<u>11,483</u>	<u>168,011,030</u>

LIABILITIES

Capital Lease Obligations	360,715	455,304	0	2,976,251	0	0	3,792,270
Bonds Payable	11,460,715	13,873,049	0	13,190,000	0	0	38,523,764
Total Liabilities	<u>11,821,430</u>	<u>14,328,353</u>	<u>0</u>	<u>16,166,251</u>	<u>0</u>	<u>0</u>	<u>42,316,034</u>

FUND BALANCE

Net Investment in Plant	31,221,060	50,496,946	12,610,969	31,349,038	5,500	11,483	125,694,996
Total Fund Balance	<u>31,221,060</u>	<u>50,496,946</u>	<u>12,610,969</u>	<u>31,349,038</u>	<u>5,500</u>	<u>11,483</u>	<u>125,694,996</u>
Total Liabilities and Fund Balance	<u>\$43,042,490</u>	<u>\$64,825,299</u>	<u>\$12,610,969</u>	<u>\$47,515,289</u>	<u>\$5,500</u>	<u>\$11,483</u>	<u>\$168,011,030</u>

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

State Colleges in Colorado
Combining Balance Sheet
June 30, 1998

Agency Funds

ASSETS

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Cash With State Treasurer (Note 2)	\$298,757	\$63,977	\$751,499	\$0	\$0	\$0	\$1,114,233
Accounts Receivable (Note 3)	3,994	5,382	60,524	0	0	0	69,900
Prepaid Expenses	0	0	18	0	0	0	18
Total Assets	<u>302,751</u>	<u>69,359</u>	<u>812,041</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,184,151</u>

LIABILITIES

Accounts Payable	25,000	0	187,481	0	0	0	212,481
Deposits Held in Custody for Others	265,431	69,359	607,973	0	0	0	942,763
Deferred Revenue	0	0	16,587	0	0	0	16,587
Other Liabilities	12,320	0	0	0	0	0	12,320
Total Liabilities	<u>302,751</u>	<u>69,359</u>	<u>812,041</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,184,151</u>

FUND BALANCE

Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$302,751</u>	<u>\$69,359</u>	<u>\$812,041</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,184,151</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, 1998

Unrestricted Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Unrestricted Current Fund Revenues	\$21,200,839	\$30,723,600	\$73,033,237	\$22,570,423	\$1,212,432	\$111,815	\$148,852,346
Federal Grants and Contracts	0	986	141,636	0	0	0	142,622
Private Gifts, Grants and Contracts	0	227,271	0	120,424	0	0	347,695
Indirect Cost Recoveries	85,431	50,765	414,561	42,601	0	0	593,358
Investment Income and Interest Income	0	170,229	0	95,517	1,739,651	0	2,005,397
Total Revenues and Other Additions	<u>21,286,270</u>	<u>31,172,851</u>	<u>73,589,434</u>	<u>22,828,965</u>	<u>2,952,083</u>	<u>111,815</u>	<u>151,941,418</u>
Expenditures and Other Deductions							
Education and General	14,288,740	22,743,479	71,500,961	15,047,155	1,037,003	110,660	124,727,998
State Assessment	0	0	0	0	244,446	0	244,446
Auxiliary Enterprise Expenditures	5,465,860	7,676,471	2,219,243	5,675,980	0	0	21,037,554
Expended for Plant Facilities	0	0	0	0	46,007	0	46,007
Total Expenditures and Other Deductions	<u>19,754,600</u>	<u>30,419,950</u>	<u>73,720,204</u>	<u>20,723,135</u>	<u>1,327,456</u>	<u>110,660</u>	<u>146,056,005</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	(1,173,798)	(1,224,080)	0	(1,687,974)	0	0	(4,085,852)
Current Unrestricted Fund Matching	0	(10,247)	(116,676)	0	0	0	(126,923)
Total Mandatory Transfers	<u>(1,173,798)</u>	<u>(1,234,327)</u>	<u>(116,676)</u>	<u>(1,687,974)</u>	<u>0</u>	<u>0</u>	<u>(4,212,775)</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	(121,289)	(387,622)	0	(480,478)	0	0	(989,389)
Transfers to the Campuses from the Board	0	12,507	0	0	0	(12,507)	0
Total Non-mandatory Transfers	<u>(121,289)</u>	<u>(375,115)</u>	<u>0</u>	<u>(480,478)</u>	<u>0</u>	<u>(12,507)</u>	<u>(989,389)</u>
Total Transfers Among Funds	<u>(1,295,087)</u>	<u>(1,609,442)</u>	<u>(116,676)</u>	<u>(2,168,452)</u>	<u>0</u>	<u>(12,507)</u>	<u>(5,202,164)</u>
Net Increase (Decrease) in Fund Balance	236,583	(856,541)	(247,446)	(62,622)	1,624,627	(11,352)	683,249
Fund Balance- Beginning of Year	2,897,379	1,311,988	3,704,030	893,213	1,813,468	11,080	10,631,158
Implementation of GASB 31				59,622	59,622		59,622
Fund Balance- End of Year	<u>\$3,133,962</u>	<u>\$455,447</u>	<u>\$3,456,584</u>	<u>\$830,591</u>	<u>\$3,497,717</u>	<u>(\$272)</u>	<u>\$11,374,029</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, 1998

Restricted Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Federal Grants and Contracts	\$3,265,888	\$3,779,768	\$9,708,798	\$1,419,216	\$0	\$0	\$18,173,670
State Grants and Contracts	1,840,988	2,039,390	8,733,590	989,514	0	0	13,603,482
Private Gifts, Grants and Contracts	677,519	228,192	627,913	354,192	0	0	1,887,816
Investment Income and Interest Income	0	0	0	0	8,010	0	8,010
Total Revenues and Other Additions	5,784,395	6,047,350	19,070,301	2,762,922	8,010	0	33,672,978
Expenditures and Other Deductions							
Education and General	5,713,512	5,924,233	18,649,234	2,866,472	0	0	33,153,451
Auxiliary Enterprise Expenditures	0	220,877	0	37,600	0	0	258,477
Indirect Costs Recovered	72,496	50,403	414,561	30,585	0	0	568,045
Other Deductions	0	0	0	3,136	0	0	3,136
Total Expenditures and Other Deductions	5,786,008	6,195,513	19,063,795	2,937,793	0	0	33,983,109
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Loan Fund Matching Grant	(519)	0	(98,288)	(36,792)	0	0	(135,599)
Current Unrestricted Fund Matching	0	0	116,676	0	0	0	116,676
Transfers (To)/From Other Funds	0	125,000	0	0	0	0	125,000
Total Mandatory Transfers	(519)	125,000	18,388	(36,792)	0	0	106,077
Non-mandatory Transfers							
Transfers (To)/From Other Funds	4,600	6,000	73,700	(90,028)	0	0	(5,728)
Transfers to the Campuses from the Board	0	0	8,010	0	(8,010)	0	0
Total Non-mandatory Transfers	4,600	6,000	81,710	(90,028)	(8,010)	0	(5,728)
Total Transfers Among Funds	4,081	131,000	100,098	(126,820)	(8,010)	0	100,349
Net Increase (Decrease) in Fund Balance	2,468	(17,163)	106,604	(301,691)	0	0	(209,782)
Fund Balance- Beginning of Year	53,628	56,122	203,705	870,149	129,180	0	1,312,784
Implementation of GASB 31							
Fund Balance- End of Year	\$56,096	\$38,959	\$310,309	\$568,458	\$129,180	\$0	\$1,103,002

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, 1998

Student Loan Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Federal Grants and Contracts	\$1,558	\$0	\$0	\$0	\$0	\$0	\$1,558
Investment Income and Interest Income	37,635	38,417	273,855	43,470	0	0	393,377
U.S. Government Advances	35,887	30,741	334,136	110,328	0	0	511,092
Other Additions	4,652	0	63,706	9,112	0	0	77,470
Total Revenues and Other Additions	<u>79,732</u>	<u>69,158</u>	<u>671,697</u>	<u>162,910</u>	<u>0</u>	<u>0</u>	<u>983,497</u>
Expenditures and Other Deductions							
Indirect Costs Recovered	12,935	362	0	12,015	0	0	25,312
Refunded to Grantors	0	0	280,481	0	0	0	280,481
Loan Cancellations and Writeoffs	88,634	50,381	102,750	88,379	0	0	330,144
Administrative Costs and Collection Costs	4,493	0	144,314	0	0	0	148,807
Other Deductions	0	0	0	0	0	0	0
Total Expenditures and Other Deductions	<u>106,062</u>	<u>50,743</u>	<u>527,545</u>	<u>100,394</u>	<u>0</u>	<u>0</u>	<u>784,744</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Loan Fund Matching Grant	519	0	98,288	36,792	0	0	135,599
Current Unrestricted Fund Matching	0	10,247	0	0	0	0	10,247
Total Mandatory Transfers	<u>519</u>	<u>10,247</u>	<u>98,288</u>	<u>36,792</u>	<u>0</u>	<u>0</u>	<u>145,846</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	0	0	(73,700)	0	0	0	(73,700)
Total Non-mandatory Transfers	<u>0</u>	<u>0</u>	<u>(73,700)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,700)</u>
Total Transfers Among Funds	<u>519</u>	<u>10,247</u>	<u>24,588</u>	<u>36,792</u>	<u>0</u>	<u>0</u>	<u>72,146</u>
Net Increase (Decrease) in Fund Balance	(25,811)	28,662	168,740	99,308	0	0	270,899
Fund Balance- Beginning of Year	1,423,219	929,882	8,586,749	2,349,482	0	0	13,289,332
Implementation of GASB 31							
Fund Balance- End of Year	<u>\$1,397,408</u>	<u>\$958,544</u>	<u>\$8,755,489</u>	<u>\$2,448,790</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,560,231</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, 1998

Endowment and Similar Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Investment Income and Interest Income	\$3,158	\$0	\$0	\$0	\$0	\$0	\$3,158
Total Revenues and Other Additions	<u>3,158</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,158</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>	<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>	<u>0</u>	<u>0</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	<u>(4,600)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,600)</u>
Total Non-mandatory Transfers	<u>(4,600)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,600)</u>
Total Transfers Among Funds	<u>(4,600)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,600)</u>
Net Increase (Decrease) in Fund Balance	<u>(1,442)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,442)</u>
Fund Balance- Beginning of Year	<u>53,591</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,591</u>
Implementation of GASB 31							
Fund Balance- End of Year	<u>\$52,149</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,149</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, 1998

Unexpended Plant Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
State Grants and Contracts	\$9,638,839	\$2,494,553	\$0	\$6,852,658	\$14,540	\$0	\$19,000,590
Investment Income and Interest Income	0	13,126	0	53,727	0	0	66,853
Capitalization of Asset/Debt	0	0	0	3,022,735	0	0	3,022,735
Total Revenues and Other Additions	9,638,839	2,507,679	0	9,929,120	14,540	0	22,090,178
Expenditures and Other Deductions							
Expended for Plant Facilities	0	644,279	0	10,336,069	14,540	0	10,994,888
Capitalization of Asset/Debt	1,395,979	12,023,909	0	0	0	0	13,419,888
Total Expenditures and Other Deductions	1,395,979	12,668,188	0	10,336,069	14,540	0	24,414,776
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	148,284	72,614	0	0	0	0	220,898
Total Mandatory Transfers	148,284	72,614	0	0	0	0	220,898
Non-mandatory Transfers							
Transfers (To)/From Other Funds	0	311,733	0	46,395	0	0	358,128
Total Non-mandatory Transfers	0	311,733	0	46,395	0	0	358,128
Total Transfers Among Funds	148,284	384,347	0	46,395	0	0	579,026
Net Increase (Decrease) in Fund Balance	8,391,144	(9,776,162)	0	(360,554)	0	0	(1,745,572)
Fund Balance- Beginning of Year	3,556,517	10,040,798	0	2,961,780	0	0	16,559,095
Implementation of GASB 31							
Fund Balance- End of Year	\$11,947,661	\$264,636	\$0	\$2,601,226	\$0	\$0	\$14,813,523

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, 1998

Renewals and Replacements Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Tot
Revenues and Other Additions							
State Grants and Contracts	\$0	\$421,069	\$0	\$0	\$0	\$0	\$421,069
Private Gifts, Grants and Contracts	0	53,850	0	500,272	0	0	554,122
Investment Income and Interest Income	37,835	110,780	0	37,712	0	0	186,327
Total Revenues and Other Additions	<u>37,835</u>	<u>585,699</u>	<u>0</u>	<u>537,984</u>	<u>0</u>	<u>0</u>	<u>1,161,511</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	83,873	852,591	0	989,531	0	0	1,925,995
Total Expenditures and Other Deductions	<u>83,873</u>	<u>852,591</u>	<u>0</u>	<u>989,531</u>	<u>0</u>	<u>0</u>	<u>1,925,995</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Transfers (To)/From Other Funds	0	(125,000)	0	0	0	0	(125,000)
Total Mandatory Transfers	<u>0</u>	<u>(125,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(125,000)</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	121,289	90,112	0	478,136	0	0	689,537
Total Non-mandatory Transfers	<u>121,289</u>	<u>90,112</u>	<u>0</u>	<u>478,136</u>	<u>0</u>	<u>0</u>	<u>689,537</u>
Total Transfers Among Funds	<u>121,289</u>	<u>(34,888)</u>	<u>0</u>	<u>478,136</u>	<u>0</u>	<u>0</u>	<u>564,537</u>
Net Increase (Decrease) in Fund Balance	75,251	(301,780)	0	26,589	0	0	(199,940)
Fund Balance- Beginning of Year	698,089	1,523,824	0	606,050	0	0	2,827,963
Implementation of GASB 31							
Fund Balance- End of Year	<u>\$773,340</u>	<u>\$1,222,044</u>	<u>\$0</u>	<u>\$632,639</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,628,023</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, 1998

Retirement of Indebtedness Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Investment Income and Interest Income	8,733	44,539	0	25,952	0	0	79,224
Total Revenues and Other Additions	<u>8,733</u>	<u>44,539</u>	<u>0</u>	<u>25,952</u>	<u>0</u>	<u>0</u>	<u>79,224</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	3,228	0	0	0	0	0	3,228
Retirement of Indebtedness	510,000	414,697	0	769,103	0	0	1,693,800
Interest on Indebtedness	550,470	767,276	0	916,286	0	0	2,234,032
Other Deductions	0	5,364	0	0	0	0	5,364
Total Expenditures and Other Deductions	<u>1,063,698</u>	<u>1,187,337</u>	<u>0</u>	<u>1,685,389</u>	<u>0</u>	<u>0</u>	<u>3,936,424</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Principal and Interest	1,025,514	1,151,466	0	1,687,974	0	0	3,864,954
Total Mandatory Transfers	<u>1,025,514</u>	<u>1,151,466</u>	<u>0</u>	<u>1,687,974</u>	<u>0</u>	<u>0</u>	<u>3,864,954</u>
Non-mandatory Transfers							
Transfers (To)/From Other Funds	0	(20,223)	0	45,975	0	0	25,752
Total Non-mandatory Transfers	<u>0</u>	<u>(20,223)</u>	<u>0</u>	<u>45,975</u>	<u>0</u>	<u>0</u>	<u>25,752</u>
Total Transfers Among Funds	<u>1,025,514</u>	<u>1,131,243</u>	<u>0</u>	<u>1,733,949</u>	<u>0</u>	<u>0</u>	<u>3,890,706</u>
Net Increase (Decrease) in Fund Balance	(29,451)	(11,555)	0	74,512	0	0	33,506
Fund Balance- Beginning of Year	54,546	164,221	0	171,244	0	0	390,011
Implementation of GASB 31							
Fund Balance- End of Year	<u>\$25,095</u>	<u>\$152,666</u>	<u>\$0</u>	<u>\$245,756</u>	<u>\$0</u>	<u>\$0</u>	<u>\$423,517</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, 1998

Investment in Plant Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues and Other Additions							
Expended for Plant Facilities	\$719,979	\$961,273	\$1,478,794	\$7,360,584	\$5,500	\$0	\$10,526,130
Retirement of Indebtedness	510,000	414,697	0	769,103	0	0	1,693,800
Capitalization of Asset/Debt	1,395,979	12,023,909	0	0	0	0	13,419,888
Total Revenues and Other Additions	<u>2,625,958</u>	<u>13,399,879</u>	<u>1,478,794</u>	<u>8,129,687</u>	<u>5,500</u>	<u>0</u>	<u>25,639,811</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	8,530	0	0	0	0	0	8,530
Interest on Indebtedness	8,340	7,400	0	0	0	0	15,740
Capitalization of Asset/Debt	0	0	0	3,022,735	0	0	3,022,735
Disposal of Plant Facilities	3,117,291	1,752,443	1,968,151	114,454	57,808	0	7,010,147
Other Deductions	0	11,673	0	0	0	0	11,673
Total Expenditures and Other Deductions	<u>3,134,161</u>	<u>1,771,516</u>	<u>1,968,151</u>	<u>3,137,189</u>	<u>57,808</u>	<u>0</u>	<u>10,068,821</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	(508,203)	11,628,363	(489,357)	4,992,498	(52,308)	0	15,570,996
Fund Balance- Beginning of Year	31,729,263	38,868,583	13,100,326	26,356,540	57,808	11,483	110,124,009
Implementation of GASB 31							
Fund Balance- End of Year	<u>\$31,221,060</u>	<u>\$50,496,946</u>	<u>\$12,610,969</u>	<u>\$31,349,038</u>	<u>\$5,500</u>	<u>\$11,483</u>	<u>\$125,694,999</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, 1998

Unrestricted Funds	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
Revenues							
Tuition and Fees	\$6,044,976	\$10,529,485	\$31,144,319	\$9,325,500	\$0	\$0	\$57,044,280
State of Colorado Appropriations	9,316,763	13,221,452	37,275,178	5,987,968	1,211,076	111,815	67,124,252
Federal Grants and Contracts	0	986	141,636	0	0	0	142,622
Local Gifts, Grants and Contracts	0	227,271	0	0	0	0	227,271
Private Gifts, Grants and Contracts	2,500	0	73,560	120,424	0	0	196,484
Indirect Cost Recoveries	85,431	50,765	414,561	42,601	0	0	593,358
Investment Income and Interest Income	0	170,229	0	95,517	1,739,651	0	2,005,397
Sales and Services of Educational Activities	0	40,775	983,692	0	0	0	1,024,467
Sales and Services of Auxiliary Enterprises	5,566,672	6,722,009	1,244,835	6,892,054	0	0	20,425,570
Other Source	269,928	209,879	2,311,653	364,901	1,356	0	3,157,717
Total Revenues	21,286,270	31,172,851	73,589,434	22,828,965	2,952,083	111,815	151,941,418
Expenditures							
Instruction	6,980,255	12,831,484	34,363,575	6,841,584	0	0	61,016,898
Academic Support	1,671,873	2,261,963	7,929,972	1,346,692	0	0	13,210,500
Student Services	1,641,580	2,026,165	12,266,725	2,973,765	0	0	18,908,235
Institutional Support	2,036,434	2,102,980	9,140,243	1,971,633	1,281,449	110,660	16,643,399
Operation and Maintenance of Plant	1,727,310	2,630,880	7,220,555	1,452,980	46,007	0	13,077,732
Scholarships and Fellowships	231,288	890,007	579,891	460,501	0	0	2,161,687
Auxiliary Enterprises	5,465,860	7,676,471	2,219,243	5,675,980	0	0	21,037,554
Total Expenditures	19,754,600	30,419,950	73,720,204	20,723,135	1,327,456	110,660	146,056,005
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:							
Education and General	0	0	0	(104,468)	0	0	(104,468)
Principal and Interest	0	(10,247)	(116,676)	0	0	0	(126,923)
Current Unrestricted Fund Matching							
Auxiliary Enterprises	(1,173,798)	(1,224,080)	0	(1,583,506)	0	0	(3,981,384)
Principal and Interest	(1,173,798)	(1,234,327)	(116,676)	(1,687,974)	0	0	(4,212,775)
Total Mandatory Transfers							
Non-mandatory Transfers							
Transfers (To)/From Other Funds	(121,289)	(387,622)	0	(480,478)	0	0	(989,389)
Transfers to the Campuses from the Board	0	12,507	0	0	0	(12,507)	0
Total Non-mandatory Transfers	(121,289)	(375,115)	0	(480,478)	0	(12,507)	(989,389)
Total Expenditures, Transfers and Other Additions (Deductions)	(21,049,687)	(32,029,392)	(73,836,880)	(22,891,587)	(1,327,456)	(123,167)	(151,258,169)
Net Increase (Decrease) in Fund Balances	\$236,583	(\$856,541)	(\$247,446)	(\$62,622)	\$1,624,627	(\$11,352)	\$683,249

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

Combining Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 1998

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



STATE OF COLORADO

STATE AUDITOR'S OFFICE

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State Auditor

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200 East 14th Avenue
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October 23, 1998

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of 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, 1998, and have issued our report thereon dated October 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State Colleges in Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are discussed in the Auditor's Findings and Recommendations section of this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State Colleges in Colorado's internal control over financial reporting. This was done 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal controls over financial reporting that we have reported in the Findings and Recommendations section of this report.

J. David Barba





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October 23, 1998

Independent Auditors' Report on the Statements of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs

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, 1998. 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Assistance Programs of the State Colleges in Colorado for the year ended June 30, 1998, in conformity with the provisions of the Colorado Commission on Higher Education's *Colorado Handbook for State-Funded Student Assistance Programs*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 1998 on our consideration of the State Colleges in Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Adams State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1998

	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	Perkins Loan Match
Appropriations:											
Original	1,805,498	5,008	54,081	541,369	351,287	14,832	1,476	161,956	628,779	46,710	0
Supplemental	591							72			519
Transfers											
Total	1,806,089	5,008	54,081	541,369	351,287	14,832	1,476	162,028	628,779	46,710	519
Expenditures	1,806,089	5,008	54,081	541,369	351,287	14,832	1,476	162,028	628,779	46,710	519
Reversions	0	0	0	0	0	0	0	0	0	0	0

The accompanying footnotes are an integral part of this statement.

Mesa State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1998

	Total State-Funded Student Assistance	Student Incentive Grants	Student Grant Program	Work Study Program	Part-time Student Grant	Perkins Loan Match	Undergrad Merit Program	Graduate Grant Program	Colorado Nursing Program	Diversity Grant Program
Appropriations:										
Original	1,829,258	60,408	929,233	481,334	36,444	0	319,994	0	1,845	0
Supplemental	16,430	0	1,010	15,204	0	0	216	0	0	0
Transfers	0	0	(151,009)	(48,133)	0	0	0	0	0	199,142
Total	1,845,688	60,408	779,234	448,405	36,444	0	320,210	0	1,845	199,142
Expenditures	1,845,688	60,408	779,234	448,405	36,444	0	320,210	0	1,845	199,142
Reversions	0	0	0	0	0	0	0	0	0	0

The accompanying footnotes are an integral part of this statement.

Metropolitan State College of Denver
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1998

	Total State-Funded Student Assistance	Student Incentive Grants	Student Grant Program	Work Study Program	Part-time Student Grant	Perkins Loan Match	Under-Grad Merit Program	Colorado Nursing Program	Diversity Grant Program
Appropriations:									
Original	5,406,104	137,313	2,614,874	1,352,620	212,550	0	1,088,747	0	0
Supplemental	124,509	0	0	20,245	0	98,288	5,976	0	0
Transfers	0	0	(816,017)	135,262	0	0	0	0	680,755
Total	5,530,613	137,313	1,798,857	1,508,127	212,550	98,288	1,094,723	0	680,755
Expenditures	5,513,628	137,313	1,796,360	1,508,127	212,550	98,288	1,085,472	0	675,518
Reversions	16,985	0	2,497	0	0	0	9,251	0	5,237

The accompanying footnotes are an integral part of this statement.

Western State College
State-Funded Student Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 1998

	Total State-Funded Student Assistance	Student Incentive Grants	Student Grant Program	Work Study Program	Part-time Student Grant	Perkins Loan Match	Under-Grad Merit Program	Graduate Grant Program	Colorado Nursing Program	Diversity Grant Program
Appropriations:										
Original	833,185	41,196	324,229	202,252	3,440	36,792	225,276	0	0	0
Supplemental	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0
Total	833,185	41,196	324,229	202,252	3,440	36,792	225,276	0	0	0
Expenditures	833,185	41,196	324,229	202,252	3,440	36,792	225,276	0	0	0
Reversions	0	0	0	0	0	0	0	0	0	0

The accompanying footnotes are an integral part of this statement.

STATE COLLEGES IN COLORADO
STATE-FUNDED STUDENT ASSISTANT PROGRAMS
JUNE 30, 1998

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

Basis of Accounting

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

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

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

Note A

Student Incentive Grants consist of 66.67 percent non-federal state funds and 33.33 percent federal funds. The amount shown is the combined total.

Note B

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

DALBY, WENDLAND & CO., P.C.

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To the Members of the Legislative Audit Committee and
Management of Mesa State College

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES TO THE RECORDS OF MESA STATE COLLEGE AND TO ITS INTERNAL CONTROL RELATED TO THE INTERCOLLEGIATE ATHLETIC DEPARTMENT

We have performed the procedures enumerated below, which were agreed to by the management of Mesa State College (the College), solely to assist you in evaluating Mesa State College's compliance with National Collegiate Athletic Association's (NCAA) bylaw 6.2.3.2 for Division II institutions. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to the Schedule of Revenue and Expenditures of the Intercollegiate Athletic Department

- a. We obtained the Schedule of Revenue and Expenditures of the Intercollegiate Athletic Department (the Schedule) for the year ended June 30, 1998, as prepared by management and included herein. We recalculated the addition of the amounts on this Schedule, traced amounts on the Schedule to management's worksheets, reviewed the nature of reconciling adjustments to general ledger amounts on management's worksheets, and agreed general ledger amounts on management's worksheets to the College's general ledger.

We noted no exceptions as a result of these procedures.

- b. We confirmed with the Mesa State College Foundation the total amount of cash contributions given to the College's Intercollegiate Athletic Department during the year ended June 30, 1998.

We obtained the Maverick Boosters, Inc.'s check book register and agreed the cash contributions made to the College's Intercollegiate Athletic Department to the College's general ledger. We reviewed the payments made by the Maverick Boosters, Inc. on behalf of the College's Intercollegiate Athletic Department and determined they are included in the accompanying Schedule. We reconciled the total dollar amount of Intercollegiate Athletic Department cash gift revenue per the College's general ledger to the corresponding dollar amount in the accompanying Schedule noting the Schedule includes cash contributions and payments made on behalf of the College's Intercollegiate Athletic Department. We reviewed the individual contributions received directly by the College's Intercollegiate Athletic Department for contributions greater than ten percent of all contributions received for intercollegiate athletics. We noted one contribution from the Maverick Boosters, Inc. for \$50,000.

We noted no exceptions as a result of the above procedures.

- c. We compared reported ticket revenue to prices, number of games and attendance figures. We compared current year reported ticket revenue to prior year reported ticket revenue.

No unusual differences or fluctuations were noted.

- d. Expenditures for intercollegiate athletics are subject to the same budgetary controls as other institutional expenditures. We compared actual expenditures reported by the Intercollegiate Athletic Department with amounts budgeted for the year ended June 30, 1998. We discussed variances with Mesa State College's Controller.

We noted no material variances as a result of this variance discussion.

Procedures Related to Internal Control over Intercollegiate Athletics Financial Reporting

- a. We reviewed the Intercollegiate Athletic Department's procedures with the Assistant Athletic Director and discussed controls in place over revenue and expenditures.

- b. We reviewed the College's procedures for monitoring Maverick Boosters, Inc. activities on behalf of intercollegiate athletics. We noted the Assistant Athletic Director monitors this activity. No formal report of activities is prepared.

We noted no exceptions as a result of these procedures.

- c. We noted the Mesa State College Foundation provides the College Intercollegiate Athletic Department with monthly reports of activities on behalf of the intercollegiate athletic department.

We noted no exceptions as a result of these procedures.

- d. We selected seven athletic events during the year ended June 30, 1998, and obtained the "Athletic Gate Receipt Report" for those events noting there was a report for each gate cashier. We noted timely deposit to the College business office and agreed the Reports totals to cash receipts on the general ledger. We noted the initials of business office cashiers on each Report.

We noted no exceptions as a result of these procedures.

- e. We selected five Intercollegiate Athletic Department disbursements. We traced and agreed to support documentation, noting proper approval prior to payment. We verified recording in the general ledger to the proper program and account.

We noted no exceptions as a result of these procedures.

- f. We reviewed the College's procedures for monitoring the Maverick Boosters, Inc. The Assistant Athletic Director currently handles the recording of financial information for the Maverick Boosters, Inc.

We recommend improving segregation of duties between the Intercollegiate Athletic department and the Maverick Boosters, Inc. We noted no other exceptions as a result of these procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Schedule of Revenue and Expenditures of the Intercollegiate Athletic Department of the College or the effectiveness of the College Intercollegiate Athletic Department internal control over financial reporting as of June 30, 1998. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Mesa State College and the State Auditor's Office and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

October 29, 1998

MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETIC DEPARTMENT SCHEDULE OF REVENUE AND EXPENDITURES

For The Year Ended June 30, 1998

	Men's Football	Men's Basketball	Men's Baseball	Men's Tennis	Women's Basketball
Operating Revenue:					
Student fees	\$ 97,250	\$ 33,280	\$ 34,592	\$ 8,648	\$ 35,592
State grants - financial aid	55,608	13,902	7,944	3,972	13,902
State appropriations	144,944	62,964	62,460	12,755	79,781
Contributions	15,777	5,671	30,600	916	7,293
Ticket sales	12,567	10,080	2,058	-	6,891
Advertising	-	-	-	-	-
Program sale & concessions	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
<i>Total Operating Revenue</i>	<u>326,146</u>	<u>125,897</u>	<u>137,653</u>	<u>26,291</u>	<u>143,458</u>
Operating Expenditures:					
Salaries & benefits	170,531	56,399	52,381	11,021	64,303
Supplies & services	79,199	36,628	44,133	1,984	26,041
Travel & recruiting	47,100	26,941	36,890	4,898	41,463
Allocated expenses	5,922	2,051	2,904	654	1,976
Financial aid	124,544	83,852	24,506	10,083	41,520
<i>Total Operating Expenditures</i>	<u>427,297</u>	<u>205,872</u>	<u>160,814</u>	<u>28,640</u>	<u>175,303</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>\$ (101,151)</u>	<u>\$ (79,975)</u>	<u>\$ (23,161)</u>	<u>\$ (2,349)</u>	<u>\$ (31,845)</u>

See Accompanying Accountants' Report and Notes to Schedule

(Continued)

MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETIC DEPARTMENT SCHEDULE OF REVENUE AND EXPENDITURES (Continued)

For The Year Ended June 30, 1998

	Women's Volleyball	Women's Softball	Women's Tennis	Women's X-country	Women's Golf
Operating Revenue:					
Student fees	\$ 36,729	\$ 30,885	\$ 10,648	\$ 10,295	\$ 18,590
State grants - financial aid	17,874	9,930	5,958	7,944	1,986
State appropriations	67,428	44,973	10,697	14,461	14,787
Contributions	1,994	22,251	2,171	-	18,740
Ticket sales	2,194	7,990	-	-	-
Advertising	-	-	-	-	-
Program sale & concessions	-	-	-	-	-
Miscellaneous income	1,926	-	-	-	-
<i>Total Operating Revenue</i>	<u>128,145</u>	<u>116,029</u>	<u>29,474</u>	<u>32,700</u>	<u>54,103</u>
Operating Expenditures:					
Salaries & benefits	47,843	38,792	12,501	8,435	9,070
Supplies & services	9,688	19,854	2,555	4,101	7,515
Travel & recruiting	38,476	28,063	4,024	4,463	11,998
Allocated expenses	2,115	1,755	778	492	1,236
Financial aid	35,534	33,700	7,872	7,944	16,260
<i>Total Operating Expenditures</i>	<u>133,656</u>	<u>122,164</u>	<u>27,731</u>	<u>25,435</u>	<u>46,079</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>\$ (5,511)</u>	<u>\$ (6,135)</u>	<u>\$ 1,743</u>	<u>\$ 7,265</u>	<u>\$ 8,024</u>

See Accompanying Accountants' Report and Notes to Schedule

(Continued)

MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETIC DEPARTMENT SCHEDULE OF REVENUE AND EXPENDITURES (Continued)

For The Year Ended June 30, 1998

	Women's Soccer	Non-Program Specific	Total Athletics
Operating Revenue:			
Student fees	\$ 30,781	\$ 80,366	\$ 427,656
State grants - financial aid	9,930	-	148,950
State appropriations	42,311	182,161	739,722
Contributions	6,550	337,070	449,033
Ticket sales	-	-	41,780
Advertising	-	8,917	8,917
Program sale & concessions	-	4,000	4,000
Miscellaneous income	-	6,666	8,592
<i>Total Operating Revenue</i>	<u>89,572</u>	<u>619,180</u>	<u>1,828,648</u>
Operating Expenditures:			
Salaries & benefits	31,136	204,268	706,682
Supplies & services	12,186	292,923	536,807
Travel & recruiting	25,084	7,557	276,958
Allocated expenses	1,503	16,130	37,516
Financial aid	24,586	-	410,401
<i>Total Operating Expenditures</i>	<u>94,495</u>	<u>520,878</u>	<u>1,968,363</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>\$ (4,922)</u>	<u>\$ 98,301</u>	<u>\$ (139,715)</u>

See Accompanying Accountants' Report and Notes to Schedule

STATE OF COLORADO
MESA STATE COLLEGE

INTERCOLLEGIATE ATHLETIC DEPARTMENT
NOTES TO THE SCHEDULE OF REVENUE AND EXPENDITURES
JUNE 30, 1998

The Schedule of Revenue and Expenditures for the Intercollegiate Athletic Department at Mesa State College includes only those revenues and expenditures related to the intercollegiate athletics and does not represent the results of operations of the College taken as a whole.

NOTE 1. RELATED ORGANIZATIONS

The Mesa State College Foundation and Maverick Boosters, Inc. are separate nonprofit corporations, over which the College does not exercise control. Amounts paid by the Foundation and Maverick Boosters in support of Intercollegiate Athletics have been included as contribution revenue in this schedule.

NOTE 2. OVERHEAD ALLOCATIONS

Overhead expenses are allocated to intercollegiate athletics based on an institution-wide allocation plan. Facility maintenance, utilities and other overhead costs are not included in allocated expenses.

DALBY, WENDLAND & CO., P.C.

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214

To the Members of the Legislative Audit Committee and
Management of Mesa State College

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES TO STATEMENTS AND RECORDS OF OUTSIDE ORGANIZATIONS' EXPENDITURES FOR OR ON BEHALF OF MESA STATE COLLEGE'S INTERCOLLEGIATE ATHLETIC DEPARTMENT

We have performed the procedures enumerated below, which were agreed to by the management of Mesa State College (the College), solely to assist you in evaluating Mesa State College's compliance with National Collegiate Athletic Association's (NCAA) bylaw 6.2.3.2 for Division II institutions. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

- a. We obtained the audited financial statements of the Mesa State College Foundation for the year ended June 30, 1998, which had been audited by other auditors who expressed an unqualified opinion on those statements. The Foundation management informed us that no letter of recommendations had been issued as a result of the audit.
- b. We obtained a list of financial activities of the Mesa Sate College Foundation for, or in behalf of, the College's Intercollegiate Athletic Department and reconciled to the College's general ledger.

- c. We obtained a list of financial activities of the Maverick Boosters, Inc. for, or in behalf of, the College's Intercollegiate Athletic Department and reconciled to the College's general ledger. We agreed the July 1, 1997, and June 30, 1998, cash balances to the supporting financial records of the Maverick Boosters Inc. We noted the Maverick Boosters, Inc. did not have financial statements available for review.

We noted no exceptions to the above procedures.

Financial activity of these organizations is presented below:

<u>Organization</u>	<u>Cash Balance July 1, 1997</u>	<u>Cash Receipts</u>	<u>Contributions to or in Behalf of Intercollegiate Athletics</u>	<u>Other Deductions</u>	<u>Cash Balance June 30, 1998</u>
Mesa State College Foundation	\$82,417	\$2,479,264	\$(203,773)	\$(2,006,790)	\$351,114
Maverick Boosters, Inc.	<u>105</u>	<u>233,793</u>	<u>(213,651)</u>	<u>-</u>	<u>20,247</u>
<i>Totals</i>	<u>\$82,522</u>	<u>\$2,713,051</u>	<u>\$(417,428)</u>	<u>\$(2,006,790)</u>	<u>\$371,361</u>

The above schedule presents financial activity on a cash basis. Included in contributions from the Foundation is \$175,986 paid to the College in December 1997 for the June 30, 1997 fiscal year. At June 30, 1998, the Foundation has an accrued payable to the College for \$40,719 for the fiscal year 1998 that is not included in the above contributions. We have separately reported on the schedule of revenue and Expenses for the Intercollegiate Athletic Department, which is presented on an accrual basis of accounting in accordance with generally accepted accounting principles.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Mesa State College and the State Auditor's Office and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

October 29, 1998

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