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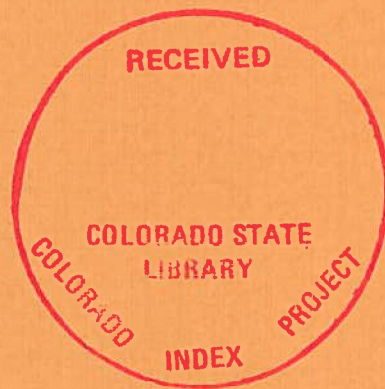
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FINANCIAL STATEMENTS AND AUDITORS' REPORT
Colorado State University

June 30, 1979



Alexander Grant
& COMPANY

FINANCIAL STATEMENTS AND AUDITORS' REPORT

COLORADO STATE UNIVERSITY

June 30, 1979

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COLORADO STATE UNIVERSITY

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FINANCIAL STATEMENTS AND AUDITORS' REPORT

COLORADO STATE UNIVERSITY

June 30, 1979

Legislative Audit Committee,
State of Colorado and
Board of Trustees, Colorado State
University Research Foundation

We have examined the balance sheets of Colorado State University as of June 30, 1979 and 1978, and the related statements of current funds revenues, expenditures and other changes for the years then ended and the statement of changes in fund balances for the year ended June 30, 1979. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Colorado State University as of June 30, 1979 and 1978, and the current funds revenues, expenditures and other changes for the years then ended, and the changes in fund balances for the year ended June 30, 1979, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of accounting for equipment with a unit cost of less than \$500 as described in note 6 to the financial statements.

Alexander Grant & Company

Denver, Colorado
November 9, 1979

COLORADO STATE UNIVERSITY
BALANCE SHEET
June 30, 1979
With Comparative Figures at June 30, 1978

	Current Unrestricted Funds					
	Total		State Appropriated Funding		Auxiliary and Self Funded activities	
	1979	1978	1979	1978	1979	1978
ASSETS						
Cash and certificates of deposit	\$ 8,689,013	\$ 11,282,143			\$ 1,630,118	\$ 3,147,398
Cash on deposit with State Treasurer	1,307,999	639,032	\$ 70,084		429,764	391,649
Amounts to be provided by state general fund	1,476,458	1,829,742	612,128	\$ 606,492		
Amounts to be provided by state capital construction fund	173,174	736,615				
Investments	4,427,847	4,146,787			971,769	1,097,991
Deposit with paying agent	14,689	107,382			14,689	15,022
Receivable from state-imprest cash	481,555				481,555	
Accounts receivable-students, less allowance	1,083,399	1,293,428	580,045	830,163	503,354	463,265
Accounts receivable-customer less allowance	5,395,731	2,953,800	469,099	123,188	4,792,657	2,642,035
Accounts receivable-sponsored programs	1,985,731	1,597,727		270,565		
Unbilled charges-sponsored programs	4,303,793	5,031,185				
Loans to students and accrued interest, less allowance	9,887,874	8,966,022				
Notes receivable, less allowance	55,777	40,960			54,607	40,560
Due from other funds	1,379,091	1,097,260	723,149	803,903	454,480	141,833
Inventories	5,857,463	5,190,768	481,094	346,467	5,376,369	4,844,301
Prepaid expenses	879,104	853,131	530,448	467,091	265,942	300,287
Land	2,282,181	2,504,701				
Land improvements	3,117,547	1,979,337				
Buildings	117,900,115	109,332,669				
Equipment	36,809,736	44,494,823				
Library books	11,624,709	10,341,463				
Construction in progress	1,608,780	8,036,960				
	<u>220,741,766</u>	<u>222,455,935</u>	<u>\$3,466,047</u>	<u>\$3,447,869</u>	<u>\$14,975,304</u>	<u>\$13,084,341</u>
Elimination of Interfund amounts	<u>1,379,091</u>	<u>1,097,260</u>				
TOTAL ASSETS	<u><u>\$219,362,675</u></u>	<u><u>\$221,358,675</u></u>				

See accompanying summary of significant accounting policies and notes to financial statements.

Current Restricted Funds		Student Loan Funds		Endowment and Similar Funds		Total	
1979	1978	1979	1978	1979	1978	1979	1978
\$1,359,366	\$1,716,639	\$ 368,038	\$ 490,696	\$ 977,529	\$ 707,751	\$ 4,353,962	\$ 5,219,659
481,284	34,381	75,264	31,396	9,807	14,153	241,796	167,453
864,330	1,223,250						
273,193	273,193	1,000	1,000	1,418,309	1,445,925	173,174	736,615
						1,763,576	1,328,678
							92,360
50,844	62,265	47,468	38,906				
						35,666	87,406
1,985,731	1,327,162						
4,303,793	5,031,185						
		9,887,874	8,966,022				
1,170	400						
49,685	24,057	83	1,464			151,694	126,003
	542						
						82,711	85,211
						2,282,181	2,504,701
						3,117,547	1,979,337
						117,900,115	109,332,669
						36,809,736	44,494,823
						11,624,709	10,341,463
						1,608,780	8,036,960
<u>\$9,369,396</u>	<u>\$9,693,074</u>	<u>\$10,379,727</u>	<u>\$9,529,484</u>	<u>\$2,405,645</u>	<u>\$2,167,829</u>	<u>\$180,145,647</u>	<u>\$184,533,338</u>

Plant Funds

Unexpended		Renewal and Replacement		Retirement of Indebtedness		Investment in Plant	
1979	1978	1979	1978	1979	1978	1979	1978
\$ 925	\$1,003,288	\$ 5	\$ 4	\$4,353,032	\$4,216,367		
241,796	167,453						
173,174	736,615	565,254	532,700	1,198,322	795,978		
					92,360		
13,991	71,468			21,675	15,938		
		40,008	16,893	109,797	107,221	\$ 1,889	\$ 1,889
	47,500			37,711	37,711	45,000	
						2,282,181	2,504,701
						3,117,547	1,979,337
						117,900,115	109,332,669
						36,809,736	44,494,823
						11,624,709	10,341,463
<u>1,608,780</u>	<u>8,036,960</u>						
<u>\$2,038,666</u>	<u>\$10,063,284</u>	<u>\$605,267</u>	<u>\$549,597</u>	<u>\$5,720,537</u>	<u>\$5,265,575</u>	<u>\$171,781,177</u>	<u>\$168,654,882</u>

COLORADO STATE UNIVERSITY
BALANCE SHEET
June 30, 1979
With Comparative Figures at June 30, 1978

LIABILITIES:	Total		Current Unrestricted Funds			
			State Appropriated Funding		Auxiliary and Self Funded activities	
	1979	1978	1979	1978	1979	1978
Liabilities:						
Accounts payable	\$ 3,001,201	\$ 2,779,943	\$ 554,353	\$ 531,499	\$ 1,421,954	\$ 950,959
Advance from State Treasurer	12,878,205	11,893,522	1,292,842	1,405,406	7,633,721	6,257,350
Accrued liabilities	3,502,359	3,234,975	88,388	70,026	2,768,148	2,539,296
Deposits held in custody for others	950,832	1,074,102	1,737	4,345	715,306	918,909
Due to other funds	1,379,091	1,097,260			150,121	126,756
Deferred credits	2,156,300	1,968,914	1,494,261	1,406,331	642,041	543,621
Provision for refunds to sponsors		603,209				
Advance from State Treasurer-imprest cash		488,194				488,194
Notes payable	92,952	117,642				
Lease payable	2,278,172	1,969,189				
Bonds payable	38,040,000	39,087,000				
	<u>64,279,112</u>	<u>64,313,950</u>	<u>3,431,581</u>	<u>3,417,607</u>	<u>13,331,291</u>	<u>11,825,085</u>
Fund balances:						
U.S. Government grants refundable	8,381,763	7,825,005				
University funds:						
Restricted	10,694,199	15,219,961				
Unrestricted	3,520,871	2,807,636	(12,474)	(18,120)	1,644,013	1,259,256
Designated:						
Appropriation roll forward	45,430	47,033	45,430	47,033		
Provision for encumbrances	1,510	1,349	1,510	1,349		
Endowment	2,151,818	1,980,651				
Term endowment	3,439	3,239				
Quasi-endowment-unrestricted	200,619	158,418				
Net investment in plant	131,463,005	130,098,693				
	<u>156,462,654</u>	<u>158,141,985</u>	<u>34,466</u>	<u>30,262</u>	<u>1,644,013</u>	<u>1,259,256</u>
	220,741,766	222,455,935	<u>\$3,466,047</u>	<u>\$3,447,869</u>	<u>\$14,975,304</u>	<u>\$13,084,341</u>
Elimination of interfund amounts	<u>1,379,091</u>	<u>1,097,260</u>				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$219,362,675</u>	<u>\$221,358,675</u>				

See accompanying summary of significant accounting policies and notes to financial statements.

Current Restricted Funds		Student Loan Funds		Endowment and Similar Funds		Total	
1979	1978	1979	1978	1979	1978	1979	1978
\$ 833,718	\$ 540,374	\$ 15,680	\$ 20,337			\$ 175,496	\$ 736,774
3,951,642	4,230,766					462,649	473,012
183,174	152,641						
						233,789	150,848
723,149	803,903			\$ 49,769	\$ 25,521	456,052	141,080
	9,558					19,998	9,404
	603,209						
		92,952	117,642				
						2,278,172	1,969,189
						<u>38,040,000</u>	<u>39,087,000</u>
<u>5,691,683</u>	<u>6,340,451</u>	<u>108,632</u>	<u>137,979</u>	<u>49,769</u>	<u>25,521</u>	<u>41,666,156</u>	<u>42,567,307</u>
		8,381,763	7,825,005				
3,677,713	3,352,623					7,016,486	11,867,338
		1,889,332	1,566,500				
				2,151,818	1,980,651		
				3,439	3,239		
				200,619	158,418		
						<u>131,463,005</u>	<u>130,098,693</u>
<u>3,677,713</u>	<u>3,352,623</u>	<u>10,271,095</u>	<u>9,391,505</u>	<u>2,355,876</u>	<u>2,142,308</u>	<u>138,479,491</u>	<u>141,966,031</u>
<u>\$9,369,396</u>	<u>\$9,693,074</u>	<u>\$10,379,727</u>	<u>\$9,529,484</u>	<u>\$2,405,645</u>	<u>\$2,167,829</u>	<u>\$180,145,647</u>	<u>\$184,533,338</u>

Plant Funds

Unexpended		Renewal and Replacement		Retirement of Indebtedness		Investment in Plant	
1979	1978	1979	1978	1979	1978	1979	1978
\$ 175,496	\$ 736,774			\$ 462,649	\$ 473,012		
233,789	150,848	\$ 74,481	\$ 9,496	381,571	131,584		
7,806				12,192	9,404		
	2,500,000					\$ 2,278,172	\$ 1,969,189
						38,040,000	36,587,000
<u>417,091</u>	<u>3,387,622</u>	<u>74,481</u>	<u>9,496</u>	<u>856,412</u>	<u>614,000</u>	<u>40,318,172</u>	<u>38,556,189</u>
1,621,575	6,675,662	530,786	540,101	4,864,125	4,651,575		
						131,463,005	130,098,693
<u>1,621,575</u>	<u>6,675,662</u>	<u>530,786</u>	<u>540,101</u>	<u>4,864,125</u>	<u>4,651,575</u>	<u>131,463,005</u>	<u>130,098,693</u>
<u>\$2,038,666</u>	<u>\$10,063,284</u>	<u>\$605,267</u>	<u>\$549,597</u>	<u>\$5,720,537</u>	<u>\$5,265,575</u>	<u>\$171,781,177</u>	<u>\$168,654,882</u>

COLORADO STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1979

	<u>Current Unrestricted Funds</u>		<u>Current Restricted Funds</u>
	<u>State Appropriated Funding</u>	<u>Auxiliary and Self Funded Activities</u>	
Revenues and other additions:			
Unrestricted current fund revenues	\$68,254,000	\$34,174,255	
Federal grants and contracts - restricted			\$29,045,394
State grants and contracts - restricted			1,792,476
Private gifts, grants and contracts - restricted			4,476,883
Investment income - restricted			43,211
Interest on loans receivable			
U. S. Government advances			
Amount provided by state capital construction fund			
Expended for plant facilities			
Government equipment transferred to University			
Retirement of indebtedness			
Other			505,480
Total revenues and other additions	<u>\$68,254,000</u>	<u>\$34,174,255</u>	<u>\$35,863,444</u>
Expenditures and other deductions:			
Unrestricted current fund expenditures	67,901,875	31,401,078	
Restricted current fund expenditures			30,512,236
Indirect costs recovered			4,822,984
Refunded to grantors			55,410
Revolving accounts costs in excess of billings		167,897	
Loan cancellations			
Provision for doubtful student loans			
Administrative and collection costs			
Expended for plant facilities			
Interest on indebtedness			
Retirement of indebtedness			
Disposal of plant facilities			
Total expenditures and other deductions	<u>67,901,875</u>	<u>31,568,975</u>	<u>35,390,630</u>
Transfers among funds - additions/(deductions):			
Mandatory:			
Principal and interest		(2,156,631)	
Renewals and replacements		(238,106)	
Loan fund grant	(322,921)		
Interfund transfers	<u>(25,000)</u>	<u>174,214</u>	<u>(147,724)</u>
Total transfers	<u>(347,921)</u>	<u>(2,220,523)</u>	<u>(147,724)</u>
Net increase/(decrease) for the year	4,204	384,757	325,090
Accounting policy change			
Fund balance at beginning of year	<u>30,262</u>	<u>1,259,256</u>	<u>3,352,623</u>
Fund balance at end of year	<u>\$ 34,466</u>	<u>\$ 1,644,013</u>	<u>\$ 3,677,713</u>

See accompanying summary of significant accounting policies and notes to financial statements.

Student Loan Funds	Endowment and Similar Funds	Plant Funds			
		Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
\$ 5,115					
26,888	\$ 58,150				
155,434					
777,951					
		\$ 3,750,841			\$ 15,690,844
					148,905
					1,047,000
					330,856
	<u>107,300</u>	<u>287,786</u>	<u>\$ 57,056</u>	<u>\$ 734,363</u>	
<u>965,388</u>	<u>165,450</u>	<u>4,038,627</u>	<u>57,056</u>	<u>734,363</u>	<u>17,217,605</u>
			2,576		
73,385					
209,766					
111,461					
6,107		11,029,213	265,351		
				1,697,999	
				1,047,000	
					3,088,679
<u>400,719</u>		<u>11,029,213</u>	<u>267,927</u>	<u>2,744,999</u>	<u>3,088,679</u>
				2,156,631	
			238,106		
322,921					
(8,000)	48,118	1,936,499	(36,550)	66,555	(2,008,112)
<u>314,921</u>	<u>48,118</u>	<u>1,936,499</u>	<u>201,556</u>	<u>2,223,186</u>	<u>(2,008,112)</u>
879,590	213,568	(5,054,087)	(9,315)	212,550	12,120,814
9,391,505	2,142,308	6,675,662	540,101	4,651,575	(10,756,502)
<u>9,391,505</u>	<u>2,142,308</u>	<u>6,675,662</u>	<u>540,101</u>	<u>4,651,575</u>	<u>130,098,693</u>
<u>\$10,271,095</u>	<u>\$2,355,876</u>	<u>\$ 1,621,575</u>	<u>\$530,786</u>	<u>\$4,864,125</u>	<u>\$131,463,005</u>

COLORADO STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1979
With Comparative Figures for 1978

	Total Current Funds	
	1979	1978
REVENUES		
Tuition and fees	\$ 22,501,923	\$ 21,113,886
Federal appropriations	4,141,312	4,194,836
State appropriations	38,895,507	35,116,032
Federal grants and contracts:		
Sponsored research	27,287,402	23,026,265
Sponsored instruction and other programs	570,374	474,667
Scholarships and fellowships	650,568	557,183
State grants and contracts:		
Sponsored research	1,243,939	1,231,849
Sponsored instruction and other programs	505,374	763,947
Private grants and contracts:		
Sponsored research	2,690,690	3,459,393
Sponsored instruction and other programs	20,792	5,682
Private gifts and earnings therefrom	1,698,386	851,669
Sales and services of education activities	11,567,160	10,104,116
Sales and services of auxiliary and athletic activities:		
Facilities rental	5,230,975	4,839,872
Food sales	5,852,186	5,851,609
Bookstore sales	3,394,756	3,337,647
Conference sales	1,840,399	1,920,373
Other	1,701,049	1,465,827
Other revenue	3,295,423	3,616,027
Total current revenues	<u>133,088,215</u>	<u>121,930,880</u>
 EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	35,880,144	32,445,335
Research	35,793,055	30,496,786
Public Service	10,904,018	11,778,952
Academic support	6,743,224	6,500,641
Student services	3,469,741	3,174,491
Institutional support	9,255,550	8,169,896
Operation and maintenance of plant	6,425,386	5,759,652
Scholarships and fellowships	4,031,611	3,746,863
Auxiliary enterprises:		
Other direct operating and general expenses	9,688,096	9,944,101
Cost of books and supplies sold	2,985,785	2,431,943
Cost of food sold	2,874,621	2,124,485
Cost conferences	1,805,151	1,867,344
Allocation of general, administrative, institutional and physical plant costs		
Total expenditures	<u>129,856,382</u>	<u>118,440,489</u>
Mandatory transfers for:		
Principal and interest	2,156,631	2,167,883
Renewals and replacements	238,106	232,726
Loan fund grant	322,921	318,825
Total expenditures and mandatory transfers	<u>132,574,040</u>	<u>121,159,923</u>
 OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS)		
Excess of restricted receipts over transfers to revenues	380,500	172,131
Refunded to grantors	(55,410)	(73,268)
Revolving account direct costs in excess of billings	(126,704)	(185,938)
Interfund transfers:		
Current unrestricted funds - auxiliary and self funded activities	(4,900)	
Current restricted funds	4,900	
Student loan funds		10,502
Endowment and similar funds	(40,118)	206,684
Auxiliary and athletic activities plant funds	69,314	(72,227)
Plant funds - other	(27,706)	(24,838)
Net increase in fund balance	<u>\$ 714,051</u>	<u>\$ 804,003</u>

See accompanying summary of significant accounting policies and notes to financial statements.

Current Unrestricted Funds				Current Restricted Funds	
State Appropriated Funding		Auxiliary and Self Funded Activities		Funds	
1979	1978	1979	1978	1979	1978
\$19,076,345	\$17,906,112	\$ 3,425,578	\$ 3,207,774	\$ 558,368	\$ 588,387
3,582,944	3,606,449				
38,895,507	35,116,032				
4,431,089	3,892,165			22,856,313	19,134,100
40,488	11,987			529,886	462,680
				650,568	557,183
42,646	116,859			1,201,293	1,114,990
10,366	16,122	186,640	196,463	308,368	551,362
297,300	450,552			2,393,390	3,008,841
1,095	280			19,697	5,402
		105,000		1,593,386	851,669
		11,567,160	10,104,116		
		5,230,975	4,839,872		
		5,852,186	5,851,609		
		3,394,756	3,337,647		
		1,840,399	1,920,373		
		1,701,049	1,465,827		
1,876,220	2,405,093	870,512	897,582	548,691	313,352
<u>68,254,000</u>	<u>63,521,651</u>	<u>34,174,255</u>	<u>31,821,263</u>	<u>30,659,960</u>	<u>26,587,966</u>
31,131,876	28,475,347	3,361,518	2,411,381	1,386,750	1,558,607
5,666,515	5,356,611	3,407,575	2,579,504	26,718,965	22,560,671
6,792,114	6,193,025	4,108,241	4,738,577	3,663	847,350
6,342,787	6,426,065			400,437	74,576
2,049,379	1,892,881	1,237,464	1,108,693	182,898	172,917
8,413,522	7,621,535			842,028	548,361
6,402,007	5,741,941			23,379	17,711
2,570,885	2,454,350	506,610	477,232	954,116	815,281
		9,688,096	9,944,101		
		2,985,785	2,431,943		
		2,874,621	2,124,485		
		1,805,151	1,867,344		
(1,467,210)	(1,138,782)	1,467,210	1,138,782		
<u>67,901,875</u>	<u>63,022,973</u>	<u>31,442,271</u>	<u>28,822,042</u>	<u>30,512,236</u>	<u>26,595,474</u>
		2,156,631	2,167,883		
		238,106	232,726		
322,921	318,825				
<u>68,224,796</u>	<u>63,341,798</u>	<u>33,837,008</u>	<u>31,222,651</u>	<u>30,512,236</u>	<u>26,595,474</u>
				380,500	172,131
				(55,410)	(73,268)
		(126,704)	(185,938)		
		4,900		(4,900)	
		100,000	209,678	(140,118)	10,502
		69,314	(72,227)		(2,994)
(25,000)	(25,000)		162	(2,706)	
<u>\$ 4,204</u>	<u>\$ 154,853</u>	<u>\$ 384,757</u>	<u>\$ 550,287</u>	<u>\$ 325,090</u>	<u>\$ 98,863</u>

COLORADO STATE UNIVERSITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 1979

Accrual Basis

The financial statements of Colorado State University have been prepared on the accrual basis except for depreciation accounting as explained in note 5 to the financial statements. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of the current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses. Summer session revenues and expenditures related to instructional activity for 1979 and 1978 are deferred and will be reflected in the statement of current funds revenues, expenditures and other changes in the subsequent fiscal year.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment; (2) mandatory transfers, in the case of required provisions for debt amortization, interest on long-term indebtedness, and equipment renewal and replacement; and (3) nonmandatory transfers in all other cases.

Accrued liabilities which are applicable to state appropriated funds in the current unrestricted fund and the unexpended plant fund are reported as (1) amounts to be provided by the state general fund in the case of operating expenditures; and (2) amounts to be provided by state capital construction fund in the case of capital construction projects.

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

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional goals. The fund balances of current unrestricted auxiliary activities funds may only be utilized for the purposes established under the bond resolutions.

Endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized. Term endowment funds are similar to endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. While quasi-endowment funds have been established by the governing board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended when approved by the governing board.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes thereto.

COLORADO STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 1979

NOTE 1 - INVESTMENTS

Investments exclusive of physical plant are recorded at cost plus accrued interest (approximates market). Investments received by gift are carried at market value at date of acquisition.

	Recorded value as of June 30		Yield (percent) year ended June 30	
	1979	1978	1979	1978
Current unrestricted funds-auxiliary and self funded activities				
U.S. Government securities	\$ 945,086	\$1,071,308	9.3	6.4
Other Investments	<u>26,683</u>	<u>26,683</u>		
	971,769	1,097,991		
Current restricted funds				
Other investments	273,193	273,193		
Student loan funds				
Other Investments	1,000	1,000		
Endowment and similar funds				
U.S. Government securities	1,065,205	1,044,224	5.7	5.8
Other Investments	<u>353,104</u>	<u>401,701</u>		
	1,418,309	1,445,925		
Plant funds-retirement of indebtedness				
U.S. Government securities	1,198,322	795,978	8.2	6.9
Plant funds-renewal and replacement				
U.S. Government securities	565,254	532,700	8.5	6.8

NOTE 2 - ACCOUNTS AND LOANS RECEIVABLE

The following reflects the status of the accounts and loans receivable and the related allowance for doubtful accounts at June 30, 1979 and June 30, 1978.

	Total		Less allowance for doubtful accounts		Net	
	1979	1978	1979	1978	1979	1978
Accounts receivable-students						
Current unrestricted funds-state appropriated funding	\$ 678,522	\$ 969,387	\$ 98,477	\$139,224	\$ 580,045	\$ 830,163
Current unrestricted funds-auxillaries and self funded activities	<u>588,810</u>	<u>540,781</u>	<u>85,456</u>	<u>77,516</u>	<u>503,354</u>	<u>463,265</u>
Total accounts receivable-students	<u>\$1,267,332</u>	<u>\$1,510,168</u>	<u>\$ 183,933</u>	<u>\$216,740</u>	<u>\$1,083,399</u>	<u>\$1,293,428</u>
Accounts receivable-customers						
Current unrestricted funds-state appropriated funding	\$ 481,880	\$ 138,775	\$ 12,781	\$ 15,587	\$ 469,099	\$ 123,188
Current unrestricted funds-auxillaries and self funded activities	4,946,379	2,830,636	153,722	188,601	4,792,657	2,642,035
Current restricted funds	55,636	67,516	4,795	5,251	50,841	62,265
Student loan funds	50,968	42,406	3,500	3,500	47,468	38,906
Plant funds	<u>35,666</u>	<u>87,406</u>	<u>--</u>	<u>--</u>	<u>35,666</u>	<u>87,406</u>
Total accounts receivable-customers	<u>\$5,570,529</u>	<u>\$3,166,739</u>	<u>\$ 174,798</u>	<u>\$212,939</u>	<u>\$5,395,731</u>	<u>\$2,953,800</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 Year ended June 30, 1979

NOTE 2 - ACCOUNTS AND LOANS RECEIVABLE (Continued)

	Total		Less allowance for doubtful accounts		Net	
	1979	1978	1979	1978	1979	1978
Loans to students						
Student loan funds	<u>\$10,894,844</u>	<u>\$9,755,034</u>	<u>\$1,006,970</u>	<u>\$789,012</u>	<u>\$9,887,874</u>	<u>\$8,966,022</u>
Current unrestricted funds-state appropriated funding	\$54,607	\$40,560			\$54,607	\$40,560
Current restricted funds	<u>1,170</u>	<u>400</u>			<u>1,170</u>	<u>400</u>
Total accounts receivable	<u>\$55,777</u>	<u>\$40,960</u>			<u>\$55,777</u>	<u>\$40,960</u>

NOTE 3 - INVENTORIES

Supply and merchandise inventories have been priced at cost, not in excess of market, determined on a first-in, first-out basis.

Livestock inventories have been recorded at the lower of cost or market using unit livestock costing methods and estimated animal weights. Total livestock inventory is recorded at \$2,208,136.

Seedling tree inventories totaling \$183,448 have been recorded at approximate cost, not in excess of market, determined on a cost of production basis.

NOTE 4 - ENCUMBRANCES

Outstanding purchase commitments against future funds not reflected in the financial statements at June 30, 1979 are as follows:

Current unrestricted funds-state appropriated funding	\$ 67,088
Current unrestricted funds-auxiliary and self funded activities	1,114,728
Current restricted funds	1,389,009
Plant funds-unexpended	<u>104,495</u>
Total	<u>\$2,675,320</u>

NOTE 5 - PHYSICAL PLANT AND EQUIPMENT

Physical plant and equipment acquired by issuing revenue bonds is stated at cost. Other physical plant and equipment is stated either at cost or estimated cost at July 1, 1965 with subsequent additions stated at cost or depreciated cost.

Land granted to the State of Colorado for support of a state college of agricultural and mechanical sciences is carried on the records of the State Board of Land Commissioners. The University is the recipient of proceeds resulting from ownership of the lands. The proceeds are reported in endowment and similar funds in the accompanying statements.

Depreciation of physical plant and equipment is not recorded except by revolving accounts in the current unrestricted funds for interdepartmental services where depreciation on equipment is recorded for cost accounting purposes. Accumulated depreciation of \$2,053,485 has been recorded for equipment purchased in the revolving accounts at a cost of \$4,177,534. Since July 1, 1972 all acquisitions of equipment by revolving accounts are depreciated. Depreciation of equipment on a straight-line method in the amount of \$508,349 is reflected in the revolving accounts for the current year.

An irrigation system valued at \$470,000 is leased from Colorado State University Research Foundation and title will be transferred to the University in 1987 upon expiration of the lease.

NOTES TO FINANCIAL STATEMENTS (Continued)
 Year ended June 30, 1979

NOTE 6 - ACCOUNTING POLICY CHANGE

The University has revised its equipment accounting policy to reflect changes in State and Federal policies and has removed from the property accounts and records all equipment with a unit cost less than \$500. Implementation of this change has resulted in a reduction of investment in plant fund balance at June 30, 1979 in the amount of \$10,756,502.

NOTE 7 - LONG-TERM DEBT

Bonds payable represent the remaining principal payments on bonds used for construction of self-liquidating facilities. Student fees and net revenue from operations are pledged for retirement of the bonds. The bonds mature in varying amounts through fiscal year 2009.

	Authorized and issued	Interest rates (Percent)	Bonds outstanding as of June 30		Principal due fiscal year 1980
			1979	1978	
Student Housing	\$29,329,000	2.75-8.00	\$22,360,000	\$22,997,000	\$ 652,000
Student Center	8,094,000	2.875-6.00	7,173,000	7,383,000	217,000
Student Health	836,000	3.00-4.00	604,000	628,000	24,000
Furnishings	2,275,000	3.25-7.00	1,408,000	1,494,000	93,000
Intercollegiate Athletics	4,400,000	4.50-5.00	3,995,000	4,085,000	95,000
Veterinary Medicine Hospital	2,500,000	6.60-6.70	2,500,000	2,500,000	--
Total	<u>\$47,434,000</u>		<u>\$38,040,000</u>	<u>\$39,087,000</u>	<u>\$1,081,000</u>

NOTE 8 - LEASE PAYABLE

The lease of certain property and equipment is classified and reported as a lease purchase in accordance with Financial Accounting Standard Board Statement number 13 - Accounting for Leases. Following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30.

	1979	1978
Year ending June 30		
1979		\$ 597,120
1980	\$ 777,193	582,725
1981	731,365	500,933
1982	534,316	305,458
1983	288,718	136,495
1984	146,801	
Remaining years	<u>83,584</u>	<u>130,238</u>
Total minimum lease payments	2,561,977	2,252,969
Less amount representing imputed interest	<u>283,805</u>	<u>283,780</u>
Present value of minimum lease payments	<u>\$2,278,172</u>	<u>\$1,969,189</u>
Schedule of leased property and equipment:		
Equipment	\$2,771,383	\$2,515,370
Land improvements	<u>470,000</u>	<u>470,000</u>
Asset balance at June 30	<u>\$3,241,383</u>	<u>\$2,985,370</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
Year ended June 30, 1979

NOTE 9 - RETIREMENT PROGRAMS

As a condition of employment, all regular and special employees of the University are enrolled in either a contributory retirement plan administered by the Public Employees' Retirement Association (PERA) or in a Federal retirement program.

Contributions by the University under the plans for the years ended June 30, 1979 and 1978 were \$6,767,000 and \$6,182,000, respectively. The State of Colorado reports PERA contributions include amortization of prior service costs over a period of 38 and 39 years respectively. The University has no liability for retirement benefits under either program beyond its required annual contributions.

NOTE 10 - ALLOCATION OF GENERAL, ADMINISTRATIVE, INSTITUTIONAL AND PHYSICAL PLANT COST

The University provides certain services to various operations of the University and assigns cost related thereto to the operations receiving the service. Such costs appear with the caption "allocation of general, administrative, institutional and physical plant costs" on the statement of current funds revenues, expenditures and other changes.

NOTE 11 - CONTINGENCIES

Approximately \$57,000,000 of direct costs incurred on Federally sponsored programs during the last two years are subject to audit by the Department of Health, Education and Welfare Audit Agency.

Federally sponsored student financial assistance programs have not been audited for the past year.

NOTE 12 - OTHER NON-PROFIT CORPORATIONS

The financial statements do not include Colorado State University Research Foundation which has a separate corporate charter but is under the direction of a board of trustees consisting of University personnel. A separate financial report is prepared for the Colorado State University Research Foundation and a copy of such report is available upon request. The Foundation is in the process of selecting a new board of trustees. The members of the new board will be non-University people, independent of the University.

Likewise the financial statements exclude Colorado State University Foundation, Colorado State University Alumni Association, and Colorado State University Alumni Foundation which are also nonprofit corporations and which are independent of the University but support University activities.

RECONCILIATION OF LONG BILL
TO
FINANCIAL STATEMENTS

COLORADO STATE UNIVERSITY
 STATEMENT OF RECONCILIATION BETWEEN LONG BILL REVENUE
 AND THE UNIVERSITY'S STATEMENT OF REVENUE
 CURRENT UNRESTRICTED FUNDS
 Year Ended June 30, 1979

	State Appropriated Funding					State Forest Service
	Total	Education and General	Veterinary Medicine and Hospital	Extension Service	Experiment Station	
Original Long Bill	\$64,471,677	\$45,052,413	\$4,147,444	\$7,038,012	\$6,238,789	\$1,995,019
Supplemental appropriation for salary act, merit increases and health insurance for state classified employees	1,250,486	985,805	68,519	53,434	112,254	30,474
Transfer sponsored programs from extension service to CSU sponsored programs	(895,635)			(895,635)		
Water resources institute transfer	139,000	139,000				
Unemployment insurance in education and general for financial statements	51,553	51,553				
Workmen's compensation funds reported in education and general for financial statements	451,916	451,916				
Supplemental appropriation - house bill 507	5,754	5,754				
Unspent appropriation reverts to General Fund	(7,741)	(7,706)	(27)	(8)		
ADP revenue and expense recorded in revolving fund at CSU	(730,000)	(730,000)				
Employee tuition remissions reported in education and general for financial statements	79,303	79,303				
Bad debts expense offset against revenue rather than expense	71,189	48,673	21,601		817	98
Decrease appropriation for unearned augmenting revenue	(99,782)			(12,519)	(48,558)	(38,705)
Remove county funds which are included for Long Bill presentation only	(527,041)			(527,041)		
CCHE appropriation	<u>3,993,321</u>	<u>3,993,321</u>				
CSU Statement of Revenues	<u>\$68,254,000</u>	<u>\$50,070,032</u>	<u>\$4,237,537</u>	<u>\$5,656,243</u>	<u>\$6,303,302</u>	<u>\$1,986,886</u>

COLORADO STATE UNIVERSITY
STATEMENT OF RECONCILIATION BETWEEN LONG BILL EXPENDITURES
AND THE UNIVERSITY'S STATEMENT OF EXPENDITURES AND OTHER CHANGES
CURRENT UNRESTRICTED FUNDS
Year Ended June 30, 1979

	State Appropriated Funding					
	Total	Education and General	Veterinary Medicine and Hospital	Extension Service	Experiment Station	State Forest Service
Original Long Bill	\$64,471,677	\$45,052,413	\$4,147,444	\$7,038,012	\$6,238,789	\$1,995,019
Appropriation transfer from CCHE	3,764,028	3,764,028				
Supplemental appropriation for salary act, merit increases and health insurance for state classified employees	1,250,486	985,805	68,519	53,434	112,254	30,474
Student aid and Continuing Education Increase	192,392	192,392				
Supplemental appropriation - house bill 507	5,754	5,754				
Transfer for Continuing Education deficit	11,102	11,102				
Excess appropriation reverts to general fund	(7,741)	(7,706)	(27)	(8)		
Workmen's compensation funds reported in education and general for financial statements	451,916	451,916				
Unemployment insurance funds reported in education and general for financial statements	51,553	51,553				
Employee tuition remission reported in education and general for financial statements	79,303	79,303				
Transfer sponsored programs from extension service to CSU sponsored programs	(895,635)			(895,635)		
Water resources institute transfer	139,000	139,000				
Bad debt expense offset against revenue	71,379	48,862	21,602		817	98
CERI funds - Increase both revenue and expense	21,518	21,518				
Water resources institute appropriation to be rolled forward	(45,430)	(44,137)	(1,293)			
Roll forward allotment for USC governance costs	47,034	47,034				
Unused funds returned to CCHE	(1,556)	(1,556)				
ADP revenue and expense recorded in revolving fund at CSU	(730,000)	(730,000)				
Decrease appropriation for unearned revenue	(99,782)			(12,519)	(48,558)	(38,705)
Remove county funds which are included for Long Bill presentation only	(527,041)			(527,041)		
Increase in Federal encumbrances	(161)			(161)		
CSU Statement of Expenditures and Other Changes	<u>\$68,249,796</u>	<u>\$50,067,281</u>	<u>\$4,236,245</u>	<u>\$5,656,082</u>	<u>\$6,303,302</u>	<u>\$1,986,886</u>

AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL
CURRENT YEAR COMMENTS AND RECOMMENDATIONS
WITH UNIVERSITY'S RESPONSES
DISPOSITION OF PRIOR RECOMMENDATIONS
IMPLEMENTATION OF CURRENT RECOMMENDATIONS

Alexander Grant

& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INTERNATIONAL FIRM
ALEXANDER GRANT TANSLEY WITT

November 9, 1979

Legislative Audit Committee,
State of Colorado and
State Board of Agriculture,
Colorado State University

We have examined the financial statements of Colorado State University for the year ended June 30, 1979, and have issued our report thereon dated November 9, 1979. As a part of our examination, we made a study and evaluation of the University's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are:

- . to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements, and
- . to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of

instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with generally accepted auditing standards, including the study and evaluation of the University's system of internal accounting control for the year ended June 30, 1979, which was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. However, such study and evaluation disclosed no conditions that we believe to be material weaknesses. Other comments and observations which came to our attention during our examination are discussed in more detail on pages 21 through 26 of this report.

The University's system of internal accounting control was considered in determining the nature, timing and extent of audit tests to be applied in our examination of the financial statements. Our examination was not primarily or specifically designed, and cannot be relied upon, to disclose defalcations or other similar irregularities. However, nothing came to our attention to indicate the existence of any fraud or dishonesty for which the University had not already initiated investigation, and nothing came to our attention to indicate a lack of compliance with applicable statutes.

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CURRENT YEAR COMMENTS AND RECOMMENDATIONS
WITH UNIVERSITY'S RESPONSES

I. ACCESSIBILITY OF FINANCIAL DATA FILES

Finding

In reviewing the internal control within the information systems department, we noted that the operating system programmers and analysts have access to the computer center on weekends when operations and supervisory personnel are generally not present. This situation could result in an undetected change to the financial data files and application programs which would potentially be available to the operating system programmers and analysts during these times.

Recommendation

1. As a result of our review and recommendation, the Director of Information Systems indicated that improvements will be made to the security procedures regarding access to financial application programs and data files. Effective January 1, 1980, financial data will not be on-line unless center operations personnel are present. In addition, we were advised that an improved system of password control was being designed to more effectively restrict unauthorized access during periods in which the financial data is on-line. Accordingly, no further recommendation is deemed necessary.

II. ATHLETIC TICKET CONTROL

Finding

Our review of athletic ticket sales disclosed a lack of adequate segregation of duties in the University's ticket office. We noted that one individual is responsible for all of the following duties:

- . Verifying the quantity of tickets received from the printer,
- . Selling tickets, issuing complimentary tickets and receiving cash from ticket sales,
- . Preparing the daily cash accountability report,

- . Preparing a ticket reconciliation report for each game which includes accounting for all unsold tickets.

Recommendation

2. In order to improve internal control over the sale of athletic tickets, we recommend that the Athletic Department's Director of Internal Administration perform the following tasks:
 - . Verify the actual quantity of tickets received from the printer as compared to invoiced quantities.
 - . Review and approve each ticket reconciliation report, including the inspection and verification of unused ticket quantities, the verification of the number of complimentary tickets issued, and a reconciliation of ticket sales to the applicable cash accountability reports.

University's Response

The University concurs with the recommendation.

The ticket manager of the Department of Intercollegiate Athletics is the only full-time employee in the ticket office. The athletic business office accountant deposits all ticket office receipts with the University cashier and reviews the daily cash accountability report.

The system to be followed beginning December, 1979 will be as follows. Whenever possible, the University internal auditor will verify the quantity of football and basketball tickets received from the printer. If the internal auditor's schedule precludes a prompt count, the Director of Internal Administration or his designee (other than the ticket manager) will make the verification. The Director of Internal Administration or the athletic business office accountant will review and approve each ticket reconciliation report. This will include inspection and verification of the number of complimentary tickets issued and a reconciliation of ticket sales to the applicable cash accountability reports.

III. CONFERENCES AND INSTITUTES

Finding

In our prior year audit comments, we recommended that consideration be given to the designation of Conferences and Institutes as the agency primarily responsible for coordinating all services provided by the University to conference sponsors. We also recommended that the billings to conference sponsors and the collection of all conference-related cash receipts be centralized in order to provide for more efficient and effective billing and collection of charges. The University rejected these recommendations in their response to the audit comments.

However, during our current review, we noted that the University's Internal Auditor had investigated two additional incidents in which University employees had established unauthorized bank accounts for the deposit of conference-related cash receipts.

Recommendation

3. Since the weakness in internal control that was discussed in our prior year's report was also noted during our current review, we again recommend that the Office of Conferences and Institutes be responsible for billings to conference sponsors and the collection of all conference-related cash receipts. Although we agree that certain departments should be allowed to continue planning and conducting most aspects of their conferences, the Office of Conferences and Institutes should be responsible for the billing, collection and cash control functions for all conferences.

University's Response

The University does not agree with the recommendation.

When a conference is coordinated by the Office of Conferences and Institutes, billing and cash control functions are the responsibility of that office. The University does not agree with the implication that rules prohibiting the conduct of conference activities by other departments would have prevented the incidents cited in the finding. The University will continue to allow departments with a history of satisfactory performance in the conduct of their own conferences to be responsible for billing and cash collections at the conference site.

IV. RESIDENT TUITION CLASSIFICATION

Finding

At the request of the Colorado State Auditor's Office, we reviewed the files of all foreign nationals who were reported as Colorado residents for tuition purposes. The objective of this review was to determine whether the student files contained adequate documentation of the establishment of Colorado domicile for tuition purposes. Our review of 65 student files disclosed five instances in which the establishment of a Colorado domicile had not been adequately documented.

Our discussions with personnel in the Office of Admissions and Records indicated that these documentation deficiencies occurred because:

- In two instances, additional information was received which resolved questions or inconsistencies regarding data provided by the student, but the additional information was not adequately documented in the student's file by personnel in the Admissions Office,
- In two instances, immigrant alien status was not documented in the student's file if the Admissions Office personnel presumed that immigrant alien status had been granted based upon the length of time in which the student had resided in the United States, and
- In one instance, the documentation of immigrant alien status was not entered on a Special Registration form since that type of registration does not involve tuition charges.

Recommendation

4. Whenever foreign nationals receive in-state classification for tuition purposes, the Office of Admissions and Records should ensure that adequate documentation of the student's immigrant alien status (as defined by the Immigration and Nationality Act, Title 8 United States Code) is maintained in their files. In addition, we suggest that consideration be given to documenting immigrant alien status on Special Registration forms which are used for those registrations which do not involve tuition charges.

University's Response

The University concurs with the recommendation.

Procedures have been established to ensure that adequate documentation of a student immigrant alien status is on file before a foreign national is classified as a resident for tuition purposes.

The Admissions Office will consider including alien status information on Special Registration forms. Until a complete review of Special Registration procedures has been completed, the Admission's staff will not classify a foreign national as a Colorado resident for tuition purposes until the student has petitioned for resident status. This procedure will ensure that the student's immigrant status is clearly documented.

V. SATELLITE ACCOUNTING SYSTEMS

Finding

In connection with our previous audit, we recommended that the University conduct a thorough review to determine:

- . The extent that satellite accounting systems were being utilized.
- . The specific reasons for the establishment and maintenance of these additional accounting records.
- . Any corrective actions necessary to reduce the need for satellite accounting systems.

During the current year, the University reviewed the financial data needs of various departments in connection with the pending installation of a new computerized financial reporting system (FRS). These reviews included certain departments which maintain existing "satellite systems". Based upon these reviews, the University believes that the new FRS will provide additional data to the departmental users and, therefore, eliminate the need for many of the existing satellite systems.

The new FRS may not, however, eliminate all satellite systems (principally manual systems). We were advised that the University's accounting services department

has periodically reviewed these systems and would continue to consult with the users of these systems. However, the personnel conducting these reviews have not documented the scope of their work or their conclusions. We were, therefore, unable to determine whether these satellite systems exist because the departments believe the computerized data to be inadequate or because the computerized data is not provided as frequently or on as timely a basis as the departments believe is necessary. We believe, however, that regardless of the reason for their existence, these satellite accounting systems may, in some instances, represent a duplication of effort and inefficient utilization of resources.

Recommendation

5. In order to document the scope of the consultations and reviews being provided by the accounting services department to departmental users of continuing satellite systems, and to provide reference material for use in subsequent evaluations of such systems, we recommend that the accounting services department develop procedures to document their review and evaluation of those accounting functions being performed in academic or administrative areas. We suggest that these procedures provide for documentation of the following:
 - . A description of the system being reviewed,
 - . The scope of the evaluation and/or consultation services provided,
 - . Significant observations and conclusions resulting from these reviews.

University's Response

The University concurs. A procedure has been established to document evaluations of satellite accounting systems.

DISPOSITION OF PRIOR RECOMMENDATIONS

Listed below are ten recommendations included in the June 30, 1978 audit report and their disposition at November 9, 1979.

No.	Recommendation	Disposition
1	<p>In order to improve internal accounting control, consideration should be given to the designation of Conferences and Institutes as the agency primarily responsible for coordinating all services provided by the University to conference sponsors.</p> <p>In addition, all conference-related cash receipts should be received and deposited by either the Office of Conferences and Institutes or the University Treasurer. The billings to conference sponsors for the cost of services provided should also be centralized in order to provide for more efficient and effective billing and collection of charges.</p>	<p>Rejected by University - See current year recommendation No. 3 on page 23</p>
2	<p>The University should place increased emphasis on the review of the adequacy of insurance coverage and the revision of coverages whenever necessary in order to adequately protect the University from loss.</p>	<p>Implemented</p>
3	<p>Procedures should be strengthened to ensure that adjustments to commercial accounts receivable balances are properly documented, adequately explained and thoroughly reviewed before being accepted for further processing.</p>	<p>Implemented</p>

No.	Recommendation	Disposition
4	The daily computer listing of housing deposits received should be retained by the housing office to provide an adequate audit trail for the recording of the deposits. In addition, the subsidiary ledger of housing deposits should be periodically reconciled to the control account to ensure that errors or omissions are promptly detected and corrected.	Implemented
5	All items acquired through renewal and replacement funds established under bond resolutions which meet the University's capitalization criteria should be recorded as an investment in plant upon acquisition.	Implemented
6	The established maximum stock levels and reorder points for items maintained in the physical plant inventory should be re-evaluated and, where necessary, the amounts revised. Procedures should also be developed to provide for the periodic review and revision of these minimum and maximum levels, and action should be taken to maintain the inventory within these guidelines.	Implemented

No.	Recommendation	Disposition
7	<p>Procedures for the review and approval of Plant Fund journal entries should be strengthened to ensure that adequate internal control is maintained. Specific consideration should be given to requiring the preparer to submit all supporting data to the reviewer for substantiation, and requiring the reviewer to examine all supporting data in sufficient detail to satisfy himself of the propriety of the journal entry prior to indicating approval.</p>	Implemented
8	<p>A thorough review should be conducted to determine the extent to which the satellite accounting systems are being utilized and the specific reasons for the establishment and maintenance of these additional accounting records. Based upon the results of this review, the University should consider implementation of the corrective actions necessary to reduce the need for satellite accounting systems.</p>	<p>Partially implemented - See current year recommendation No. 5 on page 25</p>
9	<p>The State Board of Agriculture should consider revising this reporting requirement to provide for the filing of an annual disclosure statement by each individual indicating whether or not an actual or potential conflict of interest exists. This revision would then enable the Board to more effectively monitor compliance with the code of ethics.</p>	Implemented

<u>No.</u>	<u>Recommendation</u>	<u>Disposition</u>
10	Since the management of each user department is responsible for the implementation and utilization of user controls, periodic reviews of user control procedures should be performed and documented by management to ensure compliance with the controls specified in the systems design.	Implemented

Recommendations		Check Appropriate Boxes (*Include Date) (**If checked - explain in comments)						
Report Page Ref.	No.		See Comments	Requires Legislative Action**	Imple- mented*	To be Imple- mented*	Deferred **	Rejected **
	1	In order to improve internal controls within the information systems department, we recommended that improvements be made to the security procedures regarding access to financial application programs and data files.				XX January, 1980		

Recommendations		Check Appropriate Boxes (*Include Date) (**If checked - explain in comments)						
Report Page Ref.	No.		See Comments	Requires Legislative Action**	Imple- mented*	To be Imple- mented*	Deferred **	Rejected **
	2	<p>In order to improve internal control over the sale of athletic tickets, we recommend that the Athletic Department's Director of Internal Administration perform the following tasks:</p> <ul style="list-style-type: none"> . Verify the actual quantity of tickets received from the printer as compared to invoiced quantities. . Review and approve each ticket reconciliation report, including the inspection and verification of unused ticket quantities, the verification of the number of complimentary tickets issued, and a reconciliation of ticket sales to the applicable cash accountability reports. 				<p>XX December, 1979</p>		

Report Page Ref.	No.	Recommendations	Check Appropriate Boxes (*Include Date) (**If checked - explain in comments)					
			See Comments	Requires Legislative Action**	Imple- mented*	To be Imple- mented*	Deferred **	Rejected **
	3	Since the weakness in internal control that was discussed in our prior year's report was also noted during our current review, we again recommend that the Office of Conferences and Institutes be responsible for billings to conference sponsors and the collection of all conference-related cash receipts. Although we agree that certain departments should be allowed to continue planning and conducting most aspects of their conferences, the Office of Conferences and Institutes should be responsible for the billing, collection and cash control functions for <u>all</u> conferences.						XX See University Response

Report Page Ref.		Recommendations	Check Appropriate Boxes (*Include Date) (**If checked - explain in comments)					
No.			See Comments	Requires Legislative Action**	Implemented*	To be Implemented*	Deferred**	Rejected**
4		Whenever foreign nationals receive in-state classification for tuition purposes, the Office of Admissions and Records should ensure that adequate documentation of the student's immigrant alien status (as defined by by Immigration and Nationality Act, Title 8 United States Code) is maintained in their files. In addition, we suggest that consideration be given to documenting immigrant alien status on Special Registration forms which are used for those registrations which do not involve tuition charges.				XX January, 1980		

Report Page Ref.		Recommendations	Check Appropriate Boxes (*Include Date) (**If checked - explain in comments)					
No.			See Comments	Requires Legislative Action**	Implemented*	To be Implemented*	Deferred**	Rejected**
5		<p>In order to document the scope of the consultations and reviews being provided by the accounting services department to departmental users of continuing satellite systems, and to provide reference material for use in subsequent evaluations of such systems, we recommend that the accounting services department develop procedures to document their review and evaluation of those accounting functions being performed in academic or administrative areas. We suggest that these procedures provide for documentation of the following:</p> <ul style="list-style-type: none"> . A description of the system being reviewed, . The scope of the evaluation and/or consultation services provided, . Significant observations and conclusions resulting from these reviews. 				<p>XX December, 1979</p>		