FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2022 and 2021

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

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REPORT NUMBER 2204F

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

Grand Junction
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The Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:

We have completed the financial statement audit of Fort Lewis College as of and for the year ended June 30, 2022. Our audit was conducted 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.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

DWC

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

November 28, 2022

FORT LEWIS COLLEGE

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FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the Years Ended June 30, 2022 and 2021

Authority, Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged Dalby, Wendland, & Co., P.C. (DWC) to conduct a financial and compliance audit of Fort Lewis College (the College) for the year ended June 30, 2022. DWC performed this 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 of America. We conducted our fieldwork from June through November 2022.

The purposes and scope of the audit were to:

- Express an opinion on the financial statements of the College as of and for the years ended June 30, 2022 and 2021. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Perform a financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions of the College's State-Funded Student Financial Assistance Programs for the fiscal year ended June 30, 2022, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.

The College's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the Fiscal Year 2022 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports Summary

We expressed an unmodified opinion on the College's financial statements as of and for the year ended June 30, 2022.

We issued a report on the College's compliance and internal control over financial reporting based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*. A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We noted no matters involving the College's internal control over financial reporting and its operation that we consider to be material weaknesses. We noted that one significant deficiency as discussed in the Summary of Findings and Recommendations section below.

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

Summary of Findings and Recommendations

There is one finding and recommendation resulting from the audit of the College for the year ended June 30, 2022, relating to late submission of certain exhibits. A detailed description of the audit comment is contained in the Auditor's Findings and Recommendations section of this report.

Summary of Progress in Implementing Prior Audit Findings

The College's audit report for the year ended June 30, 2021 did not include any findings or recommendations that were required to be implemented during the year ended June 30, 2022.

RECOMMENDATION LOCATOR				
Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
22-01	6	Fort Lewis College (the College) should evaluate its personnel needs in accounting and add additional accounting personnel to provide the necessary capacity to ensure that the College's financial statements and exhibits are prepared, reviewed, and submitted to the Office of the State Controller by the applicable statutory deadlines.	Agree	August 2023

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 Native American 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 full tuition scholarships to all qualified Native Americans 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) Section 23-52-101.

MISSION AND CORE VALUES

The following have been adopted by the Board of Trustees for Fort Lewis College:

Mission

Students are at the center of Fort Lewis College, where we create inclusive, experiential learning environments that foster innovation, growth, and community engagement.

Core Value Statements

Academic Excellence

- Honor our liberal arts roots by promoting, supporting, and inspiring students to action through interdisciplinary studies and experiential learning
- Respond to disparities in health, wellness, education, and economic outcomes by addressing moral, historical, and ethical aspects of these issues
- Provide a personalized education through work with high-quality faculty and staff
- Foster students' abilities to confront scientific, social, and environmental challenges through transferable skills in critical thinking, communication, and technical knowledge

Student-Centered Approach

- Value a diversity of cultures and perspectives as a source of intellectual strength and strive to create an inclusive, equitable environment in which students flourish and become resilient
- Challenge each other to think critically, communicate effectively, and solve complex problems
- Create an engaging, supportive, and inclusive environment through a culture of caring and personalization
- Provide accessible higher education to students from a wide variety of backgrounds

Community Engagement

- Honor our historic commitment to Native American and Alaska Native education and work towards reconciling our complicated past
- Connect faculty, staff, and student expertise to a range of community priorities and interests
- Build programs that respond to and serve regional and global needs
- Collaborate across settings to support economic and workforce development
- Learn from and engage in our diverse natural and cultural environments

ENROLLMENT

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

	FY 2021-22	FY 2020-21	FY 2019-20
Resident FTE	1,246	1,256	1,292
Non-Resident FTE	1,722	1,603	1,559
Total FTE Students	2,969	2,859	2,851

STAFFING

Staffing data for the past three years are presented below as employee full-time equivalents (FTE). Each faculty FTE is equal to 24 credit hours taught during the fiscal year. Each staff FTE is equal to working 2,080 hours each fiscal year.

	FY 2021-22	FY 2020-21	FY 2019-20
Faculty FTE	226	214	195
Staff FTE	322	323	330
Total FTE	548	537	525

Internal Controls over Financial Reporting

Fort Lewis College's (the College) accounting department is responsible for all of the College's financial accounting and reporting, including the preparation of the College's financial statements, as well as preparation, review, and submission of information needed by the Office of the State Controller (OSC) for preparation of the State's financial statements via exhibits. Overall, the College must properly implement adequate internal controls and related procedures over its submission of exhibits and financial statements, including a process to identify, track, and communicate the status of journal entries, exhibits, and financial statements. For Fiscal Year 2022, the College's accounting staff prepared 19 exhibits, along with the College's financial statements, which were submitted to the OSC.

What was the purpose of our audit work and what work was performed?

The purpose of the audit work was to determine whether the College's exhibits submitted to the OSC were complete, accurate, and timely.

We performed testing on the College's exhibits. Specifically, we did the following:

- Obtained documentation to support material balances in the exhibits.
- Reconciled balances in the exhibits to the College's general ledger and financial statements.
- Inspected exhibits to determine whether they were prepared in accordance with the instructions provided by the OSC.
- Inspected documentation of communications of exhibits and financial statement submissions to the OSC by the College to determine whether the exhibits and financial statements were submitted by the due dates.

How were the results of the audit work measured?

On an annual basis, the OSC provides due dates for submission of exhibits and financial statements in order to ensure it has complete and timely information necessary to prepare the State's financial statements in accordance with state statute [Section 24-30-204(1), C.R.S]. The OSC required the institutions of higher education, including the College, to submit their Fiscal Year 2022 exhibits and financial statements by the following due dates:

- All exhibits except for Exhibit I, *Letter of Certification of Financial Systems* (Exhibit I), Exhibits J1 and J2, *Stand Alone Financial Statement Reconciliation for the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position* (Exhibits J1 and J2), and Exhibit K1, *Schedule of Federal Assistance* (Exhibit K1), were due by August 16, 2022.
- Exhibits J1 and J2, Exhibit I, and financial statements were due by August 25, 2022, subject to any extensions that may be granted by the State Controller.
    - For Fiscal Year 2022, the State Controller granted an extension for both the Exhibit J and I to all institutions of higher education until September 8, 2022.
- Exhibit K1 was due by September 30, 2022.

What problem did the audit work identify?

We determined that the College did not meet the OSC due dates for submitting its Fiscal Year 2022 exhibits or financial statements. Specifically:

0. The College submitted 16 of its exhibits on September 13, 2022 and September 14, 2022, which was 28 to 29 days after the August 16, 2022 due date. These exhibits contained information such as changes in long-term liabilities, debt service requirements to maturity, revenue bond coverage, principal and interest requirements to maturity for leases, and fair value of investments.
1. The College submitted its Exhibit J and financial statements on September 29, 2022, which was 21 days after the September 8, 2022, extended due date.

Why did this problem occur?

The College did not have adequate internal controls in place to ensure its financial statements were prepared timely and that it met the OSC's deadlines for statewide reporting. Specifically, the College did not ensure that it had appropriate staffing levels assigned to ensure that the College's financial statements and exhibits were prepared, reviewed, and submitted to the OSC by the applicable due dates. Specifically, the College reported that it had to devote significant accounting staff hours toward the implementation of a new enterprise resource planning (ERP) and accounting software called Workday to replace Banner, the College's prior ERP system software. College staff indicated that they did not have the staffing levels needed to simultaneously handle the preparation, review, and submission of exhibits and financial statements to the OSC by the applicable due dates while dealing with the implementation of Work Day.

Why does this problem matter?

By failing to allocate enough accounting personnel to ensure the College's financial statements and exhibits are prepared, reviewed, and submitted to the OSC by the applicable due dates, the College cannot ensure the accuracy and completeness of its reported financial information and, ultimately, the State's financial statements.

Classification of Finding: Significant Deficiency

Recommendation No. 1:

Fort Lewis College (the College) should strengthen its internal controls over financial reporting in order to ensure that its financial statements are prepared accurately and that the Office of the State Controller required exhibits are submitted by their due dates. This could include evaluating the duties and responsibilities of its existing accounting staff to determine if additional support can be allocated to help with continued implementation of Workday, or potentially hiring temporary accounting personnel to assist with financial statement and exhibit preparation.

Fort Lewis College's Response:

Agreed. The Workday ERP implementation is on schedule to go live on December 16, 2022. This ERP system is anticipated to produce efficiencies that will be realized during fiscal year 2022-2023. Fort Lewis College has also contracted with additional temporary employees to provide more support. The OSC due dates for fiscal year 2023 will be verified and met.

Implementation Date: August 2023

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INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and discretely presented component unit, of Fort Lewis College (the College), an institution of higher education, State of Colorado, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, an institution of higher education, State of Colorado, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2022 and 2021, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the College, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2022 and 2021, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 23 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Pension Liability and the Schedules of College Contributions to the PERA Pension Plan on pages 79 through 80 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefit (OPEB) Liability and the Schedules of College Contributions to the PERA Healthcare Trust Fund on pages 83 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds (the Schedules) for the years ended June 30, 2022 and 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College.

The Schedules are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

DWC

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

November 28, 2022

FORT LEWIS COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2022 and 2021

This section of Fort Lewis College's (the College) financial report presents management's discussion and analysis for the College's financial position and results of operations as of and for the years ended June 30, 2022 and 2021, with comparative information presented for the year ended June 30, 2020. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and notes.

The presented information relates to the financial activities of the College, a public institution dedicated to the liberal arts and professional education and focuses on the financial condition and results of operations. The financial statements for the Fort Lewis College Foundation (the Foundation), a legally separate organization whose operations benefit the College, are discretely presented within the College's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the College.

The College was established under an agreement with the federal government whereby all qualified Native American students would be admitted tuition free and on terms of equality with other students. The Native American Tuition Funding, included in State and Local Grants and Contracts on the financial statements, represents reimbursement for tuition waived in the previous fiscal year. Tuition from Native American students, reimbursed by the State of Colorado, accounts for approximately 43% of the education and general budget.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help with the reader's assessment of the College's financial activities. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following five parts.

- ***Report of Independent Auditors*** presents an unmodified opinion prepared by the College's auditors (an independent certified public accounting firm, Dalby, Wendland & Co., P.C.) indicating that the College's financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the Unites States of America.

- ***Statements of Net Position*** present the assets, liabilities, and net position of the College as of June 30, 2022 and 2021. Its purpose is to present a financial snapshot of the College. The statements aid readers in determining the assets available to continue the College's operations; evaluating how much the College owes to vendors and lending institutions; and understanding the College's net position and the availability of assets for expenditure by the College.

- ***Statements of Revenues, Expenses, and Changes in Net Position*** present the total revenues earned and expenses incurred by the College for operating, non-operating, and other related activities for the years ended June 30, 2022 and 2021. The statement's purpose is to assess the College's operating results.

- ***Statements of Cash Flows*** present the College's cash receipts and payments for the years ended June 30, 2022 and 2021. The statement's purpose is to assess the College's ability to generate net cash flows and meet its payment obligations as they come due.

- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as the Note(s). The purpose of the Notes is to clarify and expand on the information in the financial statements.

• ***Required Supplementary Information (RSI)*** presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis as well as certain RSI required by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) including the following:

- Schedules of the College's Proportionate Share of the Net Pension Liability
- Schedules of Contributions Colorado PERA Pension Plan
- Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefit Liability
- Schedules of Contributions Colorado PERA Healthcare Trust Fund

The financial statements of the College include all integral parts of the College's operations. The College applied required criteria to determine whether any organization should be included in the College's reporting entity. Management of the College has considered the criteria described in GASB Statement No. 61, The Financial Reporting Entity: Omnibus and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, paragraph 47, and management of the College has determined that the Foundation meets the criteria to be included in the College's financial statements as a discretely presented component unit.

FINANCIAL HIGHLIGHTS

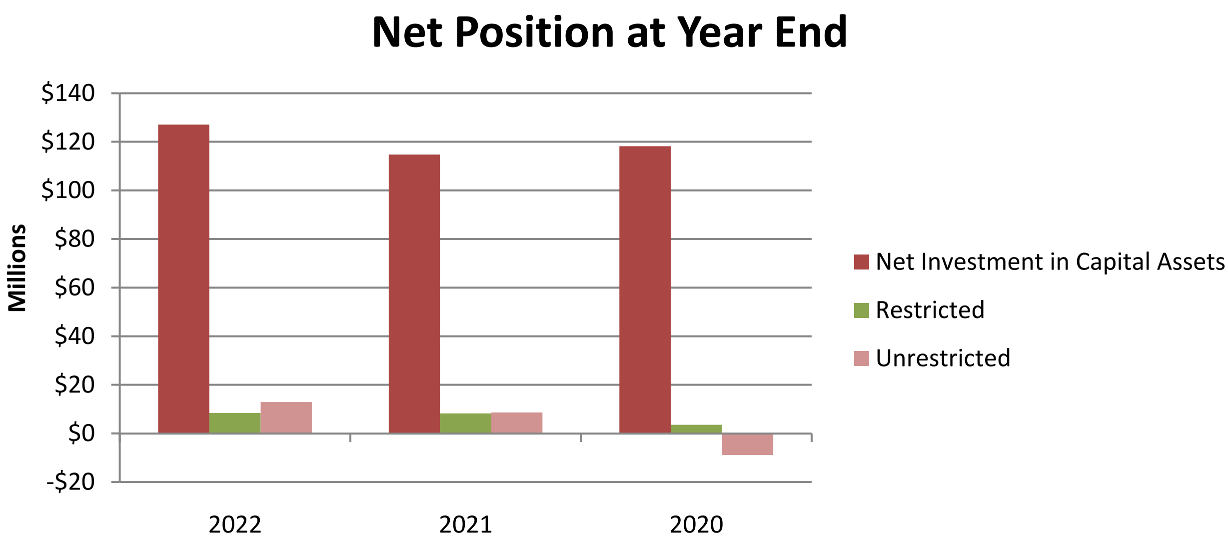
Year Ended June 30, 2022:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2022 by $16.8 million or 13%. There are several factors contributing to this increase. The State funding increased by $7.7 million which led to an increase in operating revenues. State Capital Contribution revenue increased by $11.9 million because of construction on the new Health Science Center building this fiscal year. This was offset by an investment loss of $3 million of which $2.3 million was allocated to the College from the Colorado State Treasurer's Pool.

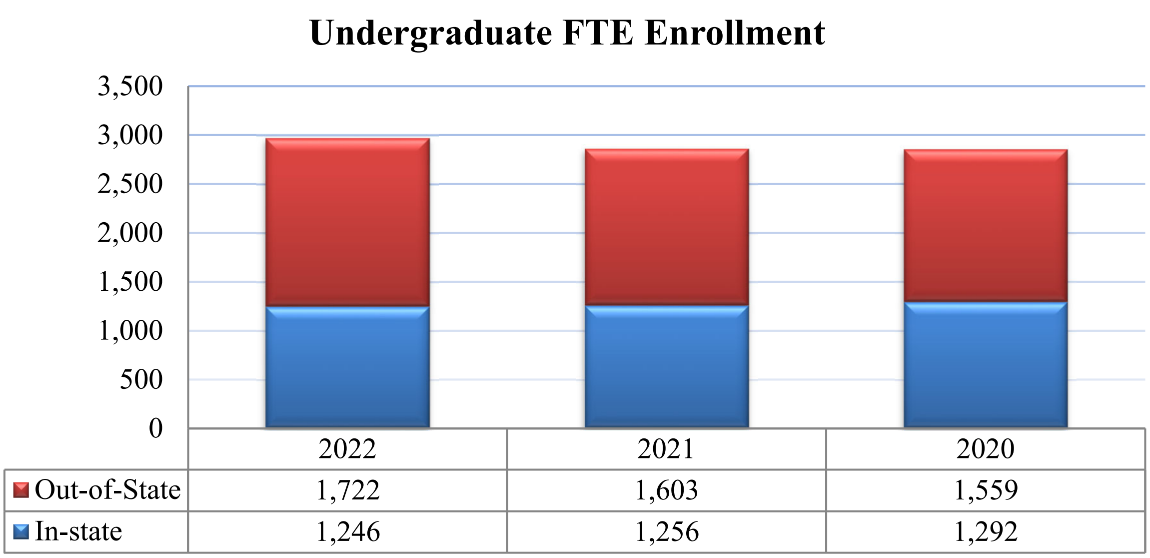
  The unrestricted net position at June 30, 2022 was $12.9 million. Adjusted for the impacts of GASB 68 and GASB 75, unrestricted net position was $36.9 million at June 30, 2022. The effects on Net Position of these GASB statements are reflected in the tables below:

	Fiscal Year 2022	Fiscal Year 2021
Net Position (GAAP Basis)	$ 148,396,257	$ 131,601,514
Effects of GASB 68 - Pension	23,030,201	26,047,138
Effects of GASB 75 - OPEB	1,031,401	1,162,675
Net Position Excluding Pension and OPEB	$ 172,457,859	$ 158,811,327

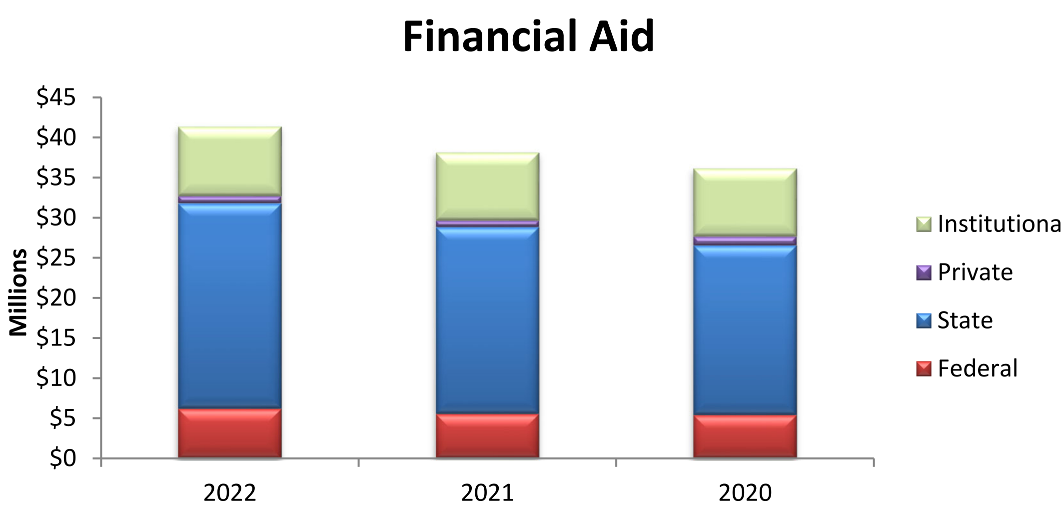
	Fiscal Year 2022	Fiscal Year 2021
Unrestricted Net Position (GAAP Basis)	$ 12,898,460	$ 8,641,900
Effects of GASB 68 - Pension	23,030,201	26,047,138
Effects of GASB 75 - OPEB	1,031,401	1,162,675
Unrestricted Net Position Excluding Pension and OPEB Expense	$ 36,960,062	$ 35,851,713



- **Enrollment** – In fiscal year 2022, undergraduate full-time equivalent (FTE) enrollment increased by 3.83% (110 students); in-state enrollment declined slightly by 0.78% while out-of-state enrollment increased by 7.45%.



- **Scholarships** – The discount rate for fiscal year 2022 (adjusted for the effect of the Native American Tuition Waiver) was 48.3%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $2.3 million or 10% with the increase coming from the Native American Tuition Waiver which went from $21.8 million in fiscal year 2021 to $24.0 million in fiscal year 2022. This will be discussed in more detail below in the State Funding section. Financial aid awards over the past three fiscal years are depicted below.



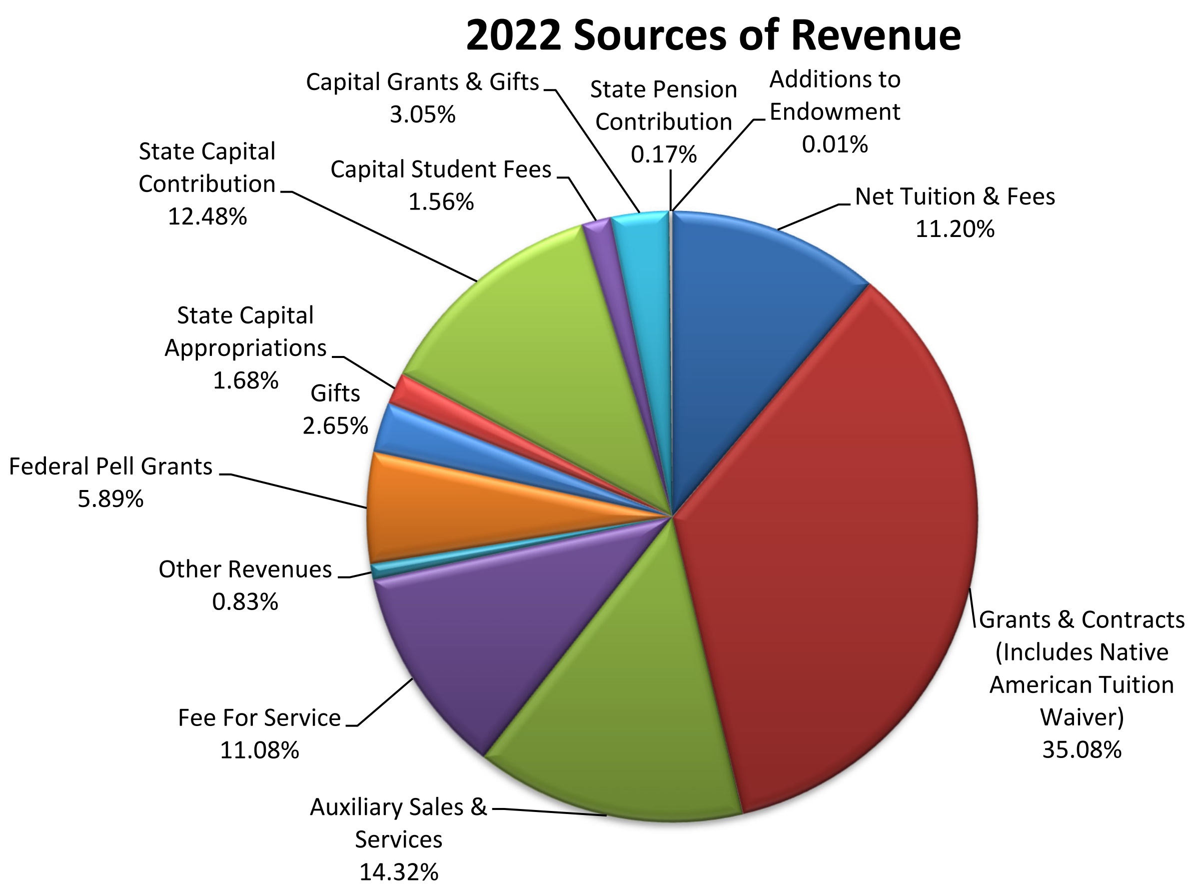
- **State Funding** – Funding for Higher Education in the State of Colorado is allocated in two ways: College Opportunity Fund (COF) stipends and Fee for Service (FFS) contracts. The following table provides the combined COF and FFS received by the College between fiscal year 2020 and fiscal year 2022. During 2021, the state reduced the fee for service funding significantly but passed through additional federal funding related to the pandemic. Therefore, 2020 state funding information is provided to illustrate previous levels of funding more appropriately.

	2022	2021	2020
Total State Funding	$15,375,659	$5,937,304	$14,136,437
Change from Previous Year	159.0%	(58.0%)	

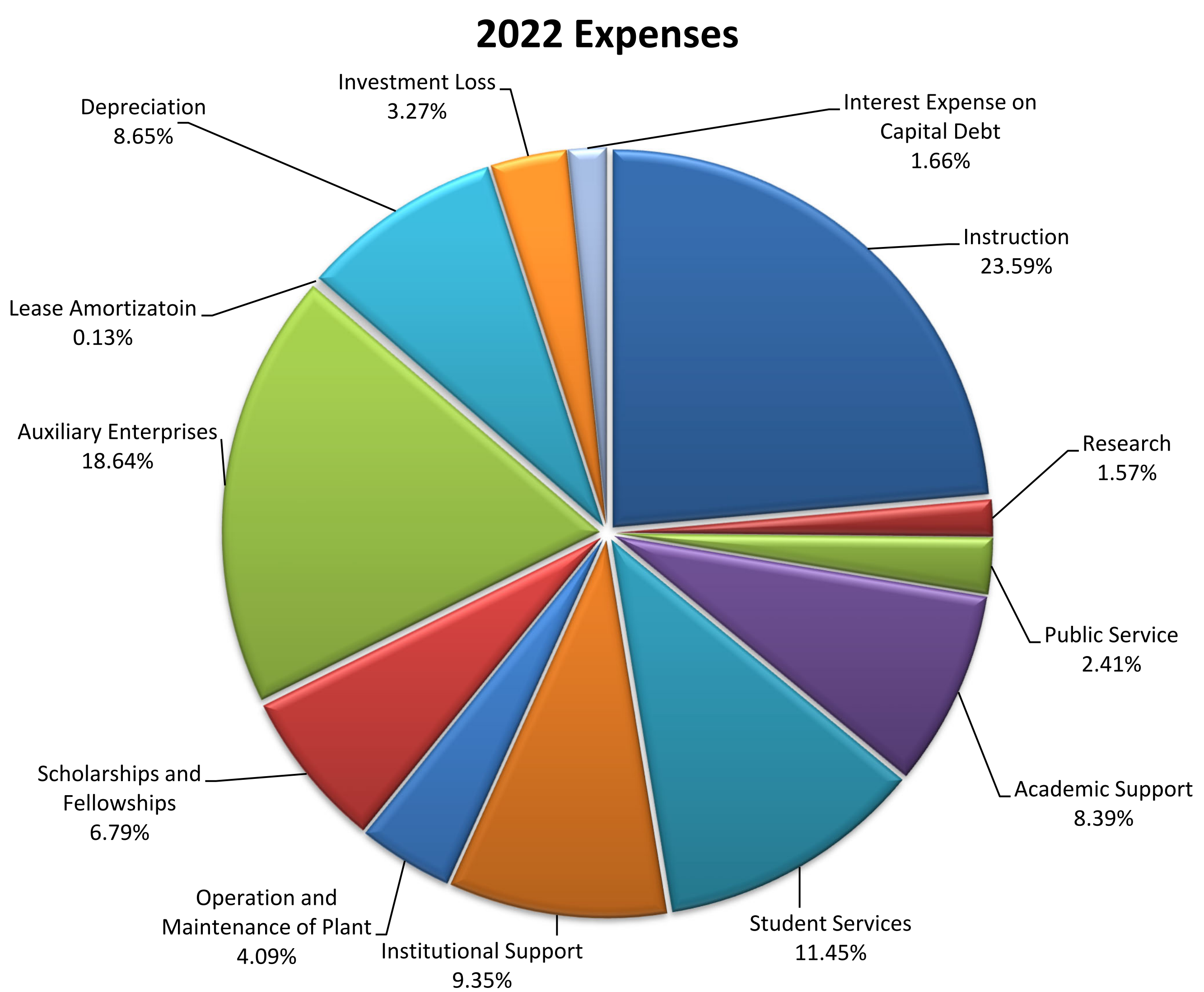
In addition to regular State funding, the College also receives reimbursement from the State for tuition waived to qualified Native American students, as a result of a 1911 Federal mandate. The reimbursement is funded one year in arrears; the tuition waived is paid in the following year. The funding received for Native American Tuition waivers is considered financial aid, as the waiver directly benefits the students and is reflected within the sources of revenue as part of grants and contracts. The College has pursued legislation that would require the Federal government to reimburse a portion of this tuition, without success to date. The following table represents the Native American tuition reimbursement received from fiscal year 2020 to fiscal year 2022.

	2022	2021	2020
Native American Tuition Reimbursement	$24,045,076	$21,790,595	$19,626,040
Change from Previous Year	10.3%	11.0%	

- **Total revenues** received in fiscal year 2022 and 2021 were $111,444,521 and $90,982,274, respectively. There are several factors contributing to the net increase of $20.4 million. The largest increase in revenue relates to the State Capital Contribution of $11.5 million for capital projects. The largest decrease was Non-Operating Grants & Contracts which were reduced by $8.3 million due to the prior year receipt of CARES Act funding. Total fiscal year 2022 revenues are depicted below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position.



- **Total expenses** for fiscal year 2022 and 2021 were $94,647,413 and $72,247,691, respectively. Total fiscal year 2022 expenses increased by approximately $22.4 million. Expenses did increase proportionally with revenue. Total fiscal year 2022 expenses are illustrated in the chart below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position. As the College was able to conduct a full academic year in person, auxiliary expenses increased from the 2021 academic year. During the 2020 fiscal year the College defeased debt, and those debt service payments started being made again in 2022 (which primarily impacted the auxiliary funds). Operating income decreased an additional $1.7 million from 2021. This is primarily due to increased institutional investments as a result of COVID-19's lingering impacts, including housing, mental health supports and restructured debt costs.



Year Ended June 30, 2021:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2021 by $18.7 million or 17%. There are several factors contributing to this increase. The net increase in Nonoperating Federal Grants and Contracts over the net increase in Operating Loss contributed to $8 million of the increase. The increase in Nonoperating Federal Grants and Contracts revenue is due to Federal Coronavirus relief funding the College received during the fiscal year. The increase in Operating Loss is due to a cut in State funding for the year. There was a reduction of the impact of GASB 68 and GASB 75 on net position which accounted for a $7.9 million decrease in Operating Expenses. Interest Expense decreased by $1.4 million due to the refinancing of the 2016 series bonds. Lastly, State Capital Contribution revenue increased by $1.3 million because construction started on the new Health Science Center building this fiscal year.

- **Enrollment** – In fiscal year 2021, undergraduate full-time equivalent (FTE) enrollment increased by 0.3% (8 students); in-state enrollment declined by nearly 2.8% while out-of-state enrollment increased slightly over 2.8%.
- **Scholarships** – The discount rate for fiscal year 2021 (adjusted for the effect of the Native American Tuition Waiver) was 44.6%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $2.1 million or 10% with the increase coming from the Native American Tuition Waiver which went from $19.6 million in fiscal year 2020 to $21.8 million in fiscal year 2021.

CONDENSED FINANCIAL STATEMENTS FOR THE COLLEGE

The financial statements and notes are presented for the reporting entity that includes the College and the Foundation, a discretely presented component unit. (See Note 1 for additional information on the reporting entity). Condensed Financial Statements for the College are presented below.

- **The Statements of Net Position** report assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources.) Condensed Statements of Net Position are shown below.

	June 30, 2022	Restated June 30, 2021	June 30, 2020
Current Assets	$60,697,382	$52,721,296	$43,489,534
Noncurrent Assets	174,340,903	164,029,351	167,390,944
Total Assets	235,038,285	216,750,647	210,880,478
Deferred Outflows of Resources	5,632,319	7,098,170	4,494,162
Current Liabilities	16,951,288	9,589,953	16,006,834
Noncurrent Liabilities	68,420,077	76,833,044	75,127,091
Total Liabilities	85,371,365	86,422,997	91,133,925
Deferred Inflows of Resources	6,902,982	5,826,671	11,373,784
Net Position			
Net Investment in Capital Assets	127,079,549	114,733,468	118,213,816
Restricted	8,418,248	8,223,781	3,534,778
Unrestricted	12,898,460	8,641,900	(8,881,708)
Total Net Position	$148,396,257	$131,599,149	$112,866,931

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

	Year Ended June 30, 2022	Restated Year Ended June 30, 2021	Year Ended June 30, 2020
Operating Revenues			
Tuition and Fees, Net	$12,482,528	$ 11,200,407	$ 13,454,265
Grants and Contracts	32,711,479	29,540,550	26,300,524
Auxiliary Enterprises, Net	15,963,550	11,868,735	11,516,218
Other	13,270,458	5,286,783	11,504,122
Total Operating Revenues	74,428,015	57,896,475	62,775,129
Operating Expenses	89,978,988	71,775,378	69,946,923
Operating Income (Loss)	**(15,550,973)**	**(13,878,903)**	**(7,171,794)**
Non-operating Revenues (Expenses):			
Federal Pell Grants	6,564,141	6,001,783	5,658,599
Nonoperating Federal Grants and Contracts	6,385,639	17,922,265	3,188,497
Other Net Non-Operating Revenues (Expenses)	(1,714,660)	2,767,216	2,781,471
Net Non-operating Revenues	11,235,120	26,691,265	11,628,567
Income (Loss) Before Other Revenues, Expenses, or Transfers	**(4,315,853)**	**12,812,361**	**4,456,774**
State Capital Appropriations	1,875,776	1,676,838	1,932,698
State Capital Contribution	13,905,132	1,972,541	656,886
Capital Student Fees, Net	1,733,523	1,692,453	1,682,774
Capital Grants and Gifts	3,402,441	571,779	136,400
State Pension Contribution	190,113	-	195,433
Additions to Endowments	5,976	6,245	10,624
Increase (Decrease) in Net Position	**16,797,108**	**18,732,218**	**9,071,588**
Net Position – Beginning of Year	131,599,149	112,866,931	103,795,343
Net Position – End of Year	**$148,396,257**	**$131,599,149**	**$112,866,931**

CAPITAL ASSETS

At June 30, 2022, the College had approximately $173.3 million invested in capital assets, net of accumulated depreciation of $155.5 million and amortization of $ 0.23 million. Depreciation expense was $8.2 million for the year ended June 30, 2022. At June 30, 2021, the College had approximately $161.5 million invested in capital assets, net of accumulated depreciation of $147.3 million and amortization of $ 0.11 million. Depreciation expense was $8.4 million for the year ended June 30, 2021. Details of these assets are shown below.

	June 30, 2022	June 30, 2021	June 30, 2020
Land	$286,301	$286,301	$286,301
Construction in Progress	17,860,637	7,685,363	3,684,048
Collections	3,959,272	1,440,966	1,433,404
Land Improvements, Net	6,140,852	6,780,822	7,587,044
Buildings and Improvements, Net	140,896,014	141,316,264	147,601,102
Equipment, Net	3,868,329	3,594,843	3,711,027
Library Materials, Net	338,429	361,415	406,376
Total	$173,349,834	$161,465,974	$164,709,302

Major capital additions completed in fiscal year 2022 and the resources that funded their acquisition include:

Whalen Gym Expansion and Revocation, funded by the State	$3,336,956
North Campus Heating and Cooling lines phase 1, funded by the State	1,531,556
Miller Roof & Replacement, funded by the State	828,623
Boiler Replacement, Whalen Gymnasium, funded by the State	669,284

The following significant capital projects were in progress at June 30, 2022:

Health Sciences Center, funded by the State	$14,339,186
North Campus Heating and Cooling lines phase 2, funded by the State	716,322
Reed Library, Academic Hub Renovation, funded by the College	576,614
Dirks Athletic Field Lighting, funded by the College	521,943

Major capital additions completed in fiscal year 2021 and the resources that funded their acquisition include:

Berndt Hall Math/STEM renovation, funded by the College	$ 116,779
SUS Dining Hall Improvements, funded by the College	22,366
Cooper Residence Hall Improvements, funded by the College	43,280

The following significant capital projects were in progress at June 30, 2021:

Health Sciences Center, funded by the State	$4,516,485
North Campus Heating and Cooling lines, funded by the State	1,941,340
Boiler Replacement, Whalen Gymnasium, funded by the State	129,113
Reed Library, Academic Hub Renovation, funded by the College	129,118
Theater Pipe Grid Replacement, funded by the College	85,759
Miller Roof & Replacement, funded by the State	828,623

DEBT

At June 30, 2022, 2021, and 2020, the College had approximately $49.8 million, $50.5 million, and $49.2 million in long-term debt outstanding, respectively. The table below summarizes debt over the past three fiscal years.

	June 30, 2022	June 30, 2021	June 30, 2020
Auxiliary Revenue Bonds, Net	$49,793,342	$50,460,594	$49,158,865

On September 23, 2020 the Board issued its Enterprise Refunding Revenue Bonds (Series 2021) to pay and defease certain maturities of the College's outstanding Series 2016 bonds, refund other interest payable on certain of the remaining outstanding portions of the Series 2016 bonds, and to pay certain costs relating to the issuance of the Series 2021 bonds

OTHER HIGHLIGHTS

- **Strategic Plan –** The College's administrative decisions continue to be guided by the strategic plan adopted by the College's Board of Trustees in February 2019 and refreshed during spring 2022. The plan focuses on four major areas including Students at the Center, Community Responsiveness, Knowledge in Action, and Systems to Facilitate Success. The plan allows the College to adapt within the areas of focus as faculty and staff chart a course to student success, fiscal sustainability, and academic excellence. The plan continues to put concentration on the key factors that distinguish the College, including cultural and natural diversity of the region, the College's faculty and degree options, commitment to access and affordability, experiential learning, and diversity in students and staff. The Strategic Plan set a goal of increasing enrollment to 3,700 students in three years. The Board of Trustees reviews progress towards the strategic plan annually.

- **COVID-19 –** The COVID-19 pandemic had a significant impact on the College's operations starting in the Spring of 2020 and into the fiscal year ending June 30, 2022.
    - The schedule for Fall 2020 was adjusted so that all courses would be online after Thanksgiving, providing mitigation against potential COVID-19 spread from students traveling during the holiday. Courses were offered utilizing the highest flexibility in delivery possible. Additionally, testing was required of all students, faculty and staff upon return to campus at the beginning of the semester and random testing was required throughout the semester. The College reduced density in classrooms and residence halls, requiring the procurement of a block of rooms at a local hotel for students requesting "on campus" housing.
    - During Spring 2021, classes were started later than usual and spring break was removed from the schedule, again to provide mitigation against spread from travel. The focus on flexible modalities of courses continued. The testing requirements continued during this semester. During this semester, the College procured a block of hotel rooms in order to provide for quarantine and isolation housing for students either testing positive for or exposed to COVID-19.
    - The academic 2021-2022 calendar had modifications for additional time between semesters to again provide mitigation against spread from travel. Testing requirements continued throughout the year and additional hotel rooms were obtained for quarantine and isolation housing.
  - A total of three financial relief packages were passed by the federal government which included assistance to higher education. Two of the packages had impacts into both the years ended June 30, 2021 and June 30, 2022 (Supplemental CARES and American Rescue Plan). Funds were provided for emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. Additionally, funds were allocated to the College to help alleviate the impacts of lost revenue and expenses related to COVID-19 mitigation. Finally, additional funding was allocated to the College due to its status as a minority serving institution (MSI).

- The following table shows the total funds awarded to the College for emergency financial support for students, the institution, and MSI categories for each of the three stimulus packages between fiscal years 2021 and 2020. The fiscal year 2021 portion of these specific awards are shown in the financial statements in the Nonoperating Federal Grants and Contracts line item and totaled $9.8 million, while the awards to students were recorded in the Scholarships and Fellowships operating expense line item and totaled $1.7 million. There was no additional funding provided during the fiscal 2022 year.

	Financial Support for Students	Institutional Allocation	MSI Allocation
CARES	$1,519,319	$1,519,318	$ 352,541
CARES Supplemental	$1,519,319	3,372,570	510,831
American Rescue Plan	$4,303,027	4,294,772	868,570
Total	$7,341,665	$9,186,660	$1,731,942

- Indirect CARES Act Coronavirus Relief Fund funding of $7.5 million was allocated to the College in May 2020 by Governor Polis in Executive Order D 2021 070 to be used for health and safety precautions; student mental health services; school closure and re-opening costs; to facilitate distance learning with closings; expenses to recover lost learning time; personnel expenses; and economic support to educate students by maintaining enrollment, retention and credential completion. The College did not spend any of this money in fiscal year 2020 and, as such, recorded it in the Statements of Net Position in line items Restricted Cash and Cash Equivalents and Unearned Revenue. The College expended all of these funds in the fiscal year ending June 30, 2021 on economic support to educate students by maintaining enrollment, retention and credential completion. The revenue is recorded in the financial statements in the Nonoperating Federal Grants and Contracts line.

- **FLC Tuition Promise –** In fiscal year 2020 the College rolled out the Tuition Promise, beginning in Fall 2020, which covers the cost of tuition for any admitted Colorado resident whose family income is $60,000 or less. This program is a "last dollar in" scholarship after all other eligible financial aid is applied and the expenses are included with institutional scholarships.

- **SkyHawk Station –** The College opened the SkyHawk Station in August of 2019 which is a 'one-stop shop' for student services including financial aid, registration, advising, and student billing. The SkyHawk Station contains many services that were previously decentralized. As part of the Students at the Center initiative in the strategic plan, the SkyHawk Station is making the business of being a student easier to accomplish. The SkyHawk Station has been well received by students and is having a positive impact on the students' customer service experience.

- **Academic Hub at Reed Library –** A new Academic Hub at Reed Library is being developed. This idea, envisioned in the strategic plan, was made possible with a $1.5 million grant through the Federal Department of Education Native American Serving Non-Tribal Institutions Title III program. The hub will become the 'one-stop shop' for student academic needs and will house centralized peer education and tutoring, the Federal TRIO programs, undergraduate research, career and internship services, as well as state-of-the-art learning labs.

- **Business Innovation Center –** The College's School of Business Administration opened the Center for Innovation (C4I) in downtown Durango. The overarching purpose of the Center is to spur economic development in Durango and Southwest Colorado. The Center creates a location for cooperative efforts among regional governmental agencies including municipalities, counties, and tribes. The Center provides mentorship for businesses, business students, and residents looking to start businesses. The C4I also has a focus on increasing internship opportunities for students.

- **USDA Grant and Technology Rental Program** – The COVID-19 pandemic highlighted the technology/connectivity issues facing many of our students, especially those of color. To improve student access to technology, the College created a technology rental program that students can use to rent laptops, smartphones, and hotspots. Students can receive funding to help alleviate these costs through the CARES grants and donor supported funds. Additionally, the College applied for and received a grant from the USDA to provide technology infrastructure in five remote locations to improve educational opportunities throughout the Four Corners region.

- **Board of Trustees –** In March of 2020, Governor Polis signed HB20-1108 creating two new seats on the Fort Lewis College Board of Trustees, increasing the Board from seven to nine members, all Governor appointed. One member is now required to be an enrolled member of a Federally recognized Native American tribe.

- **New Programs –** The Board of Trustees approved the offering of a Bachelor of Arts in Nutrition at its October 2020 meeting. The Nutrition major is designed with three emphasis areas: Public Health, Exercise Science and Biomedical. This degree will position graduates to pursue employment after graduation or prepare graduates for graduate school or a professional degree program.

  The Restorative Food Systems Certificate was added for Fall 2021. Housed in the Sociology and Human Services Department, the program provides firsthand experience related to sustainable food systems.

ECONOMIC OUTLOOK & FORT LEWIS COLLEGE FUTURE

Enrollment

Enrollment (headcount) decreased by slightly over 5% for the Fall 2023 semester, eroding the increase of 3% in Fall 2022. Students of color constitute a majority of the student body, making up 58% of all students, compared to 59% in 2022. Native American students represent 44% of the student body, compared to 46% for Fall 2022. Incoming first year students decreased 11% over 2022. The College saw an increase of 1.5% in first year students from Colorado.

Budget

The Board of Trustees assumed an enrollment increase of 4%, given the enrollment data in the spring of 2022 and strong numbers of confirmations. Native American enrollment was assumed to increase with impacts being felt in the fiscal 2023 budget. Actual fall enrollment was down 5% overall with Native American enrollment showing the largest decrease with 9%. The impacts of this decrease in enrollment will be felt in the fiscal 2023-2024 budget cycle as the reimbursement for Native American students will factor into the budget in that year.

Capital Construction

Funding for the second phase of the Health Sciences Center (formerly Whalen Gymnasium Expansion for Exercise Science) was approved in the 2020 legislative cycle. This project addresses the needs of the Health Sciences department, including both Exercise Science and Public Health majors, two of the College's fastest growing academic departments. The Health Sciences Center project will provide a state-of-the-art facility that will help with recruitment in these growing programs. The project will cost approximately $32.9 million, with the State of

Colorado contributing $29.6 million, and the College contributing 10%, or approximately $3.3 million, through donations, grants, and partnerships.

State Funding

As outlined earlier, the College receives funding from the State of Colorado for the College Opportunity Fund (COF), Fee for Service Contract (FFS) and the Native American tuition waiver reimbursement. The combination of this funding makes the College more dependent on State funding than most other colleges and universities in the State of Colorado.

This funding in the fiscal year 2023 budget increased by approximately 11%. As a result of increases in Native American enrollment during the fiscal 2022 year, the fiscal year 2023 Tuition Waiver allocation increased by 10% to approximately $25 million.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide users of our financial statements with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fort Lewis College Accounting Office at Room 140 Berndt Hall, 1000 Rim Drive, Durango, Colorado, 81301, call (970) 247-7364, or email AskAccounting@fortlewis.edu.

BASIC FINANCIAL STATEMENTS SECTION

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

ASSETS	2022	RESTATED 2021
Current Assets:		
Cash and Cash Equivalents	$ 42,904,516	$ 34,441,599
Restricted Cash and Cash Equivalents	1,028,825	-
Investments	8,005,591	9,394,150
Student Accounts Receivable, Net	1,382,383	945,434
Accounts Receivable - Fort Lewis College Foundation, Net	215,180	128,499
Other Accounts Receivable	6,010,696	6,990,334
Inventories	68,891	60,485
Prepaid Expense	1,081,300	760,795
Total Current Assets	60,697,382	52,721,296
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	991,069	2,563,377
Nondepreciable Capital Assets:	-	-
Land and Improvements	286,301	286,301
Construction in Progress	17,860,637	7,685,363
Collections	3,959,272	1,440,966
Total Nondepreciable Capital Assets	22,106,210	9,412,630
Depreciable Capital Assets:		
Land Improvements, Net	6,140,852	6,780,822
Buildings and Improvements, Net	140,896,014	141,316,264
Equipment, Net	3,868,329	3,594,843
Library Materials, Net	338,429	361,415
Total Depreciable Capital Assets, Net	151,243,624	152,053,344
Total Noncurrent Assets	174,340,903	164,029,351
Total Assets	235,038,285	216,750,647
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	5,632,319	7,098,170

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

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

LIABILITIES	2022	RESTATED 2021
Current Liabilities:		
Accounts Payable	5,651,058	2,790,909
Accrued Liabilities	3,980,449	2,800,926
Unearned Revenue	3,980,003	2,760,285
Deposits Held for Others	337,144	299,256
Bonds Payable, Current Portion	2,527,330	501,778
Leases Payable, Current Portion	131,893	109,726
Compensated Absence Liabilities	343,411	327,073
Total Current Liabilities	16,951,288	9,589,953
Noncurrent Liabilities:		
Bonds Payable, Net	47,266,012	49,958,816
Leases Payable	132,454	228,087
Compensated Absence Liabilities	2,018,076	2,230,800
Pension Liability	18,278,821	23,592,491
Other Post Employment Benefits Liability	724,714	822,850
Total Noncurrent Liabilities	68,420,077	76,833,044
Total Liabilities	85,371,365	86,422,997
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	6,902,982	5,826,671
NET POSITION		
Net Investment in Capital Assets	127,079,549	114,733,468
Restricted for Nonexpendable Purposes:	-	
Endowment	25,000	25,000
Restricted for Expendable Purposes	-	
Endowment	682,511	676,535
Other	7,710,737	7,522,246
Unrestricted	12,898,460	8,641,900
Total Net Position	$ 148,396,257	$ 131,599,149

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

	2022	2021
Assets		
Cash and cash equivalents	$ 676,791	$ 326,405
Promises to give, net	2,325,046	1,661,673
Advance to Fort Lewis College for programs	-	165,734
Operating investments	15,040,336	12,007,169
Property and equipment, net	684,084	1,102,619
Collection items	2,794,545	5,677,400
Beneficial interest in assets held by others	596,724	762,842
Endowment		
Promises to give, net	258,367	66,513
Investments	15,714,438	15,883,709
Total assets	38,090,331	37,654,064
Liabilities and Net Assets		
Accounts payable and accrued expenses	72,248	5,205
Due to Fort Lewis College	215,180	53,499
Total liabilities	287,428	58,704
Net Assets		
Without donor restrictions		
Undesignated	1,369,766	1,748,165
Board-designated	2,343,156	2,019,612
	3,712,922	3,767,777
With donor restrictions	34,089,981	33,827,583
Total net assets	37,802,903	37,595,360
Total liabilities and net assets	$ 38,090,331	$ 37,654,064

FORT LEWIS COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

REVENUES	2022	RESTATED 2021
Operating Revenues:		
Student Tuition and Fees (including pledged revenues of $11,102,079 - 2022 and $3,928,901 - 2021, net of scholarship allowances of $38,909,473- 2022 and $35,754,443- 2021, and net of bad debt of $55,236 - 2022 and $24,682 - 2021)	$ 12,482,528	$ 11,200,407
Federal Grants and Contracts (including pledged revenus of $29,690 - 2022 and $21,339 - 2021)	5,197,342	3,980,044
State and Local Grants and Contracts	26,345,038	24,143,719
Non-Governmental Grants and Contracts (including pledged revenues of $330,000 - 2022 and $507,445 - 2021)	1,169,099	1,416,787
Auxiliary Enterprises (including pledged revenues of $14,135,525 - 2022, and $13,321,326 - 2021, net of scholarship allowances of $2,778,182 2022 and $2,307,917- 2021, and net of bad debt of $298,525 - 2022 and $184,456 - 2021)	15,963,550	11,868,735
Fee For Service Contract Revenue	12,344,241	4,596,888
Other Operating Revenues (including pledged revenues of $4,824 - 2022 and $4,588 - 2021 and bad debt of $138- 2022 and $3,137- 2021)	926,217	689,895
Total Operating Revenues	74,428,015	57,896,475
EXPENSES		
Operating Expenses:		
Instruction	22,329,106	20,663,667
Research	1,490,656	1,188,714
Public Service	2,282,275	1,075,461
Academic Support	7,940,954	6,202,383
Student Services	10,835,416	8,169,450
Institutional Support	8,853,289	8,610,299
Operation and Maintenance of Plant	3,872,287	1,516,932
Scholarships and Fellowships	6,426,842	3,785,059
Auxiliary Enterprises	17,638,091	12,063,979
Lease amortization	121,646	111,839
Depreciation	8,188,426	8,387,595
Total Operating Expenses	89,978,988	71,775,378
Operating Income (Loss)	(15,550,973)	(13,878,903)

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

FORT LEWIS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2022 and 2021

NONOPERATING REVENUES (EXPENSES)	2022	RESTATED 2021
Federal Pell Grants	6,564,141	6,001,783
Nonoperating Federal Grants and Contracts	6,385,639	17,922,265
Gifts (including pledged revenues of $161,759- 2022 and $52,255- 2021)	2,952,213	2,044,739
Investment Income (including pledged revenues of $123,104 - 2022 and $87,910 - 2021)	(3,093,047)	1,197,156
Interest Expense on Capital Debt	(1,575,379)	(346,888)
Other Nonoperating Revenue (Expenses)	1,553	(127,790)
Net Nonoperating Revenues	11,235,120	26,691,265
Income (loss) before other revenues, expenses, or transfers	(4,315,853)	12,812,362
OTHER REVENUES, (EXPENSES), OR TRANSFERS		
Gain or (Loss) on Disposal of Assets	-	-
State Capital Appropriations	1,875,776	1,676,838
State Capital Contribution	13,905,132	1,972,541
Capital Student Fees (all pledged, net of bad debt of $9,933 - 2022 and $4,741 - 2021)	1,733,523	1,692,453
Capital Grants & Gifts	3,402,441	571,779
State Pension Contribution	190,113	-
Additions to Endowments	5,976	6,245
Increase (Decrease) in Net Position	16,797,108	18,732,218
NET POSITION		
Net Position - Beginning of Year	131,599,149	112,866,931
Net Position - End of Year	148,396,257	131,599,149
Restatement		
Restated Net Position - End of Year	$ 148,396,257	$ 131,599,149

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	$ 28,296	$ 9,146,841	$ 9,175,137
Net investment loss	(221,495)	(2,331,024)	(2,552,519)
Change in value of beneficial interest in assets held by others	40,000	(166,118)	(126,118)
Gain on sale of real estate	399,991	-	399,991
Rental and other revenue	93,916	-	93,916
Net assets released from restrictions	6,387,301	(6,387,301)	-
Total revenue, gains and other support	6,728,009	262,398	6,990,407
Expenses			
Program services	6,374,127	-	6,374,127
Support services			
Management and general	217,422	-	217,422
Fundraising	191,315	-	191,315
Total expenses	6,782,864	-	6,782,864
Change in Net Assets	(54,855)	262,398	207,543
Net Assets, Beginning of year	3,767,777	33,827,583	37,595,360
Net Assets, End of year	$ 3,712,922	$ 34,089,981	$ 37,802,903

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Donations	$ 145,624	$ 2,591,171	$ 2,736,795
In-kind donations	57,955	302,439	360,394
Fundraising revenue	-	55,674	55,674
Investment return, net	563,022	4,217,784	4,780,806
Other revenue	35,730	7,036	42,766
Change in value of beneficial interest in assets held by others	-	78,038	78,038
Other changes in net assets	(978,514)	978,514	-
Net assets released from restrictions	2,754,947	(2,754,947)	-
Total revenue, gains and other support	2,578,764	5,475,709	8,054,473
Expenses			
Program services	2,633,936	-	2,633,936
Support services			-
Management and general	199,044	-	199,044
Fundraising	140,686	-	140,686
Total expenses	2,973,666	-	2,973,666
Change in Net Assets	(394,902)	5,475,709	5,080,807
Net Assets, Beginning of year	4,162,679	28,351,874	32,514,553
Net Assets, End of year	$ 3,767,777	$ 33,827,583	$ 37,595,360

	2022			
		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
FLC program support	$ 2,034,753	$ -	$ -	$ 2,034,753
Collection items transferred	2,955,029	-	-	2,955,029
FLC scholarships	1,156,475	-	-	1,156,475
Fees for FLC services	115,519	115,519	154,025	385,063
Total College expenses	6,261,776	115,519	154,025	6,531,320
Professional fees	61,250	41,866	25,768	128,884
Food and beverage	22,995	-	10,156	33,151
Licenses, dues and fees	20,748	8,114	-	28,862
Depreciation	-	17,361	-	17,361
Bank and credit card fees	-	9,767	-	9,767
Insurance	-	9,480	-	9,480
Other	7,358	15,315	1,366	24,039
Total expenses	$ 6,374,127	$ 217,422	$ 191,315	$ 6,782,864

	2021			
		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
FLC program support	$ 1,370,784	$ -	$ -	$ 1,370,784
FLC scholarships	1,034,999	-	-	1,034,999
Fees for FLC services	110,492	126,106	126,106	362,704
Total College expenses	2,516,275	126,106	126,106	2,768,487
Professional fees	61,667	43,116	-	104,783
Food and beverage	3,949	-	1,440	5,389
Licenses, dues and fees	-	15,458	-	15,458
Depreciation	-	26,736	-	26,736
Bank and credit card fees	-	-	12,737	12,737
Insurance	-	6,656	-	6,656
Other	12,635	18,942	1,843	33,420
Total expenses	$ 2,594,526	$ 237,014	$ 142,126	$ 2,973,666

FORT LEWIS COLLEGE
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and Fees	$ 12,297,708	$ 11,146,757
Sales of Products	328,758	269,079
Sales of Services	27,644,035	16,337,768
Grants and Contracts	33,498,511	29,962,649
Student Loans Collected	-	-
Other Operating Receipts	875,401	655,783
Cash Payments:		
Scholarships Disbursed	(7,366,463)	(4,676,078)
Student Loans Disbursed	-	-
Payments to Suppliers	(28,268,892)	(17,697,711)
Payments to Employees	(51,496,422)	(47,611,157)
Net Cash Provided (Used) by Operating Activities	(12,487,364)	(11,612,910)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Pell Grants	6,641,983	5,923,941
Non-Operating Federal Grants/Contracts	11,088,917	5,064,532
Gifts for Other than Capital Purposes	2,865,532	2,508,712
Agency Receipts	12,288,099	12,387,104
Agency Payments	(12,241,854)	(12,354,205)
Additions to Endowment	5,976	6,245
Net Cash Provided by Noncapital Financing Activities	20,648,653	13,536,329
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Student Fees	1,716,177	1,681,751
State Capital Contributions	(1,463,716)	1,480,696
Capital Gifts and Grants	3,402,441	571,779
Proceeds from Sale of Capital Assets	-	-
Bond Issuance Costs Paid	-	(155,970)
Net Proceeds from Bonds Issued/ Proceeds from Capital Debt	-	164,394
Acquisition and Construction of Capital Assets	(519,518)	(2,715,485)
Principal Paid on Capital Debt	(501,778)	(377,572)
Interest on Capital Debt	(1,170,973)	(521,719)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,462,633	127,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	11,574,120	5,558,330
Purchase of Investments	(11,646,576)	(5,741,733)
Investment Earnings	(1,632,032)	(70,672)
Net Cash Provided by Investing Activities	(1,704,488)	(254,075)
Net Increase (Decrease) in Cash	7,919,434	1,797,218
Cash - Beginning of Year	37,004,976	35,207,758
Cash - End of Year	$ 44,924,410	$ 37,004,976

The accompanying notes are an integral part of this financial statement

FORT LEWIS COLLEGE
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (15,550,973)	$ (13,878,903)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Depreciation Expense	8,188,426	8,387,595
Amortization Expense	121,646	111,839
Pension Expense	(3,016,938)	(7,824,490)
Noncash Operating Transactions	(2,834,081)	(239,784)
Change in Assets and Liabilities (Operating Portions):		
Receivables, Net	(877,253)	(556,547)
Inventory	(8,406)	-
Prepaid Expense	(320,505)	(108,841)
Accounts Payable	308,657	727,445
Accrued Liabilities	555,283	13,509
Unearned Revenue	1,216,638	1,118,145
Compensated Absence Liability	(196,386)	299,310
Lease Payable	(73,474)	337,812
Net Cash Provided (Used) by Operating Activities	$ (12,487,365)	$ (11,612,910)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
State-funded Acquisitions of Capital Assets	$ -	$ -
Non-cash Acquisitions of Capital Assets	2,593,363	43,426
Gain (Loss) on Capital Asset Deletions	-	-
Amortization of deferred loss	-	1,681,113
Change in unrealized gains on investments	(1,388,559)	1,451,232
Amortization of bond premium	165,473	166,206

	2022	2021
Operating Activities		
Change in net assets	$ 207,543	$ 5,080,807
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	17,361	26,736
Contributions restricted to endowment	(255,854)	(179,963)
Donations of non-cash items	-	(10,000)
Collection items transferred	2,955,029	-
Contributions of investments	(3,154,729)	-
Realized and unrealized (gain) loss on investments	3,366,622	(4,247,987)
(Gain) loss on sale of property	(399,991)	10,026
Change in beneficial interest in assets held by others	166,118	(78,038)
Changes in operating assets and liabilities		
Promises to give, net	(663,373)	1,636,005
Accounts payable and accrued expenses	67,043	2,734
Due to/ from Fort Lewis College	255,241	(572,054)
Net Cash from Operating Activities	2,561,010	1,668,266
Investing Activities		
Proceeds from sales of investments	16,397,775	11,478,158
Purchases of investments	(19,473,564)	(13,545,269)
Proceeds from sale of property	801,165	-
Net Cash used for Investing Activities	(2,274,624)	(2,067,111)
Financing Activities		
Collections of contributions restricted for endowment	64,000	179,963
Net Cash from Financing Activities	64,000	179,963
Net Change In Cash And Cash Equivalents	350,386	(218,882)
Cash and Cash Equivalents, Beginning of Year	326,405	545,287
Cash and Cash Equivalents, End of Year	$ 676,791	$ 326,405

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 consists of nine voting and two non-voting members who are responsible for making policy for the College and overseeing its operation. One member is required to be an enrolled member of a Federally recognized Native American tribe. Voting members are appointed by the Colorado governor and require Colorado State Senate confirmation. They serve four-year terms. The two non-voting members are elected by the College's faculty and students. The faculty representative serves a two-year term. The student representative serves a one-year term.

The College President is appointed by and reports to the Board and is responsible for day-to-day management of the institution and its employees.

Reporting Entity and Component Unit

The College is a public 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 Annual Comprehensive Financial Report may be obtained from the Office of the State Controller.

The College adheres to Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34*, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* 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. 61 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 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) Accounting Standards Codification (ASC)*, *Topic 958 Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from 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, 2022 for the purposes stated above was $3,254,820 which included $1,071,071 for scholarships, $303,428 for grant pass-through transactions, and $1,347 for capital gifts. The total transfer for the year ended June 30, 2021 for the purposes stated above was $2,740,258 which included $918,089 for scholarships, $370,789 for grant pass-through transactions, and $343,696 for capital gifts primarily for the construction of the Health Sciences Center. Complete financial statements for the Foundation can be obtained from the Accounting Office at the College.

As defined by GASB Statement No. 61, 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.

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.

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, certificates of deposit with financial institutions, pooled cash with the State of Colorado Treasurer and all highly liquid investments with an original maturity of three months or less.

Restricted Cash and Cash Equivalents

Cash balances that are externally restricted such as endowments or agency funds, or for bond reserve, replacement, or rebate funds, or to purchase capital or noncurrent assets, are classified as current or noncurrent assets on the Statements of Net Position, as appropriate.

Investments and Investment Income

Investments are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Income Taxes

As a state institution of higher education, the income of the College is generally exempt from Federal and State income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of State law. However, the College is subject to federal income tax on any unrelated business taxable income. The College did not have any significant unrelated business taxable income in the years ended June 30, 2022 and 2021.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

Estimates are made to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ significantly from those estimates.

Capital Assets

Capital assets are stated at cost at the date of acquisition or at fair value at the date of donation. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Intangibles and renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For intangibles and renovations and improvements, the capitalization policy includes items with a value of $50,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

All collections, such as works of art and historical artifacts, have been capitalized at cost at the date of acquisition or fair value at the date of donation. The nature of certain collections is such that the value and usefulness of the collections does not decrease over time. These collections have not been depreciated in the accompanying financial statements.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements. Currently, the College does not have any capital leases.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets and half of the annual depreciation is expensed in the first and last year of service, regardless of when the asset was acquired. The useful lives of assets are as follows:

Asset Class	Years
Land Improvements	20-50
Buildings and Improvements	10-40
Equipment and Software	3-10
Library Materials	10

Unearned Revenue

Unearned revenues represent unearned student tuition and fees, event revenues, and advances on grants and contracts for which the College has not yet provided the associated services.

Compensated Absence Liabilities

Employees' compensated absences are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the College. Employees accrue and vest in vacation and sick leave earnings based on their hire date, length of service and Full Time Equivalent (FTE) status. Full-time professional exempt employees accrue sick leave with pay at the rate of 10 hours per month with a maximum accrual of 480 hours, while full-time classified employees accrue sick leave at 6.66 hours per month with a maximum accrual of 360 hours for employees hired on or after July 1, 1988. Full-time classified employees hired before July 1, 1988, can accrue up to 360 hours in excess of the amount of sick leave earned as of June 30, 1988. Employees earn and accrue vacation leave per the rates shown in the table below. Vacation accruals are paid up to 192 hours upon separation for exempt staff and a graduated scale for classified staff (from 192 to 336 depending on years of service), whereas only a portion of sick leave is paid upon specific types of separation, such as retirement. Most part-time employees accrue vacation leave that is pro-rated based on their hours worked.

Vacation Accrual Rates:

Years of Service	Hours Earned Per Month	Maximum Accrual
Classified employees hired Before July 1, 1988	10 - 14	240 - 336 hours
Classified employees hired on Or after July 1, 1988	8 - 14	192 - 336 hours
Professional Exempt Employees	16	384 hours

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

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a Statement of Net Position to include:

- Assets – resources with a present service capacity under the College's control.
- Deferred Outflows of Resources – consumption of net assets by the College that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the College that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a Statement of Net Position.

See Notes 18 and 19 for detail of the composition of the College's deferred outflows and deferred inflows related to pension and other post-employment benefits.

Net Position

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

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

Restricted Net Position, 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 Position – Unrestricted Net Position are those funds that do not meet the definition of "Restricted" or "Net Investment in Capital Assets" 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. This category is a deficit due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

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 Federal Pell grants, nonoperating Federal grants and contracts, gifts, investment income, and other nonoperating revenue.

Other revenues, expenses, or transfers include gain or loss on the disposal of assets, state capital and controlled maintenance appropriations, capital student fees, capital grants and gifts, State pension contributions, and additions to endowment.

Scholarship Allowance

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees were $38.9 million and $35.8 million and scholarship allowances for auxiliary charges were $2.8 million and $2.3 million for the years ended June 30, 2022 and 2021, respectively.

Application of Restricted and Unrestricted Resources

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

Pensions

The College participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions.

Other Post-Employment Benefits (OPEB)

The College participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to or deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Fiscal Rules

Colorado State SB 10-003, enacted by the General Assembly and signed by the Governor and effective June 9, 2010, amends Section 24-30-202, C.R.S. As amended, Section 24-30-202(13)(b), C.R.S., allows a governing board of an Institution of Higher Education that have adopted Fiscal Rules and have determined that such Fiscal Rules provide adequate safeguards for the proper expenditure of the moneys of the institution to elect to exempt the institution from the Fiscal Rules promulgated by the State Controller pursuant to Section 24-30-202. Pursuant to this change, on June 3, 2011, the College Board voted to opt out of the State of Colorado Fiscal Rules and establish its own set of Fiscal Rules. These rules were adopted by the Board of Trustees on June 3, 2011 and became effective July 1, 2011.

New Accounting Pronouncements

During 2022, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases (GASB 87)*, which was created to increase visibility into lease obligations and remove ambiguity around lease obligations in financial disclosures. GASB 87 requires lessees to recognize a lease liability and an intangible asset. As part of the implementation, the College restated Fiscal Year 2021 financial statements for comparability. The implementation of this statement had no impact on the University's net position at July 1, 2021.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The College deposits most of its cash with the Colorado State Treasurer (the Treasurer) as allowed by C.R.S.. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2022, and 2021, the College had cash on deposit with the State Treasurer of $41,337,851 and $27,336,428, respectively, which represented 0.19 percent and 0.15 percent of the total $21,060.9 million and $17,744.6 million fair value of investments in the State Treasurer's Pool (Pool). As of June 30, 2022, the Pool's resources included $46.2 million of cash on hand and $21,013.7 million of investments.

Based on the College's participation in the Pool, the College reports as an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's 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 for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2022.

As of June 30, 2022, the carrying amount of the College's cash held locally was $7,095,418. The cash included petty cash and change funds of $6,340 and bank deposits of $7,089,078 The bank balance of deposits before reconciling items was $7,869,393. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

As of June 30, 2021, the carrying amount of the College's cash held locally was $9,510,617. The cash included petty cash and change funds of $6,300 and bank deposits of $9,504,317. The bank balance of deposits before reconciling items was $9,852,848. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

Investments

During the 2013 Colorado legislative session, the General Assembly passed legislation (HB 13-1297) which grants investment authority to the College. The Board exercised its investment authority during the fiscal year ended June 30, 2016. The College has authority to invest institutional funds in any investment deemed advisable by the Board per C.R.S. Section 23-52-103.

The following summarizes the College's investments by type at June 30, 2022:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 505,190	$ 505,190
Net accrued income (current-prior)	$ 7,730	$ 7,730
Mutual Funds - Equity	4,845,518	4,758,738
Mutual Funds - Fixed Income	2,647,153	2,666,431
Total investments	$ 8,005,591	$ 7,938,089

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position is as follows:

Total dividends and interest (net of fees of $24,966 and includes accrued income of $7,730)	$ 175,591
Realized Gains/Losses	$ (10,375)
Unrealized Gains/Losses	$ (1,458,370)
Total	$ (1,293,154)

The following summarizes the College's investments by type at June 30, 2021:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 47,118	$ 47,118
Mutual Funds - Equity	6,476,797	4,998,731
Mutual Funds - Fixed Income	2,870,235	2,822,430
Total investments	$ 9,394,150	$ 7,868,279

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position is as follows:

Total dividends and interest (net of fees of $42,681)	$ 183,404
Net realized gains/unrealized losses (realized gain $424,930, unrealized gain $842,898)	1,267,828
Total	$ 1,451,232

Credit Quality Risk - Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). At June 30, 2022, the College held Equity Mutual Funds rated by Morningstar as follows: 2 Stars total fair value of $1,197,772, 3 Stars total fair value of $3,245,978, 4 Stars total fair value of $235,151, and 5 Stars total fair value of $166,616. At June 30, 2022, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $2,645,707, 4 Stars total fair value of $863 and 5 Stars total fair value of $167,199. At June 30, 2021, the College held Equity Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $1,472,794, 4 Stars total fair value of $4,667,340 and 5 Stars total fair value of $336,663. At June 30, 2021, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $536,967 and 4 Stars total fair value of $2,333,268.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate risk applies only to debt investments. The college held no debt investments at June 30, 2022 and 2021.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk.

As of June 30, 2022, no individual bonds are held in the portfolio. As the portfolio consists entirely of mutual funds and equities, which are not rated, do not have a maturity and therefore also do not have a duration.

Investments at June 30, 2022 consisted of the following:

	Fair Value
Other Investments	
Bond Mutual Funds	2,647,153
Equity Mutual Funds	4,845,518
Money Market	505,190
Net Accrued Income	7,730
Total	8,005,591

Investments at June 30, 2021 consisted of the following:

	Fair Value
Other Investments	
Bond Mutual Funds	2,870,235
Equity Mutual Funds	6,476,797
Money Market	47,118
Total	9,394,150

Fair Value of Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2022:

- Money Market Funds of $505,190 are valued using quoted market prices (Level 1 inputs)
- Bond Mutual Funds of $2,647,153 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $4,845,518 are valued using quoted market prices (Level 1 inputs)

The College has the following recurring fair value measurements as of June 30, 2021:

- Money Market Funds of $47,118 are valued using quoted market prices (Level 1 inputs)
- Bond Mutual Funds of $2,870,235 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $6,476,797 are valued using quoted market prices (Level 1 inputs)

NOTE 3 - FORT LEWIS COLLEGE FOUNDATION FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise of equities or exchange-traded funds with readily determinable fair values based on daily redemption values. U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in perpetual trust held by others are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. Preferred stock of a private company is based on an annual valuation performed. These are considered Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable inputs Level 3
Investments				
Cash and money market funds (at cost)	$ 34,294	$ -	$ -	$ -
Equities				
Domestic	5,216,784	5,216,784	-	-
International	4,275,373	4,275,373	-	-
Emerging markets	1,676,222	1,676,222	-	-
Exchange-traded funds				
Equities	4,301,472	4,301,472		
Fixed income	10,109,014	10,109,014		
Master limited partnerships	313,736	313,736		
U.S. Government securities	1,207,587	-	1,207,587	-
Cryptocurrency	1,124,655	1,124,655	-	-
Preferred stock	142,296	-	-	142,296
At NAV				
Private equity funds	860,971			
Private credit funds	1,492,370	-	-	-
	$ 30,754,774	$ 27,017,256	$ 1,207,587	$ 142,296
Beneficial interest in assets held by others	$ 596,724	$ -	$ -	$ 596,724

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Preferred Stock	Assets Held by Others
Balance at June 30, 2021	$ -	$ 762,842
Contributions	142,296	-
Distributions	-	40,000
Change in value	-	(206,118)
Balance at June 30, 2022	$ 142,296	$ 596,724

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2021:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable inputs Level 3
Cash and money market funds (at cost)	$ 27,112	$ -	$ -	$ -
Equities				
Domestic	6,432,325	6,432,325	-	-
International	3,994,723	3,994,723	-	-
Emerging markets	2,780,674	2,780,674	-	-
Fixed Income				
Domestic	10,879,856	10,879,856	-	-
International	511,330	511,330	-	-
Emerging markets	1,885,510	1,885,510	-	-
Master limited partnerships	470,454	470,454	-	-
At NAV				
Private equity funds	398,600			
Private credit funds	510,294	-	-	-
Total investments at fair value	$ 27,890,878	$ 26,954,872	$ -	$ -
Beneficial interest in assets held by others	762,842	-	-	762,842
Total	$ 28,653,720	$ 26,954,872	$ -	$ 762,842

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

	Assets Held by Others
Balance at June 30, 2020	$ 684,804
Distributions	40,000
Change in value	38,038
Balance at June 30, 2021	$ 762,842

Investments measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2022 and 2021:

	Number of investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice
At June 30, 2022					
Private equity funds	4	$ 860,971	$ -	Illiquid	None
Private credit funds	3	1,492,370	293,000	Quarterly	30 day
		$ 2,353,341	$ 293,000		
At June 30, 2021					
Private equity funds	4	$ 398,600	$ -	Illiquid	None
Private credit funds	1	510,294	268,000	Quarterly	30 day
		$ 908,894	$ 268,000		

Private equity funds focus on buyout, growth equity, and/or distressed debt. These investments are not readily redeemable, but a secondary market does exist. The distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 1 to 12 years.

Private credit funds – funds that target a range of private credit strategies with focus on current income by primarily investing in privately originated and negotiated U.S. senior secured floating rate loans.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts Receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statements of Net Position. At June 30, 2022 and 2021, the Accounts Receivable balances are comprised of:

	2022	2021
Student Accounts Receivable	3,097,959	2,345,877
Less: Allowance for Doubtful Accounts	(1,715,576)	(1,400,442)
Student Accounts Receivable, Net	1,382,383	945,434
Accounts Receivable - Fort Lewis College Foundation	215,180	128,499
Other Accounts Receivable		
Sponsored Programs	1,972,299	6,684,650
Conferences & Summer Programs	75	64,580
Other	4,038,321	241,104
Total Other Accounts Receivable	6,010,696	6,990,334
Total Receivables, Net	$ 7,608,259	$ 8,064,267

*Other accounts receivable includes $362,734 and $201,784 for State of Colorado Fee for Service payments at June 30, 2022 and 2021, respectively.

NOTE 5 - CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Deletions	Transfers	Balance 6/30/2022
Land	$ 286,301	$ -	$ -	$ -	$ 286,301
Land Improvements	23,038,569	76,925	-	-	23,115,494
Buildings and Improvements	260,488,739	-	-	6,392,183	266,880,922
Construction in Progress	7,685,363	16,614,016	46,559	(6,392,183)	17,860,637
Equipment	12,389,103	935,119	-	-	13,324,222
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,876,378	49,765	62,985	-	1,863,158
Capitalized Collections	1,440,966	2,518,306	-	-	3,959,272
Leased Buildings	447,357	-	-	-	447,357
Leased Vehicles	-	46,360	-	-	46,360
Total	308,920,587	20,240,491	109,544	-	329,051,534
Less Accumulated Depreciation:					
Land Improvements	16,257,747	716,894	-	-	16,974,641
Buildings and Improvements	119,507,993	6,700,595	-	-	126,208,588
Equipment	8,794,260	698,187	-	-	9,492,447
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,514,963	72,750	62,985	-	1,524,728
Total Accumulated Depreciation	147,342,774	8,188,426	62,985	-	155,468,215
Less Accumulated Amortization:					
Leased Buildings	111,839	111,839	-	-	223,678
Leased Vehicles	-	9,806	-	-	9,806
Total Accumulated Amortization	111,839	121,645	-	-	233,485
Capital Assets, Net	$ 161,465,974	$ 11,930,420	$ 46,559	$ -	$ 173,349,834

The College's capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Deletions	Transfers	Balance 6/30/2021
Land	$ 286,301	$ -	$ -	$ -	$ 286,301
Land Improvements	23,038,569	-	-	-	23,038,569
Buildings and Improvements	260,306,314	-	-	182,425	260,488,739
Construction in Progress	3,684,048	4,221,973	38,233	(182,425)	7,685,363
Equipment	11,813,416	586,687	11,000	-	12,389,103
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,900,968	30,760	55,350	-	1,876,378
Capitalized Collections	1,433,404	7,562	-	-	1,440,966
Leased Buildings	-	447,357	-	-	447,357
Total	303,730,831	5,294,339	104,583	-	308,920,587
Less Accumulated Depreciation:					
Land Improvements	15,451,526	806,221	-	-	16,257,747
Buildings and Improvements	112,705,212	6,802,781	-	-	119,507,993
Equipment	8,104,005	701,255	11,000	-	8,794,260
Software	1,266,193	1,618	-	-	1,267,811
Library Materials	1,494,593	75,720	55,350	-	1,514,963
Total Accumulated Depreciation	139,021,529	8,387,595	66,350	-	147,342,774
Less Accumulated Amortization:					
Leased Buildings	-	111,839	-	-	111,839
Total Accumulated Amortization	-	111,839	-	-	111,839
Capital Assets, Net	$ 164,709,302	$ (3,205,095)	$ 38,233	$ -	$ 161,465,974

NOTE 6 - FORT LEWIS COLLEGE FOUNDATION PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Land and buildings	$ 994,400	$ 1,498,699
Equipment	-	434,510
	994,400	1,933,209
Accumulated depreciation	(310,316)	(830,590)
Total property and equipment, net	$ 684,084	$ 1,102,619

During the year ended June 30, 2021, property and equipment included donated and purchased items held by the Foundation, including "offered for lease" Durango area townhomes and the President's residence. During the year ended June 30, 2022, the Foundation sold the last townhome and recognized a gain of $399,991 on sale. President’s residence is the only property remaining at June 30, 2022.

NOTE 7 - ACCRUED LIABILITIES

At June 30, 2022 and 2021, the types and amounts of accrued liabilities, as presented on the Statements of Net Position, are comprised of:

	2022	2021
Accrued Payroll & Benefits	$ 2,774,446	$ 2,526,225
Accrued Interest Payable	432,794	141,411
Contractor Retainage	695,760	71,137
Other Liabilities	77,448	62,081
Total	$ 3,980,449	$ 2,800,856

NOTE 8 - UNEARNED REVENUE

At June 30, 2022 and 2021, the types and amounts of unearned revenue, as presented on the Statements of Net Position, are comprised of:

	2022	2021
Tuition and Fees	$ 652,291	$ 600,882
Auxiliary Enterprises	148,323	115,790
Grants and Contracts	2,797,613	1,740,029
Miscellaneous	381,776	303,584
Total	$ 3,980,003	$ 2,760,285

NOTE 9 - LONG-TERM LIABILITIES

The College's long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Current Portion
Bonds Payable:					
Revenue Bonds	47,936,298	-	(501,779)	47,434,519	2,527,330
Bond Premium/(Discount)	2,524,296	-	(165,473)	2,358,823	-
Total Bonds Payable	50,460,594	-	(667,252)	49,793,342	2,527,330
Other Liabilities:					
Lease Liabilities	337,813	58,352	(131,818)	264,347	131,893
Compensated Absences	2,557,873	276,930	(473,315)	2,361,487	343,411
Total Other Liabilities	2,895,686	335,282	(605,133)	2,625,834	475,304
Total Long-Term Liabilities	53,356,280	335,282	(1,272,385)	52,419,177	3,002,635

The College's long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Current Portion
Bonds Payable:					
Revenue Bonds	46,223,869	4,930,000	(3,217,571)	47,936,298	501,778
Bond Premium/(Discount)	2,934,996	(25,193)	(385,506)	2,524,296	-
Total Bonds Payable	49,158,865	4,904,807	(3,603,078)	50,460,594	501,778
Other Liabilities:					
Lease Liabilities	447,357	-	(109,544)	337,813	109,726
Compensated Absences	2,258,563	583,810	(284,500)	2,557,873	327,073
Total Other Liabilities	2,705,920	583,810	(394,044)	2,895,686	436,799
Total Long-Term Liabilities	51,864,785	5,488,616	(3,997,122)	53,356,280	938,577

NOTE 10 - BONDS PAYABLE

Revenue bond principal and interest are payable solely from net pledged revenues which consist of net revenues derived from the operation of the College's pledged operations, a portion of tuition, and pledged student fees as shown in the Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019, and 2020 Revenue Bonds and Expenses in the Supplemental Information section of this report. Annual debt service payments are made in October and April of each year and are detailed below.

On February 28, 2012, the College issued the Series 2012 Revenue Bonds in the amount of $6,520,000 to finance various energy conservation improvements to the College campus. The 2012 Revenue Bonds bear interest at 3.8%.

On March 29, 2016, the College issued Series 2016A Enterprise Revenue Refunding Bonds to refund the Series 2007A Revenue Bonds as an in-substance defeasance. The face value of the old debt was $10,440,000 and the escrow deposit was $11,250,399. The par amount of the new debt was $10,555,000 with a premium of $792,619. The interest rate of the old debt ranged from 4.00% to 4.75% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $15,403,619 and the debt service of the new debt is $13,928,969, with a savings of $1,474,650 in cash flows. Present values of the debt service cash flow are $12,412,631 for the old debt versus $11,187,439 for the new debt, resulting in an economic gain of $1,225,192. The term of the new debt is the same as that of the remaining term of the old debt (18 years). Underwriting and other issuance costs were $97,381. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $1,365,000.

On March 29, 2016, the College issued Series 2016B Enterprise Revenue Refunding Bonds to refund the Series 2007B1 Revenue Bonds as an in-substance defeasance. The face value of the old debt was $25,985,000 and the escrow deposit was $28,122,534. The par amount of the new debt was $25,400,000 and the premium was $2,957,037. The interest rate of the old debt ranged from 4.00% to 5.00% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $43,602,825 and the debt service of the new debt is $39,635,671, with a savings of $3,967,154 in cash flows. Present values of the debt service cash flow are $32,790,232 for the old debt versus $29,329,405 for the new debt, resulting in an economic gain of $3,460,827. The term of the new debt is the same as that of the remaining term of the old debt (23 years). Underwriting and other issuance costs were $234,342. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $3,395,000.

On March 29, 2016, the College issued Series 2016C Drawdown Bond in the amount of $4,060,000 with the Bank of the San Juans for the final phase of the Bader/Snyder Residence Hall renovations. This bond has a fixed interest rate of 2.96% and issuance costs were $60,000.

On April 11, 2019, the College issued the Series 2019A Enterprise Revenue Refunding Bonds to refund the Series 2007A Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $1,195,000 and the face value of the new debt was $1,197,178. The par amount of the new debt was $1,215,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.41%. The sum of the debt service of the old debt was $1,637,638 and the debt service of the new debt is $1,527,825, with a savings of $109,813 in cash flows. Present values of the debt service cash flow are $1,280,585 for the old debt versus $1,195,534 for the new debt, resulting in an economic gain of $85,051. The term of the new debt is the same as that of the remaining term of the old debt (14 years). Underwriting and other issuance costs were $17,821.

On April 11, 2019, the College issued the Series 2019B Enterprise Revenue Refunding Bonds to refund the Series 2007B Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $3,250,000 and the face value of the new debt was $3,305,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.73%%. The sum of the debt service of the old debt was $4,986,366 and the debt service of the new debt is $4,691,280, with a savings of $295,086 in cash flows. Present values of the debt service cash flow are $3,594,940 for the old debt versus $3,324,466 for the new debt, resulting in an economic gain of $270,474. The term of the new debt is the same as that of the remaining term of the old debt (19 years). Underwriting and other issuance costs were $48,941.

On September 23, 2020 the College issued its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020A-1 in the aggregate principal amount of $685,000, its Enterprise Refunding Revenue Bonds, Taxable Series 2020A-2 in the aggregate principal amount of $1,150,000, its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020B-1 in the aggregate principal amount of $535,000, and its Enterprise Refunding Revenue Bonds, Taxable Series 2020B-2 in the aggregate principal amount of $2,560,000 to (a) pay and defease certain maturities of the

College's outstanding Series 2016A Bonds, Series 2016B bonds, and Series 2016C bond, as set forth below, (b) refund other interest payable on certain of the remaining outstanding portions of the Series 2016A Bonds and Series 2016B bonds, and (c) to pay certain costs relating to the issuance of the Series 2020 bonds. Interest rates for Series 2020A-1 bonds range from 2 percent to 2.25 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020A-2 bonds range from 1.25 percent to 3 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020B-1 bonds range from 2 percent to 2.75 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2038. Interest rates for Series 2020B-2 bonds range from 1.25 percent to 3.25 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2038.

Bond Series	Maturities (October 1)	Par Amount to be Escrowed to Maturity
Series 2016A Bonds	2020	560,000
	2021	570,000
Series 2016B Bonds	2020	980,000
	2021	1,005,000
Series 2016C Bonds	2020	125,000
	2021	130,000
		$ 2,840,000

The face value of the defeased debt was $2,840,000 and the face value of the new debt is $4,930,000. The interest rate of the defeased debt ranged from 2 percent to 4 percent and the interest rate of the new debt ranges from 1.25 percent 3.25 percent. The sum of the debt service of the defeased debt was $4,743,582 and the debt service of the new debt is $6,293,282, with a loss of $1,549,700 in cash flows. Present values of the debt service cash flow resulted in an economic loss of $494,927. The difference between the present values of the old and new debt service requirements resulted in a loss of $1,891,185. Issuance costs were $119,299.

Total outstanding bonds, including premiums or discounts, are summarized below:

Issue	Date Issued	Amount Issued	2022	2021
2012 Revenue Bonds	2/28/2012	$ 6,520,000	$ 4,579,519	$ 4,871,297
2016A Reveue Refunding Bonds	3/29/2016	10,555,000	7,390,000	7,390,000
2016B Revenue Refunding Bonds	3/29/2016	25,400,000	22,935,000	22,935,000
2016C Revenue Bonds	3/29/2016	4,060,000	3,470,000	3,470,000
2019A Revenue Refunding Bonds	4/11/2019	1,215,000	1,005,000	1,075,000
2019B Revenue Refunding Bonds	4/11/2019	3,305,000	3,125,000	3,265,000
2020A-1 Revenue Refunding Bonds	9/23/2020	685,000	685,000	685,000
2020B-1 Revenue Refunding Bonds	9/23/2020	535,000	535,000	535,000
2020A-2 Revenue Refunding Bonds	9/23/2020	1,150,000	1,150,000	1,150,000
2020B-2 Revenue Refunding Bonds	9/23/2020	2,560,000	2,560,000	2,560,000
Unamortized Premium/(Discount)		-	2,358,823	2,524,297
Total		$ 55,985,000	$ 49,793,342	$ 50,460,594

Principal and interest requirements on all outstanding bonds at June 30, 2022 are summarized in the table below.

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,527,330	$ 1,733,008	$ 4,260,338
2024	2,614,293	1,656,723	4,271,016
2025	2,722,735	1,560,876	4,283,611
2026	2,847,724	1,456,801	4,304,525
2027	2,979,334	1,337,311	4,316,645
2028-2032	17,238,103	4,651,031	21,889,134
2033-2037	13,880,000	1,777,696	15,657,696
2038-2039	2,625,000	50,343	2,675,343
Total	$ 47,434,519	$ 14,223,789	$ 61,658,308

NOTE 11 – STATE OF COLORADO CERTIFICATES OF PARTICIPATION

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000 and a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.84% to 5% percent and mature in 2037. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2018 certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2018 COP proceeds, $1,543,434 was designated for controlled maintenance projects at the College.

These controlled maintenance projects include replacing the boiler and heating system equipment at Whalen Gymnasium as well as replacing the roof at Skyhawk Station (formerly Miller Student Services) along with other improvements to Skyhawk Station. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020A, with a par value of $500,000,000 and a premium of $111,008,605 and a discount of $1,119,010.59. The certificates have interest rates ranging from 3% to 5% and mature in 2039. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020A certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2020A COP proceeds, $866,335 was designated for the second phase of a controlled maintenance project to replace heating and cooling lines for the northern section of campus. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On February 24, 2021, the State entered into a lease-purchase agreement under which the trustee Zions Bancorporation issued State of Colorado Higher Education Lease Purchase Financing Program Lease-Purchase Agreement Series 2020 Certificates of Participation with a par value of $64,250,000 and a premium of $16,799,542.85 and a discount of $190,308.61. The certificates have interest rates ranging from 4% to 5% and mature in 2041. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020 certificates are secured by the College's leased properties as follows: Education/Business Hall, Pine Hall, and Skyhawk Hall which have a current replacement value of $25,867,802. Of the 2020 COP proceeds, $26,571,891 was designated for the capital construction of a new Health Science Center building, a 42,000 square-foot space that will house classrooms, labs, offices, and academic support areas. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

NOTE 12 - LEASES

The College implemented GASB 87 effective as of June 30, 2021 and restated fiscal year ended June 30, 2021 financial statements as appropriate. The College has two major types of right to use assets that have been capitalized: buildings and vehicles. Right to Use Assets - Buildings were added in fiscal year ended June 30, 2021 and Right to Use – Vehicles were added in fiscal year ended June 30, 2022.

The College leased office space from the Main Mall, LLC, at 835 Main Avenue, Durango, CO, capitalized as a Right to Use Assets - Building. The lease is for 5 years and the term began on January 1, 2020 and ends on December 31, 2024. All future payments are below.

Year ending June 30,	Annual Payments
2023	103,356
2024	105,809
2025	52,905

The College also rented individual offices (Units A, C, D and E) for the same term. All future payments are below.

Year ending June 30,	Annual Payments
2023	9,649
2024	9,870
2025	4,938

The new Right to Use Asset – Buildings was valued at $447,357 at June 30, 2021.

The College leases a number of vehicles including a Toyota RAV4 and a Toyota Highlander for two year terms and a GMC Acadia for a 3 year term. The vehicles were capitalized as Right to Use Assets – Vehicles. All future payments are below.

Year ending June 30,	Annual Payments
2023	19,604
2024	8,676

The new Right to Use Asset – Vehicles was valued at $46,453 at June 30, 2022.

The incremental borrowing rate at July 1, 2020 for four years was determined to be 0.25% for the Right to Use Buildings, the incremental borrowing rate at July 30, 2021 for 3 years was determined to be 0.176% for the GMC Arcadia, and the incremental borrowing rate at May 31, 2021 for 2 years was determined to be 1.881% for the Toyota RAV4 and Toyota Highlander.

NOTE 13 - ENCUMBRANCES

Outstanding purchase commitments not reflected in the financial statements at June 30, 2022 and 2021 are:

	2022	2021
Education and General	$ 1,567,713	$ 372,630
Auxiliary Enterprises	1,661,868	507,589
Restricted Funds	1,096,332	1,321,864
Plant Funds	12,978,091	23,613,609
Total	$ 17,304,005	$ 25,815,692

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Contracts have been entered into for the purpose of planning, constructing, or equipping certain building or land improvements with outstanding amounts totaling $12,978,091 and $23,613,609 as of June 30, 2022 and 2021, respectively. These improvements will be funded by appropriations from the State or internal transfers of funds.

The College receives significant amounts from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits could become a liability of the College. Management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the College.

NOTE 15 - SCHOLARSHIP ALLOWANCE

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. Also included in the scholarship allowance amounts are Native American Tuition Waivers, which are funded through the State. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Tuition, fees, auxiliary revenue, and the related scholarship allowances for the year ended June 30, 2022 and 2021, were as follows:

	Tuition and Fees	Auxiliary Revenue	6/30/2022 Total	6/30/2021 Total
Gross Revenue	$ 51,392,001	$ 18,741,732	$ 70,133,733	$ 61,131,502
Scholarship Allowance:				
Federal	(5,251,208)	(981,460)	(6,232,668)	(5,567,469)
State (Includes Native American Tuition Waiver)	(25,327,205)	(239,632)	(25,566,838)	(23,243,147)
Private	(764,266)	(142,843)	(907,108)	(806,242)
Institutional	(7,566,794)	(1,414,247)	(8,981,041)	(8,445,502)
Total Scholarship Allowance	(38,909,473)	(2,778,182)	(41,687,655)	(38,062,360)
Net Revenue	12,482,528	15,963,550	28,446,078	23,069,142

NOTE 16 - DEFERRED OUTFLOWS AND INFLOWS

The College's Deferred Outflows and Inflows as of June 30, 2022 and 2021 were as follows:

	2022	2021
Deferred Outflows		
Accounting Loss on Bond Refunding	$ 3,787,404	$ 4,065,971
Pension Contributions Subsequent to Measurement Date	999,673	798,761
Pension Employer Contributions vs. Employer Proportionate Share	10,053	-
Pension Experience Gains and Losses	124,375	583,037
Pension Changes in Assumptions or Other Inputs	651,709	1,601,971
OPEB Expected vs. Actual Investment Earnings	1,104	2,184
OPEB Changes in Assumptions or Other Inputs	15,004	6,148
OPEB Contributions Subsequent to Measurement Date	42,975	40,068
OPEB Employer Contributions vs. Employer Proportionate Share	22	30
Total Deferred Outflows	$ 5,632,319	$ 7,098,170
Deferred Inflows		
Pension Expected vs. Actual Experience	25,429	$ -
Pension Projected vs. Actual Investment Earnings	6,290,231	4,828,753
Pension Change in Employer Proportion	220,023	604,964
Pension Employer Contributions vs. Employer Proportionate Share	1,505	4,699
OPEB Expected vs. Actual Experience	171,839	180,902
OPEB Projected vs. Actual Investment Earnings	44,860	33,622
OPEB Changes in Assumptions or Other Inputs	39,312	50,456
OPEB Change in Employer Proportion	109,286	122,889
OPEB Employer Contributions vs. Employer Proportionate Share	497	385
Total Deferred Inflows	$ 6,902,982	$ 5,826,671

Additional information on Long-Term Liabilities and Bonds Payable can be found in Footnotes 9 and 10. Additional information on the Pension and OPEB Deferred Inflows and Outflows can be found in Footnotes 18 and 19.

NOTE 17 - SPENDING LIMITATIONS

In November 1992, Colorado voters passed Section 20 Article X of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State of Colorado, including the 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 designated the College as a TABOR enterprise pursuant to the statute and in fiscal year 2006 the College began reporting its activity to the State as an enterprise. Designation is reviewed at the end of each year to determine if the College continues to meet TABOR-exempt criteria.

The table below shows the College's TABOR Enterprise state support calculation for the years ended June 30, 2022 and 2021:

	2022	2021
State Support:		
Capital Appropriations/Contributions	$ 1,875,776	$ 1,676,838
State/Local Grants (non-financial aid)	353,188	501,064
Institutional Share of COP Debt Payments	334,431	333,083
Institutional Share of PERA Direct Distribution	190,113	-
Total State Support	$ 2,753,506	$ 2,510,984
Total Revenues (gross operating, nonoperating, and other revenues)	$ 94,946,287	$ 89,535,159
Ratio of State Support to Total Revenues	2.90%	2.80%

The Colorado State Legislature establishes spending authority to the College in its annual Long Appropriations Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund and Fee for Service. The Native American Tuition Waiver is not included in these amounts.

For the years ended June 30, 2022 and 2021, appropriated expenses were within the authorized spending authority. For the year ended June 30, 2022, the College had a total long bill appropriation of $15,375,659. For the year ended June 30, 2021, the College had a total long bill appropriation of $5,937,304. All other revenues and expenses reported by the College represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues, and other revenue sources. These appropriations are not considered in the State support calculation for TABOR purposes.

NOTE 18 - 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 Public Employees' Retirement Association of Colorado (PERA) plan or other defined contribution plans.

The College's total payroll for the fiscal years ended June 30, 2022 and 2021 was $40,493,702 and $37,636,387, respectively. The total payroll for employees covered by the PERA plan, the optional defined contribution plan, and the student retirement plan was $8,760,788, $27,831,080 and $412,617, respectively for June 30, 2022 and

$7,916,344, $25,242,204, and $367,537 for June 30, 2021. The remaining employees were not eligible for participation in any of the College's plans.

General Information about the PERA Pension Plan

Plan description. Eligible employees of the College are provided with pensions through the SDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2022. Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413.

Contribution rates for the period of July 1, 2021 through June 30, 2022 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2021 Through December 31, 2021
Employee Contribution Rate	10.50%	10.50%
Employer Contribution Rate	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF[1]	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.10%	.05%
Total employer contribution rate to the SDTF**	**19.98%**	**19.93%**

**Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution rates for the period of July 1, 2020 through June 30, 2021 are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2020 Through December 31, 2020
Employee Contribution Rate	10.00%	10.00%
Employer Contribution Rate	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF[1]	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.05%	N/A
Total employer contribution rate to the SDTF**	**19.93%**	**19.88%**

**Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Fort Lewis College were $1,705,350 and $1,544,945 for the years ended June 30, 2022 and 2021, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERA Pension

At June 30, 2022, Fort Lewis College reported a liability of $18,278,821 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The College’s proportion of the net pension liability was based on the College’s contributions to the SDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State’s financial reporting entity. At December 31, 2021, Fort Lewis College’s proportion was 0.2478471152 percent, which was a decrease of 0.0008930680 percent from its proportion measured as of December 31, 2020.

At June 30, 2021, Fort Lewis College reported a liability of $23,592,491 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The College’s proportion of the net pension liability was based on the College’s contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State’s financial reporting entity. At December 31, 2020, Fort Lewis College’s proportion was 0.2487401832 percent, which was a decrease of 0.00477690495 percent from its proportion measured as of December 31, 2019.

For the years ended June 30, 2022 and 2021, the College recognized pension expense of ($3,016,938) and ($7,824,490), respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2022		Fiscal Year 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 124,375	$ 25,429	$ 583,037	$ -
Changes of assumptions or other inputs	651,709	-	1,601,971	-
Net difference between projected and actual earnings on pension plan investments	-	6,290,231	-	4,828,753
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,053	221,528	-	609,663
Contributions subsequent to the measurement date	999,673	-	798,761	-
Total	$ 1,785,809	$ 6,537,188	$ 2,983,769	$ 5,438,416

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, of $999,673 and $798,761 for fiscal year 2022 and 2021, respectively, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	(1,048,546)
2024	(2,426,149)
2025	(1,515,191)
2026	(761,166)
2027	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.9 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00 percent
PERA benefit structure hired after 12/31/06[1]	Financed by the Annual Increase Reserve (AIR)

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of Fort Lewis College's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability – 2022	$ 25,781,622	$ 18,278,821	$ 11,971,392
Proportionate share of the net pension liability – 2021	$ 31,213,560	$ 23,592,491	$ 17,193,543

Pension plan fiduciary net position. Detailed information about the SDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the College that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The College does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the College are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2021, through June 30, 2022 are summarized in the tables below:

	July 1, 2021 Through June 30, 2022
Employee Contribution Rates:	
Employee contribution	10.50%
Employer Contribution Rates:	
On behalf of all employees	10.15%

Additionally, the employers are required to contribute AED and SAED to the SDTF as follows:

	January 1, 2022 Through June 30, 2022	July 1, 2021 Through December 31, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.05%
Total employer contribution rate to the SDTF[1]	**10.85%**	**10.80%**

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense.

Non-PERA Defined Contribution Plan

Certain full-time faculty and professional staff of the College are required to participate in a defined contribution plan as an alternative to PERA. Two vendor choices are offered through the defined contribution plan: Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life

Insurance Company (VALIC). The College's aggregate contribution to the above two vendors was equal to 11.4 percent of covered payroll or $3,172,743 for the fiscal year ended June 30, 2022, and $2,877,611 for the fiscal year ended June 30, 2021. The employee aggregate contribution to the above two vendors was equal to 8.0 percent of covered payroll or $2,226,486 for the fiscal year ended June 30, 2022, and $2,019,376 for the fiscal year ended June 30, 2021.

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 – College Retirement Equities Fund (TIAA-CREF). The contributions by student employees for the fiscal years ended June 30, 2022 and 2021 were $30,946 and $27,565, respectively. The College is not liable for any matching contributions to the student retirement program.

Health Insurance Programs

The College's contributions to the various health insurance programs for the fiscal years ended June 30, 2022 and 2021 were $4,926,414 and $4,706,961, respectively.

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund (HCTF)

Plan Description. Eligible employees of the College are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the College were $84,961 for the fiscal year ended June 30, 2022, and $77,567 for the fiscal year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022 and 2021, the College reported a liability of $724,714 and $822,850, respectively for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The College's proportion of the net OPEB liability was based on the College's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the College's proportion was 0.0840438072 percent, which was a decrease of 0.0025515080 percent from its proportion measured as of December 31, 2020.

For the years ended June 30, 2022 and June 30, 2021, the College recognized OPEB expense of ($131,274) and ($98,330), respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2022		Fiscal Year 2021	
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,104	$171,838	$ 2,184	$180,902
Changes of assumptions or other inputs	15,004	39,311	6,148	50,456
Net difference between projected and actual earnings on OPEB plan investments	-	44,860	-	33,622
Changes in proportion and differences between contributions recognized and proportionate share of contributions	23	109,783	30	123,274
Contributions subsequent to the measurement date	42,975	N/A	40,068	N/A
Total	$ 59,106	$ 365,793	$ 48,430	$ 388,255

The $42,975 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	$ (109,903)
2024	(103,851)
2025	(81,848)
2026	(40,383)
2027	(11,830)
Thereafter	(1,847)

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30%-10,90%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 and 2020 Medicare Part A premium is $471 and $458 (actual dollars) per month, respectively.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Healthy Retiree Table adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

1 The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3,50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$703,902	$724,714	$748,823

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability - 2022	$ 841,679	$ 724,714	$ 624,805
Proportionate share of the net OPEB liability - 2021	$ 942,590	$ 822,850	$ 720,542

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 20 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The College is subject to risks of loss from liability for accident, property damage and personal injury. To mitigate these risks the College has purchased the following insurance:

Coverage	Company	Limit ($)	Deductible ($)
Buildings, computers, equipment	Hanover Group	100,000,000	10,000
Building & personal property	United Specialty	300,000,000	-
Inland Marine	Hanover Group	6,687,016	1,000
Crime	Hanover Group	1,000,000	10,000
General Liability	Hanover Group	2,000,000	-
Sexual Misconduct or Molestation	Hanover Group	1,000,000	-
School Educators Legal Liability	Hanover Group	1,000,000	25,000
Employee Benefits Liability	Hanover Group	1,000,000	1,000
Law Enforcement Pro Liability	Hanover Group	1,000,000	2,500
Employment Practices Liability	Hanover Group	1,000,000	25,000
Fine Arts	Hanover Group	9,000,000	2,500
Commercial Auto	Hanover Group	1,000,000	1,000
Hired and Non-Owned Auto	Hanover Group	1,000,000	1,000
Workers' Compensation	Pinnacol Assurance	500,000	5,000
Excess	Hanover Group	10,000,000	-
Medical Professional	Hanover Group	3,000,000	-
Tenant Liability	Philadelphia	2,000,000	-
Foreign General Liability	AIG	6,000,000	-
Data Breach (Called Data Restoration)	Hanover Group	100,000	-
Cyber Security	HSB Specialty	1,000,000	25,000
Flood	Hanover Group	5,000,000	25,000
Earthquake	Hanover Group	5,000,000	25,000

The College became fully insured through several insurance companies for worker’s compensation in 2010 and for property and liability in 2011. The College is insured for everything above its deductible. The coverage for buildings, computers, equipment, and personal property was reduced from $572 million to $400 million in the current fiscal year as the probability of a catastrophic loss of the entire campus is unlikely. There have been no significant settlements exceeding coverages.

REQUIRED SUPPLEMENTARY INFORMATION

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COLORADO PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.2478471152%	0.2487401832%	0.2535170882%	0.2583978495%	0.27443561%	0.29202833%	0.31475950%	0.33276131%	0.34067181%
College's proportionate share of the net pension liability	$ 18,278,821	$ 23,592,491	$ 24,600,801	$ 29,402,246	$ 54,936,471	$ 53,640,145	$ 33,147,427	$ 31,301,239	$ 30,346,946
College's covered payroll	$ 8,395,100	$ 8,298,745	$ 8,040,433	$ 7,839,644	$ 8,052,222	$ 8,352,504	$ 8,716,807	$ 8,767,074	$ 8,975,428
College's proportionate share of the net pension liability as a percentage of its covered payroll	218%	284%	306%	375%	682%	642%	395%	376%	346%
Plan fiduciary net position as a percentage of the total pension liability	73.0%	65.3%	62.2%	55.1%	76.1%	42.6%	56.1%	59.8%	61.1%
PERA State Division Total Pension Liability (thousands)	$ 27,360,605	$ 27,364,740	$ 25,696,667	$ 25,345,094	$ 20,017,982	$ 31,994,311	$ 23,991,569	$ 23,420,461	$ 22,888,431
PERA State Division Fiduciary Net Position (thousands)	$ 19,985,566	$ 17,879,947	$ 15,992,863	$ 13,966,421	$ 15,233,702	$ 13,626,180	$ 13,460,536	$ 14,013,947	$ 13,980,460
PERA State Division Net Pension Liability (thousands)	$ 7,375,039	$ 9,484,793	$ 9,703,804	$ 11,378,673	$ 4,784,280	$ 18,368,131	$ 10,531,033	$ 9,406,514	$ 8,907,971

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal years, in accordance with Governmental Accounting Standards Board Statement No. 68 and 82, *Accounting and Financial Reporting for Pensions.*

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 1,705,350	$ 1,544,945	$ 1,661,255	$ 1,676,192	$ 1,522,138	$ 1,540,109	$ 1,490,576	$ 1,491,417	$ 1,382,743	$ 1,347,586
Contributions in relation to the contractually required contribution	1,705,350	1,544,945	1,661,255	1,676,192	1,522,138	1,540,109	1,490,576	1,491,417	1,382,743	1,347,586
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,760,788	$ 7,916,344	$ 8,572,008	$ 7,701,933	$ 7,956,811	$ 8,378,468	$ 8,384,596	$ 8,328,195	$ 8,763,897	$ 9,036,932
Contributions as a percentage of covered payroll	19.47%	19.52%	19.38%	21.76%	19.13%	18.38%	17.78%	17.91%	15.78%	14.91%

Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.5% to 7.25%.

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for the pension plan compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for the pension plan compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE
SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
For the Fiscal Years Ended June 30, *

	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.0840438072%	0.0865953152%	0.0879703920%	0.0910488941%	0.0989885924%	0.1051789869%
College's proportionate share of the net OPEB liability	$ 724,714	$ 822,850	$ 988,786	$ 1,238,758	$ 1,286,456	$ 1,363,681
College's covered payroll	$ 8,044,537	$ 8,019,156	$ 7,939,902	$ 7,700,623	$ 8,036,356	$ 8,304,929
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	9%	10%	12%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%
PERA Health Care Trust Fund Total OPEB Liability (thousands)	$ 1,423,054	$ 1,413,526	$ 1,488,508	$ 1,639,734	$ 1,575,822	$ 1,556,762
Health Care Trust Fund Fiduciary Net Position (thousands)	$ 560,749	$ 463,301	$ 364,510	$ 279,192	$ 276,222	$ 260,228
PERA Health Care Trust Fund Net OPEB Liability (thousands)	$ 862,305	$ 950,225	$ 1,123,998	$ 1,360,542	$ 1,299,600	$ 1,296,534

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal year in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* .

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA HEALTHCARE TRUST FUND
For the Fiscal Years Ended June 30, *

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 84,961	$ 77,567	$ 86,120	$ 77,472	$ 80,293	$ 86,399	$ 85,609	$ 92,448	$ 109,417	$ 108,927
Contributions in relation to the contractually required contribution	84,961	77,567	86,120	77,472	80,293	86,399	85,609	92,448	109,417	108,927
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,329,510	$ 7,604,627	$ 8,443,137	$ 7,595,246	$ 7,871,863	$ 8,470,490	$ 8,393,039	$ 9,063,529	$ 10,727,157	$ 10,679,118
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

SUPPLEMENTAL INFORMATION

FORT LEWIS COLLEGE
SCHEDULES OF PLEDGED REVENUES AND EXPENSES
FOR SERIES 2012, 2016, 2019, AND 2020 REVENUE BONDS
For Year Ended June 30, 2022 and 2021

	2022	Restated 2021
OPERATING REVENUES		
Residence Halls and Apartments	$ 10,019,926	$ 8,256,739
Campus Food Service	5,841,216	4,281,454
Bookstore	81,976	73,022
Student Union	1,780,167	1,734,616
Campus Parking	378,733	309,660
Child Development Center	361,538	287,504
Central Services	129,798	395,842
Recreation Center	1,349,202	994,903
Student Activities	722,129	723,137
Conferences & Summer Programs	138,991	87,259
Health and Counseling Center	893,895	682,507
Student Tuition, net *	11,137,756	1,789,575
Scholarship Allowance- fees and auxiliary services	(5,261,839)	(4,579,788)
Indirect Cost Recovery	366,048	267,489
Total Revenues	27,939,537	15,303,919
OPERATING EXPENDITURES		
Residence Halls and Apartments	5,649,732	4,640,521
Campus Food Service	4,345,920	3,076,450
Student Union	1,014,179	745,200
Campus Parking	162,246	107,769
Child Development Center	406,935	342,683
Central Services	1,305,970	1,480,751
Recreation Center	1,680,582	1,305,883
Student Activities	714,565	596,778
Conferences & Summer Programs	68,469	151,867
Health and Counseling Center	1,069,115	818,919
Total Operating Expenditures	16,417,713	13,266,821
Net Revenue before Transfers	11,521,824	2,037,098
TRANSFERS		
Mandatory transfers	1,401,709	638,297
Net Non-mandatory Transfers	1,571,005	1,060,660
Total Transfers	2,972,714	1,698,957
Increase (Decrease) in fund balance	$ 8,549,110	$ 338,142
Net operating revenue	11,521,824	2,037,098
Bond Principal and Interest	1,671,969	900,686
Excess of net operating revenues over debt service	$ 9,849,855	$ 1,136,412
Debt service coverage ratio	689%	226%

* For the fiscal year ended June 30, 2022, one hundred percent of student tuition net of scholarship allowance was pledged due to a Board resolution pursuant to the provisions of Sections 23-52-101 et seq. Colorado Revised Statutes that authorizes the Board to pledge one hundred percent of its Tuition Revenues. For the fiscal year ended June 30, 2021, ten percent of gross student tuition net of the Native American Tuition Waiver and College Opportunity Funds were pledged.

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

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

We have audited, 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 business-type activities of Fort Lewis College (the College), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 28, 2022. Our report includes a reference to other auditors who audited the financial statements of the Fort Lewis College Foundation, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit, Fort Lewis College Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Auditor's Findings and Recommendations, that we consider to be a significant deficiency (Recommendation No. 1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC

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

November 28, 2022

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LEGISLATIVE AUDIT COMMITTEE COMMUNICATIONS

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

We have audited the financial statements of the business-type activities of Fort Lewis College (the College) an institution of higher education of the State of Colorado, for the year ended June 30, 2022 and 2021, and have issued our report thereon dated November 28, 2022. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit of the College, and the Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. The College adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87), during the year ended June 30, 2022. See Notes 1, 9 and 12 to the College's financial statements for further discussion of the implementation of GASB 87. The application of existing accounting policies was not changed during fiscal year 2022. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 statements 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:

- Management's estimate of the net pension liability is based on the estimate of the College's proportionate share of the net pension liability as of December 31, 2021 and 2020 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 17 to the College's financial statements. The College's proportion of the SDTF's net pension liability was based on the College's contributions to the SDTF for the calendar years ending December 31, 2021 and 2020 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2021 and 2020.
- Management's estimate of the net other post-employment benefits (OPEB) liability is based on the estimate of the College's proportionate share of the OPEB liability as of

December 31, 2021 and 2020 of the Health Care Trust Fund (HCTF) as described in Note 18 to the College's financial statements. The College's proportion of the HCTF's net OPEB liability was based on the College's contributions to the HCTF for the calendar years ending 2021 and 2020 relative to the total contributions made to the HCTF by participating employers for the calendar year 2021 and 2020.

- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no 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 clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

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 representations from management that are included in the management representation letter dated November 28, 2022.

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 College'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 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.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefits– a cost-sharing multiple-employer plan administered by the Colorado Public Employees' Retirement Association (PERA), the Schedules of College Contributions Colorado PERA Healthcare Trust Fund, the Schedule of the College's Proportionate Share of the Net Pension Liability of the State Division Trust Fund – a cost-sharing multiple-employer pension plan administered by the Colorado Public Employees' Retirement Association and the schedule of College contributions to the State Division Trust Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Legislative Audit Committee, Office of the State Auditor of the State of Colorado, and Board of Trustees 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.

DWC

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

November 28, 2022

STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS SECTION

Introduction

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

The financial and compliance examination of the various state-funded student assistance programs at the College for the year ended June 30, 2022, was directed toward the objectives and criteria set forth in the Colorado Handbook for State-Funded Student Assistance Programs, issued by the Colorado Department on Higher Education (CDHE). The State-Funded Student Assistance Programs policies are approved by the Colorado Commission on Higher Education (CCHE).

State-Funded Student Assistance Programs

The various State-funded student assistance programs at the College include the Colorado Need Based Grant Program, the Colorado Work Study Program, and the ECE Educator Program.

The State-funded student assistance awards made by the College totaled $1,922,385 for the fiscal year ended June 30, 2022.

The Director of Financial Aid is responsible for 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 Colorado student financial aid funds of $1,565,285 under the Colorado Need Based Grant Program, $322,165 under the Colorado Work Study Program, and $34,935 under the ECE Educator Program.

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INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS OF THE STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:

Report on the Audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions

Opinion

We have audited the accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of the State–Funded Student Financial Assistance Programs (the Statement) for Fort Lewis College (the College), an institution of higher education of the State of Colorado, for the year ended June 30, 2022, and the notes related to the Statement.

In our opinion, the Statement referred to above presents fairly, in all material respects, the respective appropriations, expenditures, transfers, and reversions of the State-Funded Student Financial Assistance programs of the College for the year ended June 30, 2022, in accordance with the format as set forth in the *2021-22 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education (DHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College described in Note 1 to the Statement.

Basis for Opinion

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 1 to the Statement, which describes the basis of accounting. As described in Note 1 to the Statement, the Statement prepared by the College was prepared in accordance with the *2021-22 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education, and in conformity with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study programs, and does not present certain transactions that would be included in the statement of state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by generally accepted accounting principles. Accordingly, the accompanying Statement is not intended to, and does not present the financial position, changes in financial position, or cash flows of the College in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial format as set forth in the *2021-22 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College, as described in Note 1 to the Statement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the Statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 28, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Restriction on Use
This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the College's Board of Trustees, and management of the College, the Colorado Department of Higher Education, and the Colorado Commission on Higher Education and is not intended to be, and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

DWC

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

November 28, 2022

FORT LEWIS COLLEGE

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS

For the Fiscal Year Ended June 30, 2022

	Total State-Funded Student Assistance	Colorado Need-Based Grant	Colorado Work Study	ECE Educator Funding
Appropriations:				
Original	$ 1,918,064	$ 1,525,264	$ 357,865	$ 34,935
Supplemental	$ 4,321	$ 4,321	$ -	$ -
Transfer	$ -	$ 35,700	$ (35,700)	$ -
Returned to CCHE	$ -	$ -	$ -	$ -
Totals	$ 1,922,385	$ 1,565,285	$ 322,165	$ 34,935
Expenditures	$ (1,922,385)	$ (1,565,285)	$ (322,165)	$ (34,935)
Reversions to State General Fund	$ -	$ -	$ -	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Fort Lewis College (the College) is governed by the College's Board of Trustees.

The accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as set forth in the *2021-22 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE) and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the Board of Trustees of the College. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the College for the year ended June 30, 2022. Because the Statement presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position or changes in financial position of the College in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

The College's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and College Business Officers in its revised publication *Financial Accounting and Reporting Manual.*

All student aid is expensed on a cash basis except for the Colorado Work Study (CWS) Program. The CWS is on the accrual basis in that the expense is recognized when students earn their wages from employment positions funded by CWS.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS OF THE STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

We have audited, in accordance with the 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 Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs (the Statement) of Fort Lewis College (the College), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2022, and the related notes to the Statement, and have issued our report thereon dated November 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered the College's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC

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

November 28, 2022

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