



FORT LEWIS COLLEGE

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

For Fiscal Years Ended June 30, 2008 and 2007

**LEGISLATIVE AUDIT COMMITTEE
2008 MEMBERS**

Representative James Kerr
Chairman

Representative Dianne Primavera
Vice Chairman

Senator Jim Isgar
Representative Rosemary Marshall
Representative Frank McNulty
Senator David Schultheis
Senator Jack Taylor
Senator Lois Tochtrop

Office of the State Auditor Staff

Sally Symanski
State Auditor

Dianne Ray
Deputy State Auditor

Marisa Neff
Legislative Auditor

Chadwick, Steinkirchner, Davis & Co., P.C.
Contract Auditors

TABLE OF CONTENTS

	<u>Page</u>
Report Summary	1
Recommendation Locator	3
Mission, History, Enrollment and Staffing	4
Findings and Recommendation Report Section	
Auditor’s Findings and Recommendations	7
Disposition of Prior Audit Recommendations	8
Financial Statements Section	
Independent Auditors’ Report	9
Management’s Discussion and Analysis	11
Statements of Net Assets	16
Fort Lewis College Foundation Statements of Financial Position	17
Statements of Revenues, Expenses, and Changes in Net Assets	18
Fort Lewis College Foundation Statements of Activities	19
Statements of Cash Flows	21
Notes to the Financial Statements	23
Supplemental Information	
Schedule of Revenues and Expenses for Enterprise Revenue Bonds	41
Independent Auditors’ Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Audit Committee Communications.....	44
STATE –FUNDED STUDENT ASSISTANCE PROGRAMS SECTION	
State-Funded Student Assistance Programs	47
Independent Auditors’ Report on Statements of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs	48
Statement of Appropriations, Expenditures, Transfers and Reversions.....	50
Notes to State of Appropriations, Expenditures, Transfers and Reversions	51

**FORT LEWIS COLLEGE
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

Authority, Purpose and Scope

The audit of Fort Lewis College was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all state agencies and educational institutions. The 2008 and 2007 audits were conducted under contract with Chadwick, Steinkirchner, Davis & Co., P.C. The audit was made in accordance with audit standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Audit work was performed during June through August 2008.

The purposes and scope of the audit were to:

- Perform a financial and compliance audit of Fort Lewis College for the years ended June 30, 2008 and 2007 and to express an opinion on the financial statements. Review internal controls as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
- Evaluate compliance with rules and regulations governing the expenditures of federal and State funds.
- Express an opinion on the Statements of Appropriations, Expenditures, Transfers and Reversions of State-Funded Student Assistance Programs for the fiscal year ended June 30, 2008 and 2007.
- Report on the College's compliance and internal control over financial reporting based on our audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Evaluate progress in implementing prior audit recommendations.
- Fort Lewis College's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, are included in the June 30, 2008, Statewide Single Audit Report issued under separate cover.

Audit Results and Summary of Major Audit Findings

Chadwick, Steinkirchner, Davis & Co., P.C. expressed an unqualified opinion on the financial statements for the years ended June 30, 2008 and 2007.

We issued a report of the College's compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. We did not note any material weaknesses or any material instances of noncompliance with legal or regulatory requirements based on our audit of the financial statements.

We also expressed unqualified opinions on the Statements of Appropriations, Expenditures, Transfers, and Reversions of State-funded Student Assistance Programs for the fiscal years ended June 30, 2008 and 2007.

Required Auditor Communications to the Legislative Audit Committee

The auditor is required to communicate to the Legislative Audit Committee certain matters related to the conduct of the audit and to ensure that the Legislative Audit Committee receives additional information regarding the scope and results of the audit that may assist the Legislative Audit Committee in overseeing the financial reporting and disclosure process for which management is responsible. These matters have been communicated to the Legislative Audit Committee in this report and include among other items, that no audit adjustments were required and there were no difficulties encountered in performing the audit.

SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

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

Fort Lewis College (the College) incurred approximately \$750,000 in bond issuance costs for Fiscal Year 2008 when the College issued the Series 2007 Revenue Bonds. The College properly capitalized these costs and is amortizing them over the life of the bonds. However, during our review of the Statement of Net Assets, we noted that these costs had been netted with bonds payable in non-current liabilities instead of being included in non-current assets. This error resulted in other non-current assets and bonds payable being understated for financial statement presentation.

Recommendations and College Responses

A summary of the recommendations for the above comments is included in the Recommendation Locator included at the end of this summary. The Recommendation Locator also shows the College's responses to the audit recommendations. A detailed description of the audit comment and recommendation is contained in the findings and recommendations section of the report.

Summary of Progress in Implementing Prior Audit Findings

There were no findings in the prior year.

Fort Lewis College

RECOMMENDATION LOCATOR

Year ended June 30, 2008

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1.	7	Fort Lewis College should strengthen procedures for identifying, researching and recording non-routine transactions in the financial statements to ensure that all items are properly classified.	Agree	June 30, 2009

MISSION, HISTORY, ENROLLMENT, AND STAFFING

MISSION

The following mission statement has been adopted by the Board of Trustees for Fort Lewis College.

The mission of Fort Lewis College is to open minds and kindle thought and action by instilling in students knowledge, a desire to acquire knowledge, the tools for doing so, and an understanding of how knowledge can be put to use for a common good. The experiences students have here should help them learn to live wisely and should make a significant difference in their futures by enabling them to pursue their own educational goals throughout their lives. They should be able to demonstrate thoughtful scholarship in pursuing and weighing knowledge. They should be able to communicate and cooperate with others. The College should also play an active role in the community and the region as a multifaceted learning resource.

Fort Lewis College has chosen to pursue its mission via its historic role as an undergraduate, public, four-year liberal arts college. Because of the liberal arts focus, we require common general studies courses which include the fine arts, humanities, social sciences, mathematics, and the natural sciences in addition to more specialized junior and senior courses offered through the various majors. Our curriculum is designed both to ensure that students understand the values and assumptions implicit in their major fields of study and to prepare them for a rapidly changing world.

The College's first obligation is to create a personalized learning environment in which faculty and staff are accessible to all of its students. Therefore excellence in classroom teaching is our first priority. We are committed to hiring experienced faculty and professional staff dedicated to teaching and to working directly with students. The College also supports and encourages research, scholarly inquiry and creative performance by its faculty in order to enhance their work with students and the students' own work. We will continue to acquire the resources necessary to fulfill our primary mission.

It is essential to Fort Lewis College's mission that we contribute to the cultural diversity and economic development of the Four Corners region. To play an active role in the community, state and region, we must ensure that our programs fulfill the needs of our student population and the residents of our area. Our ethnic and regional heritage must be reflected in the make-up of our student body, in our special programs, and in our curriculum. Because of terms established in the original charter of the College, we have an honored tradition of providing tuition-free education for American Indian students. The College will continue to enhance educational opportunities for other minority groups, especially those originating in the Southwest. While a large percentage of our students should continue to come from Colorado, the College will encourage enrollment of students from other regions and from abroad in order to provide a diversified student body.

MISSION, HISTORY, ENROLLMENT, AND STAFFING

HISTORY

Fort Lewis College is named for Fort Lewis, a U.S. Army Post established in 1878 at Pagosa Springs, Colorado. Two years later, the military post moved to Hesperus, Colorado, a location more central to Indian settlements and pioneer communities. The U.S. government abandoned the site as a military post in 1891, and in its stead, established Fort Lewis as a school offering free education to Native American students.

By 1911, Congress had deeded the Hesperus site to the State of Colorado, which then established a high school of agriculture under the supervision of the State Board of Agriculture. The school began to offer some college-level courses in 1925, and in 1933, Fort Lewis began to offer college courses exclusively. In 1948, Fort Lewis was officially designated a junior college with its own president.

Fort Lewis moved to the Durango campus in 1956. The first baccalaureate degrees were granted in 1964. In 1986, Fort Lewis joined the Colorado State University System under the governance of the State Board of Agriculture. Colorado State University in Fort Collins and the University of Southern Colorado in Pueblo were sister institutions in the system. In 2002, the Board of Trustees for Fort Lewis College began governance of the College separate from the State Board of Agriculture.

Fort Lewis continues to honor its historic commitment to Native Americans by offering tuition scholarships to all qualified American Indians who meet admission requirements. It is the only college in Colorado to do so, as it has for more than 100 years.

Fort Lewis College's statutory authority is in the Colorado Revised Statutes (CRS) 23-52-101.

ENROLLMENT

Enrollment data for the past three years are presented below as student full-time equivalents (FTE.) Each FTE is equal to 30 credit hours during the fiscal year.

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Resident FTE	2,621.0	2,644.0	2,656.0
Non-Resident FTE	<u>1,081.0</u>	<u>1,075.0</u>	<u>1,056.0</u>
Total FTE Students	<u>3,702.0</u>	<u>3,719.0</u>	<u>3,712.0</u>

MISSION, HISTORY, ENROLLMENT, AND STAFFING

STAFFING

Staffing data for the past three years are presented below as employee full-time equivalents (FTE.) Each faculty FTE is equal to 30 credit hours taught during the fiscal year. Each staff FTE is equal to working 2,080 hours each fiscal year.

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Faculty FTE	215.0	215.5	201.3
Staff FTE	<u>278.0</u>	<u>248.5</u>	<u>254.7</u>
Total FTE	<u>493.0</u>	<u>464.0</u>	<u>456.0</u>

Fort Lewis College

AUDITOR'S FINDINGS AND RECOMMENDATIONS

Year ended June 30, 2008

Bond Issuance Costs

Fort Lewis College (the College) incurred approximately \$750,000 in bond issuance costs for Fiscal Year 2008 when the College issued the Series 2007 Revenue Bonds. The College properly capitalized these costs and is amortizing them over the life of the bonds. However, during our review of the Statement of Net Assets, we noted that these costs had been netted with bonds payable in non-current liabilities instead of being classified in non-current assets. This error resulted in other non-current assets and bonds payable being understated for financial statement presentation.

Recommendation No. 1

Fort Lewis College should strengthen procedures for identifying, researching and recording non-routine transactions in the financial statements to ensure that all items are properly classified.

Fort Lewis College Response:

Agree. Implementation Date: June 30, 2009

Fort Lewis College agrees with the recommendation and we will strengthen procedures for identifying, researching and recording non-routine transactions in the financial statements to ensure that all items are properly classified.

Fort Lewis College

DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS

Year ended June 30, 2008

Fort Lewis College had no audit findings or recommendations in the prior year.

FINANCIAL STATEMENTS SECTION

**INDEPENDENT AUDITORS' REPORT**

December 3, 2008

Members of the Legislative Audit Committee:

We have audited the accompanying basic financial statements of the business-type activities of Fort Lewis College, a blended component unit of the State of Colorado, as of and for the years ended June 30, 2008 and 2007, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Fort Lewis College Foundation, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fort Lewis College Foundation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Fort Lewis College and the discretely presented component unit as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008 on our consideration of Fort Lewis College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

December 3, 2008
Page Two



Management's Discussion and Analysis on pages ten through fifteen is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Revenues and Expenses for Enterprise Revenue Bonds is presented for purposes of additional analysis and is not a required part of the basic financial statements of Fort Lewis College. Such information, which is the responsibility of the College'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 basic financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007

Fort Lewis College management is pleased to present this discussion and analysis of the College. It provides an analysis of the College's financial activities based on currently known facts, decisions, and conditions.

FINANCIAL HIGHLIGHTS

Year Ended June 30, 2008:

- The College's financial position, as a whole, improved during the year ended June 30, 2008. The combined net assets increased \$2,444,443 or 2.67% over the prior year.
- The Fee for Service contract revenue received in prior years was for providing educational services where the cost of delivering those services was not sustained by the amount received in student tuition and for services that increased economic development opportunities. This revenue was considered non-operating revenue. In fiscal 2008, the Fee for Service agreement was changed to one where the Department of Higher Education purchased specialized educational services for a total of \$4,878,134. The effect of this change on the financial statements is to move the Fee for Service revenue from non-operating revenue to reporting it as Sales and Services of Educational Activities (operating revenue). This change made a significant difference in the Net Operating Loss, reducing it by \$4,166,276 or 65%.
- In December, 2007, the College issued Series 2007 Revenue Bonds to finance the construction of a new residence hall, the renovation and expansion of the student union building, and to refund and discharge the existing bond liability. The net long-term bond liability balance increased from \$12,153,208 to \$54,293,641 as a result of this transaction.

Year Ended June 30, 2007:

- The College's financial position, as a whole, improved slightly during the year ended June 30, 2007. The combined net assets increased \$167,984 or .18% over the prior year.
- The College Opportunity Fund (COF) tuition stipend amount increased \$6 per credit hour, resulting in an additional \$913,844 in stipend revenue. Also, the Fee for Service contract revenue increased by \$1,352,091 over the prior year.
- Gross tuition and fee revenue remained substantially the same between fiscal years, primarily due to a decline in enrollment.

This report consists of three basic financial statements, including the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows. The statements provide information on the College as a whole and report on all of the College activities including instruction, research, public service, and support services. The Statements of Net Assets and the Statements of Revenues, Expenses, and Changes in Net Assets report financial position and financial activity using the accrual basis of accounting (reporting all of the year's revenues and expenses when earned or incurred, rather than when the cash is received or paid.) The financial statements and notes are presented for the reporting entity of the College that includes Fort Lewis College and the Fort Lewis College Foundation, a discretely presented component unit. (See Note 1 for additional information on the reporting entity.)

STATEMENTS OF NET ASSETS

The Statements of Net Assets report assets, liabilities, and net assets (the difference between assets and liabilities.) A condensed Statement of Net Assets is shown on the next page.

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007

Condensed Statements of Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current Assets	\$ 22,652,356	\$ 20,291,888	\$ 17,604,740
Noncurrent Assets	<u>136,114,205</u>	<u>91,635,539</u>	<u>94,892,376</u>
Total Assets	<u>158,766,561</u>	<u>111,927,427</u>	<u>112,497,116</u>
Current Liabilities	9,469,232	8,183,402	7,844,210
Noncurrent Liabilities	<u>55,432,632</u>	<u>12,323,771</u>	<u>13,400,636</u>
Total Liabilities	<u>64,901,864</u>	<u>20,507,173</u>	<u>21,244,846</u>
Net Assets:			
Invested in capital assets, net of related debt	77,464,912	74,965,383	76,592,441
Restricted	10,230,234	8,732,552	8,742,506
Unrestricted	<u>6,169,551</u>	<u>7,722,319</u>	<u>5,917,323</u>
Total Net Assets	<u>\$ 93,864,697</u>	<u>\$ 91,420,254</u>	<u>\$ 91,252,270</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statements of Revenues, Expenses and Changes in Net Assets report the results of operating and nonoperating revenues and expenses during the year, as well as the resulting increase or decrease in net assets at the end of the year.

Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	<u>Year Ended June 30, 2008</u>	<u>Year Ended June 30, 2007</u>	<u>Year Ended June 30, 2006</u>
Operating Revenues			
Tuition and Fees, Net	\$ 20,009,310	\$ 18,475,013	\$ 18,094,160
Grants and Contracts	15,905,103	14,966,101	15,310,951
Auxiliary Services, Net	14,261,416	13,060,395	12,747,081
Other	<u>5,114,828</u>	<u>805,298</u>	<u>526,713</u>
Total Operating Revenues	<u>55,290,657</u>	<u>47,306,807</u>	<u>46,678,905</u>
Operating Expenses	<u>57,517,396</u>	<u>53,699,822</u>	<u>50,412,593</u>
Net Operating Revenues (Expenses)	<u>(2,226,739)</u>	<u>(6,393,015)</u>	<u>(3,733,688)</u>
Nonoperating Revenues (Expenses):			
State Fee for Service Agreement	-	3,921,993	2,537,022
Other Net Nonoperating Revenues	<u>3,690,752</u>	<u>2,311,041</u>	<u>1,501,051</u>
Net Nonoperating Revenues	<u>3,690,752</u>	<u>6,233,034</u>	<u>4,038,073</u>
Income (Loss) Before Other Revenues, Expenses, or Transfers	1,464,013	(159,981)	304,385
Gain (loss) on Disposal of Assets	(24,430)	(3,285)	-
State Capital Contributions	932,197	198,754	6,125
Capital Grants and Gifts	<u>72,663</u>	<u>132,496</u>	<u>299,819</u>
Increase (Decrease) in Net Assets	2,444,443	167,984	610,329
Net Assets – Beginning of Year	<u>91,420,254</u>	<u>91,252,270</u>	<u>90,641,941</u>
Net Assets – End of Year	<u>\$ 93,864,697</u>	<u>\$ 91,420,254</u>	<u>\$ 91,252,270</u>

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007

CAPITAL ASSETS

At June 30, 2008, the College had approximately \$87 million invested in capital assets, net of accumulated depreciation of \$58.5 million. Depreciation charges were \$4.7 million for the year ended June 30, 2008. At June 30, 2007, the College had approximately \$87 million invested in capital assets, net of accumulated depreciation of \$54.8 million. Depreciation charges were \$5 million for the year ended June 30, 2007. Details of these assets are shown below.

Capital Assets, Net, at Year-End

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Land and Improvements	\$ 280,559	\$ 280,559	\$ 280,559
Construction in Progress	4,704,841	925,756	926,533
Collections	1,256,547	1,251,884	1,230,085
Land Improvements, Net	10,788,059	11,325,796	11,589,438
Buildings and Improvements, Net	67,796,785	70,819,147	73,311,502
Equipment, Net	1,707,129	1,798,806	1,998,804
Library Materials, Net	<u>730,238</u>	<u>713,749</u>	<u>675,969</u>
Total	<u>\$ 87,264,158</u>	<u>\$ 87,115,697</u>	<u>\$ 90,012,890</u>

Major capital additions completed in fiscal year 2007-08 and the resources that funded their acquisition include:

Bader Residence Hall Heat System Replacement, funded by the College	\$ 165,307
Soccer Field Bleachers, funded by the College	105,078
Dennison Stadium Press Box Improvements, funded by the College	53,780
Escalante Hall plumbing improvements, funded by the College	<u>50,999</u>
	<u>\$ 375,164</u>

The following significant capital projects were in progress at June 30, 2008:

Student Union Building Renovation/Expansion, funded by the College	\$ 1,643,688
New Residence Hall, funded by the College	1,091,618
Berndt Hall Reconstruction – Biology, funded by the State	812,221
Berndt Hall Biology Relocation, funded by the College	499,703
Cooper Hall Roof Improvement, funded by the College	452,517
Repave Parking Lots M & C, funded by the College	259,519
Remodel Pine Hall, funded by the College	114,481
Replace Gym Folding Wall, funded by the State	<u>94,066</u>
	<u>\$ 4,967,813</u>

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007

Major capital additions completed in fiscal year 2006-07 and the resources that funded their acquisition include:

Berndt Hall Geosciences renovation project, funded by the College	\$ 163,322
Parking Lot E Improvement, funded by the College	370,352
Reed Library Computer Lab, funded by the College	652,396
Berndt Hall Boiler Replacement, funded by the State	<u>133,867</u>
	<u>\$ 1,319,937</u>

The following significant capital projects were in progress at June 30, 2007:

Cooper Hall roof replacement, funded by the College	\$ 254,824
Campus Precinct Plan, funded by the College	81,064
Program Plan for the Sciences, funded by the College	64,799
Escalante Hall plumbing improvements, funded by the College	72,179
Physical Plant Storage Facility, funded by the College	<u>270,887</u>
	<u>\$ 743,753</u>

DEBT

At June 30, 2008, 2007 and 2006, the College had approximately \$54.3 million, \$12.2 million and \$13.4 million in long-term debt outstanding, respectively. The table below summarizes these amounts by type of debt.

Outstanding Debt at Fiscal Year-End

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Auxiliary Revenue Bonds, Net	\$ 54,293,641	\$ 12,153,208	\$ 13,373,774
Capital Lease Obligations	-	-	32,609
Other Long Term Debt	-	-	24,984
Total	<u>\$ 54,293,641</u>	<u>\$ 12,153,208</u>	<u>\$ 13,431,367</u>

ECONOMIC OUTLOOK & FORT LEWIS COLLEGE FUTURE

The passage of Referendum C in the 2005 election resulted in a less restrictive funding environment in the State of Colorado. Referendum C allowed the State to retain excess revenues above the TABOR limit for a period of five years and eased the structural budget deficit created by the confluence of the recent recession and statutory and constitutional budget restrictions. This eased State budget situation allowed for increased funding to higher education.

The Colorado Department of Higher Education recently undertook a peer study to determine appropriate national peers for Colorado's public institutions. The initial peer study concluded that Colorado was approximately \$832 million below peer averages. This calculation was accomplished by determining a peer group for each institution and using National Center for Higher Education Management Systems (NCHEMS) data related to State funding, tuition and student FTE. The DHE refined this model during Fiscal Year 2008. It is anticipated that future year state funding and tuition increases will be allocated using a combination of inflationary increases and the "NCHEMS" model.

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007

Due to another recent change in funding methodology (College Opportunity Fund – COF), the importance of enrollment has become even more paramount to the success of public institutions than in the past. Recognizing this changing landscape, the College has reorganized its administrative structure to place a greater emphasis on the enrollment management function. As part of this emphasis, during the 2005 legislative session, President Brad Bartel provided the necessary leadership to have the College's State level selectivity designation changed from "*Moderately Selective*" to "*Selective*".

The transition to the Selective admission criteria took place over several years, and was completed in Fall 2008. While the College experienced an increase in applications, the number of students who were declined admission rose substantially, measured as a percent of the applicant pool. In total, enrollment for Fall 2008 fell almost 5% compared to Fall 2007. It is believed that the increase in student preparedness will ultimately stabilize the size and quality of the freshman class and, therefore, increase students' chances for success, and measured by retention and graduation rates. During Fiscal Year 2008, the College engaged consultants in both financial aid leveraging and marketing, in an effort to develop plans to increase enrollment. The College remains committed to achieving the strategic plan goal of growing enrollment to 5,000 by the year 2014.

During Fiscal Year 2006, the College attained "Enterprise" status by receiving less than 10% of overall funding directly from the State. With passage of Referendum C, TABOR restrictions are on hold for five years; therefore, achieving enterprise status does not currently present any financial benefits to the College. Once TABOR restrictions are in place, however, enterprise status will allow for more flexibility in tuition rate increases. Capital construction funds for the Berndt Hall Biology project, totaling \$17.9 million, will push the College out of enterprise status for Fiscal Year 2009 and Fiscal Year 2010.

During Fiscal Year 2008, the College issued \$55.8M of revenue bonds to finance the construction of a new student union building and residence hall and to refinance existing debt. A new student fee was implemented in Fiscal Year 2008 to pay for the debt related to the new student union building. The student union building is scheduled for completion in August 2010. The new residence hall is planned to be complete and open in Fall 2009.

Subsequent to the end of the fiscal year, the State of Colorado entered into a lease purchase agreement under which the Treasury issued \$230,845,000 of Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008 (COP). The transaction closed on November 6, 2008, and the College's share was \$3,247,000. This amount will fund the design phase of reconstructing the Geosciences/Physics/Engineering facilities in Berndt Hall. However, the College expects to receive another \$29,306,647 in COP funds in the next fiscal year for the Berndt Hall project, inclusive of \$4,231,974 for which the College is responsible. House Joint Resolution 08-1042 legislation envisions annual appropriations of Federal Mineral Lease Program (FML) revenues to fund the required semi-annual lease payments.

Request for Information

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fort Lewis College Controller, 1000 Rim Drive, Durango, CO 81301-3999.

Fort Lewis College
Statements of Net Assets
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and Cash Equivalents	\$19,865,093	\$17,585,622
Student Accounts Receivable, Net	397,395	348,220
Accounts Receivable - Fort Lewis College Foundation	12,685	19,849
Other Accounts Receivable	1,432,974	1,089,162
Student Loans Receivable, Net	305,208	577,861
Inventories	584,609	590,492
Prepaid Expense	54,392	80,682
Total Current Assets	<u>22,652,356</u>	<u>20,291,888</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	46,158,797	3,112,612
Student Loans Receivable, Net	1,941,726	1,407,230
Other Non-current Assets	749,524	-
Nondepreciable Capital Assets:		
Land and Improvements	280,559	280,559
Construction in Progress	4,704,841	925,756
Collections	1,256,547	1,251,884
Total Nondepreciable Capital Assets	<u>6,241,947</u>	<u>2,458,199</u>
Depreciable Capital Assets:		
Land Improvements, Net	10,788,059	11,325,796
Buildings and Improvements, Net	67,796,785	70,819,147
Equipment, Net	1,707,129	1,798,806
Library Materials, Net	730,238	713,749
Total Depreciable Capital Assets, Net	<u>81,022,211</u>	<u>84,657,498</u>
Total Noncurrent Assets	<u>136,114,205</u>	<u>91,635,539</u>
Total Assets	<u>158,766,561</u>	<u>111,927,427</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,087,856	905,684
Accrued Liabilities	5,797,742	4,557,801
Deferred Revenue	935,552	977,295
Deposits Held for Others	301,669	321,649
Bonds Payable, Current Portion	1,165,000	1,270,000
Compensated Absence Liabilities	181,413	150,973
Total Current Liabilities	<u>9,469,232</u>	<u>8,183,402</u>
Noncurrent Liabilities:		
Bonds Payable, Net	53,878,165	10,883,208
Compensated Absence Liabilities	1,554,467	1,440,563
Total Noncurrent Liabilities	<u>55,432,632</u>	<u>12,323,771</u>
Total Liabilities	<u>64,901,864</u>	<u>20,507,173</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	77,444,912	74,965,383
Restricted for Nonexpendable Purposes:		
Endowment	141,649	141,649
Restricted for Expendable Purposes		
Endowment	504,328	529,156
Debt Service	-	1,673,633
Other	9,584,257	6,388,114
Unrestricted	6,189,551	7,722,319
Total Net Assets	<u>\$93,864,697</u>	<u>\$91,420,254</u>

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

FORT LEWIS COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Pooled Cash and Investments	\$ 14,158,915	\$ 12,366,028
Pledges Receivable	96,666	40,000
Interest Receivable	-	9,226
Notes Receivable	4,009	7,897
Segregated Cash and Investments	169,797	1,765,326
Tangible Assets, Net	<u>6,339,696</u>	<u>6,193,459</u>
 Total Assets	 <u>\$ 20,769,083</u>	 <u>\$ 20,381,936</u>
 LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 36,158	\$ 182
Accounts Payable - Fort Lewis College	14,868	19,851
Gift Annuity Obligation Payable	45,134	60,534
Mortgage Payable	<u>458,196</u>	<u>464,665</u>
 Total Liabilities	 <u>554,356</u>	 <u>545,232</u>
 NET ASSETS		
Unrestricted		
Board Designated	27,869	14,899
Board Designated Endowment	313,386	311,322
Gifts-in-Kind	370,854	372,604
General Unrestricted	<u>954,708</u>	<u>1,783,220</u>
	<u>1,666,817</u>	<u>2,482,045</u>
 Temporarily Restricted		
Scholarships, Awards, and Other	8,137,724	7,602,949
Gifts-in-Kind and Tangible Assets	<u>3,327,292</u>	<u>3,179,306</u>
	<u>11,465,016</u>	<u>10,782,255</u>
 Permanently Restricted		
True Endowments	4,441,344	3,930,854
Gifts-in-Kind	<u>2,641,550</u>	<u>2,641,550</u>
	<u>7,082,894</u>	<u>6,572,404</u>
 Total Net Assets	 <u>20,214,727</u>	 <u>19,836,704</u>
 TOTAL LIABILITES AND NET ASSETS	 <u>\$ 20,769,083</u>	 <u>\$ 20,381,936</u>

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

Fort Lewis College
 Statements of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2008 and 2007

REVENUES	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Student Tuition and Fees (including pledged revenues of \$2,998,235 -2008 and \$2,190,144 -2007 and net of scholarship allowances of \$14,831,047 -2008 and \$13,227,849 -2007)	\$20,009,310	\$18,475,013
Federal Grants and Contracts	5,844,823	5,720,615
State Grants and Contracts	9,583,060	8,862,513
Local Grants and Contracts	140,735	168,326
Non-Governmental Grants and Contracts	336,485	214,647
Sales and Services of Educational Activities	5,049,450	720,898
Auxiliary Enterprises (including pledged revenues of \$13,284,148 - 2008 and \$11,974,262 -2007 and net of scholarship allowances of \$804,578 -2008 and \$723,985 -2007)	14,261,416	13,060,395
Other Operating Revenues	65,378	84,400
Total Operating Revenues	<u>55,290,657</u>	<u>47,306,807</u>
 EXPENSES		
Operating Expenses:		
Instruction	16,216,639	15,090,637
Research	310,297	227,109
Public Service	1,345,439	1,263,549
Academic Support	5,391,299	5,210,552
Student Services	6,370,360	5,516,139
Institutional Support	4,696,593	4,551,328
Operation and Maintenance of Plant	4,635,064	3,823,383
Scholarships and Fellowships	1,127,403	1,052,030
Auxiliary Enterprises	12,706,314	11,952,706
Depreciation	4,717,988	5,012,389
Total Operating Expenses	<u>57,517,396</u>	<u>53,699,822</u>
Operating Income (Loss)	<u>(2,226,739)</u>	<u>(6,393,015)</u>
 NONOPERATING REVENUES (EXPENSES)		
State Fee for Service Agreement	-	3,921,993
Gifts (including pledged revenues of \$49,870 - 2008 and \$249,716 - 2007)	1,514,997	1,663,238
Investment Income (including pledged revenues of \$1,442,545 -2008 and \$157,282 -2007)	2,577,561	1,222,448
Interest Expense on Capital Debt	(414,775)	(594,494)
Other Nonoperating Revenues	12,969	19,849
Net Nonoperating Revenues	<u>3,690,752</u>	<u>6,233,034</u>
Income (loss) before other revenues, expenses, or transfers	1,464,013	(159,981)
 OTHER REVENUES, (EXPENSES), OR TRANSFERS		
Gain or (Loss) on Disposal of Assets	(24,430)	(3,285)
State Capital Contributions	932,197	198,754
Capital Grants and Gifts	72,663	132,496
Increase (Decrease) in Net Assets	<u>2,444,443</u>	<u>167,984</u>
 NET ASSETS		
Net Assets - Beginning of Year	91,420,254	91,252,270
Net Assets - End of Year	<u>\$93,864,697</u>	<u>\$ 91,420,254</u>

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

FORT LEWIS COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
NET ASSETS, BEGINNING OF YEAR	\$ 2,482,045	\$ 10,782,255	\$ 6,572,404	\$ 19,836,704
REVENUES, GAINS, AND OTHER SUPPORT				
Donations - Cash	91,099	1,516,048	282,036	1,889,183
Donations - Gifts in Kind	-	158,977	-	158,977
Investment Income	758,984	128,073	228,454	1,115,511
Unrealized Gain/(Loss) in Investments	(1,329,982)	-	-	(1,329,982)
Fund Raising Income	14	16,393	-	16,407
Other Income	15,929	237,095	-	253,024
Subtotal	(463,956)	2,056,586	510,490	2,103,120
Net Assets Released from Restriction	1,349,852	(1,349,852)	-	-
Total from Revenues, Gains, and Other Support	885,896	706,734	510,490	2,103,120
EXPENSES AND LOSSES				
Scholarships	591,269	-	-	591,269
Program Expense	1,024,100	-	-	1,024,100
Fund Raising	34,520	-	-	34,520
Management and General	75,208	-	-	75,208
Total Expenses and Losses	1,725,097	-	-	1,725,097
Changes in Donor Restrictions	23,973	(23,973)	-	-
Change in Net Assets for the Year	(815,228)	682,761	510,490	378,023
Net Assets at End of Year	<u>\$ 1,666,817</u>	<u>\$ 11,465,016</u>	<u>\$ 7,082,894</u>	<u>\$ 20,214,727</u>

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

FORT LEWIS COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
NET ASSETS, BEGINNING OF YEAR	\$ 1,077,544	\$ 10,100,985	\$ 5,995,583	\$ 17,174,112
REVENUES, GAINS, AND OTHER SUPPORT				
Donations - Cash	83,636	1,588,019	264,780	1,936,435
Donations - Gifts in Kind	-	244,834	-	244,834
Investment Income	1,593,310	(884)	312,041	1,904,467
Change in the Value of Split Interest Agreement	-	210,956	-	210,956
Fund Raising Income	-	37,855	-	37,855
Special Events	19,820	15,550	-	35,370
Other Income	32,292	158,198	-	190,490
Subtotal	1,729,058	2,254,528	576,821	4,560,407
Net Assets Released from Restriction	1,550,964	(1,550,964)	-	-
Total from Revenues, Gains, and Other Support	3,280,022	703,564	576,821	4,560,407
EXPENSES AND LOSSES				
Scholarships	540,435	-	-	540,435
Awards	1,407	-	-	1,407
Program Expense	1,303,779	-	-	1,303,779
Fund Raising	19,136	-	-	19,136
Management and General	33,058	-	-	33,058
Total Expenses and Losses	1,897,815	-	-	1,897,815
Changes in Donor Restrictions	22,294	(22,294)	-	-
Change in Net Assets for the Year	1,404,501	681,270	576,821	2,662,592
Net Assets at End of Year	<u>\$ 2,482,045</u>	<u>\$ 10,782,255</u>	<u>\$ 6,572,404</u>	<u>\$ 19,836,704</u>

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

Fort Lewis College
 Statements of Cash Flows
 For the Year Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and Fees	\$20,077,196	\$ 18,507,052
Sales of Products	2,574,580	2,682,228
Sales of Services	16,398,930	11,163,924
Grants and Contracts	15,782,506	15,019,411
Student Loans Collected	257,920	697,612
Other Operating Receipts	89,463	143,513
Cash Payments:		
Scholarships Disbursed	(1,127,403)	(1,052,030)
Student Loans Disbursed	(547,130)	(476,280)
Payments to Suppliers	(15,897,943)	(15,503,302)
Payments to Employees	(33,381,279)	(31,373,826)
Other Operating Payments	(7,117)	(35,127)
Net Cash Provided (Used) by Operating Activities	<u>4,219,723</u>	<u>(226,825)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Fee For Service Payments - Noncapital	-	3,921,993
Gifts for Other than Capital Purposes	1,508,013	1,666,367
Agency Receipts	16,890,592	16,555,460
Agency Payments	(16,922,969)	(16,501,052)
Net Cash Provided by Noncapital Financing Activities	<u>1,475,636</u>	<u>5,642,768</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contracts	4,815	-
Capital Gifts	-	131,283
Payments to refunding escrow	(11,324,617)	-
Net Proceeds from Bonds Issued	55,043,165	-
Acquisition and Construction of Capital Assets	(4,541,032)	(2,015,195)
Principal Paid on Capital Debt	(1,532,096)	(1,307,592)
Interest on Capital Debt	(597,500)	(577,160)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>37,052,735</u>	<u>(3,768,664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	2,577,562	1,222,448
Net Cash Provided by Investing Activities	<u>2,577,562</u>	<u>1,222,448</u>
Net Increase (Decrease) in Cash	45,325,656	2,869,727
Cash - Beginning of Year	20,698,234	17,828,507
Cash - End of Year	<u>66,023,890</u>	<u>20,698,234</u>

Fort Lewis College
 Statements of Cash Flows
 For the Year Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$(2,226,739)	\$ (6,393,015)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Depreciation Expense	4,717,988	5,012,389
Net increase in other Nonoperating revenues/expenses	12,969	13,868
Noncash Operating Transactions	835,104	56,450
Change in Assets and Liabilities (Operating Portions):		
Receivables, Net	(642,176)	285,416
Inventories	5,883	79,998
Prepaid Expense	26,290	176,806
Construction in Progress	-	777
Accounts Payable	167,842	82,270
Accrued Liabilities	1,239,941	106,281
Deferred Revenue	(41,743)	151,253
Deposits Held for Others	(19,980)	41,956
Compensated Absence Liabilities	144,344	158,726
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,219,723</u>	<u>\$ (226,825)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
State Capital Contributions	\$ 859,534	\$ 198,754
Donations of Capital Assets	46,693	27,213
Loss on Capital Asset Deletions	(24,430)	(3,285)

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

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNANCE

Fort Lewis College (the College) is governed by the Board of Trustees for Fort Lewis College (the Board.) The Board is comprised of nine members. Seven members are appointed by the Governor of Colorado for four-year terms. An elected member of the student body of the College serves for a one-year term and an elected member of the faculty of the College serves for two-year terms.

REPORTING ENTITY AND COMPONENT UNIT

Fort Lewis College is an institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the College is included as part of the State of Colorado's primary government. A copy of the State Comprehensive Annual Financial Report may be obtained from the State Controller's Office.

The College implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units* during fiscal year 2004. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance for determining whether certain organizations, such as not-for-profit foundations, should be included in the College's financial reporting entity. The College has determined that the Fort Lewis College Foundation (the Foundation) meets the GASB Statement No. 39 criteria for inclusion in the College's financial statements.

The Foundation is a legally separate, tax-exempt component unit of the College. In December, 1969 the Foundation was organized and issued a Certificate of Incorporation under the Colorado Non-Profit Corporation Act. The purposes of the corporation are to "...assist in promoting, developing and enhancing the facilities and programs of Fort Lewis College..." (Per Articles of Incorporation III). Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities, facilities, and programs of the College by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences.

The amount transferred from the Foundation to the College, during the fiscal year ended June 30, 2008, for the purposes stated above was \$1,339,128 and for the year ended June 30, 2007 was \$1,404,447. Complete financial statements for the Foundation can be obtained from the Controller's Office at the College.

As defined by GASB Statement No. 14, the College is not financially accountable for any other entity, nor are there any other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

The College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

The College has the option to apply all FASB pronouncements issued after November 30, 1989, unless the FASB standards conflict with GASB standards. The College has elected not to apply FASB pronouncements issued after the applicable date.

Any effort to reconcile this report with presentations made for other purposes, such as data submitted with the institutional budget documents, must take into consideration any differences in the basis of accounting and other requirements for the preparation of such other presentations.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, and certificates of deposit with financial institutions, pooled cash with the state treasurer, and all highly liquid investments with an original maturity of three months or less.

INVENTORIES

Inventories of consumable supplies or goods held for resale are stated at the lower of cost or market, with cost being determined either on the first-in, first-out or average cost method. Consumable inventories are accounted for in accordance with State fiscal rules.

RESTRICTED CASH AND CASH EQUIVALENTS

Cash balances that are externally restricted as endowments, or for bond reserve, replacement, or rebate funds, or to purchase capital or noncurrent assets, are classified as noncurrent assets on the Statement of Net Assets.

CAPITAL ASSETS

Capital assets are recorded at cost for items purchased or at current market value at the date of acquisition for donated items. The College capitalizes equipment costing \$5,000 or more and having a useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 20-40 years for buildings, 20-50 years for improvements other than buildings, 3-10 years for equipment, and 15 years for library materials.

COMPENSATED ABSENCE LIABILITIES

Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as compensated absence liabilities in the Statements of Net Assets and as a component of appropriate functional expense categories in the Statements of Revenues, Expenses, and Changes in Net Assets. The current portion of this liability is estimated based on historical trends.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET ASSETS

The College has classified its net assets according to the following criteria:

Invested in Capital Assets, Net of Related Debt – This category represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but the proceeds have not yet been expended for capital assets, such amounts are not included as a component of this category.

Restricted Net Assets, Nonexpendable – This category consists of endowment funds that are required to be retained in perpetuity.

Restricted Net Assets, Expendable – This category includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, including unspent debt proceeds.

Unrestricted Net Assets – Unrestricted Net Assets are those that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt” as described above. Generally, these resources will be derived from student tuition and fees, state appropriations, sales and services of educational activities, and sales and services of certain auxiliary and self-funded activities.

CLASSIFICATION OF REVENUES

The College has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues – Operating revenues generally result from providing goods and services for instruction, public service, or related support services to an individual or entity separate from the College.

Nonoperating revenues – Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include state appropriations and fee for service agreement for operations, gifts, investment income, and insurance reimbursement revenue.

APPLICATION OF RESTRICTED AND UNRESTRICTED RESOURCES

The College’s policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

NOTE 2: CASH AND CASH EQUIVALENTS

As of year-end June 30, 2008, the College had \$65,106,692 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year-end, the carrying amount of the College's cash was \$917,198. The cash included petty cash and change funds of \$22,081 and bank deposits of \$895,117. The bank balance of the deposits was \$1,754,763. Of this bank balance, \$251,027 was covered by federal depository insurance or by collateral held by the institution's agent in the institution's name and \$1,503,736 was covered by collateral held by the bank or its agent in the State's name.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 2: CASH AND CASH EQUIVALENTS (continued)

As of year-end June 30, 2007, the College had \$20,698,234 on deposit with the State Treasurer. On that date, the carrying amount of the College's cash was \$556,176. The cash included petty cash and change funds of \$23,011 and bank deposits of \$533,165. The bank balance of the deposits was \$1,174,547. Of this bank balance, \$251,027 was covered by federal depository insurance or by collateral held by the institution's agent in the institution's name and \$923,520 was covered by collateral held by the bank or its agent in the State's name.

The College deposits cash with the Colorado State Treasurer (the Treasurer) as required by Colorado Revised Statutes (CRS). The Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The College reports its share of the Treasurer's unrealized gains and losses based on its participation in the 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, 2008. The Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains/losses included in income reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

NOTE 3: FORT LEWIS COLLEGE FOUNDATION CASH AND INVESTMENTS

Under the Foundation's adopted investment policy, investments are identified and allocated using three asset classes. Asset allocation is reviewed at least annually by the Finance Committee. Asset classes include cash and cash equivalents, fixed income securities, and equities. For the years reported herein, cash and cash equivalents consist of demand deposits and money market accounts. Fixed income securities include GNMA pools, other government-back securities individually held and in mutual funds, bonds and bond funds, and preferred stocks. Equities include individual stocks and stock-based mutual funds.

Pooled cash and investments

Pooled cash and investments as of June 30, 2008 and 2007 are summarized as follows:

	<u>June 30, 2008</u>		<u>June 30, 2007</u>	
	<u>Cost Basis</u>	<u>Market Value</u>	<u>Cost Basis</u>	<u>Market Value</u>
Cash and Cash Equivalents	\$ 88,618	\$ 88,618	\$ 297,886	\$ 297,886
Marketable Securities				
Fixed Income	3,483,361	3,510,929	3,634,524	3,526,457
Equities	<u>10,000,573</u>	<u>10,559,368</u>	<u>6,827,638</u>	<u>8,541,685</u>
Total pooled cash and investments	<u>\$ 13,572,552</u>	<u>\$ 14,158,915</u>	<u>\$ 10,760,048</u>	<u>\$ 12,366,028</u>

A net unrealized loss of \$1,019,617 was recognized on these marketable securities as of June 30, 2008 and a net unrealized gain of \$812,362 was recognized as of June 30, 2007.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 3: FORT LEWIS COLLEGE FOUNDATION CASH AND INVESTMENTS (continued)

Segregated cash and investments

Segregated cash and investments at June 30, 2008 and 2007 are summarized as follows:

	June 30, 2008		June 30, 2007	
	Cost Basis	Market Value	Cost Basis	Market Value
Title III Funds				
Money Market Funds	\$ -	\$ -	\$ 29,883	\$ 29,883
Fixed Income	-	-	147,656	144,657
Equities	-	-	<u>1,089,963</u>	<u>1,393,290</u>
Total Title III Funds	-	-	<u>1,267,502</u>	<u>1,567,830</u>
Gift Annuity Trust				
Money Market Funds	5,993	5,993	5,866	5,866
Fixed Income	60,830	60,086	68,295	67,452
Equities	<u>135,144</u>	<u>103,718</u>	<u>128,116</u>	<u>124,178</u>
Total Gift Annuity Trust Funds	<u>201,967</u>	<u>169,797</u>	<u>202,277</u>	<u>197,496</u>
Total segregated cash and investments	<u>\$ 201,967</u>	<u>\$ 169,797</u>	<u>\$ 1,469,779</u>	<u>\$ 1,765,326</u>

A net unrealized loss of \$27,389 was recognized on the Gift Annuity funds as of June 30, 2008. The Title III Funds were moved to Pooled Cash and Investments as of June 30, 2008 due to fulfillment of the time requirement imposed by the United States Department of Education. Net unrealized gains of \$79,886 were recognized on these marketable securities as of June 30, 2007.

Total cash and investments

Total cash investments at June 30, 2008 and 2007 are summarized as follows:

	June 30, 2008			June 30, 2007		
	Cost Basis	Market Value	% of Total	Cost Basis	Market Value	% of Total
Cash and Cash						
Equivalents	\$ 94,611	\$ 94,611	1%	\$ 333,635	\$ 333,635	2%
Marketable Securities						
Fixed Income	3,544,191	3,571,015	25%	3,850,475	3,738,566	27%
Equities	<u>10,135,717</u>	<u>10,663,086</u>	<u>74%</u>	<u>8,045,717</u>	<u>10,059,153</u>	<u>71%</u>
Total	<u>\$ 13,774,519</u>	<u>\$ 14,328,712</u>	<u>100%</u>	<u>\$ 12,229,827</u>	<u>\$ 14,131,354</u>	<u>100%</u>

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 4: ACCOUNTS RECEIVABLE

Accounts Receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statements of Net Assets. At June 30, 2008 and 2007 the Accounts Receivable balances are comprised of:

	<u>6/30/2008</u>	<u>6/30/2007</u>
Student Accounts Receivable	\$884,024	\$765,191
Less: Allowance for Doubtful Accounts	(486,629)	(416,971)
Student Accounts Receivable, Net	<u>397,395</u>	<u>348,220</u>
Student Loans Receivable	2,369,082	2,104,633
Less: Allowance for Doubtful Accounts	(122,148)	(119,542)
Student Loans Receivable, Net	<u>2,246,934</u>	<u>1,985,091</u>
Accounts Receivable – Fort Lewis College Foundation	<u>12,685</u>	<u>19,849</u>
Other Accounts Receivable		
Sponsored Programs	426,316	350,910
Vendor Credits	260,772	269,530
Conferences & Summer Programs	358,719	268,065
Other	<u>387,167</u>	<u>200,657</u>
Other Accounts Receivable	<u>1,432,974</u>	<u>1,089,162</u>
Total Receivables, Net	<u>\$4,089,988</u>	<u>\$3,442,322</u>

NOTE 5: CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2008 was as follows:

	Balance <u>6/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	Balance <u>6/30/2008</u>
Land	\$ 259,875	\$ -	\$ -	\$ -	\$ 259,875
Land Improvements	17,304,485	-	-	105,078	17,409,563
Buildings and Improvements	112,109,935	68,000	-	270,086	112,448,021
Construction in Progress	925,756	4,634,001	369,003	(485,913)	4,704,841
Equipment	6,925,875	439,477	924,014	110,749	6,552,087
Library Materials	3,091,660	113,743	31,008	-	3,174,395
Capitalized Collections	1,251,884	4,663	-	-	1,256,547
Total	<u>141,869,470</u>	<u>5,259,884</u>	<u>1,324,025</u>	<u>-</u>	<u>145,805,329</u>
Less Accumulated Depreciation:					
Land Improvements	5,958,006	642,814	-	-	6,600,820
Buildings and Improvements	41,290,788	3,360,448	-	-	44,651,236
Equipment	5,127,068	617,472	899,582	-	4,844,958
Library Materials	2,377,911	97,254	31,008	-	2,444,157
Total Accumulated Depreciation	<u>54,753,773</u>	<u>4,717,988</u>	<u>930,590</u>	<u>-</u>	<u>58,541,171</u>
Capital Assets, Net	<u>\$ 87,115,697</u>	<u>\$ 541,896</u>	<u>\$ 393,435</u>	<u>\$ -</u>	<u>\$ 87,264,158</u>

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 5: CAPITAL ASSETS (continued)

The College's capital asset activity for the year ended June 30, 2007 was as follows:

	Balance				Balance 6/30/2007
	6/30/2006	Additions	Deletions	Reclassifications	
Land	\$ 259,875	\$ -	\$ -	\$ -	\$ 259,875
Land Improvements	16,934,132	-	-	370,353	17,304,485
Buildings and Improvements	111,160,651	-	-	949,284	112,109,935
Construction in Progress	926,533	1,998,503	576,531	(1,422,749)	925,756
Equipment	6,465,694	567,130	210,061	103,112	6,925,875
Library Materials	2,987,082	134,101	29,523	-	3,091,660
Capitalized Collections	1,230,085	21,799	-	-	1,251,884
Total	139,964,052	2,721,533	816,115	-	141,869,470
Less Accumulated Depreciation:					
Land Improvements	5,324,010	633,996	-	-	5,958,006
Buildings and Improvements	37,849,149	3,441,639	-	-	41,290,788
Equipment	4,466,890	840,433	180,255	-	5,127,068
Library Materials	2,311,113	96,321	29,523	-	2,377,911
Total Accumulated Depreciation	49,951,162	5,012,389	209,778	-	54,753,773
Capital Assets, Net	\$ 90,012,890	\$ (2,290,856)	\$ 606,337	\$ -	\$ 87,115,697

NOTE 6: FORT LEWIS COLLEGE FOUNDATION TANGIBLE ASSETS

Tangible assets include gifts-in-kind and purchased items held by the Foundation. Included in real estate are two condominiums which the Foundation is depreciating over a period of forty years using the straight-line method.

At June 30, 2008 and 2007, tangible assets are comprised of the following:

	June 30, 2008		June 30, 2007	
	Restricted	Unrestricted	Restricted	Unrestricted
Gifts-in-kind				
Real estate	\$ 81,500	\$ 392,000	\$ 81,500	\$ 392,000
Accumulated depreciation	(34,610)	(21,146)	(32,871)	(19,396)
Equipment and other	7,420	-	5,920	-
Collection items	4,481,390	-	4,324,517	-
Total gifts-in-kind	4,535,700	370,854	4,379,066	372,604
Purchased assets				
Real estate	1,334,170	-	1,326,385	-
Accumulated Depreciation	(67,263)	-	(50,226)	-
Collection items	92,335	-	91,730	-
Concert piano	73,900	-	73,900	-
Total purchased assets	1,433,142	-	1,441,789	-
Total tangible assets	\$ 5,968,842	\$ 370,854	\$ 5,820,855	\$ 372,604

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 6: FORT LEWIS COLLEGE FOUNDATION TANGIBLE ASSETS (continued)

The Foundation's collections are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for by Fort Lewis College staff, and activities verifying their existence and assessing their condition are performed continuously.

NOTE 7: ACCRUED LIABILITIES

At June 30, 2008 and 2007, the Accrued Liabilities balances, as presented on the Statements of Net Assets, are comprised of:

	<u>6/30/2008</u>	<u>6/30/2007</u>
Accrued Payroll & Benefits	\$ 4,855,026	\$ 4,053,825
Accrued Interest Payable	652,916	138,006
Contractor Retainage	29,853	23,624
Other Liabilities	259,947	342,346
Total	<u>\$ 5,797,742</u>	<u>\$ 4,557,801</u>

NOTE 8: LONG-TERM LIABILITIES

The College's Long-Term Liability activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>6/30/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2008</u>	<u>Current</u> <u>Portion</u>
Bonds and Leases Payable:					
Revenue Bonds	\$ 12,153,208	\$ 55,785,000	\$ 12,153,208	\$ 55,785,000	\$1,165,000
Deferred Loss on Defeasance	-	(201,176)	917	(200,259)	(17,751)
Bond Discount	-	(550,095)	8,519	(541,576)	(14,917)
Total Bonds and Leases Payable	<u>12,153,208</u>	<u>55,033,729</u>	<u>12,162,644</u>	<u>55,043,165</u>	<u>1,132,332</u>
Other Liabilities:					
Compensated Absences	<u>1,591,536</u>	<u>386,746</u>	<u>242,402</u>	<u>1,735,880</u>	<u>181,413</u>
Total Other Liabilities	<u>1,591,536</u>	<u>386,746</u>	<u>242,402</u>	<u>1,735,880</u>	<u>181,413</u>
Total Long-Term Liabilities	<u>\$13,744,744</u>	<u>\$55,420,475</u>	<u>\$12,405,046</u>	<u>\$56,779,045</u>	<u>\$1,313,745</u>

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 8: LONG-TERM LIABILITIES (continued)

The College's Long-Term Liability activity for the year ended June 30, 2007 was as follows:

	Balance 6/30/2006	Additions	Reductions	Balance 6/30/2007	Current Portion
Bonds and Leases Payable:					
Revenue Bonds	\$ 13,373,774	\$ -	\$ 1,220,566	\$ 12,153,208	\$1,270,000
Lease Obligations	32,608	-	32,608	-	-
Total Bonds and Leases Payable	<u>13,406,382</u>	<u>-</u>	<u>1,253,174</u>	<u>12,153,208</u>	<u>1,270,000</u>
Other Liabilities:					
Compensated Absences	1,432,810	320,817	162,091	1,591,536	150,973
Other	24,984	-	24,984	-	-
Total Other Liabilities	<u>1,457,794</u>	<u>320,817</u>	<u>187,075</u>	<u>1,591,536</u>	<u>150,973</u>
 Total Long-Term Liabilities	 <u>\$ 14,864,176</u>	 <u>\$ 320,817</u>	 <u>\$ 1,440,249</u>	 <u>\$ 13,744,744</u>	 <u>\$1,420,973</u>

NOTE 9: BONDS PAYABLE

On December 4, 2007, the College issued the Series 2007 Revenue Bonds to (a) finance certain capital improvements to the campus including the acquisition, construction, improvement and equipping of a new residence hall, (b) renovation and enlargement of the existing student union building, (c) finance the refunding, payment and discharge of the existing bonds, (d) pay capitalized interest, (e) purchase a municipal bond insurance policy and a reserve fund surety bond, and (f) pay costs of issuance relating to the Series 2007 Bonds. A table showing the sources and uses of funds related to the bond transaction is presented below.

**Series 2007 Revenue Bonds
Sources and Uses of Funds**

Sources

Bond Proceeds	\$ 55,785,000
Original Issue Discount	(550,095)
Existing Reserve Account Funds	<u>1,410,970</u>
Total Sources	<u>\$ 56,645,875</u>

Uses

Project Construction Funds	\$ 44,000,000
Capitalized Interest	765,357
Escrow Balance	11,111,691
Costs of Issuance	119,193
Underwriter's Discount	259,400
Bond Insurance	297,922
Reserve Fund Surety	<u>92,313</u>
Total Uses	<u>\$ 56,645,876</u>

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 9: BONDS PAYABLE (continued)

The purchase of municipal bond insurance allowed the College to use reserve funds on hand at the time of the transaction without the need to re-establish reserve funds for the Series 2007 Revenue Bonds. The revenue bonds bear interest at rates ranging from 4% to 5.2%. The following table describes future debt service requirements:

Required bond payments to maturity as of June 30, 2008 are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 1,165,000	2,578,758	\$ 3,743,758
2010	1,255,000	2,507,246	3,762,246
2011	1,310,000	2,457,451	3,767,451
2012	1,365,000	2,405,071	3,770,071
2013	1,425,000	2,349,971	3,774,971
2014-2018	8,795,000	10,643,951	19,438,951
2019-2023	8,345,000	8,670,819	17,015,819
2024-2028	9,725,000	6,680,334	16,405,334
2029-2033	12,340,000	4,070,225	16,410,225
2034-2038	10,060,000	1,308,000	11,368,000
Total	\$ 55,785,000	\$ 43,671,826	\$ 99,456,826

Principal and interest are payable solely from Net Pledged Revenues which consist of gross revenues derived from the operation of the College's pledged operations and pledged student activity fees as shown in the Auxiliary Facilities System – Enterprise Revenue Bonds Schedule of Revenues and Expenses at page 41.

NOTE 10: DEBT REFUNDING

Revenue Bonds - Series 1998A

On September 1, 1998, the College issued the Auxiliary Facilities Enterprise Refunding Revenue Bonds, Series 1998A in the amount of \$5,130,000 for the purpose of refunding a portion of the College's existing Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1992. The outstanding debt refunded was in the amount of \$4,570,000 and was accomplished by depositing in an escrow account the net proceeds of the new bond issue and a portion of the 1992 Bond Reserve Fund to provide for all future payments on the refunded 1992 bonds. The balance of debt outstanding on the refunded bonds at June 30, 2008 was \$4,570,000. Interest payments have been made annually. The initial principal payment is due October 1, 2008.

On December 4, 2007, the College issued the Series 2007 C and D Revenue Bonds in the amount of \$9,730,000 for the purpose of refunding the 1998 Auxiliary Facilities Enterprise Refund Bonds in their entirety. The refunding was accomplished by depositing in an escrow account the net proceeds of the Series C and D bond issue to provide for all future payments on the refunded 1998 bonds. The balance of debt outstanding on the 1998 refunded bonds at June 30, 2008 was \$10,920,000.

All refunded debt of the College is considered defeased and the liability for such debt is not included on the Statement of Net Assets.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 11: OPERATING LEASES

Certain equipment is being leased by the College under operating leases. The following is a schedule of all future minimum rental payments due on operating leases as of June 30, 2008:

Year ending June 30:		
2009	\$	18,853
2010		-
Total	<u>\$</u>	<u>18,853</u>

Rent expense for the years ended June 30, 2008 and 2007 was \$101,116 and \$102,583, respectively.

NOTE 12: ENCUMBRANCES

Outstanding purchase commitments not reflected in the financial statements at June 30, 2008 and 2007 are:

	<u>6/30/08</u>	<u>6/30/07</u>
Education and General	\$ 159,434	\$ 234,930
Auxiliary Enterprises	349,845	310,609
Restricted Funds	13,987	6,880
Plant Funds	451,250	274,468
Total	<u>\$ 974,516</u>	<u>\$ 826,887</u>

NOTE 13: SCHOLARSHIP ALLOWANCE

Tuition, fees, auxiliary revenue, and the related scholarship allowances for the year ended June 30, 2008 and 2007 were as follows:

	Tuition and Fees	Auxiliary Revenue	6/30/08 Total	6/30/07 Total
Gross Revenue	\$ 34,840,357	\$ 15,065,994	\$ 49,906,351	\$ 45,487,242
Scholarship Allowances:				
Federal	(2,652,409)	(335,436)	(2,987,845)	(2,581,094)
State	(9,353,820)	(111,902)	(9,465,722)	(8,705,409)
Private	(459,440)	(58,103)	(517,543)	(420,296)
Institutional	(2,365,378)	(299,137)	(2,664,515)	(2,245,035)
Total Scholarship Allowances	<u>(14,831,047)</u>	<u>(804,578)</u>	<u>(15,635,625)</u>	<u>(13,951,834)</u>
Net Revenue	<u>\$ 20,009,310</u>	<u>\$ 14,261,416</u>	<u>\$ 34,270,726</u>	<u>\$ 31,535,408</u>

FORT LEWIS COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 AND 2007

NOTE 14: SPENDING LIMITATIONS

In November 1992, Colorado voters passed Section 20 Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill or Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State of Colorado, including Fort Lewis College. During the year ended June 2004, the Colorado State Legislature determined that in Section 23-5-101.7 of the Colorado Revised Statutes, an institution of higher education may be designated as an enterprise for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than ten percent of its total annual revenues in grants from all Colorado State and local governments combined. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

In February, 2005, the Board of Trustees designated the College as a TABOR enterprise pursuant to the statute and in fiscal 2006 the College began reporting its activity to the State as an enterprise. During the fiscal years ended June 30, 2008 and June 30, 2007, the College believes it has met all requirements of TABOR enterprise status. Specifically, the Board of Trustees retain the authority to issue revenue bonds and the amount of State grants received by the College was just over 1.5% during the year ended June 30, 2008, and 7.6% during the year ended June 30, 2007, as shown in the following table:

TABOR Enterprise State Support Calculation:

State Grants:	<u>2008</u>	<u>2007</u>
State Fee for Service Agreement	\$ -	\$ 3,921,993
Capital Appropriations	<u>932,197</u>	<u>198,754</u>
Total State Grants	<u>932,197</u>	<u>4,120,747</u>
Total Revenues (gross operating, non-operating and other revenues)	<u>\$ 60,401,044</u>	<u>\$ 54,465,585</u>
Ratio of State Grants to Total Revenues	<u>1.54%</u>	<u>7.57%</u>

A portion of the College is subject to revenue and expense limitations imposed by the Colorado State Legislature through the annual appropriation process. The College's appropriated funds include the State appropriation from the State's General Funds, as well as certain cash funds as specified in the State's annual appropriations bill.

Appropriated cash funds include tuition, certain fees, and certain other revenue sources, which are recognized in various revenue lines, as appropriate in the accompanying financial statements.

All other revenues and expenses reported by the College represent non-appropriated funds are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues, and other revenue sources.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 14: SPENDING LIMITATIONS (Continued)

For the years ended June 30, 2008 and 2007, appropriated expenses were within the authorized spending authority as shown in the following table:

Appropriated Funds

Description	2008	2007
Total Appropriation	\$35,982,529	\$34,351,658
Actual appropriated revenues	\$35,982,287	\$33,344,931
Actual appropriated expenditures and transfers	\$35,982,287	\$33,344,931
Net increase (decrease) in appropriated net assets	\$ -	\$ -

NOTE 15: EMPLOYMENT BENEFITS

Employees of the College participate in one of three retirement plans. Eligible student employees participate in a student retirement plan that is funded solely by contributions from the student employees. All other eligible employees of the College participate in either the PERA plan or an optional defined contribution plan.

The College's total payroll for the fiscal years ended June 30, 2008 and 2007 was and \$28,312,593 and \$26,608,389 respectively. The total payroll for employees covered by the PERA plan, the optional defined contribution plan, and the student retirement plan was \$10,976,739, \$15,374,823, and \$422,132 respectively for June 30, 2008 and \$11,519,350, \$12,882,250, and \$422,132 respectively for June 30, 2007. The remaining employees were not eligible for participation in any of the College's plans.

PERA Defined Benefit Pension Plan

Plan Description – A portion of the College 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 Employees' Retirement Association (PERA.) PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado 80203, by calling PERA at 303-832-9550 or 1-800-729-7372, or by visiting WWW.COPERA.ORG.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the Colleges optional retirement plan. Based on the 2006 legislation, higher education employees hired on or after January 1, 2008, have the additional option of participating in the states' defined contribution plan or PERA's defined contribution plan, which are discussed below, as well as the plans available to other employees of the College.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 15: EMPLOYMENT BENEFITS (continued)

Defined benefit plan members vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006- any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 63 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007- age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as 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 and limited to a 15 percent increase between periods. For retirements after January 1, 2009 or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

Hired before July, 1 2005 – 3.5 percent, compounded annually

Hired between July 1, 2005- and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index

Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percent of salaries contributed by the employer for employees hired on or after January 1, 2007).

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

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 15: EMPLOYMENT BENEFITS (continued)

Funding Policy -- The contribution requirements of plan members are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less and reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

College employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42) to an individual account in the plan. From July 1, 2007 to December 31, 2007, the College contributed 11.15 percent of the employee's salary. From January 1, 2008, through June 30, 2008, the College contributed 12.05 percent. During all of the Fiscal Year 2007-08, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2005, the division of PERA in which the state participates was under funded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The College's total contributions to PERA for the fiscal years ending June 30, 2008, 2007, and 2006 were \$1,276,695, \$1,257,437, and \$1,201,033 respectively. These contributions met the contribution requirement for each year.

Voluntary Tax-Deferred Retirement Plans

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 403(b) or a 401(a) plans.

FORT LEWIS COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 15: EMPLOYMENT BENEFITS (continued)

Optional Defined Contribution Plan

Certain full time faculty and professional staff of the College participate in an optional defined contribution plan as an alternative to PERA. Two vendor choices are offered through the defined contribution plan; Teachers Insurance Annuity Association (TIAA) and Variable Annuity Insurance Corporation (VALIC). The College's aggregate contribution to the above two vendors was equal to 11.4 percent of covered payroll or \$1,752,730 for the fiscal year ended June 30, 2008 and \$1,468,576 for the fiscal year ended June 30, 2007. The employee aggregate contribution to the above two vendors was equal to 8.0 percent of covered payroll or \$1,229,986 for the fiscal year ended June 30, 2008 and \$1,030,580 for the fiscal year ended June 30, 2007.

Student Employee Retirement Program

Eligible student employees contribute 7.5% of covered payroll to the student retirement program. All contributions are invested with one vendor, Teachers Insurance Annuity Association. The contribution by student employees for the fiscal year ended June 30, 2008 and 2007 was \$14,113 and \$31,660 respectively. The College is not liable for any matching contributions to the student retirement program.

Health Insurance Programs

The College's contribution to the various health insurance programs for the fiscal year ended June 30, 2008 and 2007 was \$2,262,586 and \$1,952,059 respectively.

NOTE 16: POST-EMPLOYMENT BENEFITS

PERA Post-Employment 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 Trust Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

SUPPLEMENTAL INFORMATION

Fort Lewis College
 Auxiliary Facilities System - Enterprise Revenue Bonds
 Schedule of Revenues and Expenses
 For Year Ended June, 30

	<u>2008</u>
OPERATING REVENUES	
Residence Halls and Apartments	\$ 5,598,143
Campus Food Service	3,236,837
Bookstore	2,403,573
Student Union Building	1,291,392
Campus Parking	315,960
Child Development Center	254,191
Central Services	232,893
Recreation Center	1,527,435
Conferences & Summer Programs	854,971
Health Center	576,243
Total Revenues	<u>16,291,638</u>
OPERATING EXPENDITURES	
Residence Halls and Apartments	\$ 3,697,606
Campus Food Service	2,060,647
Bookstore	2,153,217
Student Union Building	460,537
Campus Parking	6,008
Child Development Center	314,932
Central Services	833,890
Recreation Center	1,147,459
Conferences & Summer Programs	595,466
Health Center	711,204
Total Operating Expenditures	<u>\$ 11,980,966</u>
Net Revenue before Transfers	<u>\$ 4,310,672</u>
TRANSFERS	
Mandatory transfers	\$ 2,242,167
Net Non-mandatory Transfers	1,558,612
Total Transfers	<u>\$ 3,800,779</u>
Increase (Decrease) in fund balance	<u>\$ 509,893</u>
Net operating revenue	\$ 4,310,672
Bond Principal and Interest	2,207,167
Excess of net operating revenues over debt service	<u>\$ 2,103,505</u>
Debt service coverage ratio	195%



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 3, 2008

Members of the Legislative Audit Committee:

We have audited the basic financial statements of Fort Lewis College, a blended component unit of the State of Colorado as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 3, 2008. We did not audit the financial statements of the Fort Lewis College Foundation, the discretely presented component unit of the College. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fort Lewis College Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audits, we considered Fort Lewis College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.



Members of the Legislative Audit Committee
December 3, 2008
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Lewis College'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Auditor's Findings and Recommendations on page 6.

The College's response to the findings identified in our audit is described in the Auditor's Finding and Recommendations on page 6. We did not audit the College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the State of Colorado Legislative Audit Committee and management of Fort Lewis College, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record upon release by the Legislative Audit Committee.

Chadwick, Steinkirchner, Davis & Co., P.C.

**AUDIT COMMITTEE COMMUNICATIONS**

December 3, 2008

Members of the Legislative Audit Committee:

We have audited the financial statements of Fort Lewis College, a blended component unit of the State of Colorado, for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 3, 2008. As required by professional auditing standards, we are providing you with information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 27, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with the Board of Trustees oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the Board of Trustees or management of their responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters on May 30, 2008.

Significant Accounting Policies*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fort Lewis College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008 or 2007. We noted no transactions entered into by Fort Lewis College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:



Members of the Legislative Audit Committee
December 3, 2008
Page Two

Management's estimate of depreciation is based on the estimated useful life of the fixed assets being depreciated at June 30, 2008. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as whole.

Management's estimate of the allowance for doubtful accounts is based on historical trends of write offs related to accounts receivable. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the scholarship allowances is based on the student-to-student method, which uses the lesser of total charges (net of refunds) or total financial aid (net of refunds) by student. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The Governmental Accounting Standards Board's implementation guide issued in 2008 clarified that Pell grants should be recorded as nonoperating revenues since they are nonexchange revenues and entities generally have administrative requirements for these funds. Historically, Fort Lewis College has recorded this Pell grant activity as operating revenue. The Colorado State Controller's Office also recommended that public institutions in the state continue to reflect Pell grant activity as operating revenue. Consequently, since implementation guidance and industry practice are both level D GAAP and there are differences in practice, Fort Lewis College has decided to continue reporting Pell grant activity as operating revenue in its 2008 financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement was detected as a result of audit procedures and were corrected by management:

To properly classify bond issuance costs in the Statement of Net Assets costs of approximately \$750,000 were moved from being netted with bonds payable under non-current liabilities to other non-current assets.



Members of the Legislative Audit Committee
December 3, 2008
Page Three

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representation from management that are included in the management representation letter dated December 3, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fort Lewis College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Legislative Audit Committee and management of Fort Lewis College and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Chadwick, Steinkirchner, Davis & Co., P.C.

**STATE-FUNDED STUDENT ASSISTANCE
PROGRAMS SECTION**

FORT LEWIS COLLEGE
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
For the Years Ended June 30, 2008 and 2007

Introduction

Fort Lewis College is a state-supported institution of higher education located in Grand Junction, Colorado.

The financial and compliance examinations of the various state-funded student assistance programs at the College for the years ended June 30, 2008 and 2007, were directed toward the objectives and criteria set forth in the Colorado Commission on Higher Education (CCHE) Financial Aid Policy, adopted April 2004. The state student financial assistance programs were examined simultaneously with the federal financial aid programs for the two years ended June 30, 2008 and 2007.

State-Funded Student Assistance Programs

The various state-funded student assistance programs at the College include the Colorado Need-based Grant Program, Colorado Work-Study Program, Colorado Merit Scholarship Program, Governor's Opportunity Scholarship Program, Colorado Leveraging Education Assistance Partnership Program (CLEAP), and Special Leveraging Education Assistance Partnership Program (SLEAP).

The state-funded student assistance awards made by the College were \$1,376,592 and \$1,136,259 for the fiscal years ended 2008 and 2007, respectively.

The Director of Financial Aid is responsible for the administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the College in federal and state financial aid programs. The College Controller is responsible for the programs' financial management, general ledger accounting, payments, and collections.

During the audit period Fort Lewis College obtained authorizations to award federal student financial aid funds for 2008 and 2007, respectively, of \$3,042,017 and \$2,701,442 in the Pell Grant Program, \$99,112 and \$214,837 in the Supplemental Educational Opportunity Grant Program, \$199,112 and \$202,413 in the College Work-Study Program and \$601,308 and \$375,680 in the Perkins Student Loan Program

During the audit period Fort Lewis College obtained authorizations to award Colorado student financial aid funds for 2008 and 2007, respectively, of \$55,669 and \$54,982 in total for the CLEAP, SLEAP and PACG Programs, \$923,655 and \$607,307 in the Colorado Need-based Grant Program, \$248,873 and \$244,396 in the Colorado Work-Study Program, \$31,267 and \$31,267 in the Colorado Merit Scholarship Program, and \$117,128 and \$198,307 in the Governor's Opportunity Scholarship Program.



**INDEPENDENT AUDITORS' REPORT ON THE STATEMENTS OF APPROPRIATIONS,
EXPENDITURES, TRANSFERS, AND REVERSIONS OF THE STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS**

December 3, 2008

Members of the Legislative Audit Committee:

We have audited the accompanying Statements of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs for Fort Lewis College, a blended component unit of the State of Colorado, for the years ended June 30, 2008 and 2007. These Statements are the responsibility of the College's management. Our responsibility is to express an opinion on the Statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Statements were prepared in the format as set forth in the *Colorado Handbook for State-Funded Student Financial Assistance Programs*, issued by the Colorado Department on Higher Education (CDHE), 2005 revision. The Statement is a summary of cash activity of the state-funded student financial assistance programs, with the exception of the College Work-Study Program, and does not present certain transactions that would be included in the statements of the state-funded student financial assistance programs if presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying Statements are not intended to present the financial position or changes in financial position of Fort Lewis College, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Statements referred to above present fairly the appropriations, expenditures, transfers, and reversions of the State-Funded Student Assistance Programs of Fort Lewis College for the years ended June 30, 2008 and 2007, in conformity with the provisions of the Colorado Department of Higher Education's *Colorado Handbook for State-Funded Financial Assistance Programs*.



Members of the Legislative Audit Committee
December 3, 2008
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008 on our consideration of Fort Lewis College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Chadwick, Steinkirchner, Davis & Co., P.C.

STATE OF COLORADO
FORT LEWIS COLLEGE
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS

Year Ended June 30, 2007

	Colorado Need-based Grants	Colorado Merit Scholarship	Colorado Work-Study	Governor's Opportunity Scholarship	CLEAP	SLEAP	PACG	Total
Appropriations	\$ 607,307	\$ 31,267	\$ 244,396	\$ 198,307	\$ 6,840	\$ 26,943	\$ 21,199	\$ 1,136,259
Expenditures	<u>607,307</u>	<u>31,267</u>	<u>244,396</u>	<u>198,307</u>	<u>6,840</u>	<u>\$ 26,943</u>	<u>21,199</u>	<u>1,136,259</u>
Reversions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ended June 30, 2008

	Colorado Need-based Grants	Colorado Merit Scholarship	Colorado Work-Study	Governor's Opportunity Scholarship	CLEAP	SLEAP	PACG	Total
Appropriations	\$ 923,655	\$ 31,267	\$ 248,873	\$ 117,128	\$ 6,840	\$ 26,943	\$ 21,886	\$ 1,376,592
Expenditures	<u>923,655</u>	<u>31,267</u>	<u>248,873</u>	<u>117,128</u>	<u>6,840</u>	<u>\$ 26,943</u>	<u>21,886</u>	<u>1,376,592</u>
Reversions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FORT LEWIS COLLEGE

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

June 30, 2008 and 2007

Basis of Accounting

The Statements of Appropriations, Expenditures, Transfers, and Revisions have been prepared in accordance with the format set forth in the Colorado Department on Higher Education's publication *Colorado Handbook for State-Funded Student Financial Assistance Programs*.

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

The electronic version of this report is available on the Web site of the
Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report

Report Control Number 1950