

**COMMUNITY COLLEGES OF COLORADO**

Financial And Compliance Audit  
Year Ended June 30, 2001

With Reports Of Independent Public Accountants

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STATE OF COLORADO  
COMMUNITY COLLEGES OF COLORADO  
FOR THE YEAR ENDED JUNE 30, 2001  
FINANCIAL AND COMPLIANCE AUDIT

<u>Contents</u>	<u>Section</u>
Report Summary	I
Description of Community Colleges of Colorado	II
Current Year Findings and Recommendations	III
Disposition of Prior Audit Recommendations	IV
Resolution Status of Prior Year Questioned Costs	V
Financial Statements:	VI
Report of Independent Public Accountants	
Balance Sheet	
Statement of Changes in Fund Balances	
Statement of Cash Flows – Combined for All Funds	
Notes to Financial Statements	
Additional Information – Combining Statements	
Report on Compliance and on Internal Control	VII
Communication of Audit Related Matters	VIII
Report on State-Funded Student Financial Assistance	IX
Distribution	X

STATE OF COLORADO

COMMUNITY COLLEGES OF COLORADO

FOR THE YEAR ENDED JUNE 30, 2001

FINANCIAL AND COMPLIANCE AUDIT

PURPOSE AND SCOPE

The purpose and scope of this audit were to:

- Audit the financial statements of Community Colleges of Colorado (“CC of C”) for the year ended June 30, 2001 to the extent necessary to support an auditor’s opinion.
- Evaluate compliance with the Office of Management and Budget's Circular A-133 and the Single Audit Act of 1984 for all federal financial assistance programs for the year ended June 30, 2001.
- Report on internal control structure related matters based solely on an assessment of control risk made as part of the audit of the financial statements.
- Evaluate compliance with federal grant provisions and Colorado Commission on Higher Education (“CCHE”) provisions.
- Evaluate compliance with restrictive covenant provisions of bond indentures.
- Evaluate progress in implementing prior year audit recommendations.

This audit was conducted in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States.

The fieldwork was performed from May, 2001 to September, 2001.

## SUMMARY OF CURRENT YEAR COMMENTS AND RECOMMENDATIONS

During our engagement, we focused our review of internal control and other operational matters at the following Community College of Colorado locations: Arapahoe Community College, Community College of Denver, Colorado Northwestern Community College, Lamar Community College, Northeastern Junior College, Pueblo Community College, Red Rocks Community College and the System Office. As a result of our review, we noted the following areas where internal controls could be improved:

- **Cash Controls and Procedures:**

There were no written policies and procedures surrounding cash receipts at Northeastern Junior College. Not having written policies and procedures relating to the safeguarding of cash, segregation of duties and performance of timely deposits and reconciliations increases the risk that cash collections are not controlled, reconciled and deposited in an appropriate manner.

Cash receipts were not adequately safeguarded at the Northeastern Junior College bookstore. Not having adequate cash safeguards increases the risk that receipts could be lost or stolen. Controls at this location could be improved by limiting access to the cash safe to only authorized individuals.

The reconciliation procedures surrounding cash receipts could be improved at Lamar Community College. Not performing adequate reconciliations of cash records increases the risk that cash could be lost or stolen and not detected. The procedures at this location could be improved by performing a reconciliation of the cash register tape to the bank deposit slip.

Northeastern Junior College's Adult Continuing Education department and Events Center did not have proper segregation of duties surrounding cash receipts. The absence of segregation of duties increases the risk that cash could be lost or stolen and go undetected. In addition, the Adult Continuing Education department is not making their bank deposits in a timely manner. Controls over cash at these departments could be improved by having an individual other than the individual who prepared the receipt listing prepare the bank deposit and ensuring that all bank deposits are made in a timely manner.

- **Accounts Receivable:**

Lamar Community College and Pueblo Community College did not include Central Collection Service ("CCS") fees in their allowance for doubtful accounts calculation as required under Community Colleges of Colorado System Accounting Procedure ("SAP") 4, "Allowance for Doubtful Accounts". This resulted in the allowance for doubtful accounts being understated approximately \$23,000 and \$20,000, respectively, for the colleges as of June 30, 2001.

The colleges are not consistently assessing a late fee on accounts receivables sent to CCS. Lamar Community College and Pueblo Community College are assessing late fees equal to CCS's collection fee to their accounts receivables prior to submission to CCS. This results in these colleges being reimbursed for the entire original balance of the receivable if the account is collected. The other colleges reviewed are not assessing and submitting a late fee, and as a result the collection fee is deducted from the original balance submitted.

- **Fixed Assets and Physical Inventories:**

At Lamar Community College, approximately \$171,000 of equipment was not assigned an inventory tag. Not identifying assets in connection with an equipment identification system increases the risk that equipment could be lost or stolen and go undetected.

Lamar Community College and Pueblo Community College did not have documented physical inventory count procedures established for their bookstore physical inventories. The absence of inventory count procedures increases the risk that inventory could be improperly valued.

- **Carl Perkins Grant Provisions:**

Colorado Northwestern Community College did not submit its final allocation change request form to the Community Colleges of Colorado System office by May 1, 2001, as outlined in the Carl Perkins Grant provisions. A special reimbursement request was granted and the college did get reimbursed for all expenditures under the grant. However, not following this suggested provision from the Community Colleges of Colorado Coordinator of Federal Programs could have resulted in the college needing to find alternative funding sources for the expenditures not submitted on a timely basis.

Red Rocks Community College expended 37% of its Carl Perkins Grant between July 1, 2000 and October 1, 2000. It was suggested not more than 23% of the basic grant be expended during this period. The college did get reimbursed for these expenditures under the grant, but not following this suggested provision from the Community Colleges of Colorado Coordinator of Federal Programs could have resulted in the college needing to find alternative funding sources for the excess expenditures.

- **Cut-off Procedures:**

The lack of review surrounding warrants issued at yearend, in connection with the related cut-off procedures, resulted in prepaid expenses being overstated by \$1.2 million, payables to vocational schools being overstated by \$1.1 million and employee benefits payable being overstated by approximately \$113,000 at June 30, 2001. Not having good controls surrounding proper cut-off of expenses increases the risk that the financial statements are misstated.

A summary of the recommendations is included in the Recommendation Locator on pages 6 and 7 of Section I of this report. A detailed description of the findings and recommendations is found in Section III of this report. The Community Colleges of Colorado has agreed to implement these recommendations.

## SUMMARY OF COMMUNICATION OF AUDIT RELATED MATTERS

There were no significant or unusual matters reported in connection with the Community Colleges of Colorado audit for the year ended June 30, 2001.

We brought to management's attention misstatements which remained uncorrected at June 30, 2001, and which, if recorded, would have decreased assets and liabilities by approximately \$1.3 million and had no effect on changes in fund balances. These adjustments do not, in our or management's judgment, either individually or in the aggregate, have a significant effect on the Community Colleges of Colorado's financial statements.

SUMMARY OF PROGRESS IN IMPLEMENTING  
PRIOR YEAR AUDIT RECOMMENDATIONS

The following is a summary of the disposition, as of June 30, 2001, of audit recommendations for the year ended June 30, 2000.

<u>Community Colleges</u>	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>	<u>Total</u>
System-Wide or System Office Comments	1	1	0	2
Individual College Comments	5	0	0	5
Total	<u>6</u>	<u>1</u>	<u>0</u>	<u>7</u>

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
Area Addressed: Cash Controls and Procedures				
1a.	III -3	Lamar Community College to reconcile the bookstore deposit slip with the daily register tape to ensure the cash deposit is complete.	Agree	6/30/02
1b.	III -3	Northeastern Junior College to document policies and procedures surrounding cash receipts. Northeastern Junior College bookstore to limit access to the bookstore safe. Northeastern Junior College Adult Continuing Education department and the Events Center to ensure the individual that prepares the receipts listing is different from the individual who is responsible for preparing the bank deposit and that all deposits are made in a timely manner.	Agree	6/30/02
Area Addressed: Accounts Receivable				
2a.	III -4	Lamar Community College to calculate its allowance for doubtful accounts in accordance with SAP 4 and account for the collection fee charged by Central Collection Services in the allowance for doubtful accounts.	Agree	6/30/02
2b.	III -4	Pueblo Community College to calculate its allowance for doubtful accounts in accordance with SAP 4 and account for the collection fee charged by Central Collection Services in the allowance for doubtful accounts.	Agree	6/30/02
3.	III -4	The Community Colleges of Colorado System to consider implementing a policy which would require all colleges to follow a consistent methodology in connection with submitting accounts receivables to Central Collection Services for collection.	Agree	6/30/02
Area Addressed: Fixed Assets and Physical Inventories				
4a.	III -6	Lamar Community College to maintain an updated equipment identification system and ensure all assets are tagged in accordance with SAP 17. Lamar Community College to document procedures related to the physical inventory of the bookstore.	Agree	6/30/02
4b.	III-6	Pueblo Community College to document procedures related to the physical inventory of the bookstore.	Agree	6/30/02

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
Area Addressed: Carl Perkins Grant Provisions				
5a.	III-7	Colorado Northwestern Community College to ensure their Carl Perkins grant final allocation request is submitted to the Community Colleges of Colorado System office by May 1 of the same fiscal year.	Agree	6/30/02
5b.	III-7	Red Rocks Community College to ensure that not more than the suggested 23% of the basic Carl Perkins grant is expended between July 1, and October 1, of the same fiscal year.	Agree	6/30/02
Area Addressed: Cut-Off Procedures				
6.	III-8	The Community Colleges of Colorado System to review their cut-off procedures to ensure that all accounts are properly stated as of yearend.	Agree	6/30/02

## **Section II**

## DESCRIPTION OF COMMUNITY COLLEGES OF COLORADO

The State Board for Community College and Occupational Education (“SBCCOE” or the “Board”) was established by “The Community College and Occupational Education Act of 1967,” title 23, article 60 of the Colorado Revised Statutes. The Board functions as a separate entity and, as such, may hold money, land, or other property for any educational institution under its jurisdiction. The statute assigns responsibility and authority to the Board for three major functions:

- The Board is the governing board of the state system of community and technical colleges.
- The Board administers the occupational education programs of the state at both secondary and postsecondary levels.
- The Board administers the state’s program of appropriations to local district colleges and area vocational schools.

State funds are provided to the Board for the fulfillment of these responsibilities under two methodologies. A lump sum appropriation is made in the Long Bill pursuant to Colorado Revised Statutes 23-1-104. The lump sum appropriation is made to the Board to provide funds for the operation of the fourteen colleges, and for the Board administrative oversight. Line item appropriations are made to the Board for other activities including occupational education and local district junior college grants. The accompanying financial statements report the operations of fourteen state community colleges, Higher Education Advanced Technology (“HEAT”) and the System Office. The operations of the Colorado Electronic Community College are included in the “HEAT” column in the combining information in the accompanying financial statements.

The Community Colleges of Colorado reports full-time equivalent (“FTE”) student, faculty and staff for three continuous fiscal years as:

	<u>1999</u>	<u>2000</u>	<u>Estimated 2001</u>
In-State Student FTEs	34,226	35,475	35,938
Out-of-State Student FTEs	1,992	1,996	1,781
	-----	-----	-----
Total Student FTEs	<u>36,218</u>	<u>37,471</u>	<u>37,719</u>
Faculty FTEs	2,499.0	2,674.7	2,687.1
Staff FTEs	1,363.9	1,523.9	1,617.0
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Total Faculty & Staff FTEs	<u>3,862.9</u>	<u>4,198.6</u>	<u>4,304.1</u>

The fourteen colleges in the community college system are:

College	Main Campus Location
Arapahoe Community College	Littleton
Colorado Electronic Community College	Aurora
Community College of Aurora	Aurora
Community College of Denver	Denver
Colorado Northwestern Community College	Rangely
Front Range Community College	Westminster
Lamar Community College	Lamar
Morgan Community College	Fort Morgan
Northeastern Junior College	Sterling
Otero Junior College	La Junta
Pikes Peak Community College	Colorado Springs
Pueblo Community College	Pueblo
Red Rocks Community College	Lakewood
Trinidad State Junior College	Trinidad

The State Board consists of nine members appointed by the Governor to four-year staggered terms of service. The statute requires that Board members be selected so as to represent certain economic, political and geographical constituencies.

### **Section III**

## CURRENT YEAR FINDINGS AND RECOMMENDATIONS

We have audited the financial statements of the Community Colleges of Colorado for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. In planning and performing our audit of the financial statements, we considered the Community Colleges of Colorado's internal control solely to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. In addition, in accordance with *Government Auditing Standards*, we also have issued our report dated September 28, 2001 on our consideration of the Community Colleges of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. We have not considered internal control since September 28, 2001.

Our procedures were designed primarily to enable us to form an opinion on the financial statements and on management's assertion regarding compliance and the effectiveness of internal control over financial reporting, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We have attempted, however, to use our knowledge of the Community Colleges of Colorado gained during our work to make comments and suggestions we hope will be useful.

During our engagement, we focused our review of internal control and other operational matters at the following Community Colleges of Colorado locations: Arapahoe Community College, Community College of Denver, Colorado Northwestern Community College, Lamar Community College, Northeastern Junior College, Pueblo Community College, Red Rocks Community College and the System Office. As a result of our review, we noted certain matters involving internal control and other operational matters that are presented for the Community Colleges of Colorado's consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

Management at the System Office is charged with monitoring the progress of implementation and ensuring all colleges are aware of the recommendations and that the suggestions are applied to their operations as applicable. At monthly meetings with college controllers, accounting and operational issues are discussed and standard operating procedures are developed.

Recommendations noted in connection with the June 30, 2001 audit are detailed as follows:

### **CASH CONTROLS AND PROCEDURES**

We reviewed cash controls and procedures at various cash receiving site locations on campus, including the cashier's office, cafeteria, bookstore and various departments, such as the Continuing Education Department. Processes were reviewed to ensure that adequate controls and procedures were in place relating to the safeguarding of cash, segregation of duties and performance of timely deposits and reconciliations.

Good controls related to the area of cash procedures include: 1) ensuring all cash on hand is properly secured, 2) having two individuals open the mail, 3) stamping all checks "for deposit only" upon receipt, 4) preparing a listing of receipts, 5) having a person different from the individual who prepared the receipt listing prepare the deposit, 6) reconciling the deposit with the previously prepared receipt listing, preferably by an individual who did not prepare the deposit, and 7) reconciling the activity deposited with

that posted to the Financial Reporting System. We noted areas in which cash controls can be strengthened and procedures improved at the campuses described below:

#### Lamar Community College

The bookstore receives payments related to goods sold. A bank deposit package is prepared daily consisting of: a) cash and checks averaging approximately \$500, b) the deposit slip, and c) the daily cash register tape. The daily cash register tape is not reconciled with the bookstore's deposit slip. Not reconciling the daily register tape to the bookstore's deposit slip increases the risk that cash could be lost or stolen and not be detected.

#### Northeastern Junior College

Several cash collection points, including the bookstore, the Adult Continuing Education department, the Events Center, Cosmetology, Ag-Diesel Services/Auto Tech Repair, Child Development Center and the Records Office do not have written policies and procedures surrounding cash receipts. The lack of written policies and procedures relating to the safeguarding of cash, segregation of duties and performance of timely deposits and reconciliations increases the risk that cash collections are not controlled, reconciled and deposited in an appropriate manner. This increases the risk of loss or theft of cash and misstatement of financial accounts. Even though a lack of documented procedures related to cash controls and procedures existed at Northeastern Junior College, we did review the actual procedures being followed at the above cash receiving sites and noted the following areas requiring improvement:

The bookstore safe key is accessible by all three full-time bookstore employees. Cash kept in the bookstore safe averages between approximately \$500 and \$1,000. The absence of access controls to the bookstore safe increases the risk that funds could be lost or stolen and go undetected.

The Adult Continuing Education department receives student registrations and payments at several class locations. A registration listing is prepared which details the student who registered, the classes registered for and the amount paid. However, current processes do not provide for adequate segregation of duties since the same individual who prepares the registration listing also prepares the deposit and reconciles it to the registration listing. The deposit is given to the cashier's office to be posted to the Financial Reporting System. The cashier's office reconciles the amount posted to the amount of the deposit. In addition, for the 14 class sites located off-campus, the deposit slip and money are often not taken to the cashier's office for posting and deposit for several days. The absence of segregation of duties and not making deposits on a timely basis increases the risk that registration payments could be lost or stolen and go undetected.

The Events Center receives payments in the form of cash and checks at the ticket office. The ticket office employee working at the time, which may be the Events Center Director, receives the payments for events. This individual prepares a sales listing which includes the tickets sold, and monies collected. This sales listing is given to the Events Center Director who prepares the deposit. Daily deposits from the Events Center ticket office are approximately \$500 on event days. The college has approximately 25 events per year. When the Events Center Director is the employee working at the ticket office there exists inadequate segregation of duties, as the same individual who prepared the sales listing is also preparing the deposit. The absence of segregation of duties increases the risk that ticket office payments could be lost or stolen and go undetected.

## **Recommendation No. 1:**

The Community Colleges of Colorado should improve controls over cash as follows:

- a. Lamar Community College should reconcile the bookstore deposit slip with the daily register tape to ensure the cash deposit is complete.
- b. Northeastern Junior College should improve cash controls and procedures in the following areas:
  - Northeastern Junior College should review their procedures surrounding cash receipts at all collection sites, revise those procedures where weaknesses are detected and document the policies and procedures to be followed.
  - Northeastern Junior College's bookstore should review their procedures related to access to the bookstore safe. Only the individual responsible for the deposit should be allowed access to the safe.
  - Northeastern Junior College's Adult Continuing Education department and the Events Center should ensure that the individual that prepares the receipt listing is different from the individual who is responsible for preparing the bank deposit. In addition, all bank deposits related to Adult Continuing Education should be made in a timely manner.

## **College Responses:**

### Recommendation No. 1a:

Lamar Community College agrees and has implemented the recommendation in May 2001.

### Recommendation No. 1b:

Northeastern Junior College agrees.

## **ACCOUNTS RECEIVABLE**

We performed testing of the realizability of accounts receivable balances and the adequacy of allowance for those receivables believed to be uncollectable. In addition, we also tested to ensure adequate collection efforts were performed related to the receivables. Furthermore, processes related to receivables were reviewed to ensure the colleges were following the applicable Community Colleges of Colorado System Accounting Procedures ("SAP"). These include SAP 4 "Allowance for Doubtful Accounts" and SAP 5 "Accounts Receivable Write-off Policy". SAP 4 is designed to ensure that the receivable allowances are computed in a reasonable and consistent manner throughout the system. SAP 5 established an accounts receivable write-off policy that is consistently applied across the system in accordance with state fiscal rules. Furthermore, we reviewed the handling of accounts receivables sent to Central Collection Services ("CCS"). We noted two instances in which SAP 4 was not being followed and we also noted an inconsistency of handling accounts receivables sent to Central Collection Services as described below:

Lamar Community College

The allowance for doubtful accounts calculation was not calculated in accordance with SAP 4, which indicates that the allowance for doubtful accounts must include the anticipated collection fee charged by

CCS. The effect of not including the CCS collection fee in the allowance for doubtful accounts calculation understated the allowance approximately by \$23,000 as of June 30, 2001.

#### Pueblo Community College

The allowance for doubtful accounts calculation was not calculated in accordance with SAP 4 which indicates that the allowance for doubtful accounts must include the anticipated collection fee charged by CCS. The methodology the college used in their calculation resulted in the allowance for doubtful accounts being understated by a maximum of \$20,000 as of June 30, 2001.

#### Community Colleges of Colorado System

The colleges are not consistently handling accounts receivable sent to CCS. CCS charges a collection fee which approximates 25% of the accounts receivable balance collected. Pueblo Community College is assessing a late fee equal to the collection fee charged by CCS and recording the new balance to the Financial Reporting System prior to sending the account to CCS. Therefore, if the accounts receivable balance is collected, the amount of cash received by the college is equal to the original balance of the account. Northeastern Junior College has all students sign a form indicating late charges will be assessed to their account if not paid on a timely basis. These late charges are again equal to the CCS collection fee. The college also assesses the late fee to the accounts receivable balance prior to turning the account over to CCS for collection. However, they do not record the new balance of the account to the Financial Reporting System. Northeastern Junior College also receives cash equal to the entire balance of the original accounts receivable balance on those accounts collected. The other colleges reviewed are not assessing or submitting a late fee, and as a result, the collection fee is deducted from the original balance submitted and the colleges receive cash equaling approximately 75% of the accounts receivable balance.

#### **Recommendation No. 2:**

The Community Colleges of Colorado should follow SAP 4 as indicated below in connection with their allowance for doubtful accounts:

- a. Lamar Community College should calculate its allowance for doubtful accounts in accordance with SAP 4 and account for the collection fee charged by CCS in the allowance for doubtful accounts.
- b. Pueblo Community College should calculate its allowance for doubtful accounts in accordance with SAP 4 and account for the collection fee charged by CCS in the allowance for doubtful accounts.

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

The Community Colleges of Colorado System should consider implementing a policy which would require all colleges to follow a consistent methodology in connection with calculating a late fee on accounts receivables prior to submitting them to CCS for collection.

#### **College and System Office Responses:**

##### Recommendation No. 2a:

Lamar Community College agrees.

##### Recommendation No. 2b:

Pueblo Community College agrees.

Recommendation No. 3:

Community Colleges of Colorado System agrees.

**FIXED ASSETS and PHYSICAL INVENTORIES**

We performed testing to ensure fixed assets were properly stated and balances were classified in the correct fund. In addition, we reviewed processes related to fixed assets to ensure the colleges were following the applicable Community Colleges of Colorado System Accounting Procedures. In connection with property, plant and equipment, SAP 17, "Fixed Asset Physical Inventory," states that a yearend physical inventory of fixed assets should be performed and that each college shall have an established equipment identification system, including a tag number. SAP 17 helps ensure adequate controls over the monitoring of equipment are in place.

We also performed testing to ensure the processes related to physical inventories were adequate to ensure balances were properly stated. This testing included review of procedures, the safeguarding of inventories and review of book to physical inventory reconciliations. Good controls related to the area of physical inventory procedures include: 1) maintaining written policies and procedures, 2) communicating procedures to individuals performing the physical inventory, 3) having a separate individual verify hand counts by performing test counts of inventory items, 4) comparing inventory count results with book amounts, 6) investigating significant variances between book balances and physical inventory counts, and 7) having separate individuals approve the inventory results and perform the book to physical adjustment in the Financial Reporting System.

We noted an instance in which System Accounting Procedures were not being followed in connection with maintaining a current equipment identification system and two instances for which there were no documented policies and procedures related to bookstore physical inventories, as described below:

Lamar Community College

The college has not maintained an updated established equipment identification system in accordance with the guidelines established by SAP 17. Total equipment as of June 30, 2001 which was not identified with an inventory tag or barcode is valued at approximately \$171,000. In addition, the bookstore does not have documented physical inventory count procedures. Workstudy students performed the yearend inventory based on verbal instructions from the acting bookstore manager, which did have inventory experience. However, obsolete inventory was not considered and cut-off procedures and a review of their test counts was not performed. Bookstore inventory was valued at approximately \$145,000 as of June 30, 2001. The absence of inventory count procedures increases the risk that inventory could be improperly valued.

Pueblo Community College

The bookstore does not have documented physical inventory count procedures. A physical inventory was performed at yearend based on verbal instructions from the bookstore manager. In connection with the physical count, cut-off procedures and a review of their test counts was not performed. Bookstore inventory was valued at approximately \$242,000 as of June 30, 2001. The absence of inventory count procedures increases the risk that inventory could be improperly valued.

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

The Community Colleges of Colorado should improve procedures related to fixed assets and physical inventories as indicated below:

- a. Lamar Community College should keep their equipment identification system current and ensure all equipment is identified with an inventory tag or barcode in order to maintain a complete fixed asset listing in accordance with SAP 17. In addition, Lamar Community College should document procedures related to the observation of inventory in the bookstore. These procedures should include count procedures, consideration of obsolete inventory, cut-off procedures and review of test counts on a selected basis.
- b. Pueblo Community College should document procedures related to the observation of inventory in the bookstore. These procedures should include count procedures, consideration of obsolete inventory, cut-off procedures and review of test counts on a selected basis.

#### **College Responses:**

##### Recommendation No. 4a:

Lamar Community College agrees.

##### Recommendation No. 4b:

Pueblo Community College agrees.

### **CARL PERKINS GRANT PROVISIONS**

We reviewed the Carl Perkins Grants awarded to each college visited and tested that the following suggested provisions set forth by a letter addressed to all Carl Perkins Career and Technical Administration Administrators from the Community Colleges of Colorado Coordinator of Federal Programs were being followed:

- Not more than 23% of the basic grant be expended between July 1, 2000 and October 1, 2000.
- Established/authorized grant allocations must be followed.
- Allocation change requests are due in the Community Colleges of Colorado System office by May 1, 2001.
- All costs related to the grant are to be expended by closure of the fiscal year, June 30, 2001.

These provisions are not based on Federal or state rules, but are suggestions from the Community Colleges of Colorado System office based on how the System office receives the Carl Perkins funds from the Federal government. Additionally, testing performed included reviewing transaction details, budget allocations and allocation request forms. We noted two colleges did not comply with one of the above provisions as detailed below:

#### Colorado Northwestern Community College

The final allocation change request form was due to the Community Colleges of Colorado System office by May 1, 2001. The college submitted their allocation request to the System office on August 13, 2001. A special reimbursement request was granted and the college did get reimbursed for all expenditures

under the grant. However, not following the suggested provision could have resulted in the college needing to find alternative funding sources for the expenditures not submitted on a timely basis.

#### Red Rocks Community College

The college expended 37% of its Carl Perkins Grant between July 1, 2000 and October 1, 2000. Not more than 23% of the basic grant was to be expended during this period. The college did get reimbursed for these expenditures under the grant, but not following the required provisions could have resulted in the college needing to find alternative funding sources for the excess expenditures.

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

The Community Colleges of Colorado should adhere to the provisions of the Carl Perkins Grant as communicated by the Community Colleges of Colorado Coordinator of Federal Programs as indicated below:

- a. Colorado Northwestern Community College should ensure their final allocation change request is submitted to the Community Colleges of Colorado System office by May 1 of the same fiscal year.
- b. Red Rocks Community College should ensure that not more than 23% of the basic grant be expended between July 1, and October 1, of the same fiscal year.

#### **College Responses:**

##### Recommendation No. 5a:

Colorado Northwestern Community College agrees.

##### Recommendation No. 5b:

Red Rocks Community College agrees.

### **CUT-OFF PROCEDURES**

We performed testing of disbursements subsequent to fiscal yearend June 30, 2001 to determine if such disbursements were recorded in the appropriate fiscal year and to the correct account. In addition, processes related to the coding of the expenditures were reviewed in order to ensure that adequate controls have been established and are in operation related to the processing of disbursements and timely management review. We noted the following instance in which subsequent disbursements were not reported in the correct fiscal year:

#### Community Colleges of Colorado

Due to a system error, warrants were issued at the Community Colleges of Colorado System office subsequent to yearend. However, the accounting entries made to the Financial Reporting System indicated these warrants had been issued prior to yearend. The lack of review surrounding warrants issued at yearend, in connection with the related cut-off procedures, resulted in prepaid expenses being overstated \$1.2 million, payables to vocational schools being overstated \$1.1 million and employee benefits payable being overstated approximately \$113,000 at June 30, 2001.

**Recommendation No. 6:**

The Community Colleges of Colorado System should review their cut-off procedures to ensure that all accounts are properly stated as of yearend.

**System Response:**

Community Colleges of Colorado System agrees.

#### **Section IV**

DISPOSITION OF PRIOR YEAR

AUDIT RECOMMENDATIONS

The following are the audit recommendations included in the Community Colleges of Colorado audit report for the year ended June 30, 2000, and their disposition as of June 30, 2001.

<u>RECOMMENDATION</u>	<u>DISPOSITION</u>
Area Addressed: Cash Controls and Procedures	
1a. Front Range Community College bookstore to lock safe at all times. Front Range Community College Cashier's Office to implement the use of a lockbox for after hours deposits. Front Range Community College Continuing Education Department to stamp all checks "for deposit only" and prepare a listing of receipts to reconcile with accounting records.	Implemented
1b. Otero Junior College to keep cash collected at the Cashier's Office in a locked drawer or safe.	Implemented
1c. Pikes Peak Continuing Education Department to provide for adequate segregation of duties relating to the receipt, deposit and posting of cash. Pikes Peak Community College to maintain a daily receipts listing at the Customized Training Department and reconcile receipts listing with accounting records.	Implemented
2. The System Office to work with the college controllers to develop and encourage best practices related to cash controls and monitor that adequate controls have been established at the colleges.	Partially Implemented The System Office and internal audit worked with several colleges to improve cash controls and procedures and improvements were made. However, additional recommendations related to cash controls and procedures were noted in fiscal year 2001 (See Recommendation 1).
Area Addressed: Accounts Receivable	
3. Community College of Denver to analyze unidentified balances in accounts receivable to ensure amounts are recorded correctly, are realizable and can be pursued for collection.	Implemented
4. Front Range Community College to write-off accounts receivable that have been deemed uncollectable in accordance with SAP 5.	Implemented

Area Addressed: Fixed Assets

5. Community Colleges of Colorado System to perform an annual physical inventory of all equipment in accordance with SAP 17 and identify all equipment with an identification tag.

Implemented

## **Section V**

RESOLUTION STATUS OF PRIOR YEAR QUESTIONED COSTS

There were no questioned costs from the fiscal 2000 audit.

**Section VI**

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Members of the Legislative Audit Committee  
State of Colorado:

We have audited the accompanying balance sheet of Community Colleges of Colorado (“CC of C”), a component unit of the State of Colorado, as of June 30, 2001, and the related statements of changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of CC of C’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of CC of C at June 30, 2001, and the changes in its fund balances and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2001 on our consideration of CC of C’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the general-purpose financial statements rather than to present the financial position and changes in fund balances of the individual colleges and is not a required part of the financial statements of CC of C. The combining information, which is the responsibility of CC of C’s management, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Denver, Colorado,  
September 28, 2001.

State of Colorado  
Community Colleges of Colorado  
Balance Sheet  
June 30, 2001

	<b>CURRENT FUNDS</b>		
	Unrestricted	Restricted	Loan Funds
<b>Assets</b>			
Cash	\$ 44,872,587	\$ 661,083	\$ 166,285
Investments		3,759,017	
Accounts receivable	15,066,830	7,208,015	
less allowance of \$2,820,051 in 2001 and \$2,506,758 in 2000			
Loans receivable			1,084,847
less allowance of \$7,571 in 2001 and \$103,018 in 2000			7,571
Interest receivable			
Inventories	3,104,059		
Prepaid expenses	7,962,972	848,715	
Due from other funds			
Plant facilities:			
Land			
Buildings			
Construction in progress			
Leasehold improvements			
Equipment			
Library books			
<b>Total Assets</b>	<b>71,006,448</b>	<b>12,476,830</b>	<b>1,251,132</b>
<b>Liabilities</b>			
Accounts payable	6,148,964	3,675,047	875
Accrued liabilities	7,135,229	4,968,764	
Accrued compensated absences	10,510,572	60,185	
Deferred revenue	15,457,121	38,947	
Notes payable	19,692	7,766	
Capital lease obligations			
Interest payable			
Bonds payable			
Due to other funds	87,990		
Deposits held in custody	502,669	(5,085)	
<b>Total liabilities</b>	<b>39,862,237</b>	<b>8,745,624</b>	<b>875</b>
<b>Fund Balances</b>			
Unrestricted			
Undesignated	40,770,774		121,778
Designated for compensated absences	(10,510,572)	(60,185)	
Designated for GASB 31	884,009		
Restricted		3,791,391	1,128,479
Net investment in plant			
<b>Total fund balances</b>	<b>31,144,211</b>	<b>3,731,206</b>	<b>1,250,257</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 71,006,448</b>	<b>\$ 12,476,830</b>	<b>\$ 1,251,132</b>

*See accompanying notes to the financial statements.*

PLANT FUNDS					TOTALS	
Unexpended Plant	Renewal & Replacement	Retirement of Indebtedness	Investment in Plant	Agency Fund	(Memorandum Only) 2001	2000
\$ 3,686,982	\$ 3,913,810	\$ 160,584		\$ 4,592,852	\$ 58,054,183	\$43,276,383
161,108					3,920,125	4,225,090
1,330,087				750,511	24,355,443	27,831,500
					1,084,847	1,008,262
		804			804	-
					3,104,059	2,932,758
256				1,586	8,813,529	8,351,980
87,990					87,990	335,031
			\$ 25,534,795		25,534,795	32,250,011
			283,302,377		283,302,377	193,385,971
73,183,403					73,183,403	87,374,023
			3,903,715		3,903,715	2,349,631
			27,883,250		27,883,250	38,628,521
			12,809,890		12,809,890	12,378,475
<b>78,449,826</b>	<b>3,913,810</b>	<b>161,388</b>	<b>353,434,027</b>	<b>5,344,949</b>	<b>526,038,410</b>	<b>454,327,636</b>
1,852,852	32,500			357,589	12,067,827	12,042,670
1,100,092					13,204,085	11,345,848
					10,570,757	10,134,843
					15,496,068	14,227,587
			28,031		55,489	153,015
			494,582		494,582	666,414
44,923		109,850	4,308		159,081	96,125
2,302,630			16,977,370		19,280,000	20,195,000
					87,990	335,031
				4,987,360	5,484,944	3,206,701
5,300,497	32,500	109,850	17,504,291	5,344,949	76,900,823	72,403,234
73,149,329	3,881,310	51,538			117,974,729	125,060,258
					(10,570,757)	(10,134,843)
					884,009	(221,030)
					4,919,870	6,749,636
			335,929,736		335,929,736	260,470,381
73,149,329	3,881,310	51,538	335,929,736		449,137,587	381,924,402
<b>\$ 78,449,826</b>	<b>\$ 3,913,810</b>	<b>\$ 161,388</b>	<b>\$ 353,434,027</b>	<b>\$ 5,344,949</b>	<b>\$ 526,038,410</b>	<b>\$454,327,636</b>

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance  
Year ended June 30, 2001

	CURRENT FUNDS	
	Unrestricted	Restricted
<b>Revenues and Other Additions:</b>		
Tuition and fees	\$ 97,871,324	
State appropriations	171,928,188	\$ 17,559,820
Federal grants and contracts	11,520	59,250,203
State grants and contracts	570,647	1,895,010
Local grants and contracts		202,662
Private gifts, grants and contracts	484,012	2,904,974
Donated Federal Assets		
Indirect cost recoveries	771,811	
Investment and interest income	4,085,523	31,670
Realized gain on investments		
Expended for plant facilities		
Retirement of indebtedness		
Sales and services of educational departments	2,502,356	
Sales and services of auxiliary enterprises	31,840,094	
Other sources	4,622,031	106,434
<b>Total Revenues and Other Additions</b>	<b>314,687,506</b>	<b>81,950,773</b>
<b>Expenditures and Other Deductions:</b>		
Educational & general		
Instruction	155,468,635	26,207,908
Research		
Public service	450,382	2,700,226
Academic support	24,056,600	2,449,951
Student services	22,286,167	4,457,222
Institutional support	34,437,944	5,167,216
Operation and maintenance of plant	30,532,935	631,918
Scholarships and fellowships	4,168,348	41,407,749
Refunded to grantors		3,313
Indirect Costs Recovered		760,746
Loan cancellations & write-offs	706	
Administration and collection costs		
Expended for plant facilities (including non-capitalized expenditures of \$2,480,202)		
Retirement of indebtedness		
Interest on indebtedness		
Capitalization of asset/debt		
Disposal of plant facilities		
Auxiliary operating expenditures	28,986,087	
Other deductions	743,572	200
<b>Total Expenditures and Other Deductions</b>	<b>301,131,376</b>	<b>83,786,449</b>
<b>Transfers Among Funds - additions (deductions)</b>		
Mandatory transfers		
Educational and general		
Principal & interest	(1,352,029)	(18,873)
Renewals and replacements		
Loan fund matching grant		
Auxiliary enterprises		
Principal & interest	(548,419)	
Renewals and replacements		
Loan fund matching grant		
<b>Total mandatory transfers</b>	<b>(1,900,448)</b>	<b>(18,873)</b>
Voluntary transfers:		
Transfers within system		
Other	(2,453,878)	(47,629)
<b>Total non-mandatory transfers</b>	<b>(2,453,878)</b>	<b>(47,629)</b>
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>305,485,702</b>	<b>83,852,951</b>
<b>Net increase (decrease) - fund balances</b>	<b>9,201,804</b>	<b>(1,902,178)</b>
Fund Balances - beginning of year	22,163,437	5,633,384
Implementation of GASB 31	(221,030)	
<b>Adjusted beginning fund balance</b>	<b>21,942,407</b>	<b>5,633,384</b>
<b>Fund Balances - end of year</b>	<b>\$ 31,144,211</b>	<b>\$ 3,731,206</b>

Loan Funds	PLANT FUNDS			
	Unexpended Plant	Renewal & Replacement	Retirement of Indebtedness	Investment in Plant
	\$ 38,096,087			
	364,439	\$ 519,093		\$ 105,246
\$ 29,760	74,791	238,378	\$ 820	
				63,625,522
				936,933
73,204	130,343	4,998		28,396,268
102,964	38,665,660	762,469	820	93,063,969
11,065				
17,028				
10,804				
	50,530,268	233,836		
	5,933,638	495,062		
	105,000		779,862	
	248,475		697,270	26,112
				17,624,747
		391,904	18,081	
38,897	56,817,381	1,120,802	1,495,213	17,650,859
	89,714		1,234,943	46,245
	298,761		249,658	
	388,475		1,484,601	46,245
	1,234,710	1,284,796	2,002	
	1,234,710	1,284,796	2,002	
38,897	55,194,196	(163,994)	8,610	17,604,614
64,067	(16,528,536)	926,463	(7,790)	75,459,355
1,186,190	89,677,865	2,954,847	59,328	260,470,381
1,186,190	89,677,865	2,954,847	59,328	260,470,381
\$ 1,250,257	\$ 73,149,329	\$ 3,881,310	\$ 51,538	\$ 335,929,736

See accompanying notes to the financial statements.

State of Colorado  
Community Colleges of Colorado  
Combined Statement of Cash Flows-All Funds Except Investment in Plant and Agency Funds  
Year Ended June 30, 2001

Cash Flows From Operating Activities:

State Appropriations	\$ 236,431,325
Tuition, Fees, Other Sales & Services, and Auxiliary Revenue	101,803,947
Investment Revenue	4,460,138
Gifts, Grants and Contracts	67,221,412
Cash paid to suppliers, employees and other agencies or funds	<u>(442,776,396)</u>

Net cash used by operating activities (32,859,574)

Cash Flows From Capital Activities:

Construction in Progress expended for plant assets	14,190,620
Transfer from current unrestricted fund for construction	1,623,185
State appropriation for capital construction	30,117,251
Net decrease in bonds (capitalization of projects )	<u>(75,000)</u>

Net cash provided by capital activities 45,856,056

Net increase in cash 12,996,482

Cash:

Beginning of Year	<u>40,464,849</u>
End of Year	<u><u>\$ 53,461,331</u></u>

Reconciliation of operating income to net cash used by operating activities:

Revenue	\$ 436,170,192
Less Unexpended Plant Fund State Appropriation	<u>(30,117,251)</u>
Net Operating Revenues	406,052,941

Expenditures	444,390,118
Plus net transfers/adjustments for construction	<u>1,649,429</u>
Net Operating Expenditures	446,039,547

Net Operating Loss (39,986,606)

Decrease in Accounts Receivable	3,617,644
Increase in Interest Receivable	(804)
Increase in Inventories	(171,301)
Increase in Prepaid Expenses	(488,767)
Decrease in Investments	304,965
Decrease in Due From Other Funds	247,041
Increase in Liabilities	3,694,839
Increase Loans to Students	(76,585)
Net cash used by operating activities	<u><u>\$ (32,859,574)</u></u>

See accompanying notes to the financial statements

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *GOVERNANCE*

The Community Colleges of Colorado ("CC of C" or "the System") is governed by the State Board for Community Colleges and Occupational Education (SBCCOE). The nine board members are appointed for staggered four-year terms by the governor with consent of the senate. The SBCCOE governs the fourteen state system colleges and administers vocational-technical education funds distributed to the three local district colleges, legislated area vocational schools, and the school districts offering vocational programs.

### *BASIS OF PRESENTATION AND FINANCIAL REPORTING ENTITY*

In accordance with Governmental Accounting Standards Board Statement No. 14 (GASB 14), the financial reporting entity of the Community Colleges of Colorado includes the combined operations of the component colleges and the system office, which includes the Higher Education Advanced Technology (HEAT) at Lowry operations. All material intrasystem transactions have been eliminated.

In addition, the Employee Benefit Trust Fund (the Trust), a component unit, is included in the current restricted fund. The Trust is a legally and financially independent entity whose governing committee is appointed by the SBCCOE. The appointment of the governing committee and the benefits to employees meets the minimum requirements of GASB 14 for component reporting. The Trust is self-funded and provides long-term disability benefits to employees.

Any effort to reconcile this report with presentations made for other purposes such as data submitted with the legislative budget requests of the CC of C must take into consideration differences in the basis of accounting and other requirements for the preparation of such other presentations.

The total column of the balance sheet is captioned "memorandum only" to indicate that the totals are presented only to facilitate financial analysis. Interfund borrowings have been eliminated in the aggregation of this data.

### *BASIS OF ACCOUNTING*

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles and practices as outlined in the American Institute of Certified Public Accountants industry audit guide, Audits of Colleges and Universities, and the Financial Accounting and Reporting Manual published by the National Association of College and University Business Officers. Presentation is in accordance with the State of Colorado Higher Education Accounting Standard #17 (HEAS #17).

The statement of changes in fund balance is a statement of financial activities of operating funds related to the current reporting period. Auxiliary and state appropriated funds are presented as current unrestricted funds.

Summer session revenue and expenditures are deferred to the following fiscal year's operations.

Investments are reported at fair value, which is determined based on quoted market price. Inventories and supplies are stated at the lower of cost or market.

Current unrestricted fund accounts receivable are primarily from tuition, fees and other charges to students at the various colleges.

### *FUND ACCOUNTING*

The accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various activities are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds with similar characteristics have been combined. Accordingly, all financial transactions have been recorded and reported by fund group.

### *CURRENT FUNDS*

Current funds are used primarily to account for transactions that are expended in performing the primary and support objectives of the institutions; i.e., instruction, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships, and auxiliary activities. Current funds include:

Unrestricted Fund - used to account for transactions related to the CC of C general funds appropriated budgets as approved by the State Legislature and the SBCCOE and for the substantially self-supporting auxiliary enterprises.

Restricted Fund - used to account for current funds expended for operating purposes but restricted by donor or other outside agencies as to the specific purpose for which they may be expended. Restricted current fund revenues, principally grants and contracts, recognized as the related expenditures are incurred, were \$ 81,950,773 in 2001 and \$80,140,473 in 2000.

Amounts received in excess of expenditures are included as additions to fund balances during the year and may be subject to repayment if additional program expenditures are not made. Funds relating to sponsored programs restricted by the State of Colorado and its agencies have been classified as current restricted funds. Restricted funds include revenue and expenditures for the Pell Grant Program and similar programs.

#### *STUDENT LOAN FUNDS*

Student loan funds are financed primarily by the federal government and are used to account for loans to students.

#### *PLANT FUNDS*

Plant funds are used to account for the transactions relating to investment in institutional properties. These include:

- Unexpended Plant Fund – for construction in progress of buildings and improvements
- Renewal and Replacement Fund - for refurbishing or replacing buildings or improvements
- Retirement of Indebtedness Fund - process payments of principal and interest in compliance with terms of bond indentures and other contractual agreements
- Investment in Plant Fund - total of property, buildings and equipment, and the related liabilities. Includes liability for long-term capital lease obligations.

**NOTE B - SUMMARY OF STATE APPROPRIATIONS**

<b>State System Community Colleges:</b>	<b>Appropriation Allocated by State Board</b>	<b>Augmenting Revenue Earned</b>	<b>Transfers from/(to) State Board</b>	<b>Total Expenditures &amp; Transfers Other than from/(to) State Board</b>	<b>Net Increase/(Decrease) in Fund Balance Related to State Appropriations</b>
Arapahoe Community College	\$ 9,567,849	\$ 9,426,368	\$ 671,161	\$ 19,689,925	\$ (24,548)
Community College of Aurora	6,679,821	5,475,642	897,614	13,055,202	(2,125)
Community College of Denver	11,645,354	7,895,367	164,642	19,549,642	155,721
Colorado Northwestern Community College	5,911,723	1,910,850	297,969	8,048,550	71,992
Front Range Community College	17,025,399	17,155,243	3,424,292	35,713,456	1,891,478
Lamar Community College	3,053,732	1,475,887	533,483	4,864,685	198,417
Morgan Community College	3,836,834	1,830,207	560,538	6,060,967	166,612
Northeastern Junior College	5,970,688	3,814,371	277,929	10,166,239	(103,251)
Otero Junior College	4,220,293	1,913,482	262,460	6,379,096	17,139
Pikes Peak Community College	15,287,806	11,982,929	1,068,337	28,146,572	192,500
Pueblo Community College	10,798,065	6,651,049	1,153,401	18,474,078	(128,437)
Red Rocks Community College	10,182,722	9,724,190	761,029	20,740,912	(72,971)
Trinidad State Junior College	5,905,111	3,100,423	232,447	9,105,984	131,997
HEAT at Lowry Governing Board	3,239,889 11,139,202	544,706 49,115,746	1,001,918 (11,326,419)	3,714,105 48,360,267	1,072,408 568,262
<b>Total – State System Community Colleges and Governing Board and Campuses</b>	<b>\$124,464,488</b>	<b>\$132,016,460</b>	<b>\$ (19,200)</b>	<b>\$252,069,680</b>	<b>\$ 4,392,068</b>
<b>Other Current Unrestricted Funds SBCCOE Appropriations By Line Item:</b>					
Local District Junior Colleges	\$ 13,941,543			\$ 13,941,543	
Occupational Education Admin.	622,451			622,451	
Colorado Vocational Act	17,755,765			17,755,765	
Area Vocational Post Secondary	10,885,321			10,885,321	
<b>Total Current Unrestricted Fund Appropriations</b>	<b>\$167,669,568</b>	<b>\$132,016,460</b>	<b>\$ (19,200)</b>	<b>\$ 295,274,760</b>	<b>\$ 4,392,068</b>

The Appropriations shown here were enacted in the following legislation:

The current unrestricted funds appropriations shown here were enacted in the following legislation:

Long Bill, HB 00-1451	\$167,706,653
Colorado Vocational Act Reversion	(37,085)
Total	<u>\$167,669,568</u>

Expenditures reported above include the accruals for compensated absences. As explained in Note F, compensated absences will be paid from subsequent years' revenue.

**The capital construction appropriations are reflected below:**

Long Bill, HB 00-1451	\$ 30,117,251
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## NOTE C - CASH DEPOSITS AND INVESTMENTS

### CASH DEPOSITS

At June 30, 2001, the CC of C had \$52,031,672 on deposit with the State Treasurer that is net of Colorado Financial Reporting System (COFRS) warrants payable. This amount is net of any deficit cash balances with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. In addition at June 30, 2001, the CC of C had other cash or cash equivalents on deposit in banks or savings and loans with a carrying amount of \$324,302 and a bank balance of \$334,552. Of the bank balance, \$261,810 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, and none was uninsured and uncollateralized.

### INVESTMENTS

The CC of C deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. CC of C reports its share of the Treasurer's unrealized gains and losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2001. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

CC of C accounts for investments held with the State Treasurer in accordance with GASB 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The fund balance 'Designated for GASB 31' represents the cumulative difference between the amortized cost and fair value of the CC of C's share of the State Treasurer's pooled cash investments. The unrealized net gain for Fiscal Year 2001 of \$1,105,039 that is included in 'Investment Income' reflects only the change in fair value during the current fiscal year.

## NOTE D - BONDS PAYABLE

### SYSTEMWIDE REVENUE BONDS

The State of Colorado Department of Higher Education, through the State Board for Community Colleges and Occupational Education, issued revenue bonds in 1992, 1995, 1996, 1997, 1998 and 1999 known as Systemwide Revenue Bonds. A total of \$30,535,000 Systemwide Revenue Bonds has been issued, including the 1999 refunding.

#### Series 1992 Bonds

The Series 1992 revenue bonds, for \$5,680,000, were issued on August 19, 1992 and dated July 1, 1992. Interest is payable semi-annually on May 1 and November 1. The final maturity of the bonds is November 1, 2016. The Pueblo Community College portion was advance refunded on February 18, 1999, see Series 1999 bonds.

The principal of the Series 1992 issue was distributed among the colleges as follows:

Arapahoe Community College	\$ 775,000
Pikes Peak Community College	1,085,000
Pueblo Community College	<u>3,820,000</u>
	<u>\$5,680,000</u>

#### Series 1995 Bonds - Front Range Community College - Westminster Campus Project

The Series 1995, Front Range Community College - Westminster Campus Project revenue bonds, for \$3,900,000, were issued on June 27, 1995 and dated June 15, 1995. Interest is payable semi-annually on May 1 and November 1. The final maturity of the bonds is November 1, 2015.

#### Series 1996 Bonds

The Series 1996 revenue bonds, for \$4,150,000, were issued on June 27, 1996 and dated June 15, 1996. Interest is payable semi-annually on May 1 and November 1. The final maturity of the bonds is November 1, 2015. The principal of the Series 1996 November issue was distributed between the colleges as follows:

Front Range Community College - Larimer Campus Project	\$2,595,000
Pikes Peak Community College - North Campus Project	<u>1,555,000</u>
	<u>\$4,150,000</u>

Series 1997 (March) Bonds - Northeastern Junior College.

The Series 1997, Northeastern Junior College, dormitory project, for \$2,465,000, were issued on March 6, 1997 and dated March 1, 1997. Interest is payable semi-annually on May 1 and November 1. Final maturity of the bonds is November 1, 2019. In December 1997, a total of \$495,000 was refunded. The refunding reduced the bond liability to \$1,970,000.

#### Series 1997 (December) Bonds

The Series 1997 revenue bonds for \$2,880,000, were issued on December 18, 1997 and dated December 15, 1997. Interest is payable semi-annually on May 1 and November 1. Final maturity of the bonds is November 1, 2019. The principal of the Series 1997 issue was distributed among the colleges as follows:

Community College of Aurora	\$1,295,000
Northeastern Junior College #2	540,000
Trinidad State Junior College	<u>1,045,000</u>
	<u>\$2,880,000</u>

#### Series 1998 Bonds

The Series 1998 revenue bonds for \$1,630,000 were issued on June 17, 1998 and dated June 1, 1998. Interest is payable semi-annually on May 1 and November 1. Final maturity of the bonds is November 1, 2018. The principal of the Series 1998 issue was distributed between the colleges as follows:

Morgan Community College	\$ 580,000
Northeastern Junior College #3	<u>1,050,000</u>
	<u>\$1,630,000</u>

#### Series 1999 Bonds

The series 1999 revenue bonds for \$6,750,000 were issued on February 18, 1999. Interest is payable semi-annually on May 1 and November 1. Final maturity of the bonds is November 1, 2019. The principal of the Series 1999 issue was distributed between the colleges as follows:

Pueblo Community College	\$3,490,000
Red Rocks Community College	<u>3,260,000</u>
	<u>\$6,750,000</u>

#### ADVANCE REFUNDING

In Fiscal Year 1999, Pueblo Community College and Red Rocks Community College systemwide revenue bonds were advance refunded. Proceeds of the

new bonds were placed in an escrow fund for all future debt service payments on the old bonds. On June 30, 2001, \$5,890,000 of bonds outstanding are considered advance refunded and not included in the system financial statements.

#### SECURITY

The bonds are special obligations of the System payable from certain Net Pledged Revenues as defined in the bond indenture. The bonds are payable solely out of and secured by an irrevocable pledge of all income or monies derived from the Auxiliary Facilities (defined as follows) after deduction of operating and maintenance expenses, including without limitation, student fees and other fees, rates, and charges pertaining thereto and for the development thereof and may include, at the System Board's discretion, any grants, appropriations, or other donations from the United States or its agencies or from any other donor, except the state or its agencies or political subdivisions.

Auxiliary Facilities include housing facilities; food service facilities; student union and other student activities facilities; store or other facilities for the sale or lease of books, supplies, etc.; recreational or athletic facilities; parking lots or facilities; properties providing heat or other utility; and other miscellaneous unrestricted sources of income related to the Auxiliary Facilities.

#### EARNINGS REQUIREMENT

Under the terms of the bond indenture, the CC of C must adopt fees, rates, rents, and charges sufficient to budget annual Net Pledged Revenues of at least 125% of the debt service due that fiscal year. For the year ended June 30, 2001, Net Pledged Revenues of the CC of C were \$3,348,920, which exceeded the System's debt service of \$2,354,763.

#### MINIMUM BOND RESERVE REQUIREMENT

Pursuant to the bond indenture, the System must fund a minimum bond reserve equal at any time to the average annual principal and interest requirements. The reserve fund, or a Qualified Surety Bond, shall equal the minimum bond reserve. All systemwide bond issues currently have surety bonds to guarantee the reserve requirement. The purchase of a surety bond is in compliance with the bond resolution and guarantees the minimum bond reserve requirement for all issues. At June 30, 2001, the average annual principal and interest payment was \$1,557,113.

## MANDATORY SINKING FUND REDEMPTION

Each bond issue is subject to mandatory sinking fund redemptions by lot, on the dates and in principal amounts as specified in each bond resolution, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The principal amounts vary by issue.

### *HUD SUBSIDY*

Arapahoe Community College has received a grant from the Department of Housing and Urban Development to subsidize its portion of the debt service requirements related to the Series 1992 revenue bonds. The grant pays \$23,496 towards the debt service costs annually for the life of its portion of the issue which is until November 1, 2001.

### *BOND ACCOUNTING*

The bond accounts are maintained by each of the participating colleges in accordance with principles of fund accounting. Each college maintains accounts for its portion of the bond. All financial transactions have been recorded and reported by fund group. All of the System colleges maintain separate accounts for the auxiliary facilities whose revenues are pledged to this bond issue.

The plant funds are used to account for the transactions relating to the college's properties. For bond purposes, the Unexpended Plant Fund is comprised of amounts that have been appropriated or designated for construction-in-progress and the related bonds payable. The Retirement of Indebtedness Fund represents funds provided for the payment of principal and interest in accordance with the terms of the bond indenture. The Investment in Plant Fund represents the college's fixed assets and the related liabilities including bonds payable on completed projects. The individual college funds are consolidated for the Systemwide financial statements and bond reporting.

### LONG-TERM BOND PRINCIPAL MATURITIES

Bond principal payments to be made during fiscal year 2002 through 2006 are enumerated in the following tables.

**NOTES D - BONDS PAYABLE (continued)**

<u>Bond Issue</u>	Principal Maturing in Next Five Years by Year					<u>Secured By</u>
	FY02	FY03	FY04	FY05	FY06	
State Board for Community Colleges And Occupational Education Systemwide Revenue Bonds						Student fees and the operations of student related auxiliary facilities across the CCCOE System.
Series 1992 – Arapahoe - Pikes Peak	\$ 85,000 105,000	\$ 0 110,000	\$ 0 110,000	\$ 0 0	\$ 0 0	
Séries 1995 – Front Range	145,000	155,000	160,000	170,000	180,000	
Séries 1996 - Front Range – Larimer - Pikes Peak – North Campus	95,000 60,000	100,000 60,000	105,000 65,000	115,000 65,000	120,000 65,000	
Series 1997 - Northeastern Junior College	60,000	60,000	65,000	65,000	70,000	
Series 1997 - Community College of Aurora - Northeastern Junior College #2 - Trinidad State Junior College	40,000 15,000 40,000	40,000 15,000 40,000	45,000 20,000 40,000	45,000 20,000 45,000	45,000 20,000 45,000	
Series 1998 - Morgan Community College - Northeastern Junior College #3	20,000 35,000	20,000 35,000	20,000 40,000	20,000 40,000	25,000 40,000	
Series 1999 - Pueblo Community College - Red Rocks Community College	150,000 <u>110,000</u>	155,000 <u>115,000</u>	165,000 <u>115,000</u>	165,000 <u>120,000</u>	165,000 <u>125,000</u>	
Total Bonds Payable	960,000	905,000	950,000	870,000	900,000	
Interest Due	<u>928,814</u>	<u>888,216</u>	<u>847,094</u>	<u>806,235</u>	<u>766,068</u>	
Total Annual Debt Service	<u>\$1,888,814</u>	<u>\$1,793,216</u>	<u>\$1,797,094</u>	<u>\$1,676,235</u>	<u>\$166,068</u>	

Bond Debt Service payments from 2007 to maturity are:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2007-2010	\$ 4,095,000	+	2,600,170	=	\$ 6,695,170
2011-2020	\$10,600,000	+	2,331,415	=	\$12,931,415

**NOTE D - BONDS PAYABLE (continued)**

	Bonds Outstanding		Interest	Maximum	Callable	Call	Final
	<u>6/30/01</u>	<u>6/30/00</u>	Rate	Annual		Premium	Payment
				Principal			
State Board for Community Colleges and Occupational Education Systemwide Revenue Bonds							
Series 1992 –Arapahoe	\$ 85,000	\$ 170,000	2.6% to 5.0%	\$ 85,000	YES	NONE	11/1/01
- Pikes Peak	325,000	420,000	2.6% to 5.2%	\$110,000	YES	NONE	11/1/03
Series 1995 - Front Range – Westminster	3,250,000	3,390,000	4.0% to 5.7%	\$310,000	YES	NONE	11/1/15
Séries 1996 - Front Range – Larimer	2,155,000	2,245,000	3.75% to 5.87%	\$210,000	YES	NONE	11/1/15
- Pikes Peak – North	1,295,000	1,350,000	3.75% to 5.87%	\$125,000	YES	NONE	11/1/15
Series 1997 - Northeastern Jr. College	* 1,810,000	* 1,865,000	3.75% to 5.5%	\$150,000	YES	NONE	11/1/19
Series 1997 - Aurora Comm. College	1,175,000	1,215,000	3.85% to 5.125%	\$ 95,000	YES	NONE	11/1/19
- Northeastern Jr. College #2	495,000	510,000	3.85% to 5.125%	\$ 40,000	YES	NONE	11/1/19
- Trinidad State Jr. College	945,000	980,000	3.85% to 5.125%	\$ 80,000	YES	NONE	11/1/17
Series 1998 - Morgan Comm. College	540,000	560,000	3.90% to 5.0%	\$ 45,000	YES	NONE	11/1/18
- Northeastern Jr. College #3	950,000	985,000	3.75% to 5.0%	\$ 75,000	YES	NONE	11/1/18
Series 1999 - Pueblo Community College	3,195,000	3,345,000	3.2% to 4.5%	\$265,000	YES	NONE	11/1/16
- Red Rocks Community	<u>3,060,000</u>	<u>3,160,000</u>	3.2% to 4.5%	\$235,000	YES	NONE	11/1/19
College							
	<u>19,280,000</u>	<u>\$20,195,000</u>					

Interest on bonds is paid semiannually; principal is paid annually.

\*Excludes refunded debt of \$495,000

## NOTE E – LEASES

The CC of C has acquired land, buildings, and equipment under leases and lease/purchase arrangements which are classified as capital leases. Plant Fund equipment includes \$762,539 and \$801,961 at June 30, 2001 and at June 30, 2000 respectively, of capitalized amounts relating to these leases. At June 30, 2001 Plant Fund land and buildings did not include any capitalized amounts related to these leases. Future minimum payments under capital leases are as follows for the years ending June 30:

	Principal	Interest	Total
2002	\$ 97,991	\$23,693	\$121,684
2003	\$ 66,281	\$19,018	\$ 85,299
2004	\$ 51,927	\$15,855	\$ 67,782
2005	\$ 54,747	\$13,035	\$ 67,782
2006	\$ 58,744	\$ 9,038	\$ 67,782
<u>Thereafter</u>	<u>\$164,894</u>	<u>\$15,858</u>	<u>\$180,752</u>
Total	\$494,584	\$96,497	\$591,081

At June 30, 2001, the Unexpended Plant Fund does not include any lease liability.

The CC of C has building and equipment operating leases. Total rent expense for operating leases for the years ended June 30, 2001 and 2000 was \$4,464,952 and \$4,844,772, respectively. Future minimum rental payments, exclusive of real estate taxes and other expenses, under operating leases are as follows:

Year ending June 30:	
2002	\$ 4,523,596
2003	\$ 3,282,053
2004	\$ 2,764,756
2005	\$ 1,864,133
2006	\$ 1,172,224
<u>Thereafter</u>	<u>\$ 13,366,041</u>
Total	\$ 26,972,803

The minimum rentals are subject to adjustment based on increases in the cost of maintenance, insurance, utilities, and operating costs. The leases may be renewed for additional periods of various lengths. All leases are subject to cancellation in the event the State General Assembly does not appropriate funds for the annual lease payments.

## NOTE F - COMPENSATED ABSENCES FOR ANNUAL AND SICK LEAVE

Employees of the CC of C may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount which will be paid upon termination. The costs of compensated absences, for which employees are vested as of June 30, 2001 and 2000, are estimated at \$10,570,757 and \$10,134,843, respectively. Current expenses reflect \$184,841 for increases in the estimated compensated absence liability.

The portion of the Current Unrestricted Fund compensated absence liability relating to the Current Restricted Fund was estimated at \$489,171 and \$600,402 at June 30, 2001 and 2000, respectively.

The recording of the liability for compensated absences results in fund balance deficits which will be funded by the State Appropriation, Federal funds, or other funding sources available in future years when the liability is paid. Accordingly, fund balances in each of the current funds are broken into two amounts on the balance sheet. The first or "undesignated" amount represents what the fund balance would be if there were no obligation for compensated absence liability. The second or "designated" amount is that portion of the fund balance which would be necessary to pay the entire compensated absence liability.

At June 30, 2001, Public Employees' Retirement Association of Colorado (PERA) estimated that 52% of the state's employees would remain until retirement. This percentage is used to calculate the amount of compensated absence liability to establish for sick leave.

## NOTE G - RETIREMENT PLAN

### PLAN DESCRIPTION

Virtually all of the department/institution's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their

families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employee's 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 and other divisions' plans are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, CO 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 five years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. State troopers and judges comprise a small percentage of plan members, but have higher contribution rates and are eligible for retirement benefits at different ages and years of service.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Members disabled, who have five or more years of service, six months of which have 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, their spouse or their eligible children under the age of 18 (23 if a full-time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

#### *FUNDING POLICY*

Most employees contribute 8 percent (10 percent for state troopers) of their annual

gross covered wages to an individual account in the plan.

During FY00-01, the state contributed 10.4 percent (13.1 percent for state troopers and 14.0 percent for the Judicial Branch) of the employee's gross covered wages which was allocated by PERA before January 1, 2001, as follows:

- 1.1 percent was allocated to the Health Care Trust Fund.
- 9.3 percent was allocated to the defined benefit plan.

After January 1, 2001, the state contribution was allocated to three separate programs by PERA according to a statutory change in funding policy:

- 1.42 percent was allocated to the Health Care Trust Fund.
- The amount needed to meet the match requirement established by the PERA Board was allocated to the Matchmaker program (see note H below.)
- The balance remaining after allocations to the Matchmaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

The annual gross covered wages subject to PERA is 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 department/institution's contributions to the three programs described above for the fiscal years ending June 30, 2001, 2000 and 1999 were \$15,960,633, \$16,479,697 and \$15,006,500, respectively. These contributions met the contribution requirement for each year.

#### **NOTE H - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS**

Beginning on January 1, 2001, the Matchmaker program established a state

match for PERA member's voluntary contributions to tax-deferred retirement plans. The match was 100 percent of up to 3 percent of the employees' gross covered wages paid during the month (7 percent for judges in the Judicial Branch). The PERA Board sets the level of the match annually based on the actuarial funding of the defined benefit pension plan. Two percent of gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match. PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer a 403b plan. Members who contribute to any of these plans also receive the state match.

#### **NOTE I - POSTRETIREMENT 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 FY00-01, the premium subsidy was \$115.00 for those with 20 years of service credit (\$230.00 for members under age 65), and reduced by \$5 for each year of service fewer than 20. Medicare eligibility also affects the premium subsidy.

The Health Care Fund is maintained by an employer's contribution as discussed above in Note G.

Monthly premium costs for participants depend on the health care plan selected, the number of persons 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

providing services within Colorado. As of December 31, 1999 there were 31,266 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 in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

CC of C's principal employee pension plan is PERA (See Note G). Pursuant to SBCCOE Board Policy BP 3-60 (Retirement), employees who take early retirement under PERA regulations "Shall be entitled to have the college/system continue to pay the employee's share of the group health and life insurance premium up to the amount paid for active employees until the employee reaches age 65." This is the only postretirement benefit offered to the CC of C employees.

The postretirement benefits described above are funded on a current basis.

## NOTE J – FOUNDATION

The State Board for Community Colleges and Occupational Education System and all of the Community Colleges it governs are supported to some extent by Foundations. Because these Foundations are legally independent of the SBCCOE and the colleges, their financial information is not included in the CC of C combined financial statements.

The Foundations were created to promote the welfare and future development of the colleges by providing financial support for instructional programs; facilities; equipment; student scholarship programs; and cultural activities. Their major sources of revenue include donations; interest and dividends earned on bank accounts and investments; leases; a matching grant from the Department of Education; and fund raising events.

Condensed Information describing the mission of the Foundations, their financial position, and the support provided to the colleges is summarized below.

<u>Foundation</u>	<u>Established As 501(c) (3)</u>	<u>Officers/ Directors</u>	<u>Officers/ Directors Personnel</u>	<u>Direct Support to College</u>	<u>Most current Balance Sheet Assets</u>	<u>Debt incurred on behalf of Colleges</u>	<u>Last Audited by</u>	<u>Current Financials Available from</u>
ACC	1973	5/15	1	\$ 35,837	\$ 94,087	\$ -	MBLD, Inc, 9/30/00	K Repola
CCA	1985	5/16	0	201,915	14,363,408	11,565,716	Bondi & Co., LLP, 12/31/00	CCA Foundation
CCD	1993	9	2	-	598,517	-	May, Gobble & Company, P.C., 6/30/98	CCD Administration
FRCC	1995	1/20	1	116,474	513,616	-	May, Gobble & Company, P.C, 6/30/00	FRCC Foundation
LCC	1973	4/9	1	58,057	421,510	-	MBLD, PC, 6/30/00	LCC Foundation
MCC	1970	1/7	1	104,204	638,557	-	Littjohann & Pederson, 12/31/00	MCC Foundation
NJC	1980	15	1	27,614	1,104,575	-	Lauer & Associates, 6/30/00	NJC Foundation
OJC	1998	8	0	-	1,167,138	-	Unaudited	OJC Foundation
PPCC	1980	5/15	1	57,533	1,919,889	-	McPherson, Breyfogle, Lichlyter and Daveline, PC, 6/30/00	PPCC
PCC	1980	4/30	0	1,013,732	6,543,998	-	McPherson, Breyfogle, & Daveline, PC, 6/30/00	McPherson, Breyfogle, & Daveline, PC
RRCC	1991	7/30	1	164,278	1,810,157	-	LL Cassaday CO 12/31/00	RRCC Foundation
TSJC	1977	4/5	0	51,472	5,044,301	-	Johnson & Holscher PC 12/31/00	TSJC Foundation
CC of C	1987	4/14	0.25	17,859	3,258,775	-	Farmer, Bressen & Co., 6/30/00	CC of C The Education Foundation

**NOTE K - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES**

The CC of C is subject to risks of loss from liability for accident, property damage and personal injury. These risks are managed by the State Division of Risk Management, an agency formed by statute and funded by the Long Bill. Therefore, the CC of C is not required to obtain insurance, and accordingly, no reduction occurred in coverage, nor did any settlements exceed coverage. The CC of C does not retain risk of loss except for damage incurred to property belonging to the state limited to a \$1,000 deductible per incident.

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

**NOTE L – COMMITMENTS AND CONTINGENCIES**

The System is involved in various routine personnel and tort litigation. Many of the actions are being defended by counsel provided by the state's self insurance provider, Division of Risk Management, and it is anticipated that the fund would pay any judgment that would be entered against the System. In management's opinion, none of these proceedings will have a material adverse effect on the System's financial condition. No provision has been made in the accompanying financial statements for these items.

**NOTE M - TAX AND SPENDING LIMITATIONS (TABOR AMENDMENT)**

Certain state revenues, such as taxes and fees, are constitutionally limited. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. These limitations are applied to the state as a whole, not to each individual college, department or agency of the state. The Colorado State Legislature establishes spending authority, within these constitutional limits, for the State Board for Community Colleges and Occupational

Education in its annual Long Appropriations Bill. Appropriated funds include an amount from the general fund as well as cash funds, such as tuition, certain fees and other revenue sources. Non-appropriated funds are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, designated auxiliary revenues and other revenue sources.

**NOTE N – TITLE TO PROPERTY AT HEAT CAMPUS**

The U.S. Department of Education (the Department) deeded approximately 128 acres with improvements, located at the former Lowry Air Force Base, Denver/Aurora, Colorado, to the SBCCOE in May 2000. The property includes approximately 17 permanent buildings plus numerous temporary (wood-framed) structures. The temporary structures are scheduled for demolition as and when money is available. An additional 13 acres, is approved for transfer to the SBCCOE if and when it is cleared for environmental concerns. The original Record of Decision described the parcels to be received by the SBCCOE as totaling approximately 156 acres. This number has been reduced to approximately 141 due primarily to the fact that the original information was not based upon surveys.

The property is subject to a number of restrictions on its use, the bulk of which expire in 2024. The restrictions limit the use of the property to educational purposes, prohibit the sale or transfer of the property without prior approval of the Department and require compliance with federal laws. Initial valuation of the property, \$18,603,732, is based on data from an independent appraisal. The valuation is presented in the financial statements in the Investment in Plant fund.

**NOTE O – NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board issued Statement No. 35, Basic Financial Statements- and Management's Discussion and Analysis- for Public Colleges and Universities (GASB 35), in November

1999. The statement establishes guidelines for reporting and displaying general-purpose financial statements including depreciation and tuition discounting. The CC of C will implement the new standard for FY 2002, which begins July 1, 2001. GASB 35 will not change college operations but will impact the presentation of financial information. Implementation is expected to occur as scheduled.

State of Colorado  
Community Colleges of Colorado  
Balance Sheet - By Entity  
June 30, 2001

<u>Current Unrestricted Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 2,147,561	\$ 349,080	\$ 396,822	\$ 3,411,824	\$ 10,278,316	\$ 2,054,405	\$ 476,937
Investments							
Accounts receivable	1,009,982	907,953	1,903,280	147,578	4,023,032	613,243	448,750
less allowance of \$2,802,099 in 2001 and \$2,496,723 in 2000	211,611	160,653	413,005	63,934	391,606		145,821
Loans receivable							
less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories	23,893			51,903	650,416		158,379
Prepaid expenses	753,104	107,385	933,710	35,116	1,325,711	22,521	147,502
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>3,934,540</b>	<b>1,364,418</b>	<b>3,233,812</b>	<b>3,646,421</b>	<b>16,277,475</b>	<b>2,690,169</b>	<b>1,231,568</b>
<b>Liabilities</b>							
Accounts payable	304,551	24,115	79,341	255,104	1,734,298	120,798	90,320
Accrued liabilities	365,302	472,245	1,045,011	270,899	1,189,477		142,454
Accrued compensated absences	892,638	439,684	926,376	274,881	1,650,822	233,096	193,327
Deferred revenue	1,203,592	1,016,294	1,618,390	149,422	5,198,417		230,171
Notes payable	19,692						
Capital lease obligations							
Interest payable							
Bonds payable							
Due to other funds					87,990		
Deposits held in custody	55,085	345,363		30,509			23,564
<b>Total liabilities</b>	<b>2,840,860</b>	<b>2,297,701</b>	<b>3,669,118</b>	<b>980,815</b>	<b>9,861,004</b>	<b>353,894</b>	<b>679,836</b>
<b>Fund Balances</b>							
Unrestricted:							
Undesignated	1,986,318	(493,599)	491,070	2,940,487	8,067,293	2,569,371	745,059
Designated for compensated absences	(892,638)	(439,684)	(926,376)	(274,881)	(1,650,822)	(233,096)	(193,327)
Designated for GASB 31							
Restricted							
Net investment in plant							
<b>Total fund balances</b>	<b>1,093,680</b>	<b>(933,283)</b>	<b>(435,306)</b>	<b>2,665,606</b>	<b>6,416,471</b>	<b>2,336,275</b>	<b>551,732</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,934,540</b>	<b>\$ 1,364,418</b>	<b>\$ 3,233,812</b>	<b>\$ 3,646,421</b>	<b>\$ 16,277,475</b>	<b>\$ 2,690,169</b>	<b>\$ 1,231,568</b>

*See accompanying notes to the financial statements.*

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>GASB 31 (*) Eliminations</u>	<u>Total</u>
\$ 1,790,146	\$ 2,868,819	\$ 1,455,358	\$ 2,479,413	\$ 2,915,669	\$ 5,674,419	\$ 343,571	\$ 7,346,238	\$ 884,009 *	\$ 44,872,587
139,602	377,202	199,663	2,248,878	1,198,392	1,387,376	342,652	119,247		15,066,830
10,449	198,251	76,658	429,296	212,023	387,229	101,563			
61,485	248,305	465,642	925,495	285,184	87,597	101,425	44,335		3,104,059
220,877	369,846	146,199	1,108,330	281,033	522,550	426,601	1,562,487		7,962,972
<b>2,212,110</b>	<b>3,864,172</b>	<b>2,266,862</b>	<b>6,762,116</b>	<b>4,680,278</b>	<b>7,671,942</b>	<b>1,214,249</b>	<b>9,072,307</b>	<b>884,009</b>	<b>71,006,448</b>
88	111,758	14,128	407,681	83,055	1,233,867	45,139	1,644,721		6,148,964
159,532	560,475	210,374	890,456	575,317	337,735	915,952			7,135,229
276,523	465,747	374,535	1,627,185	789,324	711,131	519,413	1,135,890		10,510,572
152,672	209,169	148,601	2,123,226	925,136	2,144,143	337,888			15,457,121
									19,692
			48,148						87,990
									502,669
588,815	1,347,149	747,638	5,096,696	2,372,832	4,426,876	1,818,392	2,780,611		39,862,237
1,899,818	2,982,770	1,893,759	3,292,605	3,096,770	3,956,197	(84,730)	7,427,586		40,770,774
(276,523)	(465,747)	(374,535)	(1,627,185)	(789,324)	(711,131)	(519,413)	(1,135,890)		(10,510,572)
								884,009	884,009
1,623,295	2,517,023	1,519,224	1,665,420	2,307,446	3,245,066	(604,143)	6,291,696	884,009	31,144,211
<b>\$ 2,212,110</b>	<b>\$ 3,864,172</b>	<b>\$ 2,266,862</b>	<b>\$ 6,762,116</b>	<b>\$ 4,680,278</b>	<b>\$ 7,671,942</b>	<b>\$ 1,214,249</b>	<b>\$ 9,072,307</b>	<b>\$ 884,009</b>	<b>\$ 71,006,448</b>

State of Colorado  
 Community Colleges of Colorado  
 Balance Sheet - By Entity  
 June 30, 2001

<u>Current Restricted Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 127,919			\$ 522,516			
Investments							
Accounts receivable less allowance of \$122 in 2001 and \$0 in 2000	91,488	\$ 850,734	\$ 1,122,307	50,343	\$ 820,145	\$ 544,889	\$ 155,614
Loans receivable less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses	6,378	170	665		7,007		
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>225,785</b>	<b>850,904</b>	<b>1,122,972</b>	<b>572,859</b>	<b>827,152</b>	<b>544,889</b>	<b>155,614</b>
<b>Liabilities</b>							
Accounts payable	12,263	100,680	60,256	7,378	657,199	43,059	30,461
Accrued liabilities	3,178	662,894	947,231	627		210,833	99,260
Accrued compensated absences						7,102	
Deferred revenue							
Notes payable	7,766						
Capital lease obligations							
Interest payable							
Bonds payable							
Due to other funds							
Deposits held in custody	(5,085)						
<b>Total liabilities</b>	<b>18,122</b>	<b>763,574</b>	<b>1,007,487</b>	<b>8,005</b>	<b>657,199</b>	<b>260,994</b>	<b>129,721</b>
<b>Fund Balances</b>							
Unrestricted:							
Undesignated							
Designated for compensated absences						(7,102)	
Designated for GASB 31							
Restricted	207,663	87,330	115,485	564,854	169,953	290,997	25,893
Net investment in plant							
<b>Total fund balances</b>	<b>207,663</b>	<b>87,330</b>	<b>115,485</b>	<b>564,854</b>	<b>169,953</b>	<b>283,895</b>	<b>25,893</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 225,785</b>	<b>\$ 850,904</b>	<b>\$ 1,122,972</b>	<b>\$ 572,859</b>	<b>\$ 827,152</b>	<b>\$ 544,889</b>	<b>\$ 155,614</b>

*See accompanying notes to the financial statements.*

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
							\$ 10,648		\$ 661,083
							3,759,017		3,759,017
\$ 448,340	\$ 123,879	\$ 263,340	\$ 397,279	\$ 545,159	\$ 564,619	\$ 764,319	465,560		7,208,015
122									
	3,368	193,800		632,827			4,500		848,715
<b>451,708</b>	<b>123,879</b>	<b>457,140</b>	<b>397,279</b>	<b>1,177,986</b>	<b>564,619</b>	<b>764,319</b>	<b>4,239,725</b>		<b>12,476,830</b>
3,704	17,058	1,745	18,668	45,617	23,299	7,726	2,645,934		3,675,047
235,202	70,919	159,701	330,594	1,018,333	492,910	737,082			4,968,764
		46,675					6,408		60,185
3,045	35,902								38,947
									7,766
									(5,085)
241,951	123,879	208,121	349,262	1,063,950	516,209	744,808	2,652,342		8,745,624
		(46,675)					(6,408)		(60,185)
209,757		295,694	48,017	114,036	48,410	19,511	1,593,791		3,791,391
209,757		249,019	48,017	114,036	48,410	19,511	1,587,383		3,731,206
<b>\$ 451,708</b>	<b>\$ 123,879</b>	<b>\$ 457,140</b>	<b>\$ 397,279</b>	<b>\$ 1,177,986</b>	<b>\$ 564,619</b>	<b>\$ 764,319</b>	<b>\$ 4,239,725</b>		<b>\$ 12,476,830</b>

State of Colorado  
 Community Colleges of Colorado  
 Balance Sheet - By Entity  
 June 30, 2001

<u>Loan Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 20,843	\$ 13,608	\$ 43,400	\$ 46,954			\$ 4,211
Investments							
Accounts receivable less allowance of \$0 in 2001 and \$0 in 2000							
Loans receivable less allowance of \$107,571 in 2001 and \$103,018 in 2000	2,161 1,596	4,986 5,956	34,893	886,556 50,000			
Interest receivable							
Inventories							
Prepaid expenses							
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>23,004</b>	<b>18,594</b>	<b>78,293</b>	<b>933,510</b>			<b>4,211</b>
<b>Liabilities</b>							
Accounts payable			875				
Accrued liabilities							
Accrued compensated absences							
Deferred revenue							
Notes payable							
Capital lease obligations							
Interest payable							
Bonds payable							
Due to other funds							
Deposits held in custody							
<b>Total liabilities</b>			<b>875</b>				
<b>Fund Balances</b>							
Unrestricted:							
Undesignated	23,004	18,594	77,418				
Designated for compensated absences							
Designated for GASB 31							
Restricted				933,510			4,211
Net investment in plant							
<b>Total fund balances</b>	<b>23,004</b>	<b>18,594</b>	<b>77,418</b>	<b>933,510</b>			<b>4,211</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,004</b>	<b>\$ 18,594</b>	<b>\$ 78,293</b>	<b>\$ 933,510</b>			<b>\$ 4,211</b>

*See accompanying notes to the financial statements.*

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 1,452				\$ 1,279		\$ 34,538			\$ 166,285
				19	31	50,000	156,220		1,084,847
<b>1,452</b>				<b>1,310</b>		<b>190,758</b>			<b>1,251,132</b>
								875	
								875	
1,452				1,310					121,778
						190,758			1,128,479
1,452				1,310		190,758			1,250,257
<b>\$ 1,452</b>				<b>\$ 1,310</b>		<b>\$ 190,758</b>			<b>\$ 1,251,132</b>

State of Colorado  
 Community Colleges of Colorado  
 Balance Sheet - By Entity  
 June 30, 2001

<u>Unexpended Plant</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash		\$ 281,286			\$ 2,972,049		
Investments					135,179		
Accounts receivable less allowance of \$0 in 2001 and \$0 in 2000					3,177	\$ 896,712	
Loans receivable less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses		256					
Due from other funds					87,990		
Plant facilities:							
Land							
Buildings							
Construction in progress	\$ 2,378,276	5,011,296		\$ 211,966	5,686,788	31,313,293	\$ 8,736,637
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>2,378,276</b>	<b>5,292,838</b>		<b>211,966</b>	<b>8,885,183</b>	<b>32,210,005</b>	<b>8,736,637</b>
<b>Liabilities</b>							
Accounts payable				15,833	259,878	1,031,060	
Accrued liabilities		110,002				914,663	
Accrued compensated absences							
Deferred revenue							
Notes payable							
Capital lease obligations							
Interest payable		9,631					
Bonds payable		1,175,000					
Due to other funds							
Deposits held in custody							
<b>Total liabilities</b>		<b>1,294,633</b>		<b>15,833</b>	<b>259,878</b>	<b>1,945,723</b>	
<b>Fund Balances</b>							
Unrestricted:							
Undesignated	2,378,276	3,998,205		196,133	8,625,305	30,264,282	8,736,637
Designated for compensated absences							
Designated for GASB 31							
Restricted							
Net investment in plant							
<b>Total fund balances</b>	<b>2,378,276</b>	<b>3,998,205</b>		<b>196,133</b>	<b>8,625,305</b>	<b>30,264,282</b>	<b>8,736,637</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,378,276</b>	<b>\$ 5,292,838</b>		<b>\$ 211,966</b>	<b>\$ 8,885,183</b>	<b>\$ 32,210,005</b>	<b>\$ 8,736,637</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 1,952	\$ 147,902 25,929 42,287	\$ 255,831		\$ 387,911		\$ 27,962			\$ 3,686,982 161,108 1,330,087
594,555	739,647	685,336	\$ 4,504,787	6,575,175	\$ 3,621,652	3,123,995			73,183,403
<b>596,507</b>	<b>955,765</b>	<b>941,167</b>	<b>4,504,787</b>	<b>6,963,086</b>	<b>3,621,652</b>	<b>3,151,957</b>			<b>78,449,826</b>
	42,287			503,794 75,427					1,852,852 1,100,092
	27,373 182,630					7,919 945,000			44,923 2,302,630
	252,290			579,221		952,919			5,300,497
596,507	703,475	941,167	4,504,787	6,383,865	3,621,652	2,199,038			73,149,329
596,507	703,475	941,167	4,504,787	6,383,865	3,621,652	2,199,038			73,149,329
<b>\$ 596,507</b>	<b>\$ 955,765</b>	<b>\$ 941,167</b>	<b>\$ 4,504,787</b>	<b>\$ 6,963,086</b>	<b>\$ 3,621,652</b>	<b>\$ 3,151,957</b>			<b>\$ 78,449,826</b>

State of Colorado  
 Community Colleges of Colorado  
 Balance Sheet - By Entity  
 June 30, 2001

<u>Renewal and Replacement</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 455,992						
Investments							
Accounts receivable less allowance of \$0 in 2001 and \$0 in 2000							
Loans receivable less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses							
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>455,992</b>						
<b>Liabilities</b>							
Accounts payable							
Accrued liabilities							
Accrued compensated absences							
Deferred revenue							
Notes payable							
Capital lease obligations							
Interest payable							
Bonds payable							
Due to other funds							
Deposits held in custody							
<b>Total liabilities</b>							
<b>Fund Balances</b>							
Unrestricted:							
Undesignated	455,992						
Designated for compensated absences							
Designated for GASB 31							
Restricted							
Net investment in plant							
<b>Total fund balances</b>	<b>455,992</b>						
<b>Total Liabilities and Fund Balances</b>	<b>\$ 455,992</b>						

*See accompanying notes to the financial statements.*

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
		\$ 2,186,088	\$ 30,391	\$ 1,200,080		\$ 41,259			\$ 3,913,810

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		<b>2,186,088</b>	<b>30,391</b>	<b>1,200,080</b>		<b>41,259</b>			<b>3,913,810</b>
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		3,329	29,171						32,500
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		3,329	29,171						32,500
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		2,182,759	1,220	1,200,080		41,259			3,881,310
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		2,182,759	1,220	1,200,080		41,259			3,881,310
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		<b>\$ 2,186,088</b>	<b>\$ 30,391</b>	<b>\$ 1,200,080</b>		<b>\$ 41,259</b>			<b>\$ 3,913,810</b>
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State of Colorado  
 Community Colleges of Colorado  
 Balance Sheet - By Entity  
 June 30, 2001

<u>Retirement of Indebtedness</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 1,701				\$ 49,399		\$ 8,298
Investments							
Accounts receivable less allowance of \$0 in 2001 and \$0 in 2000							
Loans receivable less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses							
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>1,701</b>				<b>49,399</b>		<b>8,298</b>
<b>Liabilities</b>							
Accounts payable							
Accrued liabilities							
Accrued compensated absences							
Deferred revenue							
Notes payable							
Capital lease obligations							
Interest payable	354				49,399		1,053
Bonds payable							
Due to other funds							
Deposits held in custody							
<b>Total liabilities</b>	<b>354</b>				<b>49,399</b>		<b>1,053</b>
<b>Fund Balances</b>							
Unrestricted:							
Undesignated	1,347						7,245
Designated for compensated absences							
Designated for GASB 31							
Restricted							
Net investment in plant							
<b>Total fund balances</b>	<b>1,347</b>						<b>7,245</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,701</b>				<b>\$ 49,399</b>		<b>\$ 8,298</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
			\$ 33,045	\$ 46,288	\$ 21,853				\$ 160,584

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			<b>33,849</b>	<b>46,288</b>	<b>21,853</b>				<b>161,388</b>
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			14,848	22,343	21,853				109,850
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			14,848	22,343	21,853				109,850
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			19,001	23,945					51,538
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			19,001	23,945					51,538
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			<b>\$ 33,849</b>	<b>\$ 46,288</b>	<b>\$ 21,853</b>				<b>\$ 161,388</b>
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State of Colorado  
Community Colleges of Colorado  
Balance Sheet - By Entity  
June 30, 2001

<u>Investment in Plant</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash							
Investments							
Accounts receivable less allowance of \$0 in 2001 and \$0 in 2000							
Loans receivable less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses							
Due from other funds							
Plant facilities:							
Land	\$ 3,421,016			\$ 1,235,608	\$ 3,420,833	\$ 8,100,000	\$ 391,837
Buildings	31,687,868			16,864,556	50,179,940	38,900,000	4,534,435
Construction in progress							
Leasehold improvements		\$ 1,554,084				2,349,631	
Equipment	642,341	781,891	\$ 650,608	1,159,372	2,137,773	3,513,442	513,284
Library books	1,852,102	502,249		1,042,182	2,158,856		504,036
<b>Total Assets</b>	<b>37,603,327</b>	<b>2,838,224</b>	<b>650,608</b>	<b>20,301,718</b>	<b>57,897,402</b>	<b>52,863,073</b>	<b>5,943,592</b>
<b>Liabilities</b>							
Accounts payable							
Accrued liabilities							
Accrued compensated absences							
Deferred revenue							
Notes payable							28,031
Capital lease obligations			23,424	426,278			
Interest payable							
Bonds payable	85,000				5,405,000		
Due to other funds							
Deposits held in custody							
<b>Total liabilities</b>	<b>85,000</b>		<b>23,424</b>	<b>426,278</b>	<b>5,405,000</b>		<b>28,031</b>
<b>Fund Balances</b>							
Unrestricted:							
Undesignated							
Designated for compensated absences							
Designated for GASB 31							
Restricted							
Net investment in plant	37,518,327	2,838,224	627,184	19,875,440	52,492,402	52,863,073	5,915,561
<b>Total fund balances</b>	<b>37,518,327</b>	<b>2,838,224</b>	<b>627,184</b>	<b>19,875,440</b>	<b>52,492,402</b>	<b>52,863,073</b>	<b>5,915,561</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 37,603,327</b>	<b>\$ 2,838,224</b>	<b>\$ 650,608</b>	<b>\$ 20,301,718</b>	<b>\$ 57,897,402</b>	<b>\$ 52,863,073</b>	<b>\$ 5,943,592</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 457,698	\$ 2,222,971	\$ 264,096	\$ 3,144,236	\$ 505,004	\$ 1,866,957	\$ 504,539			\$ 25,534,795
4,158,413	18,952,163	10,072,690	31,290,250	26,371,827	27,335,739	22,954,496			283,302,377
									3,903,715
1,255,579	614,476	1,370,072	2,486,279	4,483,145	1,636,746	2,407,088	\$ 4,231,154		27,883,250
111,345	1,254,424	661,738	1,833,570	1,193,132	1,195,634	500,622			12,809,890
<b>5,983,035</b>	<b>23,044,034</b>	<b>12,368,596</b>	<b>38,754,335</b>	<b>32,553,108</b>	<b>32,035,076</b>	<b>26,366,745</b>	<b>4,231,154</b>		<b>353,434,027</b>
									28,031
					44,880				494,582
4,308									4,308
540,000	3,072,370		1,620,000	3,195,000	3,060,000				16,977,370
544,308	3,072,370		1,620,000	3,239,880	3,060,000				17,504,291
5,438,727	19,971,664	12,368,596	37,134,335	29,313,228	28,975,076	26,366,745	4,231,154		335,929,736
5,438,727	19,971,664	12,368,596	37,134,335	29,313,228	28,975,076	26,366,745	4,231,154		335,929,736
<b>\$ 5,983,035</b>	<b>\$ 23,044,034</b>	<b>\$ 12,368,596</b>	<b>\$ 38,754,335</b>	<b>\$ 32,553,108</b>	<b>\$ 32,035,076</b>	<b>\$ 26,366,745</b>	<b>\$ 4,231,154</b>		<b>\$ 353,434,027</b>

State of Colorado  
Community Colleges of Colorado  
Balance Sheet - By Entity  
June 30, 2001

<u>Agency</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Assets</b>							
Cash	\$ 384,056	\$ 125,454	\$ 46,572	\$ 140,124	\$ 214,733		\$ 89,255
Investments							
Accounts receivable	854	113,287	21,379	3,283	12,945	\$ 535,891	2,074
less allowance of \$19,635 in 2001 and \$10,035 in 2000	4,571			3,374		1,805	
Loans receivable							
less allowance of \$0 in 2001 and \$0 in 2000							
Interest receivable							
Inventories							
Prepaid expenses							
Due from other funds							
Plant facilities:							
Land							
Buildings							
Construction in progress							
Leasehold improvements							
Equipment							
Library books							
<b>Total Assets</b>	<b>384,910</b>	<b>238,741</b>	<b>67,951</b>	<b>143,407</b>	<b>227,678</b>	<b>535,891</b>	<b>91,329</b>
<b>Liabilities</b>							
Accounts payable	24,131			1,936	16,831	96,968	47
Accrued liabilities							
Accrued compensated absences							
Deferred revenue							
Notes payable							
Capital lease obligations							
Interest payable							
Bonds payable							
Due to other funds							
Deposits held in custody	360,779	238,741	67,951	141,471	210,847	438,923	91,282
Total liabilities	384,910	238,741	67,951	143,407	227,678	535,891	91,329
<b>Fund Balances</b>							
Unrestricted:							
Undesignated							
Designated for compensated absences							
Designated for GASB 31							
Restricted							
Net investment in plant							
Total fund balances							
<b>Total Liabilities and Fund Balances</b>	<b>\$ 384,910</b>	<b>\$ 238,741</b>	<b>\$ 67,951</b>	<b>\$ 143,407</b>	<b>\$ 227,678</b>	<b>\$ 535,891</b>	<b>\$ 91,329</b>

*See accompanying notes to the financial statements.*

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 17,018	\$ 1,263,262	\$ 1,744,529	\$ 32,447	\$ 101,394	\$ 86,220	\$132,392	\$ 215,396		\$ 4,592,852
690	6,368	11,730		13,019	28,991				750,511
		2,130		7,755					
				1,586					1,586
<hr/>									
<b>17,708</b>	<b>1,269,630</b>	<b>1,756,259</b>	<b>32,447</b>	<b>115,999</b>	<b>115,211</b>	<b>132,392</b>	<b>215,396</b>		<b>5,344,949</b>
<hr/>									
	6,417		3,172	1,177	119,280		87,630		357,589
<hr/>									
17,708	1,263,213	1,756,259	29,275	114,822	(4,069)	132,392	127,766		4,987,360
<hr/>									
17,708	1,269,630	1,756,259	32,447	115,999	115,211	132,392	215,396		5,344,949
<hr/>									
<hr/>									
<b>\$ 17,708</b>	<b>\$ 1,269,630</b>	<b>\$ 1,756,259</b>	<b>\$ 32,447</b>	<b>\$ 115,999</b>	<b>\$ 115,211</b>	<b>\$ 132,392</b>	<b>\$ 215,396</b>		<b>\$ 5,344,949</b>
<hr/>									

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Current Unrestricted Funds</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees	\$ 12,631,941	\$ 5,654,490	\$ 7,691,715	\$ 1,816,015	\$ 20,381,572		\$ 1,470,183
State appropriations	9,567,849	6,679,821	11,645,354	5,911,723	17,025,399	\$ 3,239,889	3,053,732
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts					484,012		
Indirect cost recoveries	22,290	8,001	162,632	11,065	126,007		27,312
Investment and interest income	91,357	26,896	10,831	161,413		93,598	36,467
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments		1,068,506	363,413				32,150
Sales and services of auxiliary enterprises	4,418,494	77,002	974,744	1,294,520	5,741,227	1,918,100	943,718
Other sources	182,798	47,842	226,427	225,431	1,347,624	1,204,787	31,635
<b>Total Revenues and Other Additions</b>	<b>26,914,729</b>	<b>13,562,558</b>	<b>21,075,116</b>	<b>9,420,167</b>	<b>45,105,841</b>	<b>6,456,374</b>	<b>5,595,197</b>
<b>Expenditures and Other Deductions:</b>							
<b>Educational &amp; general</b>							
Instruction	12,913,061	7,190,781	8,802,632	3,982,780	20,750,699	434,963	2,287,864
Research							
Public service			43,860		150,440		1,564
Academic support	2,644,339	1,170,273	3,129,979	869,474	4,087,248		504,355
Student services	2,389,003	1,520,457	2,510,222	766,269	4,728,586		638,401
Institutional support	2,817,050	2,058,636	2,802,066	1,090,953	5,760,031	1,467,966	697,345
Operation and maintenance of plant	2,715,574	2,588,178	3,161,660	1,127,531	4,150,703	1,850,861	562,171
Scholarships and fellowships	126,918	112,010	106,257	362,296	197,197		326,114
Refunded to grantors							
Indirect Costs Recovered							
Loan cancellations & write-offs	706						
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures	3,412,887	477,577	344,239	1,312,795	5,334,669	1,639,515	882,307
Other deductions						730,588	
<b>Total Expenditures and Other Deductions</b>	<b>27,019,538</b>	<b>15,117,912</b>	<b>20,900,915</b>	<b>9,512,098</b>	<b>45,159,573</b>	<b>6,123,893</b>	<b>5,900,121</b>
<b>Transfers Among Funds - additions (deductions)</b>							
<b>Mandatory transfers</b>							
<b>Educational and general</b>							
Principal & interest	(95,000)				(529,948)		
Renewals and replacements							
Loan fund matching grant							
<b>Auxiliary enterprises</b>							
Principal & interest							(8,189)
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>	<b>(95,000)</b>				<b>(529,948)</b>		<b>(8,189)</b>
<b>Voluntary transfers:</b>							
Transfers within system	671,160	916,814	164,642	297,969	3,424,292	1,001,918	533,483
Other	(119,999)		20,000		(99,288)		
<b>Total non-mandatory transfers</b>	<b>551,161</b>	<b>916,814</b>	<b>184,642</b>	<b>297,969</b>	<b>3,325,004</b>	<b>1,001,918</b>	<b>533,483</b>
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>26,563,377</b>	<b>14,201,098</b>	<b>20,716,273</b>	<b>9,214,129</b>	<b>42,364,517</b>	<b>5,121,975</b>	<b>5,374,827</b>
<b>Net increase (decrease) - fund balances</b>	<b>351,352</b>	<b>(638,540)</b>	<b>358,843</b>	<b>206,038</b>	<b>2,741,324</b>	<b>1,334,399</b>	<b>220,370</b>
<b>Fund Balances - beginning of year</b>	<b>742,328</b>	<b>(294,743)</b>	<b>(794,149)</b>	<b>2,459,568</b>	<b>3,675,147</b>	<b>1,001,876</b>	<b>331,362</b>
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	<b>742,328</b>	<b>(294,743)</b>	<b>(794,149)</b>	<b>2,459,568</b>	<b>3,675,147</b>	<b>1,001,876</b>	<b>331,362</b>
<b>Fund Balances - end of year</b>	<b>\$ 1,093,680</b>	<b>\$ (933,283)</b>	<b>\$ (435,306)</b>	<b>\$ 2,665,606</b>	<b>\$ 6,416,471</b>	<b>\$ 2,336,275</b>	<b>\$ 551,732</b>

See accompanying notes to the financial statements.

									GASB 31 (*)	
<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>		<u>Total</u>
\$ 2,314,790	\$ 4,538,040	\$ 2,016,412	\$ 17,928,231	\$ 6,511,403	\$ 11,672,524	\$ 3,244,008				\$ 97,871,324
3,836,834	5,970,688	4,220,293	15,287,806	10,798,065	10,182,722	5,905,111	\$ 58,602,902			171,928,188
				11,520						11,520
				568,072	2,575					570,647
										484,012
31,044	36,336	3,143	98,295	68,818	24,725	113,462	38,681			771,811
98,583	146,427	92,617	125,740	230,411	185,954	67,232	1,612,958	\$ 1,105,039		4,085,523
	371,725		128,027	492,136	46,399					2,502,356
406,468	4,131,751	1,822,251	3,735,070	2,388,520	1,684,755	2,119,600	183,874			31,840,094
56,668	100,811	33,297	680,193	123,443	320,858	39,810	407			4,622,031
6,744,387	15,295,778	8,188,013	37,983,362	21,192,388	24,120,512	11,489,223	60,438,822	1,105,039		314,687,506
3,178,621	4,536,945	2,248,890	17,851,155	10,539,571	12,446,180	4,294,928	44,009,565			155,468,635
54,794		856			90,527	108,341				450,382
1,163,258	1,086,590	492,708	4,834,548	1,065,493	1,994,791	984,800	28,744			24,056,600
443,935	1,001,436	635,906	2,589,230	1,683,003	2,501,491	867,905	10,323			22,286,167
956,654	1,301,492	835,619	3,658,907	2,940,023	2,624,157	1,356,616	4,070,429			34,437,944
512,531	1,338,310	1,111,553	4,447,209	2,725,071	2,746,577	1,253,800	241,206			30,532,935
251,596	901,466	471,214	211,106	316,717	510,380	275,077				4,168,348
										706
359,470	4,071,592	1,772,829	3,630,460	1,956,424	1,525,126	2,464,312	(198,115)			28,986,087
					12,984					743,572
6,920,859	14,237,831	7,569,575	37,222,615	21,226,302	24,452,213	11,605,779	48,162,152			301,131,376
(46,245)				(336,480)	(254,642)	(89,714)				(1,352,029)
	(298,761)		(241,469)							(548,419)
(46,245)	(298,761)		(241,469)	(336,480)	(254,642)	(89,714)				(1,900,448)
560,538	277,929	262,460	1,068,337	1,153,401	761,029	232,447	(11,326,419)			(2,453,878)
1,468	(1,147,263)	(650,000)	(158,796)	(300,000)						
562,006	(869,334)	(387,540)	909,541	853,401	761,029	232,447	(11,326,419)			(2,453,878)
6,405,098	15,405,926	7,957,115	36,554,543	20,709,381	23,945,826	11,463,046	59,488,571			305,485,702
339,289	(110,148)	230,898	1,428,819	483,007	174,686	26,177	950,251	1,105,039		9,201,804
1,284,006	2,627,171	1,288,326	236,601	1,824,439	3,070,380	(630,320)	5,341,445			22,163,437
								(221,030)		(221,030)
1,284,006	2,627,171	1,288,326	236,601	1,824,439	3,070,380	(630,320)	5,341,445	(221,030)		21,942,407
\$ 1,623,295	\$ 2,517,023	\$ 1,519,224	\$ 1,665,420	\$ 2,307,446	\$ 3,245,066	\$ (604,143)	\$ 6,291,696	\$ 884,009	\$	\$ 31,144,211

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Current Restricted Funds</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations	\$ 1,300,915	\$ 965,373	\$ 2,345,252	\$ 291,482	\$ 2,699,338		\$ 459,315
Federal grants and contracts	1,829,048	1,670,180	8,001,491	579,243	6,482,694	\$ 559,889	1,477,597
State grants and contracts		59,040	455,142	15,342	206,302		12,000
Local grants and contracts			94,953				
Private gifts, grants and contracts	45,753	353,832	374,827	826,113	39,796	318,298	135,676
Indirect cost recoveries							
Investment and interest income							
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources						106,434	
<b>Total Revenues and Other Additions</b>	<b>3,175,716</b>	<b>3,048,425</b>	<b>11,271,665</b>	<b>1,712,180</b>	<b>9,428,130</b>	<b>984,621</b>	<b>2,084,588</b>
<b>Expenditures and Other Deductions:</b>							
<b>Educational &amp; general</b>							
Instruction	374,770	887,108	3,392,701	97,748	1,807,277	5,000	380,951
Research							
Public service			553,975		160,615		
Academic support	34,013	3,913	363,567	479,223	524,714		4,972
Student services	75,416	54,215	1,051,343	1,200	517,509		398,988
Institutional support	47,610	65,290	104,423		153,715	950,848	49,277
Operation and maintenance of plant		8,025			3,966		2,359
Scholarships and fellowships	2,573,643	1,990,657	5,732,357	780,439	6,049,438		1,208,929
Refunded to grantors							
Indirect Costs Recovered	22,290	8,001	162,632		126,007		27,312
Loan cancellations & write-offs							
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures							
Other deductions						200	
<b>Total Expenditures and Other Deductions</b>	<b>3,127,742</b>	<b>3,017,209</b>	<b>11,360,998</b>	<b>1,358,610</b>	<b>9,343,241</b>	<b>956,048</b>	<b>2,072,788</b>
<b>Transfers Among Funds - additions (deductions)</b>							
<b>Mandatory transfers</b>							
<b>Educational and general</b>							
Principal & interest	(18,873)						
Renewals and replacements							
Loan fund matching grant							
<b>Auxiliary enterprises</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>	<b>(18,873)</b>						
<b>Voluntary transfers:</b>							
<b>Transfers within system</b>							
Other	20,000				3,618		
<b>Total non-mandatory transfers</b>	<b>20,000</b>				<b>3,618</b>		
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>3,126,615</b>	<b>3,017,209</b>	<b>11,360,998</b>	<b>1,358,610</b>	<b>9,339,623</b>	<b>956,048</b>	<b>2,072,788</b>
<b>Net increase (decrease) - fund balances</b>	<b>49,101</b>	<b>31,216</b>	<b>(89,333)</b>	<b>353,570</b>	<b>88,507</b>	<b>28,573</b>	<b>11,800</b>
<b>Fund Balances - beginning of year</b>	<b>158,562</b>	<b>56,114</b>	<b>204,818</b>	<b>211,284</b>	<b>81,446</b>	<b>255,322</b>	<b>14,093</b>
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	<b>158,562</b>	<b>56,114</b>	<b>204,818</b>	<b>211,284</b>	<b>81,446</b>	<b>255,322</b>	<b>14,093</b>
<b>Fund Balances - end of year</b>	<b>\$ 207,663</b>	<b>\$ 87,330</b>	<b>\$ 115,485</b>	<b>\$ 564,854</b>	<b>\$ 169,953</b>	<b>\$ 283,895</b>	<b>\$ 25,893</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 412,014	\$ 661,012	\$ 746,869	\$ 2,816,209	\$ 2,040,260	\$ 1,244,316	\$ 1,156,696	\$ 420,769		\$ 17,559,820
1,460,905	1,610,342	5,929,661	6,259,926	6,370,530	3,119,022	5,071,336	15,919,417	\$ (7,091,078)	59,250,203
405,550	20,408		9,811		233,458	477,957			1,895,010
	860				106,849				202,662
321,041	45,803	186,307	51,846	35,844	62,157	35,676	72,005		2,904,974
							31,670		31,670
									106,434
2,599,510	2,338,425	6,862,837	9,137,792	8,446,634	4,765,802	6,741,665	16,443,861	(7,091,078)	81,950,773
869,812	563,675	4,882,573	256,634	2,103,598	427,753	2,042,189	8,116,119		26,207,908
136,027			137,859		1,652,612	59,138			2,700,226
36,554			933,431	19,368	36,483	13,713			2,449,951
19,221	57		544,348	613,015	132,003	933,087	116,820		4,457,222
9,400			269,518	107,891	122,630	2,602	3,284,012		5,167,216
390,584	860		156,699	37,925	4,764	172	26,564		631,918
1,147,496	1,737,497	2,002,686	6,733,514	5,498,705	2,407,113	3,545,275			41,407,749
			2,788		525				3,313
31,044	36,336	3,143	98,295	68,818	24,725	113,462	38,681		760,746
									200
2,640,138	2,338,425	6,888,402	9,133,086	8,449,320	4,808,608	6,709,638	11,582,196		83,786,449
									(18,873)
									(18,873)
4,753		(76,000)					(7,091,078)	7,091,078	(47,629)
4,753		(76,000)					(7,091,078)	7,091,078	(47,629)
2,635,385	2,338,425	6,964,402	9,133,086	8,449,320	4,808,608	6,709,638	18,673,274	(7,091,078)	83,852,951
(35,875)		(101,565)	4,706	(2,686)	(42,806)	32,027	(2,229,413)		(1,902,178)
245,632		350,584	43,311	116,722	91,216	(12,516)	3,816,796		5,633,384
245,632		350,584	43,311	116,722	91,216	(12,516)	3,816,796		5,633,384
\$ 209,757	\$ -	\$ 249,019	\$ 48,017	\$ 114,036	\$ 48,410	\$ 19,511	\$ 1,587,383	\$ -	\$ 3,731,206

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Loan Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations							
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts							
Indirect cost recoveries							
Investment and interest income	\$ 1,262	\$ 661		\$ 24,254			\$ 812
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources		1,485	\$ 4,236	56,728			
<b>Total Revenues and Other Additions</b>	<b>1,262</b>	<b>2,146</b>	<b>4,236</b>	<b>80,982</b>			<b>812</b>
<b>Expenditures and Other Deductions:</b>							
<b>Educational &amp; general</b>							
Instruction							
Research							
Public service							
Academic support							
Student services							
Institutional support							
Operation and maintenance of plant							
Scholarships and fellowships							
Refunded to grantors							
Indirect Costs Recovered				11,065			
Loan cancellations & write-offs	1,746	2,987		3,962			(852)
Administration and collection costs	15	6		9,076			1,573
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures							
Other deductions							
<b>Total Expenditures and Other Deductions</b>	<b>1,761</b>	<b>2,993</b>		<b>24,103</b>			<b>721</b>
<b>Transfers Among Funds - additions (deductions)</b>							
<b>Mandatory transfers</b>							
<b>Educational and general</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Auxiliary enterprises</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>							
<b>Voluntary transfers:</b>							
<b>Transfers within system</b>							
Other							
<b>Total non-mandatory transfers</b>							
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>1,761</b>	<b>2,993</b>		<b>24,103</b>			<b>721</b>
<b>Net increase (decrease) - fund balances</b>	<b>(499)</b>	<b>(847)</b>	<b>4,236</b>	<b>56,879</b>			<b>91</b>
<b>Fund Balances - beginning of year</b>	<b>23,503</b>	<b>19,441</b>	<b>73,182</b>	<b>876,631</b>			<b>4,120</b>
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	<b>23,503</b>	<b>19,441</b>	<b>73,182</b>	<b>876,631</b>			<b>4,120</b>
<b>Fund Balances - end of year</b>	<b>\$ 23,004</b>	<b>\$ 18,594</b>	<b>\$ 77,418</b>	<b>\$ 933,510</b>			<b>\$ 4,211</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$ 86				\$ 72		\$ 2,613			\$ 29,760
						10,755			73,204
86				72		13,368			102,964
									11,065
						9,185			17,028
				74		60			10,804
				74		9,245			38,897
				74		9,245			38,897
86				(2)		4,123			64,067
1,366				1,312		186,635			1,186,190
1,366				1,312		186,635			1,186,190
\$ 1,452				\$ 1,310		\$ 190,758			\$ 1,250,257

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Unexpended Plant Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations	\$ 2,410,299	\$ 1,288,996		\$ 196,133	\$ 5,626,713	\$ 6,041,167	\$ 5,591,865
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts							
Indirect cost recoveries							
Investment and interest income		44,165				248	
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources		118,742			11,601		
<b>Total Revenues and Other Additions</b>	<b>2,410,299</b>	<b>1,451,903</b>		<b>196,133</b>	<b>5,638,314</b>	<b>6,041,415</b>	<b>5,591,865</b>
<b>Expenditures and Other Deductions:</b>							
<b>Educational &amp; general</b>							
Instruction							
Research							
Public service							
Academic support							
Student services							
Institutional support							
Operation and maintenance of plant							
Scholarships and fellowships							
Refunded to grantors							
Indirect Costs Recovered							
Loan cancellations & write-offs							
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$2,480,202)	13,176,428	2,118,466		11,949	27,918,158	100,659	835,455
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures							
Other deductions							
<b>Total Expenditures and Other Deductions</b>	<b>13,176,428</b>	<b>2,118,466</b>		<b>11,949</b>	<b>27,918,158</b>	<b>100,659</b>	<b>835,455</b>
<b>Transfers Among Funds - additions (deductions)</b>							
<b>Mandatory transfers</b>							
<b>Educational and general</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Auxiliary enterprises</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>							
<b>Voluntary transfers:</b>							
<b>Transfers within system</b>							
Other					95,670		
<b>Total non-mandatory transfers</b>					<b>95,670</b>		
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>13,176,428</b>	<b>2,118,466</b>		<b>11,949</b>	<b>27,822,488</b>	<b>100,659</b>	<b>835,455</b>
<b>Net increase (decrease) - fund balances</b>	<b>(10,766,129)</b>	<b>(666,563)</b>		<b>184,184</b>	<b>(22,184,174)</b>	<b>5,940,756</b>	<b>4,756,410</b>
<b>Fund Balances - beginning of year</b>	<b>13,144,405</b>	<b>4,664,768</b>		<b>11,949</b>	<b>30,809,479</b>	<b>24,323,526</b>	<b>3,980,227</b>
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	<b>13,144,405</b>	<b>4,664,768</b>		<b>11,949</b>	<b>30,809,479</b>	<b>24,323,526</b>	<b>3,980,227</b>
<b>Fund Balances - end of year</b>	<b>\$ 2,378,276</b>	<b>\$ 3,998,205</b>		<b>\$ 196,133</b>	<b>\$ 8,625,305</b>	<b>\$ 30,264,282</b>	<b>\$ 8,736,637</b>

See accompanying notes to the financial statements.

	<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
\$	801,505	\$ 509,804	\$ 1,032,511	\$ 4,437,842	\$ 6,472,110	\$ 1,833,082	\$ 1,854,060			\$ 38,096,087
					364,439					364,439
	1,714	22,154			501		6,009			74,791
										130,343
	803,219	531,958	1,032,511	4,437,842	6,837,050	1,833,082	1,860,069			38,665,660
	838,869	1,318,679	1,456,607	1,454,795		262,092	1,038,111			50,530,268
110,845					5,933,638					5,933,638
		105,000								105,000
		193,761					54,714			248,475
	838,869	1,617,440	1,456,607	1,454,795	5,933,638	262,092	1,092,825			56,817,381
							89,714			89,714
		298,761								298,761
		298,761					89,714			388,475
	(6,221)	1,147,263		(2,002)						1,234,710
	(6,221)	1,147,263		(2,002)						1,234,710
	845,090	171,416	1,456,607	1,456,797	5,933,638	262,092	1,003,111			55,194,196
	(41,871)	360,542	(424,096)	2,981,045	903,412	1,570,990	856,958			(16,528,536)
	638,378	342,933	1,365,263	1,523,742	5,480,453	2,050,662	1,342,080			89,677,865
	638,378	342,933	1,365,263	1,523,742	5,480,453	2,050,662	1,342,080			89,677,865
\$	596,507	\$ 703,475	\$ 941,167	\$ 4,504,787	\$ 6,383,865	\$ 3,621,652	\$ 2,199,038			\$ 73,149,329

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Renewal and Replacement Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations							
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts							
Indirect cost recoveries							
Investment and interest income	\$ 28,214						
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources	4,998						
<b>Total Revenues and Other Additions</b>	33,212						
<b>Expenditures and Other Deductions:</b>							
<b>Educational &amp; general</b>							
Instruction							
Research							
Public service							
Academic support							
Student services							
Institutional support							
Operation and maintenance of plant							
Scholarships and fellowships							
Refunded to grantors							
Indirect Costs Recovered							
Loan cancellations & write-offs							
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures							
Other deductions	391,904						
<b>Total Expenditures and Other Deductions</b>	391,904						
<b>Transfers Among Funds - additions (deductions)</b>							
<b>Mandatory transfers</b>							
<b>Educational and general</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Auxiliary enterprises</b>							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>							
<b>Voluntary transfers:</b>							
<b>Transfers within system</b>							
Other	100,000						
<b>Total non-mandatory transfers</b>	100,000						
<b>Total Expenditures, Other Deductions, Transfers</b>	291,904						
<b>Net increase (decrease) - fund balances</b>	(258,692)						
<b>Fund Balances - beginning of year</b>	714,684						
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	714,684						
<b>Fund Balances - end of year</b>	\$ 455,992						

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
				\$ 519,093					\$ 519,093
	\$ 140,567			67,200		\$ 2,397			238,378
									4,998
	140,567			586,293		2,397			762,469
		71,977	\$ 161,859						233,836
				495,062					495,062
									391,904
	71,977		161,859	495,062					1,120,802
		726,000	158,796	300,000					1,284,796
		726,000	158,796	300,000					1,284,796
		(654,023)	3,063	195,062					(163,994)
		794,590	(3,063)	391,231		2,397			926,463
	1,388,169		4,283	808,849		38,862			2,954,847
	1,388,169		4,283	808,849		38,862			2,954,847
	\$ 2,182,759	\$ 1,220	\$ 1,200,080			\$ 41,259			\$ 3,881,310

State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Retirement of Indebtedness Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations							
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts							
Indirect cost recoveries							
Investment and interest income							
Realized gain on investments							
Expended for plant facilities							
Retirement of indebtedness							
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources							
<b>Total Revenues and Other Additions</b>	<hr/>						
<b>Expenditures and Other Deductions:</b>							
Educational & general							
Instruction							
Research							
Public service							
Academic support							
Student services							
Institutional support							
Operation and maintenance of plant							
Scholarships and fellowships							
Refunded to grantors							
Indirect Costs Recovered							
Loan cancellations & write-offs							
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness	\$	99,033			\$	230,000	\$ 5,972
Interest on indebtedness		7,611			299,948		1,977
Capitalization of asset/debt							
Disposal of plant facilities							
Auxiliary operating expenditures							
Other deductions		18,081					
<b>Total Expenditures and Other Deductions</b>		124,725			529,948		7,949
<b>Transfers Among Funds - additions (deductions)</b>							
Mandatory transfers							
Educational and general							
Principal & interest		113,873			529,948		
Renewals and replacements							
Loan fund matching grant							
Auxiliary enterprises							
Principal & interest							8,189
Renewals and replacements							
Loan fund matching grant							
<b>Total mandatory transfers</b>		113,873			529,948		8,189
Voluntary transfers:							
Transfers within system							
Other							
<b>Total non-mandatory transfers</b>							
<b>Total Expenditures, Other Deductions, Transfers</b>		10,852					(240)
<b>Net increase (decrease) - fund balances</b>		(10,852)					240
<b>Fund Balances - beginning of year</b>		12,199					7,005
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>		12,199					7,005
<b>Fund Balances - end of year</b>	\$	1,347			\$ -		\$ 7,245

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
			\$ 820					\$ 820	
<hr/>									820
<hr/>									820
			150,000	\$ 194,857	\$ 100,000				779,862
			91,469	141,623	154,642				697,270
<hr/>									18,081
			241,469	336,480	254,642				1,495,213
<hr/>									
				336,480	254,642				1,234,943
			241,469						249,658
<hr/>									
			241,469	336,480	254,642				1,484,601
<hr/>									
			2,002						2,002
<hr/>									
			2,002						2,002
<hr/>									
			(2,002)						8,610
<hr/>									
			2,822						(7,790)
<hr/>									
			16,179	23,945					59,328
<hr/>									
			16,179	23,945					59,328
<hr/>									
			\$ 19,001	\$ 23,945	\$ -			\$	51,538
<hr/>									
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State of Colorado  
Community Colleges of Colorado  
Statement of Changes in Fund Balance- By Entity  
Year ended June 30, 2001

<u>Investment in Plant Fund</u>	<u>ACC</u>	<u>CCA</u>	<u>CCD</u>	<u>CNCC</u>	<u>FRCC</u>	<u>HEAT</u>	<u>LCC</u>
<b>Revenues and Other Additions:</b>							
Tuition and fees							
State appropriations							
Federal grants and contracts							
State grants and contracts							
Local grants and contracts							
Private gifts, grants and contracts		\$ 15,000					
Donated Federal Assets							
Indirect cost recoveries							
Investment and interest income							
Realized gain on investments							
Expended for plant facilities	\$ 17,721,026	1,893,090	\$ 133,245	\$ 235,751	\$ 25,256,367		\$ 249,669
Retirement of indebtedness	93,545			57,559	230,000		5,972
Sales and services of educational departments							
Sales and services of auxiliary enterprises							
Other sources						\$ 28,396,268	
<b>Total Revenues and Other Additions</b>	<b>17,814,571</b>	<b>1,908,090</b>	<b>133,245</b>	<b>293,310</b>	<b>25,486,367</b>	<b>28,396,268</b>	<b>255,641</b>
<b>Expenditures and Other Deductions:</b>							
Educational & general							
Instruction							
Research							
Public service							
Academic support							
Student services							
Institutional support							
Operation and maintenance of plant							
Scholarships and fellowships							
Refunded to grantors							
Indirect Costs Recovered							
Loan cancellations & write-offs							
Administration and collection costs							
Expended for plant facilities (including non-capitalized expenditures of \$0)							
Retirement of indebtedness							
Interest on indebtedness							
Capitalization of asset/debt							
Disposal of plant facilities	11,652,770		672,409	3,499,741	100,915		
Auxiliary operating expenditures							
Other deductions							
<b>Total Expenditures and Other Deductions</b>	<b>11,652,770</b>		<b>672,409</b>	<b>3,499,741</b>	<b>100,915</b>		
<b>Transfers Among Funds - additions (deductions)</b>							
Mandatory transfers							
Educational and general							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
Auxiliary enterprises							
Principal & interest							
Renewals and replacements							
Loan fund matching grant							
Total mandatory transfers							
Voluntary transfers:							
Transfers within system							
Other							
Total non-mandatory transfers							
<b>Total Expenditures, Other Deductions, Transfers</b>	<b>11,652,770</b>		<b>672,409</b>	<b>3,499,741</b>	<b>100,915</b>		
<b>Net increase (decrease) - fund balances</b>	<b>6,161,801</b>	<b>1,908,090</b>	<b>(539,164)</b>	<b>(3,206,431)</b>	<b>25,385,452</b>	<b>28,396,268</b>	<b>255,641</b>
<b>Fund Balances - beginning of year</b>	<b>31,356,526</b>	<b>930,134</b>	<b>1,166,348</b>	<b>23,081,871</b>	<b>27,106,950</b>	<b>24,466,805</b>	<b>5,659,920</b>
<b>Implementation of GASB 31</b>							
<b>Adjusted beginning fund balance</b>	<b>31,356,526</b>	<b>930,134</b>	<b>1,166,348</b>	<b>23,081,871</b>	<b>27,106,950</b>	<b>24,466,805</b>	<b>5,659,920</b>
<b>Fund Balances - end of year</b>	<b>\$ 37,518,327</b>	<b>\$ 2,838,224</b>	<b>\$ 627,184</b>	<b>\$ 19,875,440</b>	<b>\$ 52,492,402</b>	<b>\$ 52,863,073</b>	<b>\$ 5,915,561</b>

See accompanying notes to the financial statements.

<u>MCC</u>	<u>NJC</u>	<u>OJC</u>	<u>PPCC</u>	<u>PCC</u>	<u>RRCC</u>	<u>TSJC</u>	<u>CC of C</u>	<u>Eliminations</u>	<u>Total</u>
				\$ 90,246					\$ 105,246
\$ 790,961	\$ 8,077,182 105,000	\$ 559,047	\$ 305,809 150,000	5,912,914 194,857	\$ 798,069 100,000	\$ 1,093,298	\$ 599,094		63,625,522 936,933
									28,396,268
790,961	8,182,182	559,047	455,809	6,198,017	898,069	1,093,298	599,094		93,063,969
<hr/>									
26,112									26,112
44,209	492,590	137,340	171,550	125,939	141,742		585,542		17,624,747
<hr/>									
70,321	492,590	137,340	171,550	125,939	141,742		585,542		17,650,859
<hr/>									
46,245									46,245
<hr/>									
46,245									46,245
<hr/>									
24,076	492,590	137,340	171,550	125,939	141,742		585,542		17,604,614
766,885	7,689,592	421,707	284,259	6,072,078	756,327	1,093,298	13,552		75,459,355
4,671,842	12,282,072	11,946,889	36,850,076	23,241,150	28,218,749	25,273,447	4,217,602		260,470,381
<hr/>									
4,671,842	12,282,072	11,946,889	36,850,076	23,241,150	28,218,749	25,273,447	4,217,602		260,470,381
\$ 5,438,727	\$ 19,971,664	\$ 12,368,596	\$ 37,134,335	\$ 29,313,228	\$ 28,975,076	\$ 26,366,745	\$ 4,231,154		\$ 335,929,736

## **Section VII**

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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  
State of Colorado:

We have audited the financial statements of Community Colleges of Colorado (“CC of C”), a component unit of the State of Colorado, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether CC of C’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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered CC of C’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control 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 operation that we consider to be material weaknesses. However, we noted other matters involving the internal control structure over financial reporting that we have reported to management of CC of C in the Findings and Recommendations section of this report.

This report is intended solely for the information of the Legislative Audit Committee, the Office of the Colorado State Auditor, the State Board for Community College and Occupational Education and the United States Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

Denver, Colorado,  
September 28, 2001

**Section VIII**

## COMMUNICATION OF AUDIT RELATED MATTERS

September 28, 2001

Members of the Legislative Audit Committee  
State of Colorado:

We have completed our audit of Community Colleges of Colorado for the year ended June 30, 2001, and have issued our auditors' report dated September 28, 2001. As requested, this letter is submitted to advise you of various matters regarding our audit.

### Responsibilities Under Generally Accepted Auditing Standards

As discussed in our audit opinion dated September 28, 2001, our responsibility is to conduct our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*. The objective of such an audit is to attain reasonable, but not absolute, assurance as to whether the financial statements are free of material misstatement. In carrying out this responsibility, we considered the Community Colleges of Colorado's internal control for the purpose of determining the nature, timing, and extent of our audit procedures. This consideration, however, is not sufficient to enable us to render an opinion on the effectiveness of the internal control over financial reporting.

### Significant Accounting Policies

The significant accounting policies used by the Community Colleges of Colorado are described in Note A to the financial statements. During the year, the Community Colleges of Colorado adopted no new accounting principles the effects of which are material to the financial statements. Also, we noted no significant and unusual transactions, or material transactions in controversial or emerging areas for which there is a lack of authoritative accounting guidance or consensus.

### Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We are satisfied as to the reasonableness of management's current judgments regarding such estimates in the context of the financial statements taken as a whole, based on our knowledge of management's process for making such judgments, inquiries of management and others regarding such matters, and other audit procedures applied during our engagement.

Audit Adjustments

We brought to management's attention misstatements which remained uncorrected at June 30, 2001, and which, if recorded, would have decreased assets and liabilities by approximately \$1.3 million and had no effect on changes in fund balances (see Recommendation No. 6 for details). Management has determined the effects of those misstatements are not material, both individually and in the aggregate, to the financial statements taken as a whole. In addition, these adjustments do not, in our judgment, either individually or in the aggregate, have a significant effect on the Community Colleges of Colorado's financial statements.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Community Colleges of Colorado financial statements and our report thereon does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents.

Disagreements with Management

There were no disagreements with management on financial, accounting and reporting matters which, if not satisfactorily resolved, would have been material to the financial statements or would have caused a modification of our auditors' report.

Consultation by Management with Other Accountants

We are not aware of any consultations by management with other independent public accountants during the year about auditing or accounting matters.

Major Issues Discussed with Management Prior to Appointment

No major issues were discussed with management in connection with our appointment as auditors, including the application of auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing our audit.

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We would be pleased to discuss these or other matters relating to our audit at your convenience.

This letter is solely for the use of management and the Legislative Audit Committee and should not be used for any other purposes.

Very truly yours,

**Section IX**

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON STATEMENTS OF  
APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS

Members of the Legislative Audit Committee  
State of Colorado:

We have audited the statements of appropriations, expenditures, transfers, and reversions of the state-funded student assistance programs of Community Colleges of Colorado (“CC of C”), a component unit of the State of Colorado, for the year ended June 30, 2001. These financial statements are the responsibility of CC of C’s management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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.

As described in the notes to the financial statements, the accompanying statements were prepared in the format as set forth in the Colorado Commission on Higher Education (“CCHE”) *Colorado Handbook for State-Funded Student Assistance Programs*. The statements are a summary of cash activity of the state-funded student assistance programs excluding 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 assistance programs, if assistance was presented on the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States. Accordingly, the accompanying statements are not intended to present the financial positions or results of operations in conformity with accounting principles generally accepted in the United States.

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 CC of C for the year ended June 30, 2001, in conformity with the provisions of the CCHE *Colorado Handbook for State-Funded Student Assistance Programs*.

Denver, Colorado,  
September 28, 2001.

ARAPHOE COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	*STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$1,323,275	\$25,430	\$597,403	\$256,889	\$356,023	\$0	\$80,000	\$7,530	\$0
SUPPLEMENTALS	0	0	0	0	0	0	0	0	0
TRANSFERS	(14,868)	0	0	(5,000)	0	0	(8,000)	(1,868)	0
TOTAL APPROPRIATIONS	1,308,407	25,430	597,403	251,889	356,023	0	72,000	5,662	0
LESS: EXPENDITURES	1,300,915	25,430	597,403	244,397	356,023	0	72,000	5,662	0
REVERSIONS TO STATE GENERAL FUND	\$7,492	\$0	\$0	\$7,492	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

\*Note: Includes State portion of both CLEAP and SLEAP Grant

COMMUNITY COLLEGE OF AURORA  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	CLEAP	SLEAP
APPROPRIATIONS:									
ORIGINAL	\$1,077,627	\$0	\$522,737	\$221,242	\$249,764	\$0	\$72,000	\$4,244	\$7,640
SUPPLEMENTALS	(37,000)	0	0	0	0	0	(37,000)	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
TOTAL APPROPRIATIONS	1,040,627	0	522,737	221,242	249,764	0	35,000	4,244	7,640
LESS: EXPENDITURES	966,981	0	518,852	159,451	245,044	0	33,750	4,244	5,640
REVERSIONS TO STATE GENERAL FUND	\$73,646	\$0	\$3,885	\$61,791	\$4,720	\$0	\$1,250	\$0	\$2,000

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

**COMMUNITY COLLEGE OF DENVER**  
**STATE FUNDED STUDENT ASSISTANCE PROGRAMS**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS**  
**YEAR ENDED JUNE 30, 2001**

	<u>TOTAL COLORADO FINANCIAL AID</u>	<u>STUDENT INCENTIVE GRANTS</u>	<u>STUDENT GRANT PROGRAM</u>	<u>WORK STUDY PROGRAM</u>	<u>UNDERGRAD. MERIT AWARDS</u>	<u>DIVERSITY GRANT PROGRAM</u>	<u>GOVERNOR'S OPPORTUNITY SCHOLARSHIP</u>	<u>COLORADO NURSING SCHOLARSHIP</u>	<u>PART-TIME STUDENT GRANT</u>
APPROPRIATIONS:									
ORIGINAL	\$2,346,682	\$47,434	\$1,242,376	\$565,209	\$405,553	\$0	\$80,840	\$5,270	\$0
SUPPLEMENTALS	12,000	0	0	0	0	0	12,000	0	0
TRANSFERS	<u>0</u>	<u>0</u>	<u>(114,589)</u>	<u>0</u>	<u>(72,991)</u>	<u>187,580</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL APPROPRIATIONS	2,358,682	47,434	1,127,787	565,209	332,562	187,580	92,840	5,270	0
LESS: EXPENDITURES	<u>2,358,682</u>	<u>47,434</u>	<u>1,127,787</u>	<u>565,209</u>	<u>332,562</u>	<u>187,580</u>	<u>92,840</u>	<u>5,270</u>	<u>0</u>
REVERSIONS TO STATE GENERAL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

**COLORADO NORTHWESTERN COMMUNITY COLLEGE**  
**STATE FUNDED STUDENT ASSISTANCE PROGRAMS**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS**  
**YEAR ENDED JUNE 30, 2001**

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
<b>APPROPRIATIONS:</b>									
ORIGINAL	\$290,339	\$7,720	\$153,841	\$59,550	\$58,514	\$0	\$10,714	\$0	\$0
SUPPLEMENTALS	2,000	0	0	0	0	0	2,000	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
<b>TOTAL APPROPRIATIONS</b>	<b>292,339</b>	<b>7,720</b>	<b>153,841</b>	<b>59,550</b>	<b>58,514</b>	<b>0</b>	<b>12,714</b>	<b>0</b>	<b>0</b>
<b>LESS: EXPENDITURES</b>	<b>292,339</b>	<b>7,720</b>	<b>153,841</b>	<b>59,550</b>	<b>58,514</b>	<b>0</b>	<b>12,714</b>	<b>0</b>	<b>0</b>
<b>REVERSIONS TO STATE GENERAL FUND</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

FRONT RANGE COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$2,768,743	\$71,323	\$1,355,076	\$601,741	\$659,067	\$0	\$80,000	\$1,536	\$0
SUPPLEMENTALS	(57,000)	0	0	(65,000)	0	0	8,000	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
TOTAL APPROPRIATIONS	2,711,743	71,323	1,355,076	536,741	659,067	0	88,000	1,536	0
LESS: EXPENDITURES	2,711,743	71,323	1,355,076	536,741	659,067		88,000	1,536	
REVERSIONS TO STATE GENERAL FUND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

LAMAR COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$485,049	\$8,277	\$217,899	\$96,075	\$57,154	\$0	\$99,000	\$6,644	\$0
SUPPLEMENTALS	(20,536)	0	0	0	0	0	(20,536)	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
TOTAL APPROPRIATIONS	464,513	8,277	217,899	96,075	57,154	0	78,464	6,644	0
LESS: EXPENDITURES	461,647	8,277	217,899	93,209	57,154	0	78,464	6,644	0
REVERSIONS TO STATE GENERAL FUND	\$2,866	\$0	\$0	\$2,866	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

MORGAN COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$406,573	\$9,028	\$197,894	\$94,757	\$74,910	\$0	\$20,000	\$9,984	\$0
SUPPLEMENTALS	8,000	0	0	8,000	0	0	0	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
TOTAL APPROPRIATIONS	414,573	9,028	197,894	102,757	74,910	0	20,000	9,984	0
LESS: EXPENDITURES	414,573	9,028	197,894	102,757	74,910	0	20,000	9,984	0
REVERSIONS TO STATE GENERAL FUND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

**NORTHEASTERN JUNIOR COLLEGE**  
**STATE FUNDED STUDENT ASSISTANCE PROGRAMS**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS**  
**YEAR ENDED JUNE 30, 2001**

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
<b>APPROPRIATIONS:</b>									
ORIGINAL	\$672,408	\$13,096	\$333,859	\$140,758	\$145,558	\$0	\$39,137	\$0	\$0
SUPPLEMENTALS	(\$7,747)	0	0	6,700	0	0	(14,447)	0	0
TRANSFERS	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL APPROPRIATIONS</b>	<b>664,661</b>	<b>13,096</b>	<b>333,859</b>	<b>147,458</b>	<b>145,558</b>	<b>0</b>	<b>24,690</b>	<b>0</b>	<b>0</b>
<b>LESS: EXPENDITURES</b>	<u>664,661</u>	<u>13,096</u>	<u>333,859</u>	<u>147,458</u>	<u>145,558</u>	<u></u>	<u>24,690</u>	<u></u>	<u></u>
<b>REVERSIONS TO STATE GENERAL FUND</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

OTERO JUNIOR COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$727,785	\$18,385	\$386,717	\$161,882	\$91,887	\$0	\$55,000	\$13,914	\$0
SUPPLEMENTALS	\$50,630	1,000	30,000	0	10,000	0	9,630	0	0
TRANSFERS	(31,546)	0	0	(30,000)	0	0	0	(1,546)	0
TOTAL APPROPRIATIONS	746,869	19,385	416,717	131,882	101,887	0	64,630	12,368	0
LESS: EXPENDITURES	746,869	19,385	416,717	131,882	101,887	0	64,630	12,368	0
REVERSIONS TO STATE GENERAL FUND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

PIKES PEAK COMMUNITY COLLEGE  
 STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
 STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
 YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	COLO LEVERAGING ED ASST PGM	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	CO SUPP LEVERAGING ED ASST PGM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$2,821,496	54,136	1,406,050	602,026	486,098	23,745	\$246,429	\$3,012	0
SUPPLEMENTALS	20,000	0	0	0	0	0	20,000	0	0
TRANSFERS	0	0	7,000	(7,000)	0	0	0	0	0
TOTAL APPROPRIATIONS	2,841,496	54,136	1,413,050	595,026	486,098	23,745	266,429	3,012	0
LESS: EXPENDITURES	2,837,658	54,136	1,413,050	591,188	486,098	23,745	266,429	3,012	0
REVERSIONS TO STATE GENERAL FUND	\$3,838	\$0	\$0	\$3,838	\$0	\$0	\$0	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

PUEBLO COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	COLORADO NEED-BASED GRANTS	CIEAP SLEAP PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	COLORADO NURSING SCHOLARSHIP	Governors Opportunity Scholarship
APPROPRIATIONS:								
ORIGINAL	\$2,078,025	\$1,110,645	\$52,895	\$487,363	\$266,654	\$0	\$60,468	100,000
SUPPLEMENTALS	4,000	0	0	0	0	0	0	4,000
TRANSFERS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL APPROPRIATIONS	2,082,025	1,110,645	52,895	487,363	266,654	0	60,468	104,000
LESS: EXPENDITURES	<u>2,054,949</u>	<u>1,110,645</u>	<u>52,895</u>	<u>462,666</u>	<u>266,654</u>	<u>0</u>	<u>58,089</u>	<u>104,000</u>
REVERSIONS TO STATE GENERAL FUND	<u>\$27,076</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,697</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,379</u>	<u>\$0</u>

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

RED ROCKS COMMUNITY COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$1,281,270	\$27,092	\$662,982	\$208,739	\$377,257	\$0	\$5,200	\$0	\$0
SUPPLEMENTALS	0	0	0	0	0	0	0	0	0
TRANSFERS	0	0	0	0	0	0	0	0	0
TOTAL APPROPRIATIONS	1,281,270	27,092	662,982	208,739	377,257	0	5,200	0	0
LESS: EXPENDITURES	1,249,208	24,478	659,691	199,739	360,425	0	4,875	0	0
REVERSIONS TO STATE GENERAL FUND	\$32,062	\$2,614	\$3,291	\$9,000	\$16,832	\$0	\$325	\$0	\$0

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

TRINIDAD STATE JUNIOR COLLEGE  
STATE FUNDED STUDENT ASSISTANCE PROGRAMS  
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS  
YEAR ENDED JUNE 30, 2001

	TOTAL COLORADO FINANCIAL AID	STUDENT INCENTIVE GRANTS	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	UNDERGRAD. MERIT AWARDS	DIVERSITY GRANT PROGRAM	GOVERNOR'S OPPORTUNITY SCHOLARSHIP	COLORADO NURSING SCHOLARSHIP	PART-TIME STUDENT GRANT
APPROPRIATIONS:									
ORIGINAL	\$ 1,159,250	\$29,372	\$614,215	\$194,220	\$115,507	\$0	\$180,000	\$25,936	\$0
SUPPLEMENTALS	15,000	0	0	0	0	0	15,000	0	0
TRANSFERS	<u>(5,376)</u>	<u>0</u>	<u>0</u>	<u>(2,136)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,240)</u>	<u>0</u>
TOTAL APPROPRIATIONS	1,168,874	29,372	614,215	192,084	115,507	0	195,000	22,696	0
LESS: EXPENDITURES	<u>1,164,375</u>	<u>28,872</u>	<u>614,215</u>	<u>189,702</u>	<u>113,890</u>	<u>0</u>	<u>195,000</u>	<u>22,696</u>	<u>0</u>
REVERSIONS TO STATE GENERAL FUND	<u>\$4,499</u>	<u>\$500</u>	<u>\$0</u>	<u>\$2,382</u>	<u>\$1,617</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying footnotes to the statement of appropriations, expenditures, transfers and reversions.

**Section X**

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