



# **REPORT OF THE STATE AUDITOR**

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

**FISCAL YEAR ENDED  
JUNE 30, 2000**

**LEGISLATIVE AUDIT COMMITTEE  
2000 MEMBERS**

***Representative Jack Taylor***  
**Chairman**

***Representative Carl Miller***  
**Vice-Chairman**

***Senator Norma Anderson***  
***Senator Doug Lamborn***  
***Senator Doug Linkhart***  
***Senator Peggy Reeves***  
***Representative Sue Windels***  
***Representative Brad Young***

**Office of the State Auditor Staff**

***J. David Barba***  
**State Auditor**

***Joanne Hill***  
**Deputy State Auditor**

***Lou Skull***  
***Carrie Hunt***  
**Legislative Auditors**





## STATE OF COLORADO

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

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

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

October 30, 2000

### 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 and the statements of state-funded student assistance programs. The report also presents the findings and recommendations resulting from the examinations, and the responses of the State Colleges in Colorado.

*J. David Barba*



---

## TABLE OF CONTENTS

---

|   | PAGE |
|---|------|
| Report Summary .....                                | 1    |
| Recommendation Locator .....                        | 5    |
| Description of the State Colleges in Colorado ..... | 7    |
| Findings and Recommendations                        |      |
| Adams State College .....                           | 13   |
| Metropolitan State College of Denver .....          | 15   |
| Western State College .....                         | 19   |
| Disposition of Prior Audit Recommendations .....    | 23   |

### FINANCIAL STATEMENT SECTION

|  |    |
|--|----|
| Independent Auditors' Report .....   | 25 |
| Financial Statements   |    |
| Balance Sheet .....  | 26 |
| Statement of Changes in Fund Balances .....  | 28 |
| Notes to the Financial Statements .....  | 31 |
| Supplemental Information (Combining Financial Statements) .....  | 46 |
| Independent Auditors' Report on Compliance and on<br>Internal Control Over Financial Reporting Based<br>on an Audit of Financial Statements Performed in<br>Accordance With <i>Government Auditing Standards</i> ..... | 63 |

### STATE-FUNDED STUDENT ASSISTANCE PROGRAMS SECTION

|   |    |
|---|----|
| Independent Auditors' Report on Statements of<br>Appropriations, Expenditures, Transfers,<br>and Reversions of the State-Funded Student Assistance Programs ..... | 67 |
|---|----|

**PAGE**

**Statements of Appropriations, Expenditures, Transfers, and Reversions of the  
State-Funded Student Assistance Programs**

|   |           |
|---|-----------|
| <b>Adams State College .....</b>                  | <b>68</b> |
| <b>Mesa State College .....</b>                   | <b>69</b> |
| <b>Metropolitan State College of Denver .....</b> | <b>70</b> |
| <b>Western State College .....</b>                | <b>71</b> |
| <b>Notes to Statements .....</b>                  | <b>73</b> |



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

**REPORT SUMMARY**

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

**STATE COLLEGES IN COLORADO  
FINANCIAL AND COMPLIANCE AUDIT  
FISCAL YEAR ENDED JUNE 30, 2000**

**Authority, Purpose, and Scope**

The audit of the State Colleges in Colorado was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The audit was conducted in accordance with generally accepted auditing standards. Audit work was performed from May 2000 through October 2000.

The purposes and scope of our audit were to:

- Express an opinion on the consolidated financial statements of the State Colleges in Colorado for the year ended June 30, 2000. 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 of the 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, 2000.
- 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, 2000, 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 of the State-Funded Student Assistance Programs for the State Colleges in Colorado for the year ended June 30, 2000.

*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 audited by the Office of the State Auditor. Our review included determining the appropriateness of information reported in the consolidated financial statements based on audit work performed by certified public accounting firms at the four state colleges. The Office of the State Auditor also audited the financial balances of the Office of State Colleges and the Western Colorado Graduate Center.

The following is a summary of the findings contained in the report. The audit recommendations for these findings and associated College responses are summarized in the recommendation locator, which follows the summary.

### **ADAMS STATE COLLEGE**

Generally accepted accounting principles require that a liability be recorded for services received and not paid at fiscal year-end. Adams State College did not record \$594,312 of construction costs incurred before June 30, 2000. This resulted in an understatement of assets and liabilities in the financial statements of the Unexpended Plant Funds.

The Business Office has one person primarily responsible for cashiering duties. However, various individuals in the Business Office (including supervisory personnel) may perform the cashiering function at times. Allowing the same individuals to perform the cashiering function as well as their regularly assigned duties provides an opportunity for internal controls to be bypassed.

### **METROPOLITAN STATE COLLEGE OF DENVER**

Metropolitan State College overcharged a federal grant by \$37,112 during Fiscal Year 2000. The overcharge was not detected because of a lack of detailed information on grants and insufficient reviews of grant charges.

Metropolitan State College uses several different clearing accounts for its operations. Normally, balances in clearing accounts are zero or near zero by year end. We identified at least one account

that should not be classified as a clearing account and other accounts that had larger than expected balances.

We also noted accounts that had abnormal balances and some accounts that had unusually large fluctuations from the prior year. Upon further investigation, we found some of these accounts contained misclassified or improperly recorded items.

## **WESTERN STATE COLLEGE**

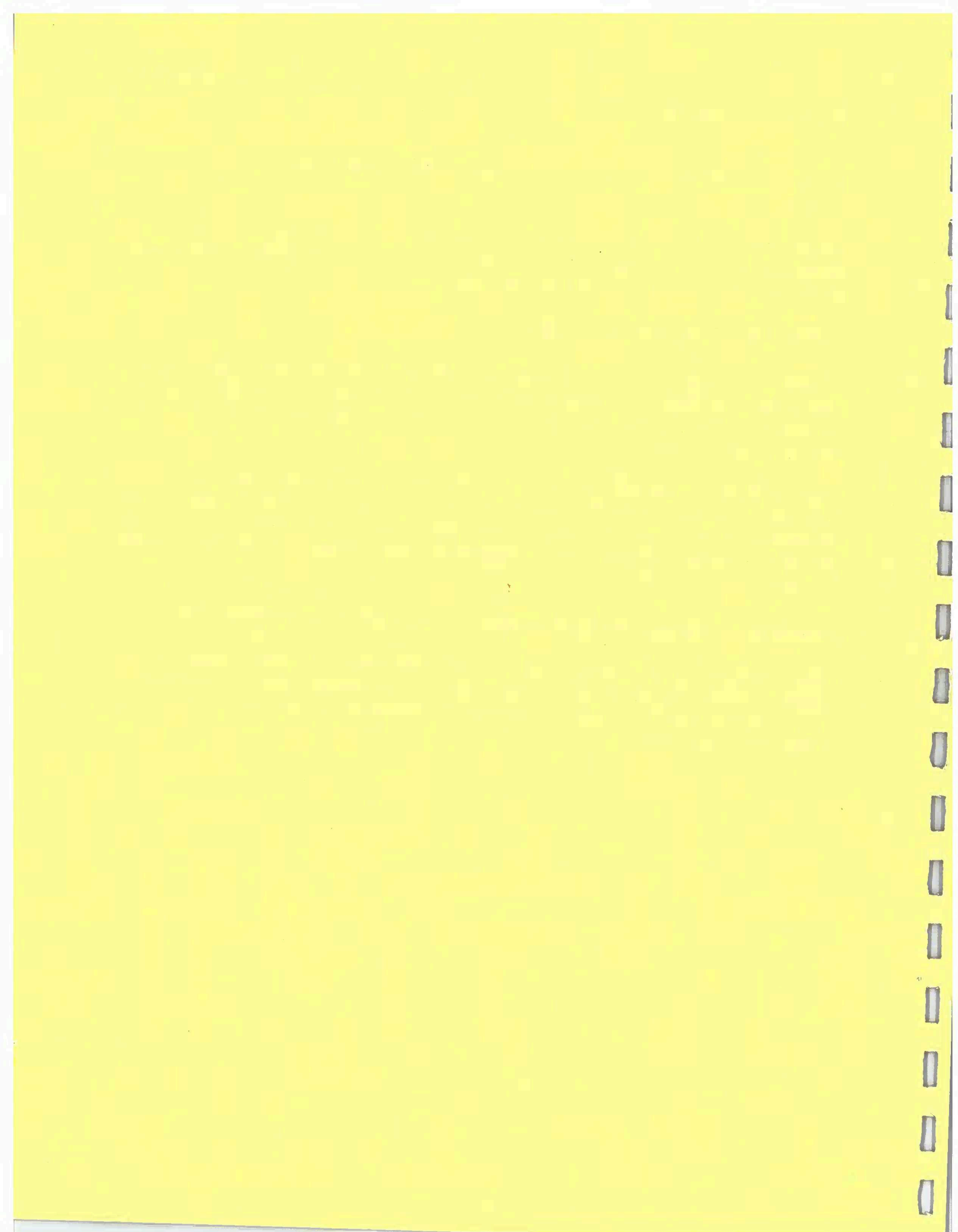
Several weaknesses exist in controls over cash collected at athletic events. These include not reconciling the number of people who attend events to cash collected, and not using a standard form to document cash receipts. Not having good internal controls increases the risk for the misappropriation of receipts.

The College did not reconcile the amount of federal and state work-study funds recorded on the accounting and student financial aid systems. For Fiscal Year 2000, a \$20,000 discrepancy existed between the systems. Subsequent efforts by the College to reconcile the difference identified about \$4,000 of funds that were overawarded to students and were required to be returned to the federal programs.

## **Summary of Progress in Implementing Prior Audit Recommendations**

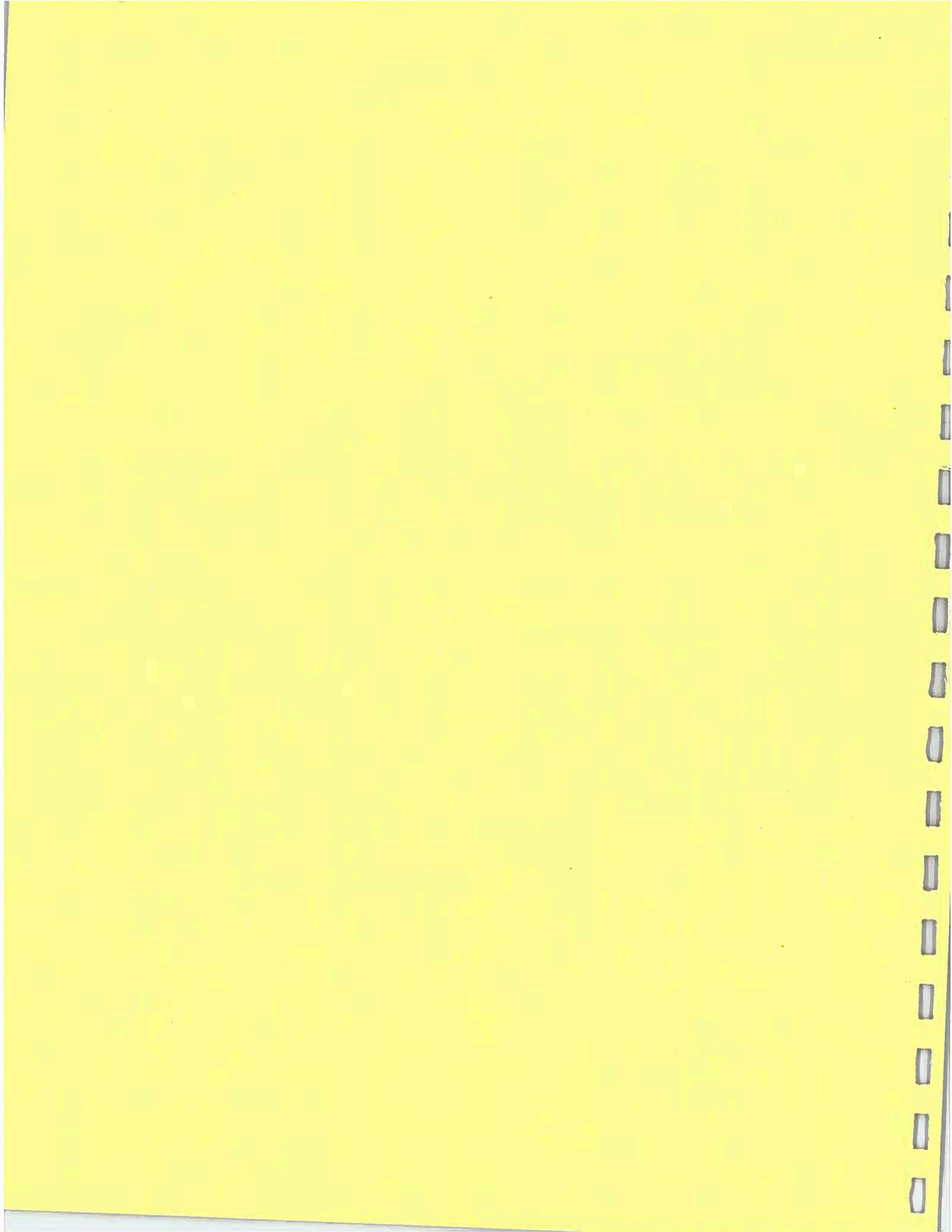
The audit report for the State Colleges in Colorado for Fiscal Year 1999 contained two audit recommendations. As of October 17, 2000, the one recommendation made to Metropolitan State College of Denver was partially implemented and the other recommendation made to Western State College was implemented.





## RECOMMENDATION LOCATOR

| Rec. No. | Page No. | Recommendation Summary  | Agency Addressed                     | Agency Response | Implementation Date |
|----------|----------|---|--------------------------------------|-----------------|---------------------|
| 1        | 13       | Record unbilled construction costs at year-end.                                 | Adams State College                  | Agree           | June 2001           |
| 2        | 14       | Restrict supervisory and certain other staff from performing cashiering duties. | Adams State College                  | Partially Agree | January 2001        |
| 3        | 16       | Improve monitoring of grant expenditures.                                       | Metropolitan State College of Denver | Agree           | January 2001        |
| 4        | 17       | Analyze clearing accounts to determine if properly accounted for.               | Metropolitan State College of Denver | Agree           | June 2001           |
| 5        | 18       | Perform analytical reviews of account balances.                                 | Metropolitan State College of Denver | Agree           | January 2001        |
| 6        | 20       | Improve controls over cash collected at athletic events.                        | Western State College                | Agree           | January 2001        |
| 7        | 21       | Reconcile work-study payments between the accounting and financial aid systems. | Western State College                | Agree           | January 2001        |





---

# 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 is to offer limited professional programs, Hispanic programs, undergraduate education degrees, masters' level programs, and two-year transfer programs with a community college role and mission, except for vocational education programs.

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

|                              | 1998           | 1999           | 2000           |
|------------------------------|----------------|----------------|----------------|
| Resident Students            | 1,797.7        | 1,898.5        | 1,893.0        |
| Nonresident Students         | 378.7          | 367.8          | 368.1          |
| Total Students               | <u>2,176.4</u> | <u>2,266.3</u> | <u>2,261.1</u> |
| Faculty FTEs                 | 122.5          | 126.8          | 126.1          |
| Staff FTEs                   | 123.9          | 129.2          | 134.7          |
| Total Staff and Faculty FTEs | <u>246.4</u>   | <u>256.0</u>   | <u>260.8</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 for Mesa State College to be a general baccalaureate and specialized graduate institution with moderately selective admission. Mesa State College is to offer liberal arts and sciences programs and a limited number of professional, technical, and graduate programs. Mesa State College is also to 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 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:

|                              | 1998           | 1999           | 2000           |
|------------------------------|----------------|----------------|----------------|
| Resident Students            | 3,663.2        | 3,778.5        | 3,703.0        |
| Nonresident Students         | 421.7          | 410.2          | 438.3          |
| Total Students               | <u>4,084.9</u> | <u>4,188.7</u> | <u>4,141.3</u> |
| Faculty FTEs                 | 225.1          | 236.2          | 238.1          |
| Staff FTEs                   | 149.2          | 150.1          | 147.7          |
| Total Staff and Faculty FTEs | <u>374.3</u>   | <u>386.3</u>   | <u>385.8</u>   |

## Metropolitan State College of Denver

Metropolitan State College of Denver serves a student population in the greater metro-Denver area. Section 23-54-101, C.R.S., provides that Metropolitan State College of Denver be a comprehensive baccalaureate institution with modified open admission standards, except that nontraditional students who are at least 20 years of age only need to have an admission requirement of a high school diploma, a GED high school equivalency certificate, or the equivalent. Metropolitan State College of Denver is to offer a variety of liberal arts and science, technical, and educational programs. The College may offer a limited number of professional programs, but cannot offer any graduate program.

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

|                              | 1998            | 1999            | 2000            |
|------------------------------|-----------------|-----------------|-----------------|
| Resident Students            | 12,166.3        | 11,909.4        | 11,943.0        |
| Nonresident Students         | 390.3           | 407.8           | 426.5           |
| Total Students               | <u>12,556.6</u> | <u>12,317.2</u> | <u>12,369.5</u> |
| Faculty FTEs                 | 620.5           | 644.1           | 643.2           |
| Staff FTEs                   | 354.1           | 353.9           | 351.6           |
| Total Staff and Faculty FTEs | <u>974.6</u>    | <u>998.0</u>    | <u>994.8</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 be a general baccalaureate institution with moderately selective admission standards. The College is to provide a limited number of professional, educational, and traditional arts and sciences programs. 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 cannot offer any two-year programs.

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

|                              | 1998           | 1999           | 2000           |
|------------------------------|----------------|----------------|----------------|
| Resident Students            | 1,478.3        | 1,501.1        | 1,499.0        |
| Nonresident Students         | 746.1          | 697.1          | 680.1          |
| Total Students               | <u>2,224.4</u> | <u>2,198.2</u> | <u>2,179.1</u> |
| Faculty FTEs                 | 114.1          | 117.1          | 117.4          |
| Staff FTEs                   | 109.9          | 114.0          | 116.1          |
| Total Staff and Faculty FTEs | <u>224.0</u>   | <u>231.1</u>   | <u>233.5</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 Colorado's western communities by Colorado 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 Colorado 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 necessary to maintain or strengthen employment knowledge and skills. The Center is not authorized to provide graduate courses or programs. The Center is under the authority and governance of the Trustees of the State Colleges in Colorado, who are responsible for developing a plan of implementation and operation of the Center consistent with the Center's mission. The Center operates independently of Mesa State College and commenced operation on July 1, 1996.





---

# Findings and Recommendations

---

## Adams State College

The following comments were prepared by the public accounting firm of Johnson, Holscher & Company, Inc., who completed audit work for Adams State College.

### Recording of Construction-in-Progress Costs

Adams State College did not record \$594,312 of construction costs incurred during June 2000. These expenditures related to the construction of the Fine Arts Building. Generally accepted accounting principles require that a liability be recorded for services received and not paid at fiscal year-end. Not recording these costs resulted in an understatement of assets and liabilities in the financial statements of the Unexpended Plant Funds.

The College did not receive a bill from the contractor for the construction costs until August 2000. Although the College did not know the exact amount of the costs before final closing of the state accounting system (COFRS), it could have obtained an estimate of such costs from its architect or the general contractor.

---

### Recommendation No. 1:

Adams State College should obtain the best estimate available of any unbilled construction costs at year-end and make appropriate accounting entries to record such costs.

### Adams State College Response:

Agree. Adams State College will work with its contractors and vendors of capital construction or controlled maintenance projects so that year-end cutoff statements or estimated figures can be obtained before the year-end close deadline. This will enable us to make the appropriate accounting entries of material costs to the books.

---

## Separation of Cashiering Function

Cashiering procedures are well defined and generally performed in accordance with appropriate separation of functions within the Business Office. The Business Office has one person primarily responsible for cashiering duties. To assist students in registration and paying their bills at the start of each term, several additional cashiering stations are operated for about a week by almost all staff (including supervisory staff) in the Business Office. Also, a cashiering window remains open during the lunch hour at other times during the year. The College estimates it collects about \$60,000 to \$80,000 of receipts a year during the lunch hour.

Various individuals in the Business Office (including supervisory personnel) may perform the cashiering function at lunchtime. This results in Business Office personnel performing both the cashiering function and their regularly assigned functions. Allowing the same individuals to perform a combination of functions provides an opportunity for internal controls to be bypassed. This places the College at a greater risk that the misappropriation of receipts could take place.

Good internal controls call for the separation of the cashiering function from other financial functions. The College should consider taking additional steps to mitigate control weaknesses as suggested in the following recommendation.

---

### Recommendation No. 2:

Adams State College should improve controls over the cashiering function by:

- a. Restricting supervisory and certain other staff from performing cashiering duties. This would include restricting Business Office staff who are responsible for cashiering supervision, bank reconciliations, reviewing cashiering sessions, and acceptance/authorization of daily receipts balancing from performing cashiering duties.
- b. Examining scheduling alternatives that allow staffing of the cashier window with other Business Office staff.

### Adams State College Response:

Partially agree. Adams State College agrees that cashiering duties of the supervisory staff in the Business Office should be restricted. Supervisory staff have been cashiering only when there is an extreme need. They will continue to do this, but Adams State College will establish different procedures to balance and review their sessions.

The staff person who does the bank reconciliation is also the second relief cashier. As the second relief cashier, this person cashiers an average of two to three times a month. Adams State College feels that it has adequate controls set up so that if there were any improprieties by this person, it would be exposed. This person will also be subject to the new procedures established for the supervisory staff. The limited staff in the Business Office coupled with the workload carried by each person makes it difficult to assign the duties of second relief cashier to another person. Adams State College is willing to study the areas of scheduling and reassignment to see if cashiering by this person could also be done on an extreme-need basis.

---

## **Mesa State College**

The public accounting firm of Dalby, Wendland & Company, P.C., completed audit work for Mesa State College. There were no report findings and recommendations resulting from the audit work completed for Fiscal Year 2000.

---

## **Metropolitan State College of Denver**

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

### **Compliance With Federal Requirements**

We noted that Metropolitan State College of Denver overcharged the Rocky Mountain Teacher Education Collaborative grant (CFA No. 47.076) \$37,112 during the year ended June 30, 2000. The overcharge related to salaries and benefits of individuals whose time was charged to the grant based on an allocation of their time and effort. The allocation percentage carried forward from the prior year did not accurately reflect the time and effort of these individuals during the current year. The change in the allocation percentage was not timely communicated to the payroll department and therefore continued to be charged to the program at the previous rate. In addition, the overcharge was not detected by the Principal Investigator or Accounting Services due to the lack of detailed information available in the Banner accounting system, which prevented an adequate review of the charges to the program. The overcharge was subsequently identified by the pass-through entity, the University of Northern Colorado, and will be corrected by reducing future charges to the grant in the amount of the overcharge.



### **Recommendation No. 3:**

Metropolitan State College of Denver should improve procedures over monitoring of grant expenditures as follows:

- a. Detailed information of charges to federal awards should be prepared or obtained by the Principal Investigator and Accounting Services to facilitate the review process.
- b. The Principal Investigator and Accounting Services should perform monthly reviews of charges to federal grants to ensure that the charges are proper and do not exceed budget guidelines.
- c. Changes in the grant program, including personnel time, should be communicated to the appropriate department (e.g., payroll, accounting) in a timely manner.

### **Metropolitan State College of Denver Response:**

Agree. Metropolitan State College of Denver will begin developing additional reports to assist the Principal Investigator and Accounting Services staff in the review process. In addition, Accounting Services staff will work more closely with the Principal Investigators on a monthly basis to ensure that the Principal Investigators understand their reports and that any problems/issues are addressed in a timely manner.

---

### **Analysis of Clearing Accounts**

Metropolitan State College of Denver uses several different clearing accounts in its operations. Clearing accounts are used to hold funds received by the College for services provided by other entities. An example of this is the bus pass fee collected by the College and paid to Auraria Higher Education Center as the services are performed. The fees collected are properly recorded as a liability until they are paid. During the audit, we reviewed the clearing accounts, noting that there is a cumulative balance at year-end of approximately \$286,000. Normally, we would expect the balances in the clearing accounts to be zero or near zero by the end of the fiscal year.

We also noted that there was at least one account that should not be classified as a clearing account, since the amount received exceeds the cost of the services provided. This account is the Internet Fee Clearing account which had a balance of approximately \$136,000 at year-end. The balance includes the amount collected for



Fiscal Year 2000 as well as the amount collected for the summer semester of Fiscal Year 2001. The Internet Fee Clearing account was set up to receive and pay Internet access fees for the various Internet classes available through the College. The Internet fees are charged to students at \$23 per credit hour. The College intended that these fees be sufficient to pay the Internet provider and based the fee on the estimated number of students expected to enroll in Internet classes. During Fiscal 2000 the number of students taking Internet classes exceeded the estimate, resulting in an excess of fees collected of approximately \$86,000 during the year. This excess of fees over the cost of the services is currently recorded in a liability account: Deposits Held in Custody for Others.

We believe that the \$86,000 excess amount in the Internet Fee Clearing account is not owed to a third-party service provider. The Internet Fee Clearing account appears to function more as an auxiliary fund activity in which revenue and expense should be recorded in the future. Because the College does not account for this fee as an auxiliary activity, both revenue and expense are understated by the amount received and paid for the Internet services.

---

#### **Recommendation No. 4:**

Metropolitan State College of Denver should analyze all current clearing accounts to:

- a. Determine if accounts should be classified as liabilities or auxiliary income and expense.
- b. Determine if fees charged are appropriate for the services provided.
- c. Make appropriate adjustments to fees and the accounting records.

#### **Metropolitan State College of Denver Response:**

Agree. Metropolitan State College of Denver will analyze all clearing accounts to determine if they are accounted for properly and will reclassify the activities where necessary.

---

#### **Performance of Analytical Reviews**

During our audit procedures, we identified various unusual account balances that we determined contained misclassified or improperly recorded items. For example, our

review of accounts receivable balances identified several credit balances that should not have been classified as accounts receivable and several old receivables dating back as far as 1992. Our review of revenue and expense fluctuations identified unusual changes in account balances that were determined to be the result of improperly classified items.

Currently Accounting Services is not using available financial information to do comparative and analytical reviews of account balances. Efforts to perform these reviews have been hampered in part by the conversion to the Banner accounting system in the middle of Fiscal Year 1999. This prevented accounting managers from obtaining prior year information in a format consistent with the current year information. Performance of timely analytical reviews would help accounting managers identify unusual fluctuations in revenues and expenses, and highlight areas of potential concern.

---

### **Recommendation No. 5:**

Metropolitan State College should require accounting managers to perform comparative and analytical reviews at the detailed general ledger account level on a monthly basis. Unusual fluctuations should be identified and investigated in a timely manner.

### **Metropolitan State College of Denver Response:**

Agree. The College understands the importance of analytical reviews and its role in identifying potential errors in the accounting system. It has been very difficult to implement this process due to the mid-year conversion of accounting systems. However, now that we have completed one full year on the new system, Accounting Services will implement processes, procedures, and reports to begin analytical reviews.

---

## **Western State College**

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

## Controls Over Athletic Cash Receipts

During our audit we reviewed the cash receipt function for the Athletic Department. Cash receipts of the Athletic Department include gate receipts for athletic events such as football, basketball, volleyball, and wrestling. Receipts recorded by the Athletic Department for the year ended June 30, 2000, approximated \$17,000. Although cash receipts related to these activities are relatively small, the College can significantly improve its controls without incurring much additional cost. We noted that cash receipting procedures of the Athletic Department can be improved as follows:

- *Internal controls over gate receipts and attendance reporting should be strengthened.* Attendance at athletic events is not independently reconciled to the cash collected at those events. The individuals who collect cash from attendees at events also maintain the attendance log. Neither the issuance of tickets nor the utilization of turnstiles is used to track attendance at athletic events. The lack of independent reconciliation of cash collected to actual attendance provides an opportunity for the misappropriation of receipts. Issuing prenumbered tickets when cash is collected could strengthen controls. Individuals who are independent of the receipt of cash should collect these tickets. The number of tickets issued could be used to determine attendance figures for the event. Alternatively, a turnstile could be utilized to determine the number of people attending the event. Someone independent of the receiving of cash should reconcile the number of individuals attending the event to gate receipts.
- *Cashier remittance procedures should be improved.* The athletics office places the receipts from events in an envelope and submits the envelope to the cashier's office. No standard documentation form is used to facilitate recording by the cashier's office. A standardized form would improve the accuracy of the recording performed by the cashiers' office.

---

### Recommendation No. 6:

Western State College should:

- a. Implement procedures to reconcile event attendance to cash receipts. These procedures should include a method of counting attendees. Two alternatives would be the use of pre-numbered tickets or installing turnstiles. Someone independent of the receipting function should then reconcile event attendance figures to gate receipts.



- b. Implement the use of an event cash receipt report detailing collections information. The cashiers' office should attach a copy of this report to the deposit slip copy retained by the College.

### **Western State College Response:**

Agree.

---

## **Reconciliation of Work-Study Payments**

During our testing of A-133 compliance we reviewed controls over the posting of payroll transactions and over the processing of student financial aid information. The College disbursed over \$450,000 in federal and Colorado work-study funds during the fiscal year ended June 30, 2000. The amounts disbursed and posted through the payroll system are not reconciled to those posted to each student on the financial aid system. For the year ended June 30, 2000, this resulted in an initial discrepancy between the amounts over \$20,000 of federal financial aid posted on the general ledger and the amounts reflected on the financial aid office records.

Efforts by the College to reconcile this difference identified approximately \$4,000 of funds that were overawarded and were required to be returned to the federal programs. The College has taken action to return the funds to the federal government. Monthly reconciliations of work-study funds would improve controls over student financial assistance and reduce the risk of overawards occurring in the future.

---

### **Recommendation No. 7:**

Western State should implement a procedure whereby the amount disbursed for federal and Colorado work study in the payroll system is reconciled to the amount shown as disbursed on the financial aid system. This reconciliation should be performed on a monthly basis.

### **Western State College Response:**

Agree.

---



## **Office of State Colleges and the Western Colorado Graduate Center**

The Office of the State Auditor completed audit work for 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 2000.

---



---

# 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, 1999, and their disposition as of October 17, 2000.

## Recommendation

## Disposition

### ADAMS STATE COLLEGE

There were no recommendations in the prior year.

### MESA STATE COLLEGE

There were no recommendations in the prior year.

### METROPOLITAN STATE COLLEGE OF DENVER

Perform reconciliations of significant general ledger accounts on a monthly basis.

Partially implemented.  
The College has made substantial progress in performing monthly reconciliations of certain account balances. The College is in the process of implementing additional reconciliation procedures which are expected to be completed by June 30, 2001.

### WESTERN STATE COLLEGE

Implement computer controls to prevent overawards of Colorado Merit Scholarships.

Implemented.





---

---

## **FINANCIAL STATEMENT SECTION**

---

---





## STATE OF COLORADO

### OFFICE OF THE STATE AUDITOR

(303) 866-2051  
FAX (303) 866-2060

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

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

October 17, 2000

### 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, 2000, and the related consolidated statement of changes in fund balances 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, 2000, and the changes in fund balances 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 17, 2000 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.

*J. David Barba*

# STATE COLLEGES IN COLORADO

## Consolidated Balance Sheet

6/30/2000

|                                       | <i>Current Funds</i> |                     | Student              | Endowment and    |
|---------------------------------------|----------------------|---------------------|----------------------|------------------|
|                                       | Unrestricted         | Restricted          | Loan Funds           | Similar Funds    |
| <b>ASSETS</b>                         |                      |                     |                      |                  |
| Cash & Short-Term Investments         | \$ 2,500,840         | \$ 4,687            | \$ 424,614           | \$ 52,813        |
| Cash With State Treasurer (Note 2)    | 15,579,758           | 2,144,787           | 1,119,861            |                  |
| Investments                           | 190,634              |                     |                      |                  |
| Accounts Receivable (Note 3)          | 4,070,231            | 1,596,413           | 15,486               |                  |
| Loan Receivable (Note 3)              | 196,759              |                     | 12,901,831           |                  |
| Interest Receivable                   | 511                  |                     | 10,507               |                  |
| Inventories                           | 1,345,175            |                     |                      |                  |
| Prepaid Expenses                      | 466,139              | 12,569              |                      |                  |
| Deferred Charges                      | 10,855               |                     |                      |                  |
| Due from Other Funds                  | 294,575              | 11,713              |                      |                  |
| Receivables - Intergovernmental       | 267                  | 225,876             |                      |                  |
| Due from State Agencies               |                      | 1,139,773           |                      |                  |
| Due from Federal Government           |                      |                     | 14,901               |                  |
| Other Assets                          |                      |                     | 4,500                |                  |
| Land                                  |                      |                     |                      |                  |
| Land Improvements                     |                      |                     |                      |                  |
| Buildings                             |                      |                     |                      |                  |
| Construction in Progress              |                      |                     |                      |                  |
| Equipment                             |                      |                     |                      |                  |
| Library Books                         |                      |                     |                      |                  |
| Total Assets                          | <u>24,655,744</u>    | <u>5,135,818</u>    | <u>14,491,700</u>    | <u>52,813</u>    |
| <b>LIABILITIES</b>                    |                      |                     |                      |                  |
| Accounts Payable                      | 1,449,950            | 313,279             | 276                  |                  |
| Accrued Payroll                       | 1,059,723            | 574,287             |                      |                  |
| Student Deposits                      | 461,422              | 202,247             | (18,250)             |                  |
| Accrued Interest                      |                      |                     |                      |                  |
| Deposits Held in Custody for Others   |                      | 979,010             |                      |                  |
| Due to State Treasurer                |                      | 2,120,014           |                      |                  |
| Due to Other Agencies                 | 25,373               |                     |                      |                  |
| Accrued Compensated Absence Liability | 3,626,418            |                     |                      |                  |
| Deferred Revenue                      | 5,382,206            | 22,011              |                      |                  |
| Capital Lease Obligations             |                      |                     |                      |                  |
| Bonds Payable                         |                      |                     |                      |                  |
| Due to Other Funds                    | 115,000              | 119,901             |                      |                  |
| Due to Mesa State College Foundation  |                      |                     | 200,000              |                  |
| Other Liabilities                     | 158,340              | 143,501             | 210                  |                  |
| Total Liabilities                     | <u>12,278,432</u>    | <u>4,474,250</u>    | <u>182,236</u>       | <u>0</u>         |
| <b>FUND BALANCE</b>                   |                      |                     |                      |                  |
| U.S. Government Grants Refundable     |                      |                     | 4,055,199            |                  |
| Unrestricted                          | 15,889,566           |                     |                      |                  |
| Restricted                            |                      | 661,568             | 10,254,265           | 52,813           |
| Designated for Compensated Absences   | (3,512,254)          |                     |                      |                  |
| Net Investment in Plant               |                      |                     |                      |                  |
| Total Fund Balance                    | <u>12,377,312</u>    | <u>661,568</u>      | <u>14,309,464</u>    | <u>52,813</u>    |
| Total Liabilities and Fund Balance    | <u>\$ 24,655,744</u> | <u>\$ 5,135,818</u> | <u>\$ 14,491,700</u> | <u>\$ 52,813</u> |

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



| Plant Funds          |                              |                               |                        |                   | Memorandum<br>Only    |
|----------------------|------------------------------|-------------------------------|------------------------|-------------------|-----------------------|
| Unexpended           | Renewals and<br>Replacements | Retirement of<br>Indebtedness | Investment<br>In Plant | Agency<br>Funds   | Total                 |
|                      | \$ 491,543                   | \$ 111,818                    |                        |                   | \$ 3,586,315          |
| 3,318                | 1,997,450                    | 400,824                       |                        | 468,951           | 21,714,949            |
|                      | 7,783                        | 317,858                       |                        |                   | 516,275               |
| 23,417               |                              | 2,342                         |                        | 1,229             | 5,709,118             |
|                      |                              | 1,556                         |                        |                   | 13,098,590            |
|                      |                              |                               |                        |                   | 12,574                |
|                      |                              |                               |                        |                   | 1,345,175             |
|                      |                              |                               |                        | 958               | 479,666               |
|                      |                              |                               |                        |                   | 10,855                |
|                      |                              |                               |                        |                   | 306,288               |
|                      |                              |                               |                        |                   | 226,143               |
|                      |                              |                               |                        |                   | 1,139,773             |
|                      |                              |                               |                        |                   | 14,901                |
|                      |                              |                               |                        |                   | 4,500                 |
|                      |                              |                               | 1,836,843              |                   | 1,836,843             |
|                      |                              |                               | 6,920,438              |                   | 6,920,438             |
|                      |                              |                               | 141,624,435            |                   | 141,624,435           |
| 15,892,593           | 137,819                      |                               |                        |                   | 16,030,412            |
|                      |                              |                               | 15,407,918             |                   | 15,407,918            |
|                      |                              |                               | 14,745,648             |                   | 14,745,648            |
| <u>15,919,328</u>    | <u>2,634,595</u>             | <u>834,398</u>                | <u>180,535,282</u>     | <u>471,138</u>    | <u>244,730,816</u>    |
|                      | 59,522                       |                               |                        | 71,413            | 1,894,440             |
|                      |                              |                               |                        |                   | 1,634,010             |
|                      |                              | 248,446                       |                        | 112,760           | 758,179               |
|                      |                              |                               |                        | 278,325           | 526,771               |
|                      |                              |                               |                        |                   | 979,010               |
|                      |                              |                               |                        |                   | 2,120,014             |
|                      |                              |                               |                        | 8,640             | 34,013                |
|                      |                              |                               |                        |                   | 3,626,418             |
|                      |                              |                               |                        |                   | 5,404,217             |
|                      |                              |                               | 3,646,096              |                   | 3,646,096             |
|                      |                              |                               | 35,320,650             |                   | 35,320,650            |
| 15,000               |                              |                               |                        |                   | 249,901               |
|                      |                              |                               |                        |                   | 200,000               |
|                      | 75,397                       |                               |                        |                   | 377,448               |
| <u>15,000</u>        | <u>134,919</u>               | <u>248,446</u>                | <u>38,966,746</u>      | <u>471,138</u>    | <u>56,771,167</u>     |
|                      |                              |                               |                        |                   | 4,055,199             |
|                      | 1,228,456                    |                               |                        |                   | 17,118,022            |
| 15,904,328           | 1,271,220                    | 585,952                       |                        |                   | 28,730,146            |
|                      |                              |                               |                        |                   | (3,512,254)           |
|                      |                              |                               | 141,568,536            |                   | 141,568,536           |
| <u>15,904,328</u>    | <u>2,499,676</u>             | <u>585,952</u>                | <u>141,568,536</u>     | <u>0</u>          | <u>187,959,649</u>    |
| <u>\$ 15,919,328</u> | <u>\$ 2,634,595</u>          | <u>\$ 834,398</u>             | <u>\$ 180,535,282</u>  | <u>\$ 471,138</u> | <u>\$ 244,730,816</u> |

STATE COLLEGES IN COLORADO  
Consolidated Statement of Changes in Fund Balances  
Year Ended June 30, 2000

|  | Current Funds |            | Student<br>Loan Funds | Endowment and<br>Similiar Funds |
|--|---------------|------------|-----------------------|---------------------------------|
|  | Unrestricted  | Restricted |                       |                                 |
| Revenues and Other Additions                   |               |            |                       |                                 |
| Tuition & Fees                                 | \$ 61,784,708 |            |                       |                                 |
| State of Colorado Appropriation                | 72,866,472    | 2,272,070  |                       |                                 |
| Sales & Services of Educational Departments    | 510,520       |            |                       |                                 |
| Sales & Services of Auxiliary Enterprises      | 22,252,723    |            |                       |                                 |
| Federal Grants & Contracts                     | 141,026       | 18,954,306 | 2,657                 |                                 |
| State Grants & Contracts                       |               | 13,047,250 |                       |                                 |
| Local Grants & Contracts                       |               | 12,191     |                       |                                 |
| Private Gifts, Grants & Contracts              | 549,232       | 2,754,097  |                       |                                 |
| U. S. Government Advances                      |               |            | 384,409               |                                 |
| Investment & Interest Income                   | 1,435,384     | 8,125      | 599,632               | 3,158                           |
| Indirect Costs Recovered                       | 461,363       |            |                       |                                 |
| Expended for Plant Facilities                  |               |            |                       |                                 |
| Retirement of Indebtedness                     |               |            |                       |                                 |
| Capitalization of Asset/Debt                   |               |            |                       |                                 |
| Other Sources                                  | 3,193,823     |            | 25,157                |                                 |
| Total Revenues and Other Additions             | 163,195,251   | 37,048,039 | 1,011,855             | 3,158                           |
| Expenditures and Other Deductions              |               |            |                       |                                 |
| Instruction                                    | 64,754,596    | 6,817,247  |                       |                                 |
| Research                                       |               | 62,654     |                       |                                 |
| Public Service                                 |               | 589,653    |                       |                                 |
| Academic Support                               | 14,522,766    | 1,168,133  |                       |                                 |
| Student Services                               | 16,536,391    | 2,618,684  |                       |                                 |
| Institutional Support                          | 15,392,874    | 734,887    |                       |                                 |
| Operation of Plant                             | 12,010,131    | 179,763    |                       |                                 |
| Scholarships & Fellowships                     | 2,465,784     | 24,311,258 |                       |                                 |
| Auxiliary Enterprises Expenditures             | 29,430,761    | 307,252    |                       |                                 |
| Refunded to Grantors                           |               |            | 155,443               |                                 |
| Indirect Costs Recovered                       |               | 423,902    | 37,462                |                                 |
| Loan Cancellations & Write-offs                |               |            | 372,877               |                                 |
| Administrative and Collection Costs            |               |            | 144,868               |                                 |
| Expended for Plant Facilities                  |               |            |                       |                                 |
| Retirement of Indebtedness                     |               |            |                       |                                 |
| Interest on Indebtedness                       |               |            |                       |                                 |
| Disposal of Plant Facilities                   |               |            |                       |                                 |
| Capitalization of Asset/Debt                   |               |            |                       |                                 |
| Other Deductions                               | 320,435       | 2,195      | 136,351               |                                 |
| Total Expenditures and Other Deductions        | 155,433,738   | 37,215,628 | 847,001               | 0                               |
| Transfers Among Funds - Additions (Deductions) |               |            |                       |                                 |
| Mandatory Transfers:                           | (3,810,320)   | (70,366)   | 70,367                |                                 |
| Non-mandatory Transfers                        | (2,222,703)   | 113,639    | 43,076                | (2,200)                         |
| Total Transfers                                | (6,033,023)   | 43,273     | 113,443               | (2,200)                         |
| Net Increase (Decrease) in Fund Balance        | 1,728,488     | (124,316)  | 278,297               | 958                             |
| Fund Balance- Beginning of Year                | 10,648,823    | 785,884    | 14,031,167            | 51,855                          |
| Fund Balance- End of Year                      | \$ 12,377,311 | \$ 661,568 | \$ 14,309,464         | \$ 52,813                       |

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

*Plant Funds*

| <u>Unexpended</u> | <u>Renewals and<br/>Replacements</u> | <u>Retirement of<br/>Indebtedness</u> | <u>Investment<br/>in Plant</u> |
|-------------------|--------------------------------------|---------------------------------------|--------------------------------|
|-------------------|--------------------------------------|---------------------------------------|--------------------------------|

14,240,596      1,013,277

31,570      27,714

6,895,179  
2,021,368

|                   |                  |               |                  |
|-------------------|------------------|---------------|------------------|
| <u>14,240,596</u> | <u>1,044,847</u> | <u>27,714</u> | <u>8,916,547</u> |
|-------------------|------------------|---------------|------------------|

5,565,481      2,148,519      5,545      8,530  
2,021,367  
2,225,845      15,741  
10,477,229

|                  |                  |                  |                   |
|------------------|------------------|------------------|-------------------|
|                  |                  | 5,707            | 11,672            |
| <u>5,565,481</u> | <u>2,148,519</u> | <u>4,258,464</u> | <u>10,513,172</u> |

|                      |                     |                   |                       |
|----------------------|---------------------|-------------------|-----------------------|
|                      |                     | 3,810,320         |                       |
|                      | 1,586,702           | 481,486           |                       |
| 0                    | 1,586,702           | 4,291,806         | 0                     |
| 8,675,115            | 483,030             | 61,056            | (1,596,625)           |
| 7,229,213            | 2,016,646           | 524,896           | 143,165,161           |
| <u>\$ 15,904,328</u> | <u>\$ 2,499,676</u> | <u>\$ 585,952</u> | <u>\$ 141,568,536</u> |





**STATE COLLEGES IN COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2000**

**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 a 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 2000.

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.

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 Current Unrestricted 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, Mesa State College, Metropolitan State College of Denver, Western State College, The Office of State Colleges and the Western Colorado Graduate Center follow the policy of capitalizing only those plant assets with an initial cost or fair value equal to or greater than \$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 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 that owned such assets.

### **Description of Funds**

**Current Operating Funds.** The current operating funds are used primarily to account for transactions that 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 that 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.

**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 that 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 that 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 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, 2000, the State Colleges had \$19,594,936 on deposit with the State Treasurer. The difference between the State Colleges' balance and the amount on deposit with the State Treasurer is due to deposits in transit to the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

The State Colleges deposit cash with the Colorado State Treasurer as required by Colorado Revised Statutes. The State Treasurer pools these deposits and invests them in securities approved by 24-75-601.1 C.R.S. The State Colleges report their share of the Treasurer's unrealized gains and losses based on their 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, 2000. 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. The unrealized losses included in "Investment Income" reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's Pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

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

|                         |                    |
|-------------------------|--------------------|
| Cash on Hand            | \$ 167,769         |
| Checking Accounts       | 2,575,449          |
| Certificates of Deposit | <u>1,271,839</u>   |
|                         | <u>\$4,015,057</u> |

The carrying amount of the State Colleges' cash on deposit was \$3,847,288 and the bank balance was \$8,698,200. Of this bank balance, \$1,059,834 was covered by Federal Note Depository Insurance or by collateral held by the institution's agent in the institution's name and \$7,638,366 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 Colleges' investments at June 30, 2000 by risk category described below, is as follows:

|                             | <i>Risk Categories</i> |          | Book Value       | Market Value     |
|-----------------------------|------------------------|----------|------------------|------------------|
|                             | <i>A</i>               | <i>B</i> |                  |                  |
| U.S. Government Securities  | \$190,634              | \$0      | \$190,634        | \$191,590        |
| Repurchase Agreements       | 213,464                |          | 213,464          | 213,464          |
| Investments in Mutual Funds | 317,858                |          | <u>317,858</u>   | <u>317,858</u>   |
| Total Investments           |                        |          | <u>\$721,956</u> | <u>\$722,912</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, 2000, accounts receivable were as follows:

|                        | <u>Adams</u>       | <u>Mesa</u>        | <u>MSCD</u>        | <u>Western</u>     | <u>OSC</u>     | <u>WCGC</u> | <u>Total</u>        |
|------------------------|--------------------|--------------------|--------------------|--------------------|----------------|-------------|---------------------|
| <u>Accts Rec</u>       | \$754,822          | \$959,907          | \$4,703,841        | \$ 460,568         | \$3,712        | \$0         | \$6,882,850         |
| <u>Less Allow</u>      |                    |                    |                    |                    |                |             |                     |
| <u>Doubt Acct</u>      | <u>150,440</u>     | <u>232,078</u>     | <u>710,317</u>     | <u>123,372</u>     | <u>-</u>       | <u>-</u>    | <u>1,216,207</u>    |
| <u>Net Acct Rec</u>    | <u>\$ 604,382</u>  | <u>\$727,829</u>   | <u>\$3,993,524</u> | <u>\$ 337,196</u>  | <u>\$3,712</u> | <u>\$ 0</u> | <u>\$ 5,666,643</u> |
| <br><i>Loan Funds:</i> |                    |                    |                    |                    |                |             |                     |
| <u>Loans Rec</u>       | \$1,370,506        | \$1,111,411        | \$10,569,620       | \$2,222,377        | -              | -           | \$15,273,914        |
| <u>Less Allow</u>      |                    |                    |                    |                    |                |             |                     |
| <u>Doubt Acct</u>      | <u>209,095</u>     | <u>70,103</u>      | <u>1,379,246</u>   | <u>516,880</u>     | <u>-</u>       | <u>-</u>    | <u>2,175,324</u>    |
| <u>Net Loans Rec</u>   | <u>\$1,161,411</u> | <u>\$1,041,308</u> | <u>\$9,190,374</u> | <u>\$1,705,497</u> |                |             | <u>\$13,098,590</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 \$1,144,242. This lease consisted of two purchase agreements. Phase I agreement requires monthly payments of \$4,527 for ten years with an interest rate of 6.75%. Phase II agreement, which went into effect July 1, 1999, requires monthly payments of \$8,612 for ten years with an interest rate of 6.75%.

Principal and interest requirements to maturity are as follows:

|                                   |                   |
|-----------------------------------|-------------------|
| <u>Year Ending June 30</u>        |                   |
| 2001                              | 157,664           |
| 2002                              | 157,664           |
| 2003                              | 157,664           |
| 2004                              | 157,664           |
| 2005                              | 157,664           |
| 2006 – 2008                       | <u>409,614</u>    |
|                                   | 1,197,934         |
| Less amount representing interest | <u>-263,767</u>   |
| Principal outstanding             | <u>\$ 934,167</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:

Year Ending June 30

|                                     |                  |
|-------------------------------------|------------------|
| 2001                                | 83,297           |
| 2002                                | 83,297           |
| 2003                                | 83,297           |
| 2004                                | 83,297           |
| 2005                                | <u>41,649</u>    |
| Total principal & interest payments | 374,837          |
| Less amount representing interest   | <u>43,388</u>    |
| Principal outstanding               | <u>\$331,449</u> |

**Metropolitan State College of Denver**

MSCD leases building space and equipment under operating lease agreements. Rental expense for the year ended June 30, 2000 under these agreements was \$604,901. Minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

Year Ending June 30

|                |                    |
|----------------|--------------------|
| 2001           | 514,422            |
| 2002           | 439,419            |
| 2003           | 325,797            |
| 2004           | 281,654            |
| 2005 and later | <u>33,218</u>      |
| Total          | <u>\$1,594,510</u> |

MSCD has a sub-lease rental agreement for three more years totaling \$304,968. Payments made in FY 00 totaled \$150,004.

**Western State College**

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 year and includes interest at 5.897%. Title to the equipment passed to the college at the beginning of the lease term.

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

Year Ending June 30

|                                   |                    |
|-----------------------------------|--------------------|
| 2001                              | 446,200            |
| 2002                              | 446,200            |
| 2003                              | 446,200            |
| 2004                              | 446,200            |
| 2005                              | 446,200            |
| 2006 - 2007                       | <u>669,300</u>     |
| Total principal & interest        | 2,900,300          |
| Less amount representing interest | <u>-519,820</u>    |
| Principal outstanding             | <u>\$2,380,480</u> |

**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 \$6,233 and \$7,452 per month. Following is a schedule of future minimum lease payments.

**Year Ending June 30**

|                            |                  |
|----------------------------|------------------|
| 2001                       | 78,158           |
| 2002                       | 83,245           |
| 2003                       | 14,021           |
| Net minimum lease payments | <u>\$175,424</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, the cafeteria, apartment buildings, and the 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 was 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 was met. As of June 30, 2000, the College had a Repair and Replacement Reserve balance of \$546,220.

Principal and interest requirements to maturity are as follows:

**Year Ending June 30**

|                                   |                     |
|-----------------------------------|---------------------|
| 2001                              | 1,185,437           |
| 2002                              | 1,101,877           |
| 2003                              | 1,010,553           |
| 2004                              | 931,803             |
| 2005                              | 940,383             |
| 2006 – 2019                       | <u>12,164,755</u>   |
|                                   | 17,334,808          |
| Less Discount & Issue Costs       | <u>-320,544</u>     |
| Less Amount Representing Interest | <u>-6,614,808</u>   |
| Principal Outstanding             | <u>\$10,399,456</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 4.6% to 5.75%. Final payments are due November, 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 \$508,200 to \$514,115, including interest at 4.65% 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, 2000:

|   | <u>Auxiliary Facilities System</u> |                    |
|---|------------------------------------|--------------------|
|   | <u>Revenue Bonds</u>               |                    |
|   | <u>1994B</u>                       | <u>1996A</u>       |
| 2001                                      | 827,896                            | 514,275            |
| 2002                                      | 828,936                            | 513,740            |
| 2003                                      | 823,705                            | 517,490            |
| 2004                                      | 827,205                            | 515,250            |
| 2005                                      | 824,000                            | 510,250            |
| 2006-2010                                 | 3,024,250                          | 2,540,638          |
| 2011-2015                                 | 3,055,430                          | 2,529,793          |
| 2016-2020                                 | <u>2,352,737</u>                   | <u>508,200</u>     |
| Subtotals                                 | 12,564,159                         | 8,149,636          |
| Less: interest included above             | <u>-4,684,159</u>                  | <u>-2,924,636</u>  |
| Total Principal Outstanding               | 7,880,000                          | 5,225,000          |
| Less: unamortized discount and issue cost | <u>-236,179</u>                    | <u>-102,626</u>    |
| Bonds Payable                             | <u>\$7,643,821</u>                 | <u>\$5,122,374</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, 2000 is as follows:

|                            |                  |
|----------------------------|------------------|
| Retirement of Indebtedness | <u>\$396,854</u> |
| Renewal and Replacement    | <u>\$655,094</u> |



Principal and interest requirements to maturity are as follows:

| <u>Year Ending June 30</u>   |                     |
|------------------------------|---------------------|
| 2001                         | 1,210,954           |
| 2002                         | 1,214,554           |
| 2003                         | 1,216,279           |
| 2004                         | 1,210,779           |
| 2005                         | 1,213,394           |
| 2006 – 2010                  | 6,071,948           |
| 2011 - 2015                  | <u>6,073,093</u>    |
| Total Principal and Interest | 18,211,001          |
| Less Interest                | <u>-6,056,001</u>   |
| Total Principal Outstanding  | <u>\$12,155,000</u> |

#### **NOTE 6: EXTINGUISHMENT OF DEBT**

##### **Adams State College**

In 1991, Adams defeased its outstanding Series 1972, Adams State College Center Revenue Bonds totaling \$1,345,000, with an average interest rate of 5.6% by placing the proceeds of certificates of participation, Series 1991 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the college's financial statements. As of June 30, 2000 \$410,000 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, 2000 \$360,000 of the Certificates of Participation outstanding are 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, 2000, \$11,380,000 of bonds outstanding is considered defeased.

#### **NOTE 7: COLLEGE FOUNDATIONS**

Foundations in the State Colleges are unconsolidated nonprofit corporations formed to provide financial assistance to college students and to otherwise assist the colleges in serving educational needs. The foundations engage in activities that may be beyond the scope of the Board of Trustees. Their financial records are maintained separately from the colleges' financial accounting systems. As of June 30, 2000, the foundations' unaudited summarized balance sheets and statements of revenues and expenses for Mesa and Western are shown below. Adams State College and Metropolitan State College do not have access to FY 2000 figures at this time.

|                                 | <u>Adams - 1999</u> | <u>Mesa - 2000</u> | <u>MSCD - 1999</u> | <u>Western - 2000</u> |
|---------------------------------|---------------------|--------------------|--------------------|-----------------------|
| Assets                          | \$6,923,569         | \$9,663,234        | \$5,780,048        | \$7,668,692           |
| Liabilities                     |                     | <u>341,292</u>     | <u>238,668</u>     | <u>211,343</u>        |
| Fund Balance                    | \$6,923,569         | <u>9,321,942</u>   | <u>5,541,380</u>   | <u>7,457,349</u>      |
| Revenue                         | 818,003             | 2,480,379          | 2,996,524          | 2,090,993             |
| Expenses                        | -549,026            | -1,731,089         | -2,009,060         | -1,283,245            |
| Unrealized<br>Appreciation/loss |                     |                    |                    |                       |
| On Investments                  | <u>158,528</u>      | <u>42,785</u>      | <u>-336,532</u>    |                       |
| Excess of Revenue               | \$ <u>427,505</u>   | \$ <u>792,075</u>  | \$ <u>650,932</u>  | \$ 807,748            |

During the year ended June 30, 2000, Adams State College received funds totaling \$320,869 from the Foundation for special projects, library materials, scholarships and grants-in-aid.

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, 2000, consisting primarily of loans receivable, are held by the College and represent a payable to the Foundation of \$200,000.

#### **NOTE 8: CONTINGENT LIABILITIES**

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

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 9: COMPENSATED ABSENCES FOR ANNUAL AND SICK LEAVE**

Employees may accrue annual and sick leave based on length of service and subject to certain limitations regarding the amount which will be paid upon termination. Estimated costs of compensated absences for which employees are vested for the year ended June 30, 2000 is estimated at \$3,626,417. Current expenses include a decrease of \$5,445 for the estimated compensated absence liability. Recording the liability may result in fund balance deficits which will be funded by the state appropriation, federal funds, or other fund sources available in future years when the liability is paid.

#### **NOTE 10: PENSION PLAN OBLIGATION**

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 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. The colleges' contribution to the ORP is 11.4% of covered payroll and contributions by employees is 8% of covered payroll.

Contributions to the ORP are similar to PERA contributions for covered payroll. The State Colleges' system contributions to the ORP for the fiscal years ending June 30, 2000, 1999, and 1998 were \$3,838,546, \$3,598,233 and \$3,350,095 respectively. These contributions were equal to the required contributions for each year, or 11.5% of covered payroll for 1998 and 11.4% of covered payroll in the fiscal year ending June 30, 1999 and June 30, 2000. All ORP contributions are immediately vested in the employee's account. "Normal Retirement Age" for the ORP has been established as 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.

Some exempt employees of the State Colleges elected to continue as members with the Public Employee's Retirement Association of Colorado (PERA), the remainder participate in the ORP.

#### **A. PERA PLAN DESCRIPTION**

The PERA 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 require 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 50 with 30 years of service, age 60 with 20 years of service or at age 65 with 5 years of service. House Bill 00-1458, passed in the 2000 legislative session, changed the retirement eligibility of some state workers. Members who are 55 years of age or older and retiring June 1, 2000, or later, with age plus years of service totaling 80 or more, may retire without a reduction for early retirement. The reduction for early retirement for some members with age plus years of service totaling less than 80 was also lowered. In addition, beginning March 1, 2000, the annual increase for PERA benefits will be 3.5% compounded annually, and it will no longer be tied to the Consumer Price Index. Currently, the increase is the lower of the actual rate of inflation or a cumulative annual rate of 3.5% since retirement.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest annual salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credits. Service retirement benefits are at 2.5% of HAS for each year of service credit. The benefit is limited to 100% (40 years) and cannot exceed the maximum amount allowed by federal law.

Reduced service retirement benefits are available at the following age and years of service; 50-25, 55-20, and 60-5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from .25 to .5, depending on age and years of service, for each month before the eligible date for the full service retirement.

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 of their annual gross covered wages to an individual account in the plan. The state contributes 10.3 percent 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, less the portion reserved for the Health Care Fund, for the fiscal years ending June 30, 2000, 1999, and 1998, were \$5,249,160, \$5,325,050, and \$5,331,601 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 24-54.6-101, Colorado Revised Statutes (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 percent contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan, for the State College System was \$1,163,842. Employee contributions were 7.5 percent of covered payroll.

## **NOTE 11: 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 1999, 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 1.1 percent of covered salary. During Fiscal Year 1999-2000, the State College System paid \$560,043 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 1998 there were approximately 38,265 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 12: CAMPUS SHARED CONTROLLED COSTS**

Legislation enacted in 1974 established the Auraria Higher Education Center (AHEC) and included MSCD as one of the constituent institutions, along with the Community College of Denver, and the University of Colorado at Denver. Each institution operates independently as an educational institution responsible to its own governing board while sharing common operations.

For the purpose of total financial disclosure and instruction, such intercampus costs must be considered. MSCD's portion of campus-shared costs for the Auraria Campus is as follows:

|  | Year Ended June 30, 2000 |
|--|--------------------------|
| Administration of AHEC, plant operations | \$7,059,813              |
| Library and media center                 | 3,431,923                |
| Total                                    | <u>\$10,491,736</u>      |

#### **NOTE 13: CAPITAL CONSTRUCTION**

Unexpended capital construction state appropriations as of June 30, 2000 are as follows:

|                          |                    |
|--------------------------|--------------------|
| Adams State College      | \$4,477,035        |
| Mesa State College       | 714,620            |
| Western State College    | 2,407,556          |
| Office of State Colleges | 0                  |
| Total                    | <u>\$7,599,211</u> |

#### **NOTE 14: SALE OF TRUSTEE PROPERTY**

From the sale of real property owned by the Trustees of the State Colleges, \$127,037 was realized. Pursuant to House Bill 87-1234 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. Interest earned from June 1999 through May 2000 (\$7,511) was transferred to Metropolitan State College of Denver to advance and enrich undergraduate education.

#### **NOTE 15: HOUSE BILL 85-1187 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 2000-2001.

#### **NOTE 16: 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 Appropriations 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.

#### **NOTE 17: 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 revenue sources.

For the year ended June 30, 2000, the Trustees of the State Colleges had a total appropriation of \$132,073,417. Actual appropriated revenues earned totaled \$129,109,815. Actual appropriated expenditures and transfers totaled \$126,186,718.

##### **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 Long 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.

---

**SUPPLEMENTAL INFORMATION  
COMBINING FINANCIAL STATEMENTS**

---

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

| Unrestricted Funds                    |                     |                     |                     |                     |                     |                      |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| <u>ASSETS</u>                         |                     |                     |                     |                     |                     |                      |
|                                       | Adams               | Mesa                | MSCD                | Western             | OSC                 | WCGC                 |
|                                       |                     |                     |                     |                     |                     | Total                |
| Cash and Short-Term Investments       | \$ 1,267,160        | \$ 100,861          | \$ 834,590          | \$ 298,129          | \$ 100              | \$ 2,500,840         |
| Cash With State Treasurer (Note 2)    | 3,945,882           | 1,324,275           | 5,988,412           | 1,549,412           | 2,726,993           | 15,579,758           |
| Investments                           |                     |                     | 190,634             |                     |                     | 190,634              |
| Accounts Receivable (Note 3)          | 478,056             | 695,277             | 2,624,233           | 268,953             | 3,712               | 4,070,231            |
| Loans Receivable                      |                     |                     | 196,759             |                     |                     | 196,759              |
| Interest Receivable                   |                     | 511                 |                     |                     |                     | 511                  |
| Inventories                           | 449,431             | 527,260             |                     | 368,484             |                     | 1,345,175            |
| Prepaid Expenses                      | 102,707             | 113,682             | 87,774              | 155,341             | 6,635               | 466,139              |
| Deferred Charges                      |                     | 10,855              |                     |                     |                     | 10,855               |
| Due from Other Funds                  |                     | 294,575             |                     |                     |                     | 294,575              |
| Other Assets                          |                     |                     | 267                 |                     |                     | 267                  |
| Total Assets                          | <u>6,243,236</u>    | <u>3,067,296</u>    | <u>9,922,669</u>    | <u>2,640,319</u>    | <u>2,737,440</u>    | <u>24,655,744</u>    |
| <u>LIABILITIES</u>                    |                     |                     |                     |                     |                     |                      |
| Accounts Payable                      | 471,183             | 119,613             | 187,654             | 432,019             | 228,182             | 1,449,950            |
| Accrued Payroll                       | 613,483             | 151,928             | (1)                 | 294,313             |                     | 1,059,723            |
| Student Deposits                      | 108,578             | 142,283             | 66,832              | 143,729             |                     | 461,422              |
| Due to Other Agencies                 |                     |                     | 25,373              |                     |                     | 25,373               |
| Accrued Compensated Absence Liability | 703,573             | 693,604             | 1,597,773           | 518,336             | 105,473             | 3,626,418            |
| Deferred Revenue                      | 770,107             | 532,238             | 3,458,953           | 620,908             |                     | 5,382,206            |
| Due to Other Funds                    |                     | 115,000             |                     |                     |                     | 115,000              |
| Other Liabilities                     | 158,340             |                     |                     |                     |                     | 158,340              |
| Total Liabilities                     | <u>2,825,264</u>    | <u>1,754,666</u>    | <u>5,336,584</u>    | <u>2,009,305</u>    | <u>333,655</u>      | <u>12,278,432</u>    |
| <u>FUND BALANCE</u>                   |                     |                     |                     |                     |                     |                      |
| Unrestricted                          | 4,121,545           | 1,892,070           | 6,183,858           | 1,149,350           | 2,509,258           | 15,889,566           |
| Designated for Compensated Absences   | (703,573)           | (579,440)           | (1,597,773)         | (518,336)           | (105,473)           | (3,512,254)          |
| Total Fund Balance                    | <u>3,417,972</u>    | <u>1,312,630</u>    | <u>4,586,085</u>    | <u>631,014</u>      | <u>2,403,785</u>    | <u>12,377,312</u>    |
| Total Liabilities and Fund Balance    | <u>\$ 6,243,236</u> | <u>\$ 3,067,296</u> | <u>\$ 9,922,669</u> | <u>\$ 2,640,319</u> | <u>\$ 2,737,440</u> | <u>\$ 24,655,744</u> |

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



State Colleges in Colorado

Combining Balance Sheet

June 30, 2000

Restricted Funds

ASSETS

|                                    | Adams    | Mesa    | MSCD      | Western | OSC     | WCGC | Total     |
|------------------------------------|----------|---------|-----------|---------|---------|------|-----------|
| Cash                               | \$ 4,187 |         | \$ 500    |         |         |      | \$ 4,687  |
| Cash With State Treasurer (Note 2) | 138,323  | 16,002  | 1,784,988 | 70,926  | 134,548 |      | 2,144,787 |
| Accounts Receivable (Note 3)       | 126,326  | 32,552  | 1,369,292 | 68,243  |         |      | 1,596,413 |
| Prepaid Expenses                   |          | 534     | 11,577    | 458     |         |      | 12,569    |
| Due from Other Funds               |          | 11,713  |           |         |         |      | 11,713    |
| Receivables - Intergovernmental    |          | 225,876 |           |         |         |      | 225,876   |
| Due from State Agencies            | 27,381   |         | 1,112,392 |         |         |      | 1,139,773 |
| Total Assets                       | 296,217  | 286,677 | 4,278,749 | 139,627 | 134,548 | 0    | 5,135,818 |

LIABILITIES

|                                     |         |         |           |        |       |   |           |
|-------------------------------------|---------|---------|-----------|--------|-------|---|-----------|
| Accounts Payable                    | 97,799  | 1,496   | 150,575   | 55,898 | 7,511 |   | 313,279   |
| Accrued Payroll                     |         | 55,879  | 518,408   |        |       |   | 574,287   |
| Student Deposits                    |         |         | 201,561   | 686    |       |   | 202,247   |
| Deposits Held in Custody for Others |         |         | 979,010   |        |       |   | 979,010   |
| Due to State Treasurer              |         |         | 2,120,014 |        |       |   | 2,120,014 |
| Deferred Revenue                    |         | 22,011  |           |        |       |   | 22,011    |
| Due to Other Funds                  |         | 119,901 |           |        |       |   | 119,901   |
| Other Liabilities                   | 143,501 |         |           |        |       |   | 143,501   |
| Total Liabilities                   | 241,300 | 199,287 | 3,969,568 | 56,584 | 7,511 | 0 | 4,474,250 |

FUND BALANCE

|                                    |            |            |              |            |            |      |              |
|------------------------------------|------------|------------|--------------|------------|------------|------|--------------|
| Restricted                         | 54,917     | 87,390     | 309,181      | 83,043     | 127,037    |      | 661,568      |
| Total Fund Balance                 | 54,917     | 87,390     | 309,181      | 83,043     | 127,037    | 0    | 661,568      |
| Total Liabilities and Fund Balance | \$ 296,217 | \$ 286,677 | \$ 4,278,749 | \$ 139,627 | \$ 134,548 | \$ 0 | \$ 5,135,818 |

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

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Student Loan Funds

ASSETS

|                                    | Adams            | Mesa             | MSCD             | Western          | OSC      | WCGC     | Total             |
|------------------------------------|------------------|------------------|------------------|------------------|----------|----------|-------------------|
| Cash                               | \$ 98,562        | \$ 326,052       |                  |                  |          |          | \$ 424,614        |
| Cash With State Treasurer (Note 2) | 55,880           |                  | 408,739          | 655,242          |          |          | 1,119,861         |
| Accounts Receivable (Note 3)       |                  |                  |                  | 15,486           |          |          | 15,486            |
| Loan Receivable (Note 3)           | 1,161,411        | 1,041,308        | 8,993,615        | 1,705,497        |          |          | 12,901,831        |
| Interest Receivable                |                  |                  |                  | 10,507           |          |          | 10,507            |
| Due from Federal Government        | 14,901           |                  |                  |                  |          |          | 14,901            |
| Other Assets                       | 4,500            |                  |                  |                  |          |          | 4,500             |
| Total Assets                       | <u>1,335,254</u> | <u>1,367,360</u> | <u>9,402,354</u> | <u>2,386,732</u> | <u>0</u> | <u>0</u> | <u>14,491,700</u> |

LIABILITIES

|                                      |            |                |                 |          |          |          |                |
|--------------------------------------|------------|----------------|-----------------|----------|----------|----------|----------------|
| Accounts Payable                     | 276        |                |                 |          |          |          | 276            |
| Student Deposits                     |            |                | (18,250)        |          |          |          | (18,250)       |
| Due to Mesa State College Foundation |            | 200,000        |                 |          |          |          | 200,000        |
| Other Liabilities                    | 210        |                |                 |          |          |          | 210            |
| Total Liabilities                    | <u>486</u> | <u>200,000</u> | <u>(18,250)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>182,236</u> |

FUND BALANCE

|                                    |                     |                     |                     |                     |             |             |                      |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------|-------------|----------------------|
| U.S. Government Grants Refundable  | 809,300             | 1,041,930           |                     | 2,203,969           |             |             | 4,055,199            |
| Restricted                         | 525,468             | 125,430             | 9,420,604           | 182,763             |             |             | 10,254,265           |
| Total Fund Balance                 | <u>1,334,768</u>    | <u>1,167,360</u>    | <u>9,420,604</u>    | <u>2,386,732</u>    | <u>0</u>    | <u>0</u>    | <u>14,309,464</u>    |
| Total Liabilities and Fund Balance | <u>\$ 1,335,254</u> | <u>\$ 1,367,360</u> | <u>\$ 9,402,354</u> | <u>\$ 2,386,732</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 14,491,700</u> |

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

State Colleges in Colorado

Combining Balance Sheet

June 30, 2000

Endowment and Similar Funds

ASSETS

Cash  
Total Assets

|           | Adams | Mesa | MSCD | Western | OSC | WCGC | Total     |
|-----------|-------|------|------|---------|-----|------|-----------|
| \$ 52,813 |       |      |      |         |     |      | \$ 52,813 |
| 52,813    | 0     | 0    | 0    | 0       | 0   | 0    | 52,813    |

LIABILITIES

Total Liabilities

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|---|---|---|---|---|---|---|---|

FUND BALANCE

Restricted  
Total Fund Balance

|        |   |   |   |   |   |   |        |
|--------|---|---|---|---|---|---|--------|
| 52,813 |   |   |   |   |   |   | 52,813 |
| 52,813 | 0 | 0 | 0 | 0 | 0 | 0 | 52,813 |

Total Liabilities and Fund Balance

|           |      |      |      |      |      |      |           |
|-----------|------|------|------|------|------|------|-----------|
| \$ 52,813 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 52,813 |
|-----------|------|------|------|------|------|------|-----------|

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

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Unexpended Plant Funds

ASSETS

|                                    | Adams            | Mesa           | MSCD     | Western          | OSC      | WCGC     | Total             |
|------------------------------------|------------------|----------------|----------|------------------|----------|----------|-------------------|
| Cash With State Treasurer (Note 2) |                  | \$ 3,318       |          |                  |          |          | \$ 3,318          |
| Accounts Receivable (Note 3)       |                  | 23,417         |          |                  |          |          | 23,417            |
| Construction in Progress           | \$ 6,297,191     | 528,359        |          | \$ 9,067,043     |          |          | 15,892,593        |
| Total Assets                       | <u>6,297,191</u> | <u>555,094</u> | <u>0</u> | <u>9,067,043</u> | <u>0</u> | <u>0</u> | <u>15,919,328</u> |

LIABILITIES

|                    |          |               |          |          |          |          |               |
|--------------------|----------|---------------|----------|----------|----------|----------|---------------|
| Due to Other Funds | 15,000   |               |          |          |          |          | 15,000        |
| Total Liabilities  | <u>0</u> | <u>15,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>15,000</u> |

FUND BALANCE

|                                    |                     |                   |             |                     |             |             |                      |
|------------------------------------|---------------------|-------------------|-------------|---------------------|-------------|-------------|----------------------|
| Restricted                         | 6,297,191           | 540,094           |             | 9,067,043           |             |             | 15,904,328           |
| Total Fund Balance                 | <u>6,297,191</u>    | <u>540,094</u>    | <u>0</u>    | <u>9,067,043</u>    | <u>0</u>    | <u>0</u>    | <u>15,904,328</u>    |
| Total Liabilities and Fund Balance | <u>\$ 6,297,191</u> | <u>\$ 555,094</u> | <u>\$ 0</u> | <u>\$ 9,067,043</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 15,919,328</u> |

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



State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Renewal and Replacement Funds

ASSETS

|                                    | Adams      | Mesa      | MSCD | Western | OSC | WCGC | Total      |
|------------------------------------|------------|-----------|------|---------|-----|------|------------|
| Cash                               | \$ 491,543 |           |      |         |     |      | \$ 491,543 |
| Cash With State Treasurer (Note 2) | 145,985    | 1,173,657 |      | 677,808 |     |      | 1,997,450  |
| Accounts Receivable, net           |            |           |      | 7,783   |     |      | 7,783      |
| Investments                        |            |           |      |         |     |      | 0          |
| Construction in Progress           |            | 137,819   |      |         |     |      | 137,819    |
| Total Assets                       | 637,528    | 1,311,476 | 0    | 685,591 | 0   | 0    | 2,634,595  |

LIABILITIES

|                   |        |        |   |        |   |   |         |
|-------------------|--------|--------|---|--------|---|---|---------|
| Accounts Payable  | 15,911 | 13,093 |   | 30,518 |   |   | 59,522  |
| Other Liabilities | 75,397 |        |   |        |   |   | 75,397  |
| Total Liabilities | 91,308 | 13,093 | 0 | 30,518 | 0 | 0 | 134,919 |

FUND BALANCE

|                                    |            |              |      |            |      |      |              |
|------------------------------------|------------|--------------|------|------------|------|------|--------------|
| Unrestricted                       |            | 973,383      |      | 255,073    |      |      | 1,228,456    |
| Restricted                         | 546,220    | 325,000      |      | 400,000    |      |      | 1,271,220    |
| Total Fund Balance                 | 546,220    | 1,298,383    | 0    | 655,073    | 0    | 0    | 2,499,676    |
| Total Liabilities and Fund Balance | \$ 637,528 | \$ 1,311,476 | \$ 0 | \$ 685,591 | \$ 0 | \$ 0 | \$ 2,634,595 |

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

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Retirement of Indebtedness Funds

ASSETS

|                                    | Adams          | Mesa           | MSCD     | Western        | OSC      | WCGC     | Total          |
|------------------------------------|----------------|----------------|----------|----------------|----------|----------|----------------|
| Cash                               | \$ 111,818     |                |          |                |          |          | \$ 111,818     |
| Cash With State Treasurer (Note 2) | 329            | \$ 242,778     |          | 157,717        |          |          | 400,824        |
| Accounts Receivable, net           |                |                |          | 2,342          |          |          | 2,342          |
| Investments                        |                |                |          | 317,858        |          |          | 317,858        |
| Interest Receivable                |                |                |          | 1,556          |          |          | 1,556          |
| Total Assets                       | <u>112,147</u> | <u>242,778</u> | <u>0</u> | <u>479,473</u> | <u>0</u> | <u>0</u> | <u>834,398</u> |

LIABILITIES

|                                    |                   |                   |             |                   |             |             |                   |
|------------------------------------|-------------------|-------------------|-------------|-------------------|-------------|-------------|-------------------|
| Accounts Payable                   |                   |                   |             |                   |             |             | 0                 |
| Accrued Interest                   | 73,805            | 92,022            |             | 82,619            |             |             | 248,446           |
| Total Liabilities                  | <u>73,805</u>     | <u>92,022</u>     | <u>0</u>    | <u>82,619</u>     | <u>0</u>    | <u>0</u>    | <u>248,446</u>    |
| <u>FUND BALANCE</u>                |                   |                   |             |                   |             |             |                   |
| Restricted                         | 38,342            | 150,756           |             | 396,854           |             |             | 585,952           |
| Total Fund Balance                 | <u>38,342</u>     | <u>150,756</u>    | <u>0</u>    | <u>396,854</u>    | <u>0</u>    | <u>0</u>    | <u>585,952</u>    |
| Total Liabilities and Fund Balance | <u>\$ 112,147</u> | <u>\$ 242,778</u> | <u>\$ 0</u> | <u>\$ 479,473</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 834,398</u> |

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

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Investment in Plant Funds

ASSETS

|                   | Adams               | Mesa                | MSCD               | Western             | OSC             | WCGC            | Total                |
|-------------------|---------------------|---------------------|--------------------|---------------------|-----------------|-----------------|----------------------|
| Land              | \$ 170,210          | \$ 971,217          |                    | \$ 695,416          |                 |                 | \$ 1,836,843         |
| Land Improvements | 3,806,191           | 1,210,164           |                    | 1,904,083           |                 |                 | 6,920,438            |
| Buildings         | 46,761,434          | 52,128,969          |                    | 42,734,032          |                 |                 | 141,624,435          |
| Equipment         | 2,613,909           | 4,901,549           | 6,021,827          | 1,836,435           | 22,715          | 11,483          | 15,407,918           |
| Library Books     | 3,509,503           | 7,062,479           |                    | 4,173,666           |                 |                 | 14,745,648           |
| Total Assets      | <u>\$56,861,247</u> | <u>\$66,274,378</u> | <u>\$6,021,827</u> | <u>\$51,343,632</u> | <u>\$22,715</u> | <u>\$11,483</u> | <u>\$180,535,282</u> |

LIABILITIES

|                           |                   |                   |          |                   |          |          |                   |
|---------------------------|-------------------|-------------------|----------|-------------------|----------|----------|-------------------|
| Capital Lease Obligations | 934,167           | 331,449           |          | 2,380,480         |          |          | 3,646,096         |
| Bonds Payable             | 10,399,456        | 12,766,194        |          | 12,155,000        |          |          | 35,320,650        |
| Total Liabilities         | <u>11,333,623</u> | <u>13,097,643</u> | <u>0</u> | <u>14,535,480</u> | <u>0</u> | <u>0</u> | <u>38,966,746</u> |

FUND BALANCE

|                                    |                     |                     |                     |                      |                  |                  |                       |
|------------------------------------|---------------------|---------------------|---------------------|----------------------|------------------|------------------|-----------------------|
| Net Investment in Plant            | 45,527,624          | 53,176,735          | 6,021,827           | 36,808,152           | 22,715           | 11,483           | 141,568,536           |
| Total Fund Balance                 | <u>45,527,624</u>   | <u>53,176,735</u>   | <u>6,021,827</u>    | <u>36,808,152</u>    | <u>22,715</u>    | <u>11,483</u>    | <u>141,568,536</u>    |
| Total Liabilities and Fund Balance | <u>\$56,861,247</u> | <u>\$66,274,378</u> | <u>\$ 6,021,827</u> | <u>\$ 51,343,632</u> | <u>\$ 22,715</u> | <u>\$ 11,483</u> | <u>\$ 180,535,282</u> |

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

State Colleges in Colorado  
Combining Balance Sheet  
June 30, 2000

Agency Funds

ASSETS

|                                    | Adams          | Mesa           | MSCD     | Western  | OSC      | WCGC     | Total          |
|------------------------------------|----------------|----------------|----------|----------|----------|----------|----------------|
| Cash With State Treasurer (Note 2) | \$ 358,378     | \$ 110,573     |          |          |          |          | \$ 468,951     |
| Accounts Receivable (Note 3)       |                | 1,229          |          |          |          |          | 1,229          |
| Prepaid Expenses                   |                | 958            |          |          |          |          | 958            |
| Total Assets                       | <u>358,378</u> | <u>112,760</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>471,138</u> |

LIABILITIES

|                                     |                |                |          |          |          |          |                |
|-------------------------------------|----------------|----------------|----------|----------|----------|----------|----------------|
| Accounts Payable                    | 71,413         |                |          |          |          |          | 71,413         |
| Student Deposits                    |                | 112,760        |          |          |          |          | 112,760        |
| Deposits Held in Custody for Others | 278,325        |                |          |          |          |          | 278,325        |
| Other Liabilities                   | 8,640          |                |          |          |          |          | 8,640          |
| Total Liabilities                   | <u>358,378</u> | <u>112,760</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>471,138</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>\$ 358,378</u> | <u>\$ 112,760</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 471,138</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, 2000

| Unrestricted Funds                             | Adams        | Mesa          | MSCD          | Western      | OSC          | WCGC      | Total         |
|--|--------------|---------------|---------------|--------------|--------------|-----------|---------------|
| Revenues and Other Additions                   |              |               |               |              |              |           |               |
| Tuition & Fees                                 | \$ 6,726,871 | \$ 11,221,328 | \$ 34,659,292 | \$ 9,170,437 |              | \$ 6,780  | \$ 61,784,708 |
| State of Colorado Appropriation                | 10,019,617   | 14,837,204    | 39,540,438    | 6,502,050    | 1,851,546    | 115,617   | 72,866,472    |
| Sales & Services of Educational Departments    |              | 113,970       | 396,550       |              |              |           | 510,520       |
| Sales & Services of Auxiliary Enterprises      | 6,021,392    | 6,969,391     | 2,351,108     | 6,910,832    |              |           | 22,252,723    |
| Federal Grants & Contracts                     |              |               | 141,026       |              |              |           | 141,026       |
| Private Gifts, Grants & Contracts              | 82,731       | 352,634       |               | 113,867      |              |           | 549,232       |
| Investment & Interest Income                   |              | 140,451       |               |              | 1,294,933    |           | 1,435,384     |
| Indirect Costs Recovered                       | 104,051      | 59,622        | 260,890       | 36,800       |              |           | 461,363       |
| Other Sources                                  | 314,205      | 211,408       | 2,036,472     | 626,488      | 2,250        | 3,000     | 3,193,823     |
| Total Revenues and Other Additions             | 23,268,867   | 33,906,008    | 79,385,776    | 23,360,474   | 3,148,729    | 125,397   | 163,195,251   |
| Expenditures and Other Deductions              |              |               |               |              |              |           |               |
| Instruction                                    | 7,617,306    | 13,619,886    | 36,344,775    | 7,172,629    |              |           | 64,754,596    |
| Academic Support                               | 1,746,074    | 2,601,869     | 9,040,513     | 1,134,310    |              |           | 14,522,766    |
| Student Services                               | 2,288,183    | 2,350,917     | 8,724,854     | 3,172,437    |              |           | 16,536,391    |
| Institutional Support                          | 1,815,754    | 1,668,230     | 8,211,143     | 2,310,045    | 1,274,740    | 112,961   | 15,392,873    |
| Operation of Plant                             | 1,976,421    | 2,967,534     | 5,542,392     | 1,447,249    | 76,535       |           | 12,010,131    |
| Scholarships & Fellowships                     | 320,167      | 906,224       | 644,211       | 595,182      |              |           | 2,465,784     |
| Auxiliary Enterprises Expenditures             | 5,973,423    | 8,018,264     | 9,512,001     | 5,927,073    |              |           | 29,430,761    |
| Other Deductions                               |              |               |               | 24,465       | 295,970      |           | 320,435       |
| Total Expenditures and Other Deductions        | 21,737,328   | 32,132,924    | 78,019,889    | 21,783,390   | 1,647,245    | 112,961   | 155,433,737   |
| Transfers Among Funds - Additions (Deductions) |              |               |               |              |              |           |               |
| Mandatory Transfers:                           | (1,166,288)  | (1,428,168)   |               | (1,215,864)  |              |           | (3,810,320)   |
| Non-mandatory Transfers                        | (134,111)    | (496,841)     | 704,772       | (462,919)    | (1,833,606)  | 0         | (2,222,705)   |
| Total Transfers                                | (1,300,399)  | (1,925,009)   | 704,772       | (1,678,783)  | (1,833,606)  | 0         | (6,033,025)   |
| Net Increase (Decrease) in Fund Balance        | 231,140      | (151,925)     | 2,070,659     | (101,699)    | (332,122)    | 12,436    | 1,728,489     |
| Fund Balance- Beginning of Year                | 3,186,832    | 1,464,555     | 2,515,426     | 732,713      | 2,735,907    | 13,390    | 10,648,823    |
| Fund Balance- End of Year                      | \$ 3,417,972 | \$ 1,312,630  | \$ 4,586,085  | \$ 631,014   | \$ 2,403,785 | \$ 25,826 | \$ 12,377,312 |

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, 2000

Restricted Funds

|   | Adams            | Mesa             | MSCD              | Western          | OSC               | WCGC        | Total             |
|---|------------------|------------------|-------------------|------------------|-------------------|-------------|-------------------|
| <b>Revenues and Other Additions</b>                   |                  |                  |                   |                  |                   |             |                   |
| State of Colorado Appropriation                       |                  | \$ 2,272,070     |                   |                  |                   |             | \$ 2,272,070      |
| Federal Grants & Contracts                            | \$ 3,438,855     | 3,983,298        | \$ 10,152,568     | \$ 1,379,585     |                   |             | 18,954,306        |
| State Grants & Contracts                              | 1,691,553        | 105,375          | 10,192,349        | 1,057,973        |                   |             | 13,047,250        |
| Local Grants & Contracts                              |                  |                  | 12,191            |                  |                   |             | 12,191            |
| Private Gifts, Grants & Contracts                     | 744,132          | 212,012          | 1,345,448         | 452,505          |                   |             | 2,754,097         |
| Investment & Interest Income                          | 615              |                  |                   |                  | 7,510             |             | 8,125             |
| <b>Total Revenues and Other Additions</b>             | <b>5,875,155</b> | <b>6,572,755</b> | <b>21,702,556</b> | <b>2,890,063</b> | <b>7,510</b>      | <b>0</b>    | <b>37,048,039</b> |
| <b>Expenditures and Other Deductions</b>              |                  |                  |                   |                  |                   |             |                   |
| Instruction   | 993,485          | 699,292          | 4,740,699         | 383,771          |                   |             | 6,817,247         |
| Research  | 27,098           | 26,759           |                   | 8,797            |                   |             | 62,654            |
| Public Service  | 27,856           | 99,523           | 322,306           | 139,968          |                   |             | 589,653           |
| Academic Support                                      | 86,773           | 90,799           | 917,266           | 73,295           |                   |             | 1,168,133         |
| Student Services                                      | 666,195          | 111,075          | 1,681,633         | 159,781          |                   |             | 2,618,684         |
| Institutional Support                                 | 206,871          | 43,924           | 446,125           | 37,967           |                   |             | 734,887           |
| Operation of Plant                                    | 94,003           | 8,900            |                   | 76,860           |                   |             | 179,763           |
| Scholarships & Fellowships                            | 3,697,406        | 5,143,325        | 13,370,049        | 2,100,478        |                   |             | 24,311,258        |
| Auxiliary Enterprises Expenditures                    |                  | 274,097          |                   | 33,155           |                   |             | 307,252           |
| Indirect Costs Recovered                              | 94,883           | 59,622           | 260,890           | 8,507            |                   |             | 423,902           |
| Other Deductions                                      |                  |                  |                   | 2,195            |                   |             | 2,195             |
| <b>Total Expenditures and Other Deductions</b>        | <b>5,894,570</b> | <b>6,557,316</b> | <b>21,738,968</b> | <b>3,024,774</b> | <b>0</b>          | <b>0</b>    | <b>37,215,628</b> |
| <b>Transfers Among Funds - Additions (Deductions)</b> |                  |                  |                   |                  |                   |             |                   |
| Mandatory Transfers:                                  | (886)            | (6,560)          | (62,920)          |                  |                   |             | (70,366)          |
| Non-mandatory Transfers                               | 2,200            | 13,352           | 101,148           | 12,110           | (15,171)          |             | 113,639           |
| <b>Total Transfers</b>                                | <b>1,314</b>     | <b>6,792</b>     | <b>38,228</b>     | <b>12,110</b>    | <b>(15,171)</b>   | <b>0</b>    | <b>43,273</b>     |
| <b>Net Increase (Decrease) in Fund Balance</b>        | <b>(18,101)</b>  | <b>22,231</b>    | <b>1,816</b>      | <b>(122,601)</b> | <b>(7,661)</b>    |             | <b>(124,316)</b>  |
| <b>Fund Balance- Beginning of Year</b>                | <b>73,018</b>    | <b>65,159</b>    | <b>307,365</b>    | <b>205,644</b>   | <b>134,698</b>    |             | <b>785,884</b>    |
| <b>Fund Balance- End of Year</b>                      | <b>\$ 54,917</b> | <b>\$ 87,390</b> | <b>\$ 309,181</b> | <b>\$ 83,043</b> | <b>\$ 127,037</b> | <b>\$ -</b> | <b>\$ 661,568</b> |

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, 2000

Student Loan Funds

|  | Adams        | Mesa         | MSCD         | Western      | OSC  | WCGC | Total         |
|--|--------------|--------------|--------------|--------------|------|------|---------------|
| Revenues and Other Additions                   |              |              |              |              |      |      |               |
| Federal Grants & Contracts                     | \$ 2,657     |              |              |              |      |      | \$ 2,657      |
| U. S. Government Advances                      | 26,970       | 22,221       | 335,218      |              |      |      | 384,409       |
| Investment & Interest Income                   | 51,214       | 21,772       | 481,672      | 44,974       |      |      | 599,632       |
| Other Sources                                  | 6,065        |              | 11,466       | 7,626        |      |      | 25,157        |
| Total Revenues and Other Additions             | 86,906       | 43,993       | 828,356      | 52,600       | 0    | 0    | 1,011,855     |
| Expenditures and Other Deductions              |              |              |              |              |      |      |               |
| Refunded to Grantors                           |              |              | 155,443      |              |      |      | 155,443       |
| Indirect Costs Recovered                       | 9,168        |              |              | 28,294       |      |      | 37,462        |
| Loan Cancellations & Write-offs                | 90,737       | (36,452)     | 231,732      | 86,860       |      |      | 372,877       |
| Administrative & Collection Costs              | 3,074        |              | 141,794      |              |      |      | 144,868       |
| Other Deductions                               |              |              |              | 136,351      |      |      | 136,351       |
| Total Expenditures and Other Deductions        | 102,979      | (36,452)     | 528,969      | 251,505      | 0    | 0    | 847,001       |
| Transfers Among Funds - Additions (Deductions) |              |              |              |              |      |      |               |
| Mandatory Transfers:                           | 886          | 6,560        | 62,921       | 26,175       |      |      | 70,367        |
| Non-mandatory Transfers                        |              | 16,901       |              |              |      |      | 43,076        |
| Total Transfers                                | 886          | 23,461       | 62,921       | 26,175       | 0    | 0    | 113,443       |
| Net Increase (Decrease) in Fund Balance        | (15,187)     | 103,906      | 362,308      | (172,730)    |      |      | 278,297       |
| Fund Balance- Beginning of Year                | 1,349,955    | 1,063,454    | 9,058,296    | 2,559,462    |      |      | 14,031,167    |
| Fund Balance- End of Year                      | \$ 1,334,768 | \$ 1,167,360 | \$ 9,420,604 | \$ 2,386,732 | \$ 0 | \$ 0 | \$ 14,309,464 |

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, 2000

Endowment and Similar Funds

|  | Adams     | Mesa | MSCD | Western | OSC  | WCGC | Total     |
|--|-----------|------|------|---------|------|------|-----------|
| Revenues and Other Additions                   |           |      |      |         |      |      |           |
| Investment & Interest Income                   | \$ 3,158  |      |      |         |      |      | \$ 3,158  |
| Total Revenues and Other Additions             | 3,158     | 0    | 0    | 0       | 0    | 0    | 3,158     |
| Expenditures and Other Deductions              |           |      |      |         |      |      |           |
| Total Expenditures and Other Deductions        | 0         | 0    | 0    | 0       | 0    | 0    | 0         |
| Transfers Among Funds - Additions (Deductions) |           |      |      |         |      |      |           |
| Non-mandatory Transfers                        | (2,200)   |      |      |         |      |      | (2,200)   |
| Total Transfers                                | (2,200)   | 0    | 0    | 0       | 0    | 0    | (2,200)   |
| Net Increase (Decrease) in Fund Balance        | 958       | 0    | 0    | 0       | 0    | 0    | 958       |
| Fund Balance- Beginning of Year                | 51,855    |      |      |         |      |      | 51,855    |
| Fund Balance- End of Year                      | \$ 52,813 | \$ 0 | \$ 0 | \$ 0    | \$ 0 | \$ 0 | \$ 52,813 |

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, 2000

Unexpended Plant Funds

|  | Adams        | Mesa       | MSCD | Western      | OSC  | WCGC | Total         |
|--|--------------|------------|------|--------------|------|------|---------------|
| Revenues and Other Additions                   |              |            |      |              |      |      |               |
| State Grants & Contracts                       | \$ 3,811,521 | \$ 528,359 |      | \$ 9,900,716 |      |      | \$ 14,240,596 |
| Private Gifts, Grants & Contracts              |              |            |      |              |      |      | 0             |
| Investment & Interest Income                   |              |            |      |              |      |      | 0             |
| Other Sources                                  |              |            |      |              |      |      | 0             |
| Total Revenues and Other Additions             | 3,811,521    | 528,359    | 0    | 9,900,716    | 0    | 0    | 14,240,596    |
| Expenditures and Other Deductions              |              |            |      |              |      |      |               |
| Expended for Plant Facilities                  | 4,166,470    |            |      | 1,399,011    |      |      | 5,565,481     |
| Capitalization of Asset/Debt                   |              |            |      |              |      |      | 0             |
| Other Deductions                               |              |            |      |              |      |      | 0             |
| Total Expenditures and Other Deductions        | 4,166,470    | 0          | 0    | 1,399,011    | 0    | 0    | 5,565,481     |
| Transfers Among Funds - Additions (Deductions) |              |            |      |              |      |      |               |
| Non-mandatory Transfers                        |              |            |      |              |      |      | 0             |
| Total Transfers                                | 0            | 0          | 0    | 0            | 0    | 0    | 0             |
| Net Increase (Decrease) in Fund Balance        | (354,949)    | 528,359    | 0    | 8,501,705    | 0    | 0    | 8,675,115     |
| Fund Balance- Beginning of Year                | 6,652,140    | 11,735     |      | 565,338      |      |      | 7,229,213     |
| Fund Balance- End of Year                      | \$ 6,297,191 | \$ 540,094 | \$ 0 | \$ 9,067,043 | \$ 0 | \$ 0 | \$ 15,904,328 |

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, 2000

Renewals and Replacements Funds

|  | Adams      | Mesa         | MSCD | Western    | OSC  | WCGC | Total        |
|--|------------|--------------|------|------------|------|------|--------------|
| Revenues and Other Additions                   |            |              |      |            |      |      |              |
| State Grants & Contracts                       |            | \$ 1,013,277 |      |            |      |      | \$ 1,013,277 |
| Investment & Interest Income                   | 24,694     | 6,876        |      |            |      |      | 31,570       |
| Total Revenues and Other Additions             | 24,694     | 1,020,153    | 0    | 0          | 0    | 0    | 1,044,847    |
| Expenditures and Other Deductions              |            |              |      |            |      |      |              |
| Expended for Plant Facilities                  | 675,895    | 1,265,063    |      | 207,561    |      |      | 2,148,519    |
| Other Deductions                               |            |              |      |            |      |      | 0            |
| Total Expenditures and Other Deductions        | 675,895    | 1,265,063    | 0    | 207,561    | 0    | 0    | 2,148,519    |
| Transfers Among Funds - Additions (Deductions) |            |              |      |            |      |      |              |
| Non-mandatory Transfers                        | 452,220    | 883,828      |      | 250,654    |      |      | 1,586,702    |
| Total Transfers                                | 452,220    | 883,828      | 0    | 250,654    | 0    | 0    | 1,586,702    |
| Net Increase (Decrease) in Fund Balance        | (198,981)  | 638,918      | 0    | 43,093     | 0    | 0    | 483,030      |
| Fund Balance- Beginning of Year                | 745,201    | 659,465      |      | 611,980    |      |      | 2,016,646    |
| Fund Balance- End of Year                      | \$ 546,220 | \$ 1,298,383 | \$ 0 | \$ 655,073 | \$ 0 | \$ 0 | \$ 2,499,676 |

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, 2000

Retirement of Indebtedness Funds

Revenues and Other Additions  
Investment & Interest Income  
Total Revenues and Other Additions

Expenditures and Other Deductions  
Expended for Plant Facilities  
Retirement of Indebtedness  
Interest on Indebtedness  
Other Deductions  
Total Expenditures and Other Deductions

Transfers Among Funds - Additions (Deductions)

Mandatory Transfers:  
Non-mandatory Transfers  
Total Transfers  
Net Increase (Decrease) in Fund Balance  
Fund Balance- Beginning of Year  
Fund Balance- End of Year

|  | Adams     | Mesa       | MSCD | Western    | OSC  | WCGC | Total      |
|--|-----------|------------|------|------------|------|------|------------|
|  | \$ 8,155  | \$ 1,564   |      | \$ 17,995  |      |      | \$ 27,714  |
|  | 8,155     | 1,564      | 0    | 17,995     | 0    | 0    | 27,714     |
|  | 5,545     |            |      |            |      |      | 5,545      |
|  | 550,000   | 648,561    |      | 822,806    |      |      | 2,021,367  |
|  | 613,056   | 776,645    |      | 836,144    |      |      | 2,225,845  |
|  |           | 5,707      |      |            |      |      | 5,707      |
|  | 1,168,601 | 1,430,913  | 0    | 1,658,950  | 0    | 0    | 4,258,464  |
|  | 1,166,288 | 1,428,168  |      | 1,215,864  |      |      | 3,810,320  |
|  |           | (19,819)   |      | 501,305    |      |      | 481,486    |
|  | 1,166,288 | 1,408,349  | 0    | 1,717,169  | 0    | 0    | 4,291,806  |
|  | 5,842     | (21,000)   | 0    | 76,214     | 0    | 0    | 61,056     |
|  | 32,500    | 171,756    |      | 320,640    |      |      | 524,896    |
|  | \$ 38,342 | \$ 150,756 | \$ 0 | \$ 396,854 | \$ 0 | \$ 0 | \$ 585,952 |

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, 2000

Investment in Plant Funds

|  | Adams         | Mesa          | MSCD         | Western       | OSC       | WCGC      | Total          |
|--|---------------|---------------|--------------|---------------|-----------|-----------|----------------|
| Revenues and Other Additions                   |               |               |              |               |           |           |                |
| Expended for Plant Facilities                  | \$ 4,654,276  | \$ 935,338    | \$ 1,028,784 | \$ 276,781    |           |           | \$ 6,895,179   |
| Retirement of Indebtedness                     | 550,000       | 648,562       |              | 822,806       |           |           | 2,021,368      |
| Capitalization of Asset/Debt                   |               |               |              |               |           |           | 0              |
| Total Revenues and Other Additions             | 5,204,276     | 1,583,900     | 1,028,784    | 1,099,587     | 0         | 0         | 8,916,547      |
| Expenditures and Other Deductions              |               |               |              |               |           |           |                |
| Expended for Plant Facilities                  | 8,530         |               |              |               |           |           | 8,530          |
| Interest on Indebtedness                       | 8,341         | 7,400         |              |               |           |           | 15,741         |
| Disposal of Plant Facilities                   | 970,808       | 137,328       | 9,365,713    | 3,380         |           |           | 10,477,229     |
| Other Deductions                               |               | 11,672        |              |               |           |           | 11,672         |
| Total Expenditures and Other Deductions        | 987,679       | 156,400       | 9,365,713    | 3,380         | 0         | 0         | 10,513,172     |
| Transfers Among Funds - Additions (Deductions) |               |               |              |               |           |           |                |
| Total Transfers                                | 0             | 0             | 0            | 0             | 0         | 0         | 0              |
| Net Increase (Decrease) in Fund Balance        | 4,216,597     | 1,427,500     | (8,336,929)  | 1,096,207     | 0         | 0         | (1,596,625)    |
| Fund Balance- Beginning of Year                | 41,311,027    | 51,749,235    | 14,358,756   | 35,711,945    | 22,715    | 11,483    | 143,165,161    |
| Fund Balance- End of Year                      | \$ 45,527,624 | \$ 53,176,735 | \$ 6,021,827 | \$ 36,808,152 | \$ 22,715 | \$ 11,483 | \$ 141,568,536 |

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





## STATE OF COLORADO

### STATE AUDITOR'S OFFICE

(303) 866-2051  
FAX (303) 866-2060

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

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

October 17, 2000

### **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, 2000, and have issued our report thereon dated October 17, 2000. 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.





## STATE OF COLORADO

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

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

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

October 17, 2000

### **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 for each of the State Colleges in Colorado (Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College), component units of the State of Colorado, for the year ended June 30, 2000. 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 audits 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 audits provide 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 (Adams State College, Mesa State College, Metropolitan State College of Denver, and Western State College) for the year ended June 30, 2000, 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 17, 2000 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.

STATE OF COLORADO  
METROPOLITAN STATE COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS  
EXPENDITURES AND REVERSIONS  
YEAR ENDED JUNE 30, 2000

| APPROPRIATIONS:<br>ORIGINAL<br>SUPPLEMENTAL<br>TRANSFERS | TOTAL<br>STATE-FUNDED<br>STUDENT ASSISTANCE |         | PART-TIME<br>STUDENT<br>GRANTS | STUDENT<br>INCENTIVE<br>GRANTS | STUDENT<br>GRANT<br>PROGRAM | WORK<br>STUDY<br>PROGRAM | GRADUATE<br>GRANT<br>PROGRAM | DIVERSITY<br>GRANT<br>PROGRAM | UNDER-GRAD<br>MERIT<br>PROGRAM | PERKINS<br>LOAN<br>MATCH | GOVERNOR'S<br>OPPORTUNITY<br>SCHOLARSHIP | COLORADO<br>NURSING<br>SCHOLARSHIP |
|--|---|---------|--------------------------------|--------------------------------|-----------------------------|--------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------|--|------------------------------------|
|  | \$  | \$      |                                |                                |                             |                          |                              |                               |                                |                          |  |                                    |
|  | 6,712,743                                   | 212,550 |                                | 110,130                        | 3,543,691                   | 1,769,345                |                              | 935,806                       | 1,185,657                      | 62,920                   | 61,129                                   | 1,500                              |
|  | 327,907                                     |         |                                |                                | (758,872)                   | 93,728                   |                              |                               |                                |                          |  |                                    |
|  | -   |         |                                |                                | (176,934)                   |                          |                              |                               |                                |                          |  |                                    |
| TOTAL  | 7,040,650                                   | 212,550 |                                | 110,130                        | 2,784,819                   | 1,686,139                | -                            | 935,806                       | 1,185,657                      | 62,920                   | 61,129                                   | 1,500                              |
| EXPENDITURES   | 7,040,650                                   | 212,550 |                                | 110,130                        | 2,784,819                   | 1,686,139                | -                            | 935,806                       | 1,185,657                      | 62,920                   | 61,129                                   | 1,500                              |
| REVERSIONS TO STATE<br>GENERAL FUND                      | \$ -  | \$ -    | \$ -                           | \$ -                           | \$ -                        | \$ -                     | \$ -                         | \$ -                          | \$ -                           | \$ -                     | \$ -                                     | \$ -                               |



STATE OF COLORADO  
WESTERN STATE COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS  
EXPENDITURES AND REVERSIONS  
YEAR ENDED JUNE 30, 2000

|                     | TOTAL<br>STATE-FUNDED<br>STUDENT ASSISTANCE | PART-TIME<br>STUDENT<br>GRANTS | STUDENT<br>INCENTIVE<br>GRANTS | STUDENT<br>GRANT<br>PROGRAM | WORK<br>STUDY<br>PROGRAM | GRADUATE<br>GRANT<br>PROGRAM | DIVERSITY<br>GRANT<br>PROGRAM | UNDER-GRAD<br>MERIT<br>PROGRAM | PERKINS<br>LOAN<br>MATCH | GOVERNOR'S<br>OPPORTUNITY<br>SCHOLARSHIP |
|---------------------|---|--------------------------------|--------------------------------|-----------------------------|--------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------|--|
|                     |   |                                |                                |                             |                          |                              |                               |                                |                          |  |
| APPROPRIATIONS:     |   |                                |                                |                             |                          |                              |                               |                                |                          |  |
| ORIGINAL            | \$ 890,615                                  | \$ 3,440                       | \$ 33,040                      | \$ 405,601                  | \$ 211,700               |                              |                               | \$ 236,834                     |                          |  |
| SUPPLEMENTAL        |   |                                |                                |                             |                          |                              |                               |                                |                          |  |
| TRANSFERS           |   |                                |                                |                             |                          |                              |                               |                                |                          |  |
| TOTAL               | 890,615                                     | 3,440                          | 33,040                         | 405,601                     | 211,700                  | -                            | -                             | 236,834                        | -                        | -  |
| EXPENDITURES        | 890,615                                     | 3,440                          | 33,040                         | 405,601                     | 211,700                  | -                            | -                             | 236,834                        | -                        | -  |
| REVERSIONS TO STATE |   |                                |                                |                             |                          |                              |                               |                                |                          |  |
| GENERAL FUND        | \$ -  | \$ -                           | \$ -                           | \$ -                        | \$ -                     | \$ -                         | \$ -                          | \$ -                           | \$ -                     | \$ -                                     |



**STATE COLLEGES IN COLORADO**  
**STATE FUNDED STUDENT ASSISTANCE PROGRAMS**  
**JUNE 30, 2000**

**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 75 percent non-federal state funds and 25 percent federal funds. The amount shown is the combined total.

**Note B**

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



## **Distribution**

**Copies of this report have been distributed to:**

**Legislative Audit Committee (12)**

**Office of the Trustees of the State Colleges in Colorado (10)**

**Adams State College (15)**

**Mesa State College (10)**

**Metropolitan State College of Denver (25)**

**Western State College (10)**

**Joint Budget Committee (2)**

**Colorado Commission on Higher Education (4)**

**Department of Personnel,  
d.b.a. General Support Services**

**Executive Director (2)**

**State Controller (2)**

---

**Honorable Bill Owens, Governor**

**Office of State Planning and Budgeting (2)**

**Depository Center, Colorado State Library (4)**

**Joint Legislative Library (6)**

**State Archivist (permanent copy)**

**National Conference of State Legislatures (2)**

**Legislative Oversight Committee**

**Legislative Legal Services**

**Auraria Library**

**Colorado State University Library**

**Copies of the Report Summary have been distributed to:**

**Members of the Colorado General Assembly**

**Members of the National Legislative Program Evaluation Society**

**National Association of State Auditors, Comptrollers, and Treasurers**

**Report Control Number 1328**



**Report Control Number 1328**

