



REPORT OF
THE
STATE AUDITOR

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

**FISCAL YEAR ENDED
JUNE 30, 2000**

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STATE OF COLORADO

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State Auditor

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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.

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

REPORT SUMMARY

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

**STATE COLLEGES IN COLORADO
FINANCIAL AND 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:

- C 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.
- C Evaluate compliance with rules and regulations governing the expenditure of federal and state funds.
- C 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.
- C 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:

- C To provide outstanding teaching in four distinctive institutions with diverse student populations.
- C To confer Board and campus leadership that connects educational issues with the future of Colorado and the communities in which the institutions are located.
- C 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:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Resident Students	1,797.7	1,898.5	1,893.0
Nonresident Students	<u>378.7</u>	<u>367.8</u>	<u>368.1</u>
Total Students	<u><u>2,176.4</u></u>	<u><u>2,266.3</u></u>	<u><u>2,261.1</u></u>
Faculty FTEs	122.5	126.8	126.1
Staff FTEs	<u>123.9</u>	<u>129.2</u>	<u>134.7</u>
Total Staff and Faculty FTEs	<u><u>246.4</u></u>	<u><u>256.0</u></u>	<u><u>260.8</u></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 Kunderling & 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

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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.

STATE COLLEGES IN COLORADO

Consolidated Balance Sheet
6/30/2000

	<i>Current Funds</i>		Student Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
<u>ASSETS</u>				
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>
<u>LIABILITIES</u>				
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>
<u>FUND BALANCE</u>				
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
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	Agency Funds	Only 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
				112,760	758,179
		248,446		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 Loan Funds	Endowment and 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	<u>163,195,251</u>	<u>37,048,039</u>	<u>1,011,855</u>	<u>3,158</u>
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	<u>155,433,738</u>	<u>37,215,628</u>	<u>847,001</u>	<u>0</u>
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	<u>(6,033,023)</u>	<u>43,273</u>	<u>113,443</u>	<u>(2,200)</u>
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	<u>\$ 12,377,311</u>	<u>\$ 661,568</u>	<u>\$ 14,309,464</u>	<u>\$ 52,813</u>

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

Plant Funds

<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>	<u>Investment 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
Less Allow							
<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>
 <i>Loan Funds:</i>							
<u>Loans Rec</u>	\$1,370,506	\$1,111,411	\$10,569,620	\$2,222,377	-	-	\$15,273,914
Less Allow							
<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:

<u>Year Ending June 30</u>	
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:

<u>Year Ending June 30</u>	
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:

<u>Year Ending June 30</u>	
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.

<u>Year Ending June 30</u>	
2001	78,158
2002	83,245
2003	<u>14,021</u>
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:

<u>Year Ending June 30</u>	
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	<u>\$6,923,569</u>	<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 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>	<u>\$ 807,748</u>

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 <u>June 30, 2000</u>
Administration of AHEC, plant operations	\$7,059,813
Library and media center	<u>3,431,923</u>
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	<u>0</u>
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

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
ASSETS							
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	44,784	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>44,784</u>	<u>24,655,744</u>
LIABILITIES							
Accounts Payable	471,183	119,613	187,654	432,019	228,182	11,299	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	7,659	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>18,958</u>	<u>12,278,432</u>
FUND BALANCE							
Unrestricted	4,121,545	1,892,070	6,183,858	1,149,350	2,509,258	33,485	15,889,566
Designated for Compensated Absences	(703,573)	(579,440)	(1,597,773)	(518,336)	(105,473)	(7,659)	(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>25,826</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>\$ 44,784</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

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
<u>ASSETS</u>							
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
<u>LIABILITIES</u>							
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
<u>FUND BALANCE</u>							
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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
<u>ASSETS</u>							
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>
<u>LIABILITIES</u>							
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>
<u>FUND BALANCE</u>							
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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
<u>ASSETS</u>							
Cash	\$ 52,813						\$ 52,813
Total Assets	<u>52,813</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,813</u>
<u>LIABILITIES</u>							
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u>							
Restricted	52,813						52,813
Total Fund Balance	<u>52,813</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,813</u>
Total Liabilities and Fund Balance	<u>\$ 52,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,813</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

Unexpended Plant Funds

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
<u>ASSETS</u>							
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>
<u>LIABILITIES</u>							
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>
<u>FUND BALANCE</u>							
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

	Adams	Mesa	MSCD	Western	OSC	WCGC	Total
<u>ASSETS</u>							
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	<u>637,528</u>	<u>1,311,476</u>	<u>0</u>	<u>685,591</u>	<u>0</u>	<u>0</u>	<u>2,634,595</u>
<u>LIABILITIES</u>							
Accounts Payable	15,911	13,093		30,518			59,522
Other Liabilities	75,397						75,397
Total Liabilities	<u>91,308</u>	<u>13,093</u>	<u>0</u>	<u>30,518</u>	<u>0</u>	<u>0</u>	<u>134,919</u>
<u>FUND BALANCE</u>							
Unrestricted		973,383		255,073			1,228,456
Restricted	546,220	325,000		400,000			1,271,220
Total Fund Balance	<u>546,220</u>	<u>1,298,383</u>	<u>0</u>	<u>655,073</u>	<u>0</u>	<u>0</u>	<u>2,499,676</u>
Total Liabilities and Fund Balance	<u>\$ 637,528</u>	<u>\$ 1,311,476</u>	<u>\$ 0</u>	<u>\$ 685,591</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,634,595</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

Retirement of Indebtedness Funds

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
<u>ASSETS</u>							
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>
<u>LIABILITIES</u>							
Accounts Payable							0
Accrued Interest	<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>
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	<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 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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
<u>ASSETS</u>							
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>
<u>LIABILITIES</u>							
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>
<u>FUND BALANCE</u>							
Net Investment in Plant	<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 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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
<u>ASSETS</u>							
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>
<u>LIABILITIES</u>							
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>
<u>FUND BALANCE</u>							
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
Revenues and Other Additions							
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
Total Revenues and Other Additions	<u>5,875,155</u>	<u>6,572,755</u>	<u>21,702,556</u>	<u>2,890,063</u>	<u>7,510</u>	<u>0</u>	<u>37,048,039</u>
Expenditures and Other Deductions							
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
Total Expenditures and Other Deductions	<u>5,894,570</u>	<u>6,557,316</u>	<u>21,738,968</u>	<u>3,024,774</u>	<u>0</u>	<u>0</u>	<u>37,215,628</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:	(886)	(6,560)	(62,920)				(70,366)
Non-mandatory Transfers	2,200	13,352	101,148	12,110	(15,171)		113,639
Total Transfers	<u>1,314</u>	<u>6,792</u>	<u>38,228</u>	<u>12,110</u>	<u>(15,171)</u>	<u>0</u>	<u>43,273</u>
Net Increase (Decrease) in Fund Balance	(18,101)	22,231	1,816	(122,601)	(7,661)		(124,316)
Fund Balance- Beginning of Year	73,018	65,159	307,365	205,644	134,698		785,884
Fund Balance- End of Year	<u>\$ 54,917</u>	<u>\$ 87,390</u>	<u>\$ 309,181</u>	<u>\$ 83,043</u>	<u>\$ 127,037</u>	<u>\$ -</u>	<u>\$ 661,568</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

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	<u>86,906</u>	<u>43,993</u>	<u>828,356</u>	<u>52,600</u>	<u>0</u>	<u>0</u>	<u>1,011,855</u>
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	<u>102,979</u>	<u>(36,452)</u>	<u>528,969</u>	<u>251,505</u>	<u>0</u>	<u>0</u>	<u>847,001</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:	886	6,560	62,921				70,367
Non-mandatory Transfers		16,901		26,175			43,076
Total Transfers	<u>886</u>	<u>23,461</u>	<u>62,921</u>	<u>26,175</u>	<u>0</u>	<u>0</u>	<u>113,443</u>
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	<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>

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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
Revenues and Other Additions							
Investment & Interest Income	\$ 3,158						\$ 3,158
Total Revenues and Other Additions	<u>3,158</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,158</u>
Expenditures and Other Deductions							
Total Expenditures and Other Deductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transfers Among Funds - Additions (Deductions)							
Non-mandatory Transfers	(2,200)						(2,200)
Total Transfers	<u>(2,200)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,200)</u>
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	<u>\$ 52,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,813</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

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	<u>3,811,521</u>	<u>528,359</u>	<u>0</u>	<u>9,900,716</u>	<u>0</u>	<u>0</u>	<u>14,240,596</u>
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	<u>4,166,470</u>	<u>0</u>	<u>0</u>	<u>1,399,011</u>	<u>0</u>	<u>0</u>	<u>5,565,481</u>
Transfers Among Funds - Additions (Deductions)							0
Non-mandatory Transfers							0
Total Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Fund Balance	(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	<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>

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

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
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	<u>24,694</u>	<u>1,020,153</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,044,847</u>
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	<u>675,895</u>	<u>1,265,063</u>	<u>0</u>	<u>207,561</u>	<u>0</u>	<u>0</u>	<u>2,148,519</u>
Transfers Among Funds - Additions (Deductions)							
Non-mandatory Transfers	452,220	883,828		250,654			1,586,702
Total Transfers	<u>452,220</u>	<u>883,828</u>	<u>0</u>	<u>250,654</u>	<u>0</u>	<u>0</u>	<u>1,586,702</u>
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	<u>\$ 546,220</u>	<u>\$ 1,298,383</u>	<u>\$ 0</u>	<u>\$ 655,073</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,499,676</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

Retirement of Indebtedness Funds

	<u>Adams</u>	<u>Mesa</u>	<u>MSCD</u>	<u>Western</u>	<u>OSC</u>	<u>WCGC</u>	<u>Total</u>
Revenues and Other Additions							
Investment & Interest Income	\$ 8,155	\$ 1,564		\$ 17,995			\$ 27,714
Total Revenues and Other Additions	<u>8,155</u>	<u>1,564</u>	<u>0</u>	<u>17,995</u>	<u>0</u>	<u>0</u>	<u>27,714</u>
Expenditures and Other Deductions							
Expended for Plant Facilities	5,545						5,545
Retirement of Indebtedness	550,000	648,561		822,806			2,021,367
Interest on Indebtedness	613,056	776,645		836,144			2,225,845
Other Deductions		5,707					5,707
Total Expenditures and Other Deductions	<u>1,168,601</u>	<u>1,430,913</u>	<u>0</u>	<u>1,658,950</u>	<u>0</u>	<u>0</u>	<u>4,258,464</u>
Transfers Among Funds - Additions (Deductions)							
Mandatory Transfers:	1,166,288	1,428,168		1,215,864			3,810,320
Non-mandatory Transfers		(19,819)		501,305			481,486
Total Transfers	<u>1,166,288</u>	<u>1,408,349</u>	<u>0</u>	<u>1,717,169</u>	<u>0</u>	<u>0</u>	<u>4,291,806</u>
Net Increase (Decrease) in Fund Balance	5,842	(21,000)	0	76,214	0	0	61,056
Fund Balance- Beginning of Year	<u>32,500</u>	<u>171,756</u>	<u>0</u>	<u>320,640</u>	<u>0</u>	<u>0</u>	<u>524,896</u>
Fund Balance- End of Year	<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>

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	<u>5,204,276</u>	<u>1,583,900</u>	<u>1,028,784</u>	<u>1,099,587</u>	<u>0</u>	<u>0</u>	<u>8,916,547</u>
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	<u>987,679</u>	<u>156,400</u>	<u>9,365,713</u>	<u>3,380</u>	<u>0</u>	<u>0</u>	<u>10,513,172</u>
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	<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>

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



STATE OF COLORADO

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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-FUNDED STUDENT ASSISTANCE
PROGRAMS SECTION**



STATE OF COLORADO

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State Auditor

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

	TOTAL STATE-FUNDED STUDENT ASSISTANCE	PART-TIME STUDENT GRANTS	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	GRADUATE GRANT PROGRAM	DIVERSITY GRANT PROGRAM	UNDER-GRAD MERIT PROGRAM	PERKINS LOAN MATCH	GOVERNOR'S OPPORTUNITY SCHOLARSHIP
APPROPRIATIONS:										
ORIGINAL	\$ 1,299,814	\$ 5,008	\$ 43,370	\$ 646,938	\$ 359,718	\$ 12,032		\$ 220,000		\$ 12,748
SUPPLEMENTAL	886								886	
TRANSFERS				(135,091)		6,500	128,591			
TOTAL	1,300,700	5,008	43,370	511,847	359,718	18,532	128,591	220,000	886	12,748
EXPENDITURES	1,300,700	5,008	43,370	511,847	359,718	18,532	128,591	220,000	886	12,748
REVERSIONS TO STATE										
GENERAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	TOTAL STATE-FUNDED STUDENT ASSISTANCE	PART-TIME STUDENT GRANTS	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	COLORADO NURSING PROGRAM	DIVERSITY GRANT PROGRAM	UNDER-GRAD MERIT PROGRAM	PERKINS LOAN MATCH	GOVERNOR'S OPPORTUNITY SCHOLARSHIP
APPROPRIATIONS:										
ORIGINAL	\$ 2,118,670	\$ 36,444		\$ 1,177,859	\$ 549,659			\$ 354,708		
SUPPLEMENTAL	175,414		48,450	24,267	(34,072)			38,476	6,560	91,733
TRANSFERS	(9,901)			(283,729)	(9,901)		283,729			
TOTAL	2,284,183	36,444	48,450	918,397	505,686	-	283,729	393,184	6,560	91,733
EXPENDITURES	2,284,183	36,444	48,450	918,397	505,686	-	283,729	393,184	6,560	91,733
REVERSIONS TO STATE										
GENERAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	TOTAL STATE-FUNDED <u>STUDENT ASSISTANCE</u>	PART-TIME STUDENT <u>GRANTS</u>	STUDENT INCENTIVE <u>GRANTS</u>	STUDENT GRANT <u>PROGRAM</u>	WORK STUDY <u>PROGRAM</u>	GRADUATE GRANT <u>PROGRAM</u>	DIVERSITY GRANT <u>PROGRAM</u>	UNDER-GRAD MERIT <u>PROGRAM</u>	PERKINS LOAN <u>MATCH</u>	GOVERNOR'S OPPORTUNITY <u>SCHOLARSHIP</u>	COLORADO NURSING <u>SCHOLARSHIP</u>
APPROPRIATIONS:											
ORIGINAL	\$ 6,712,743	\$ 212,550		\$ 3,543,691	\$ 1,769,345			\$ 1,185,657			\$ 1,500
SUPPLEMENTAL	327,907		110,130		93,728			62,920	61,129		
TRANSFERS	-			(758,872)	(176,934)		935,806				
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 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 STATE-FUNDED <u>STUDENT ASSISTANCE</u>	PART-TIME STUDENT <u>GRANTS</u>	STUDENT INCENTIVE <u>GRANTS</u>	STUDENT GRANT <u>PROGRAM</u>	WORK STUDY <u>PROGRAM</u>	GRADUATE GRANT <u>PROGRAM</u>	DIVERSITY GRANT <u>PROGRAM</u>	UNDER-GRAD MERIT <u>PROGRAM</u>	PERKINS LOAN <u>MATCH</u>	GOVERNOR'S OPPORTUNITY <u>SCHOLARSHIP</u>
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.

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