WESTERN COLORADO UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2021 and 2020

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

LEGISLATIVE AUDIT COMMITTEE
2021 MEMBERS

OFFICE OF THE STATE AUDITOR

AN ELECTRONIC VERSION OF THIS REPORT IS AVAILABLE AT
WWW.COLORADO.GOV/AUDITOR

A BOUND REPORT MAY BE OBTAINED BY CALLING THE
OFFICE OF THE STATE AUDITOR
303.869.2800

PLEASE REFER TO REPORT NUMBER 2138F WHEN REQUESTING THIS REPORT

WESTERN COLORADO UNIVERSITY

TABLE OF CONTENTS

WESTERN COLORADO UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the Years Ended June 30, 2021 and 2020

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 Western Colorado University (the University) for the year ended June 30, 2021. 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 October 2021.

The purposes and scope of the audit were to:

- Express an opinion on the financial statements of the University as of and for the years ended June 30, 2021 and 2020. This includes a report on internal control over financial reporting and on 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 University's State-Funded Student Financial Assistance Programs, 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 University'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 2021 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports Summary

We expressed an unmodified opinion on the University's financial statements as of and for the years ended June 30, 2021 and 2020.

We issued a report on the University's internal control over financial reporting and on compliance and other matters 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 University's internal control over financial reporting and its operation that we consider to be material weaknesses.

As part of obtaining reasonable assurance about whether the University'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 University for the year ended June 30, 2021, relating to lack of recognition of a capital asset donated to the University and 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 University's audit report for the year ended June 30, 2020 included one finding and recommendation. The finding has been implemented. A detailed description of the progress on audit findings and recommendations is contained in the Disposition of Prior Year Audit Findings and Recommendations section of this report.

RECOMMENDATION LOCATOR				
Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	5	Western Colorado University (University) should improve its internal controls related to the fiscal year-end closing process to ensure that all financial transactions are properly recorded in its accounting system and to ensure that the University's financial statements and exhibits are prepared, reviewed, and submitted to the Office of the State Controller by the applicable statutory deadlines by cross-training existing employees and establishing back-up responsibilities to allow for appropriate delegation when turnover occurs.	Agree	Implemented July 2022, although training will begin in February 2022

Description of Western Colorado University

Founded in 1911 as Colorado State Normal School, Western Colorado University (the University) is Colorado's oldest college west of the Continental Divide. Originally planned as a preparatory college for teachers, the University remained a Normal School until 1923 when it was renamed Western State College. Western State College, became Western State Colorado University on August 1, 2012 and Western Colorado University on July 1, 2019. The University's statutory mission, contained in Section 23-56-101 of the Colorado Revised Statutes (C.R.S.), states that the University is a general baccalaureate institution with selective admission standards. The mission also states that the University shall offer undergraduate liberal arts and sciences and professional degree programs, basic skills courses, and a limited number of graduate programs. The University shall also serve as a regional education provider.

Through June 30, 2003, the University was a member of the State Colleges in Colorado and, as such, was governed by the Board of Trustees of the Office of State Colleges. Effective July 1, 2003, the State Colleges in Colorado were dissolved in accordance with House Bill 03-1093 and each member became an independent entity. C.R.S. 23-56-102 established the composition of the Board of Trustees (Trustees) of the University to serve as the University's governing board. Nine of the eleven Trustees are members outside the University who are appointed by the Governor with the consent of the Senate. The remaining two members consist of a student, elected by the student body, and a faculty member, elected by tenure and tenure track faculty. Both of these members are nonvoting members.

Full-time equivalent (FTE) state support eligible students, faculty, and staff reported by the University for the last three fiscal years were as follows:

	2019	2020	2021
Resident Students	1,524.1	1,593.4	1,610.5
Nonresident Students	646.0	599.0	547.2
Total Students Eligible for State Support	2,170.1	2,192.4	2,157.7
Faculty FTEs	160.6	155.9	157.6
Staff FTEs	211.5	217.8	228.5
Total Staff and Faculty FTEs	372.1	373.7	386.1

Description of Western Colorado University Foundation

Western Colorado University Foundation (the Foundation) was incorporated on August 22, 1975 under the laws of the State of Colorado. The purpose of the Foundation is to aid, directly and indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions.

Internal Controls over Financial Reporting

Western Colorado University's (University) accounting department is responsible for all of the University's financial accounting and reporting, including the accurate and timely entry and approval of financial transactions in the University's accounting system, preparation of the University's financial statements, as well as preparation, review, and submission of exhibits to the Office of the State Controller (OSC). Overall, the University must properly implement adequate internal controls over its recording of financial transactions and its submission of exhibits and financial statements, including a process to identify, track, and communicate the status of journal entries, exhibits, and financial statements. As of the end of Fiscal Year 2021, the University's assets totaled approximately $170.8 million; during Fiscal Year 2021, University accounting staff posted 1,411 journal entries and prepared 19 exhibits. The total amount of journal entries was $512.7 million which impacted all areas of the financial statements.

The University has been anticipating the receipt of donated capital assets since the fall of 2018 when the University announced a donor commitment to make a large donation to the University with a significant portion of the donation coming in the form of capital assets. The first donated capital asset officially transferred as a result of this commitment consisted of a newly constructed soccer field, which was received during Fiscal Year 2021.

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

The purpose of the audit work was to ensure the accuracy of financial transactions reported on the financial statements and ensure that University's exhibits submitted to the OSC were complete, accurate, and timely.

We performed testing to determine whether the University appropriately recorded the activities related to the recognition of the donated capital asset in its accounting records. For Fiscal Year 2021, the soccer field was the only donated capital asset received by the University. Specific testing we performed consisted of the following:

- Inquired of University personnel to gain an understanding of the nature of the donation.
- Obtained a confirmation from the donor of the donation of the soccer field along with the donor's confirmation of the acquisition value of the soccer field.
- Obtained and reviewed the University's transaction detail for capital asset additions for Fiscal Year 2021 to determine whether the donated soccer field was recognized by the University at the appropriate acquisition value.

We also performed testing on the University's exhibits. Specifically:

- Obtained supporting documentation to support material balances in the exhibits.
- Reconciled balances in the exhibits to the University'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 University to determine whether the exhibits and financial statements were submitted by the due dates.

How were the results of the audit work measured?

Governmental accounting standards contained within Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), paragraph 18, as amended by GASB Statement 72, *Fair Value Measurement and Application* (GASB 72), paragraph 79.a, specifies the requirements for recording donated capital assets. Specifically, paragraph 79.a, of GASB 72 requires that donated capital assets be recorded at acquisition value at the time the donated capital asset is received.

On an annual basis, the OSC provides due dates for submission of exhibits and financial statements in order to ensure that the OSC 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 requires the institutions of higher education including the University to submit their financial statements to the OSC along with the Exhibit J, *Financial Statement Reconciliation*, and the Exhibit I, *Letter of Certification*, by August 25th subject to any extensions that may be granted by the State Controller. For Fiscal Year 2021, the State Controller granted an extension for both the Exhibit J and I to all institutions of higher education until September 8th.

The Exhibit J, in conjunction with the Exhibit I and copies of the University's financial statements and related notes, are used to:

- Reconcile the institution's financial statements to the University's trial balance recorded within the Colorado Operations Resource Engine (CORE), the State's accounting system.
- Provide assurance to the State Controller that the University's financial statements properly accumulate CORE accounts in the same format the OSC uses for the State's Annual Comprehensive Financial Report.
- Provide assurances to the State Controller that the University has properly reviewed their accounting estimates, fiscal year-end account balances, CORE financial statements, and that informational disclosures necessary for statewide financial reporting have been made.

What problems did the audit work identify?

We determined that the University did not record the donated capital asset for the soccer field received by the University during Fiscal Year 2021. This resulted in an understatement of approximately $2.6 million in total assets, net position, and change in net position in the University's financial statements. After we identified the omission through the audit, University staff made adjustments to the accounting records and the financial statements to accurately record the donation.

We also determined that the University did not submit its Exhibit J, financial statements, or Exhibit I to the OSC by the due date of September 8, 2021, in accordance with state statute [Section 24-30-204(1), C.R.S] and the State Controller's extension. The University submitted the Exhibit J on October 28, 2021, which was 50 days late. The University submitted its financial statements and Exhibit I on November 2, 2021, which was 55 days late.

Why did these problems occur?

These problems occurred because the University did not cross-train accounting staff to perform the fiscal year-end closing process in order to ensure that all financial transactions were properly recorded and to ensure that the University's financial statements and exhibits were prepared, reviewed, and submitted to the OSC by the applicable statutory deadlines. Specifically, the University's former controller resigned in August 2021 during the fiscal year-end close process and prior to the deadlines for submission of the University's financial statements and related Exhibits J and I to the OSC and the remaining University accounting staff did not collectively have sufficient knowledge for the preparation, review, and posting of journal entries, and the preparation, review, and submission of exhibits and financial statements. Due to oversight on the part of the former controller and a failure to compare detailed asset records to the general ledger, the journal entry to record the donated capital asset was not made until we brought the error to the University's attention.

Why does this problem matter?

Without adequately trained and knowledgeable accounting staff to complete the fiscal year-end closing process, including processes to ensure that all financial transactions are recorded properly and to ensure that the University's financial statements and exhibits are prepared, reviewed, and submitted to the OSC by the applicable statutory deadlines, the University 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:

Western Colorado University (University) should improve its internal controls related to the fiscal year-end closing process to ensure that all financial transactions are properly recorded in its accounting system and to ensure that the University's financial statements and exhibits are prepared, reviewed, and submitted to the Office of the State Controller by the applicable statutory deadlines by cross-training existing employees and establishing back-up responsibilities to allow for appropriate delegation when turnover occurs.

Western Colorado University's Response:

Agree. Implementation Date: July 2022, although training will begin in February 2022.

Due to resource constraints, the University has a limited accounting staff. The University controller is responsible for ensuring that all financial transactions are properly recorded and that all required exhibits and the financial statements are submitted to the State Controller's Office on a timely basis. In order to comply with those responsibilities, the controller will ensure that all existing controls and reconciliations are performed and that all transactions, including those that may be infrequent, are properly recorded through the development and completion of a comprehensive year-end checklist. In addition, the controller and accounting staff will employ a year-end calendar that allows all staff to be clearly aware of impending deadlines. The controller will also attend trainings presented by the State Controller's Office and participate in regular meetings with other higher education institution controllers. In order to build staff knowledge for future fiscal years, the controller will continue to provide cross-training opportunities for the accounting staff such that they better understand the university's financial statements, the year-end closing processes, and the related deadlines for both.

Should the controller role be vacant during a future year-end, the remaining accounting staff and the Executive Vice President / COO would utilize the year-end calendar and checklist referenced above to delegate responsibilities and ensure year-end processes were completed timely. Additionally, the University may look to the assistance of outside consultants as needed.

Summary of Progress in Implementing Prior Year Audit Recommendation

Fiscal Year 2020

Recommendation No. 1 – The University should improve its internal controls over cash accounts by:

a) Establishing a procedure that specifies a required timeframe for preparation and supervisory review of bank account reconciliations.

b) Assigning back-up responsibility for preparation of bank account reconciliations in the event of staffing vacancies.

Disposition – Implemented.

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

Grand Junction

464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Western Colorado University (the University), an institution of higher education, State of Colorado, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Western Colorado University Foundation (the Foundation), a discretely presented component unit, discussed in Note A 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, 2021 and 2020, 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. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
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 University, an institution of higher education, State of Colorado, as of June 30, 2021 and 2020, 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.

Emphasis of Matter
As discussed in Note A, the financial statements of the University, 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 University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2021 and 2020, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22 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 University's Proportionate Share of the Net Pension Liability and the Schedules of University Contributions to the PERA Defined Benefit Pension Plan on pages 68 through 69 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 University's Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability and the Schedules of University Contributions to the PERA Defined OPEB Plan on pages 72 through 73 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.

Other Information
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedules of Revenues and Expenses for Enterprise Revenue Bonds for the years ended June 30, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the University.

The Schedules of Revenues and Expenses for Enterprise Revenue Bonds for the years ended June 30, 2021 and 2020 are the responsibility of the University'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 information is 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 January 14, 2022, on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

DWC

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

January 14, 2022

This section of Western Colorado University's (the University) financial report presents management's discussion and analysis of the University's financial position and results of operations as of and for the years ended June 30, 2021 and 2020, with comparative information presented for the year ended June 30, 2019. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and notes.

Understanding the Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universitie*s (GASB 35), which amended GASB 34 to include public colleges and universities. Several significant changes in accounting and financial reporting standards were required such as recording depreciation on capital assets, allocating summer session revenues and expenses between fiscal years, presenting financial statements from an entity-wide perspective (all funds in aggregate), and producing cash flow statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63). GASB 63 defines the five elements that make up a statement of net position to include:

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

The financial statements prescribed by GASB 35 as amended by GASB 63 (the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows) present financial information in a format more comparable to that used by for-profit colleges and universities. The statements are prepared under the accrual basis of accounting. Revenues and assets are recognized when service is provided, and expenses and liabilities are recognized when others provide the goods or service, regardless of when cash is exchanged.

A brief description of each of the components of the University's financial statements is provided as follows:

Statements of Net Position
The statements of net position present the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at a point in time (June 30, 2021 and 2020). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, etc.; and a picture of net position and the availability of assets for expenditure by the University.

Statements of Revenues, Expenses, and Changes in Net Position
The statements of revenues, expenses, and changes in net position present the total revenues and expenses of the University for operating, nonoperating, and other capital related purposes during the fiscal years ended June 30, 2021 and 2020. Their purpose is to assess the University's operating and nonoperating activities.

Statements of Cash Flows
The statements of cash flows present cash receipts and payments of the University during the fiscal years ended June 30, 2021 and 2020. Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.

Notes to Financial Statements
The notes to the University's aforementioned statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows present additional information to support these financial statements. The purpose of the notes is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of certain financial statement items may be found.

Required Supplementary Information (RSI)
The 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 GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) including the:

- Schedules of the University's Proportionate Share of the Net Pension Liability
- Schedules of University Contributions to PERA Defined Benefit Pension Plan
- Schedules of the University's Proportionate Share of the Net Other Post-Employment Benefit Liability
- Schedules of University Contributions to PERA Defined Other Post-Employment Benefit Plan

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management of the University 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 University has determined that the Western Colorado University Foundation (the Foundation) meets the criteria to be included in the University's financial statements as a discretely presented component unit. The Foundation was incorporated on August 22, 1975 under the laws of the State of Colorado. The purpose of the Foundation is to aid, directly or indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions. A full copy of the Foundation's financial statements may be obtained from the Western Colorado University Foundation, 909 East Escalante Drive, P.O. Box 1264, Gunnison, CO 81230.

Financial Highlights

The University's financial net position increased by \$8.9 million during the fiscal year ended June 30, 2021, from \$52.6 million at June 30, 2020, to \$61.5 million at June 30, 2021. The increase in financial net position is related primarily to capital gifts and state capital support plus *negative* non-cash pension expense due to changes in actuarial assumptions in the State Division Trust Fund of \$5.7 million. Cash and current liabilities decreased significantly during the year due to certain grants related to COVID-19 federal relief funding that were received near the end of last fiscal year (ended June 30, 2020) that were not expended until the current fiscal year (ended June 30, 2021). The University's financial net position increased by \$10.4 million during the fiscal year ended

June 30, 2020, from $42.2 million at June 30, 2019, to $52.6 million at June 30, 2020. The increase in financial net position was related primarily to an increase in state capital support plus *negative* non-cash pension expense due to changes in actuarial assumptions in the State Division Trust Fund of $5.1 million.

The University's current assets of $28.7 million (2021), $36.7 million (2020), and $25.1 million (2019) were sufficient to cover current liabilities of $8.7 million (2021), $16.9 million (2020), $8.6 million (2019). The current ratio of 3.30 (2021), 2.17 (2020), and 2.92 (2019) demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations.

The operating loss of $4.2 million (2021) primarily relates to a reduction in State fee-for-service revenue of $6.6 million during the year, which is offset by $5.7 million of *negative* non-cash expense recognized under GASB 68 (pension) & GASB 75 (OPEB). Operating income of $5.9 million (2020) and $3.6 million (2019) is also heavily impacted by GASB 68 and 75. In fiscal year 2020 and 2019, $5.1 million and $2.2 million of *negative* non-cash pension and OPEB expense was recognized. In general, operating income is also affected by the University's dependence on state appropriations for controlled maintenance and Federal Pell grants for operations. The financial reporting model classifies certain grants and contracts and state appropriations as nonoperating revenues. Additionally, State capital support does not cover the costs of all assets, nor the corresponding depreciation as those assets are expensed.

Statements of Net Position

The table below illustrates the University's summary of net position. Over time, increases or decreases in net position (the difference between assets plus deferred outflows minus liabilities and deferred inflows) are one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities.

Condensed Statements of Net Position
June 30, 2021, 2020 and 2019
(in thousands)

	2021	2020	2019
Assets			
Current Assets	$ 28,699	$ 36,724	$ 25,139
Noncurrent Assets	142,142	141,499	141,861
Total Assets	170,841	178,223	167,000
Total Deferred Outflows	4,834	4,268	7,028
Liabilities			
Current Liabilities	8,683	16,920	8,611
Noncurrent Liabilities	100,677	104,658	111,533
Total Liabilities	109,360	121,578	120,144
Total Deferred Inflows	4,773	8,310	11,663
Net Position			
Net investment in capital assets	59,633	56,633	54,600
Restricted	9,912	9,400	8,381
Unrestricted			
General unrestricted	11,024	11,193	8,968
Effect of GASB 68 and GASB 75 on unrestricted net position (see Notes G & H)	(19,660)	(25,361)	(30,542)
Designated by the Board	633	738	814
Total Net Position	$ 61,542	$ 52,603	$ 42,221

At June 30, the University's total assets were $170.8 million (2021), $178.2 million (2020), and $167.0 million. The largest asset category is the $142.0 million (2021), $141.3 million (2020), and $141.6 million (2019) in capital assets, net of depreciation, which includes land, buildings, equipment, library holdings, and construction in progress.

Cash and cash equivalents (bank deposits, pooled cash with the State Treasurer, and highly liquid investments) comprised $26.5 million (2021), $34.4 million (2020), and $22.2 million (2019) of total assets.

GASB Statement No. 65 defines certain elements of the financial statements previously reported as assets or liabilities as deferred outflows or deferred inflows of resources. Assets and liabilities are resources and obligations with present service capacities and present obligations, while deferred outflows and inflows of resources are acquisitions and uses of net assets that relate to a future period. Unamortized book losses on certain bond refinancing transactions of $2.7 million (2021), $3.0 million (2020), and $3.2 million (2019) are recognized as deferred outflows. The University also has both deferred outflows and inflows related to amounts recognized on its defined benefit pension plan and defined benefit other post-employment benefit plan in accordance with GASB 68 and GASB 75. Pension and other post-employment benefit related deferred outflows were $2.1 million (2021), $1.3 million (2020), and $3.8 million (2019). Pension and other post-employment benefit related deferred inflows were $4.8 million (2021), $8.3 million (2020), and $11.7 million (2019). In each of the last three fiscal years, changes in the actuarial assumptions related to pension and OPEB led to significant changes in the related deferred outflows and deferred inflows. See Notes G and H to the financial statements for additional information on the composition of the University's deferred outflows and deferred inflows related to pension and OPEB.

Bonds and notes payable of $85.1 million (2021), $87.7 million (2020), and $90.2 million (2019) represent 77.8 percent (2021), 72.1 percent (2020), and 75.0 percent (2019) of the University's total liabilities of $109.4 million (2021), $121.6 million (2020), and $120.1 million (2019). The University's debt is discussed in detail in Note E. The decrease in bonds and notes payable in fiscal years 2021 and 2020 primarily relates to the payment of bond principal during the year. The current portion of bonds and notes payable is $2.5 million (2021), $2.4 million (2020), and $2.3 million (2019).

The next largest component of liabilities relates to the University's recognition of its proportionate share of the unfunded pension and other post-employment benefit liabilities for the cost-sharing multiple-employer defined benefit plans administered by PERA, as discussed in Note G and H. The University's net pension and other post-employment liabilities of $17.0 million (2021), $18.3 million (2020), and $22.7 million (2019) represent 15.5 percent (2021), 15.1 percent (2020), and 18.9 percent (2019) of the University's total liabilities. Although the University is required to record this liability under GAAP, the University is under no obligation to fund the liability.

Net position consists of $59.6 million (2021), $56.6 million (2020), and $54.6 million (2019) in net investment in capital assets. In addition, $9.9 million (2021), $9.4 million (2020), and $8.4 million (2019) is externally restricted for specific purposes and ($8.0) million (2021), ($13.4) million (2020), and ($20.8) million (2019) is unrestricted. Unrestricted net position is significantly reduced by the recognition of the PERA unfunded pension and other post-employment benefit liabilities, with reductions to unrestricted net position of $19.7 million (2021), $25.4 million (2020), and $30.5 million (2019). Excluding that impact, unrestricted net position is $11.7 million (2021), $11.9 million (2020), and $9.8 million (2019). The following table reconciles total net position excluding the impact of GASB 68 and GASB 75.

Reconciliation of Net Position, excluding the impact of GASB 68 & GASB 75
June 30, 2021, 2020 and 2019
(in thousands)

	2021	2020	2019
Net Position (GAAP Basis)	$ 61,542	$ 52,603	$ 42,221
Add back:			
GASB 68 Impact – Pension	18,905	24,552	29,714
GASB 75 Impact – OPEB	755	809	828
Net Position, excluding the impact of GASB 68 & GASB 75	$ 81,202	$ 77,964	$ 72,763

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present the results of operations during the year. Revenues are distinguished between operating revenues, nonoperating revenues, and revenues from capital contributions. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service and related support services to an individual or entity separate from the University. Nonoperating revenues and expenses are those other than operating and include, but are not limited to: funding received or receivable for Federal Pell grants awarded to students, Federal interest subsidies, grants received as a result of COVID-19 Federal relief funding, investment income and expenses, and interest expense on capital debt. Revenues from capital contributions and gifts consist of capital construction and controlled maintenance support from the State of Colorado and gifts of capital funding or assets from other donors.

Gross tuition and fee revenue for fiscal year 2021 decreased 9.6 percent from fiscal year 2020. Although overall state supported FTE increased, the gains in FTE were concentrated in concurrent enrollment while traditional undergraduate enrollment declined. Although tuition rates increased by 2 percent in fiscal year 2021, that increase was not significant enough to offset the decline in enrollment during the year. In fiscal year 2020, undergraduate tuition rates remained flat, while undergraduate FTE decreased by 1.4 percent. The Extended Studies programs also had a decrease in revenues due to COVID-19. Tuition and fee related scholarship allowances of $11.4 million (2021), $11.7 (2020), and $11.3 million (2019) were relatively stable over the last three years. Scholarship allowances are defined as the financial aid awarded to students by the University that is used to pay University charges. The scholarship allowance is recognized as a direct reduction of revenue rather than an increase in financial aid expense. Net tuition and fee revenue for the year ending June 30, 2021 was $21.6 million, a $3.2 million decrease from 2020. Net tuition and fee revenue for the year ending June 30, 2020 was $24.8 million, a $0.6 million decrease from 2019.

The net operating loss of $4.2 million (2021) contrasts with $5.9 million and $3.6 million of operating income in fiscal years 2020 and 2019. Net operating deficits are common in higher education since the financial reporting model classifies certain items, like Pell grant revenue, separately from operating revenues. Additionally, State capital support does not cover the costs of all assets, nor the corresponding depreciation as those assets are expensed. In addition, there was a $6.6 million reduction in State fee-for-service revenue in 2021 when compared with 2020. The University did receive additional grant revenue from the State of Colorado in the amount of $8.0 million that resulted from the Coronavirus Relief Fund and the University also received $3.0 million in federal funding that resulted from the Higher Education Emergency Relief Fund; however, those revenues are reported as nonoperating. The University's net position increased by $8.9 million in fiscal year 2021 and $10.4 million in fiscal year 2020. In both of those years, the University had improved operations, but the increase can be primarily attributed to capital gifts and support and significant *negative* non-cash expense related to GASB 68 and GASB 75 ($5.7 million in 2021 and $5.1 million in 2020).

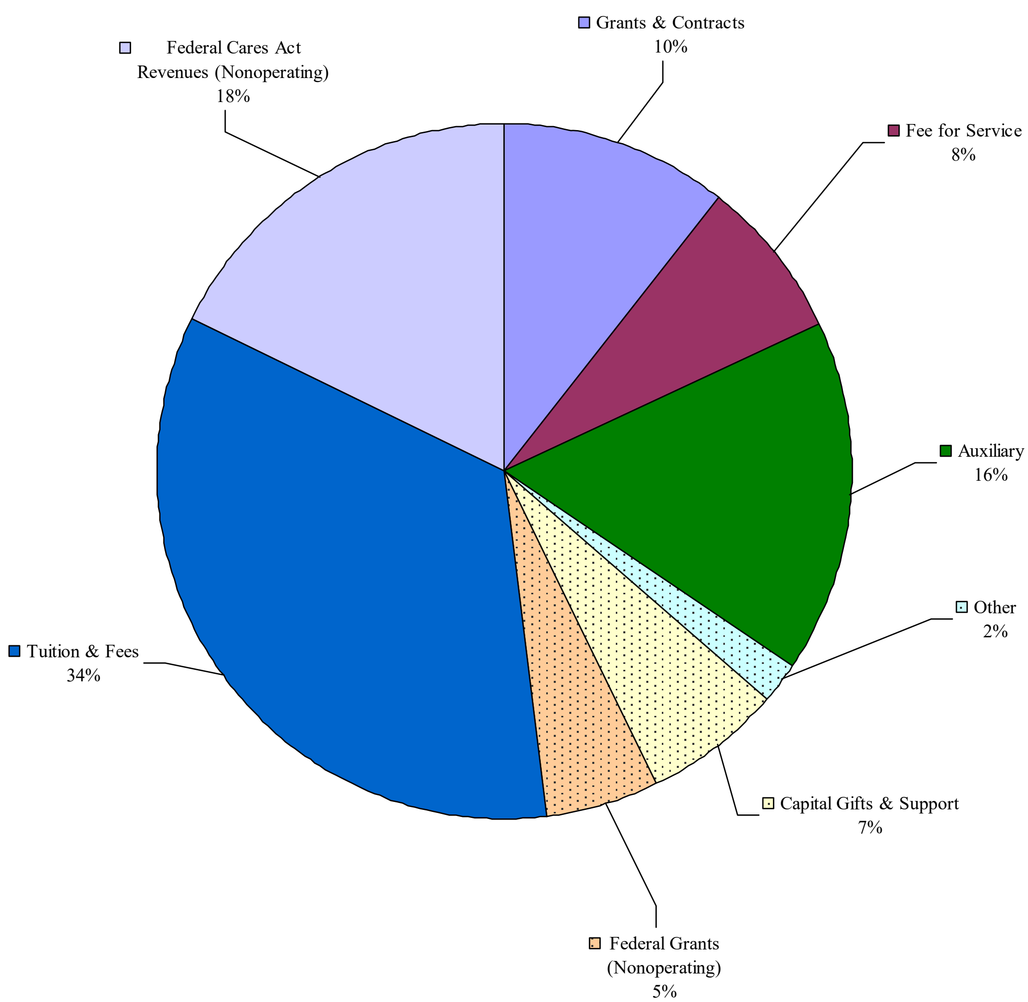
Condensed Statements of Revenue, Expenses, and Changes in Net Position
June 30, 2021, 2020 and 2019
(in thousands)

	2021	2020	2019
Operating Revenue			
Tuition and fees, net	$ 21,636	$ 24,796	$ 25,363
Federal, state, and private grants and contracts	6,606	5,826	7,369
Fee for service revenue	4,838	11,440	10,702
Sales and services of auxiliary enterprises, net	10,311	10,523	11,922
Other operating revenue	1,705	2,026	635
Total Operating Revenue	45,096	54,611	55,991
Operating Expenses			
Instruction	17,359	16,821	17,992
Academic support	2,866	3,016	2,829
Student services	4,911	5,544	5,616
Institutional support	4,883	4,906	5,658
Operation and maintenance of plant	1,860	1,707	2,681
Auxiliary enterprises	9,463	9,619	11,149
Depreciation	5,313	5,590	5,410
Other	2,681	1,455	1,069
Total Operating Expenses	49,336	48,658	52,404
Net Operating Income (Loss)	(4,240)	5,953	3,587
Nonoperating Revenue (Expenses)			
Federal Pell grants and interest subsidy	$ 3,310	$ 3,495	$ 3,646
Federal coronavirus relief funding and higher education emergency relief funding	11,173	627	-
Investment and interest income (loss)	(479)	1,444	778
Interest expense on capital debt	(4,910)	(4,992)	(4,965)
Other nonoperating revenues (expenses)	(71)	(57)	47
Net Nonoperating Income (Expense)	9,023	517	(494)
Income before Capital Contributions	4,783	6,470	3,093
Capital Contributions and Gifts			
State capital support and other capital gifts	4,156	3,913	6,810
Increase in Net Position	8,939	10,383	9,903
Net Position:			
Net Position, beginning of year	52,603	42,220	32,318
Net Position, end of year	$ 61,542	$ 52,603	$ 42,221

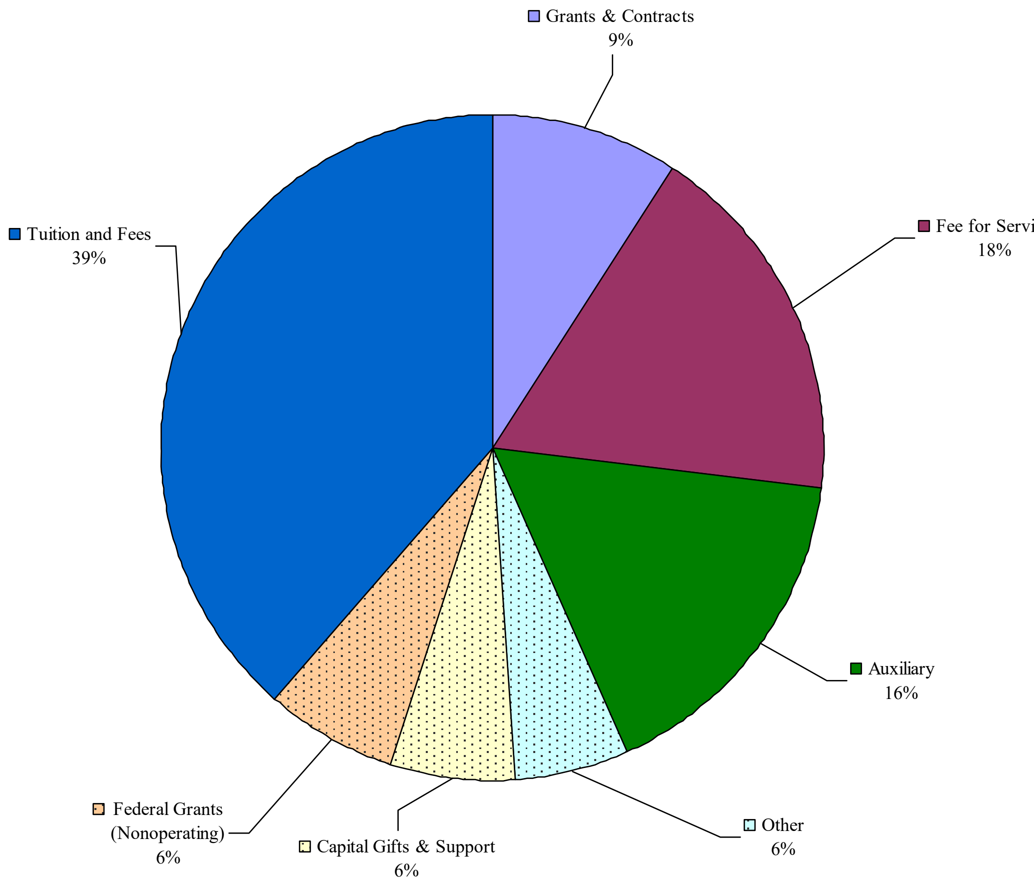
Revenue by Source

The following is a graphic illustration of total revenue by source for the University. Each major revenue component is displayed relative to its proportionate share of total revenues.

Operating and Nonoperating Revenues – Fiscal Year 2021



Operating and Nonoperating Revenues – Fiscal Year 2020



Capital Assets

At June 30, 2021, the University had $142.0 million invested in capital assets, net of accumulated depreciation of $102.4 million. At June 30, 2020, the University had $141.3 million invested in capital assets, net of accumulated depreciation of $97.2 million. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets. Details of capital asset balances are shown below.

Capital Assets, Net, at Year-End (in thousands)

	June 30, 2021	June 30, 2020	June 30, 2019
Land and Improvements	$ 4,408	$ 4,408	$ 4,408
Construction in Progress	3,382	2,439	1,465
Land Improvements, Net	2,788	250	293
Buildings and Improvements, Net	130,217	132,722	133,827
Furniture and Equipment, Net	1,073	1,303	1,334
Library Materials, Net	160	193	224
Total	$ 142,028	$ 141,315	$ 141,551

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

Moffat Flood Project	$	2,188
Savage Library Renovation	$	617
Campus Accessibility Project	$	284

The following significant capital projects were in progress at June 30, 2020 (in thousands):

Campus Roof Repair / Replacement	$	878
Savage Library Renovation	$	322
Storm Water Mitigation Project	$	509
Moffat Flood Project	$	730

Debt

At June 30, 2021, the University had $85.1 million in debt outstanding, a decrease of $2.6 million from the debt outstanding of $87.7 million as of June 30, 2020 related primarily to principal paid during the fiscal year. At June 30, 2020, the University had $87.7 million in debt outstanding, a decrease of $2.5 million from the debt outstanding of $90.2 million as of June 30, 2019 related primarily to principal paid during the fiscal year. The table below summarizes the amounts by type of debt.

Outstanding Debt at Year-End (in thousands)

	June 30, 2021	June 30, 2020	June 30, 2019
Auxiliary Revenue Bonds	$ 81,023	$ 83,129	$ 85,533
Direct Borrowing Bonds	4,110	4,535	4,535
Notes Payable	-	-	100
Total	$ 85,133	$ 87,664	$ 90,168

Economic Outlook

The University's ability to carry out its mission, maintain and improve academic offerings, meet operational costs, and maintain facilities is influenced by a variety of factors. The largest drivers are state funding, enrollment and tuition revenues/rates, compensation costs, and debt service. The COVID-19 global pandemic and its impacts will continue to be felt through fiscal year 2022 and possibly beyond.

State Funding
State operating support comes in two forms: Fee for Service payments and Student Stipends funded by the College Opportunity Fund. For fiscal year 2022, the University was appropriated $16.7 million in state operating support, which represents a significant increase from the prior year. In fiscal year 2021, due to the economic effects of COVID-19, the State cut operating support by nearly 60 percent. The fiscal year 2022 appropriation reinstates state operating support to pre-pandemic levels. In addition, a new funding model was employed in 2022 which allocates funding based on a variety of performance metrics. Because performance is measured based on progress at the individual campus-level and because Western has seen growth in key factors such as overall resident enrollment, graduation rates, and underrepresented student population growth, the University received a percentage increase higher than the statewide average.

State capital funding plays an important role in the University's ability to maintain its facilities and the University has been successful in recent years in receiving support for major projects and various controlled maintenance projects (e.g., heating system improvements, roof upgrades, boiler replacements, and storm water mitigation). The University received two capital appropriations for fiscal year 2022: $2.9 million in information technology capital support, which will be used for a digital transformation project to modernize the University's existing enterprise resource planning and student information system, and $0.9 million to update certain HVAC systems in academic buildings. Although the University does not have any major capital construction needs on the horizon, continued funding will be necessary to address on-going deferred maintenance needs.

COVID-19 Funding
The University received $4.1 million in Federal funding through the American Rescue Plan Act of 2021, which it plans to expend in fiscal year 2022 to provide grants to students and offset certain continuing financial impacts of COVID-19.

Enrollment and Tuition Revenues/Rates
Student FTE enrollment in fiscal year 2021 was 2,158, which represented a 1.6 percent decrease over fiscal year 2020. Enrollment is a significant driver of University revenues and the University has enacted a number of initiatives to increase enrollment and retain students. After two years of declining enrollment related in part to COVID-19, the University expects undergraduate enrollment in fiscal year 2022 to increase by approximately 3 percent (based on preliminary fall enrollments). Graduate enrollment is projected to be flat for fiscal year 2022.

After consideration of the competitive higher education market in Colorado and anticipated state funding, the University did not increase undergraduate tuition and fee rates for the current fiscal year. In the last decade, with the general decline in State operating support for higher education, there has been a shift in the cost burden to students, both at the University and other Colorado public institutions. In spite of this, the University remains one of the best values in the State and the University will continue to control tuition increases and balance them with enhanced financial support for students.

Compensation Costs
Consistent with most institutions of higher education, the University spends over 60 percent of its education and general budget on salaries and benefits. Although the University spends the majority of its budget on personnel costs, University salaries lag peers in several categories. The University has prioritized salary enhancement as a goal and provided a 2.0 percent salary increase pool to faculty and administrators for fiscal year 2022. In addition, the University increased baseline salaries for both faculty lecturers and entry-level administrative positions in 2022 as a result of a comprehensive strategic resource allocation study (discussed in detail below). Western has also constituted a compensation committee to research and price the development of a comprehensive compensation plan with the assistance of a third party consultant. Salary and benefits will continue to be a significant driver of operating budgets as the University strives for salary competitiveness and as benefit costs continue to increase. The University continues to work actively with benefit providers to control costs while still providing quality, competitive benefit packages for employees.

Debt Service
In order to improve and maintain facilities, the University increased its debt burden significantly roughly a decade ago. In fiscal year 2021, the University paid $7.2 million in debt service (prior to application of the University's federal interest subsidy of approximately $1.1 million) and has similar debt service requirements in fiscal year 2022. The University's current annual debt service requirements are expected to maintain at approximately $7.2 million over the next several years (without factoring in the University's federal interest subsidy). The University uses a combination of student fees and auxiliary revenues to meet its debt service burden. The University also

maintains a debt service reserve, which can be used to meet debt service needs in the case of an unanticipated decrease in operating income. The University added $0.3 million to that reserve in fiscal year 2021, bringing the reserve balance to $3.7 million.

Strategic Resource Allocation Study
In fiscal year 2020, the University engaged the campus community in a Strategic Resource Allocation (SRA) study. The purpose of this study was to assess all academic and non-academic departments/programs (127 in total) against a set of 8 criteria (e.g., demand, productivity, growth, innovation, etc.) to ensure department/program alignment with the University's mission and strategic plan. After each department/program was scored by teams of faculty and staff, departments/programs were categorized into five percentile tiers. In the summer and fall of 2020, an implementation team used the data along with conversations with departments/programs, to develop recommendations for consideration by the Board of Trustees. A final report and implementation plan was adopted by the Board in the spring of 2021. Included was over $600,000 of investment in fiscal year 2022 for program development and salary augmentations (referenced above). Two other phases of investments as well as some programmatic reductions are planned for implementation over the next two years.

New Paul M. Rady School of Computer Science and Engineering Supported by $80 Million Donation
On September 6, 2018, the University announced the creation of the Paul M. Rady School of Computer Science and Engineering. The new school was made possible by an $80 million gift from a private donor. The gift funded a new 75,000 square foot building on the University's campus and also operational needs of the school. The University partnered with the University of Colorado Boulder to deliver computer science and mechanical engineering instruction within the new school. The partnership allows students to complete their first two years of coursework as University students and the balance of their education as University of Colorado Boulder students, all while remaining on the University's campus in Gunnison. The partnership allows the University to play a key role in addressing the shortage of technologically skilled workers in the State of Colorado. The first cohort of students began in fall 2019 and the building is anticipated for completion near the end of 2021.

Requests for Information
Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Controller's Office at Western Colorado University, Taylor Hall, Room 328, Gunnison, CO 81231.

BASIC FINANCIAL STATEMENTS SECTION

WESTERN COLORADO UNIVERSITY

STATEMENTS OF NET POSITION

As of June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 26,491,537**	$ 34,426,199
Investments	**142,867**	146,388
Student accounts receivable, net	**646,119**	469,267
Other accounts receivable, net	**689,344**	1,052,870
Student loans receivable, net	**14,061**	25,641
Notes Receivable, Net	**-**	-
Inventories	**300,339**	325,817
Other current assets	**414,291**	277,639
Total Current Assets	**28,698,558**	36,723,821
Noncurrent Assets		
Student loans receivable, net	**114,338**	184,886
Total Noncapital Noncurrent Assets	**114,338**	184,886
Nondepreciable Capital Assets		
Land	**2,503,736**	2,503,736
Land improvements	**1,904,083**	1,904,083
Construction in progress	**3,381,782**	2,438,633
Total Nondepreciable Capital Assets	**7,789,601**	6,846,452
Depreciable Capital Assets, Net		
Land improvements, less accumulated depreciation of $580,405 (2021) and $482,528 (2020)	**2,788,260**	250,027
Buildings and improvements, less accumulated depreciation of $92,523,550 (2021) and $87,679,011 (2020)	**130,216,777**	132,721,843
Furniture, equipment and software, less accumulated depreciation of $3,379,772 (2021) and $3,108,807 (2020)	**1,073,550**	1,302,715
Library materials, less accumulated depreciation of $5,950,541 (2021) and $5,893,219 (2020)	**159,669**	193,116
Total Depreciable Capital Assets, Net	**134,238,256**	134,467,701
Total Noncurrent Assets	**142,142,195**	141,499,039
Total Assets	**170,840,753**	178,222,860
DEFERRED OUTFLOWS		
Loss on bond refundings	**2,747,706**	2,982,237
Pension related (See Note G)	**2,042,972**	1,230,573
Other post-employment benefit related (See Note H)	**43,458**	55,230
Total Deferred Outflows	**4,834,136**	4,268,040

See accompanying notes.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF NET POSITION

As of June 30, 2021 and 2020

		2021	2020
LIABILITIES			
Current Liabilities			
Accounts payable		**554,713**	673,927
Accrued liabilities		**1,616,942**	1,729,195
Unearned revenue		**3,054,695**	11,265,751
Student deposits		**806,161**	721,801
Bonds payable, current portion		**2,485,000**	2,390,000
Compensated absence liabilities, current portion		**165,928**	138,943
	Total Current Liabilities	**8,683,439**	16,919,617
Noncurrent Liabilities			
Bonds payable		**82,648,002**	85,273,572
Compensated absence liabilities		**1,055,007**	1,047,635
Net pension liability (See Note G)		**16,444,652**	17,667,532
Net other post-employment benefit liability (See Note H)		**528,935**	669,330
	Total Noncurrent Liabilities	**100,676,596**	104,658,069
	Total Liabilities	**109,360,035**	121,577,686
DEFERRED INFLOWS			
Pension related (See Note G)		**4,502,764**	8,114,837
Other post-employment benefit related (See Note H)		**269,662**	194,875
	Total Deferred Inflows	**4,772,426**	8,309,712
NET POSITION			
Net investment in capital assets		**59,632,746**	56,632,818
Restricted for:			
Loans		**249,597**	393,902
Debt service		**9,662,525**	9,006,084
Unrestricted		**(8,002,440)**	(13,429,302)
	Total Net Position	**$ 61,542,428**	$ 52,603,502

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

		2021	2020
Assets			
Cash and cash equivalents		$ 609,889	$ 464,725
Accounts receivable		29,451	6,795
Promises to give, net		1,604,882	1,793,995
Marketable securities		30,200,488	21,371,025
Other assets		574,482	479,206
Property and equipment, net of accumulated depreciation		1,014,452	1,038,081
	Total Assets	$ 34,033,644	$ 25,153,827
Liabilities			
Accounts payable		$ 20,012	$ 50,794
Accrued compensated absences and additional compensation		44,458	49,356
Note payable- Paycheck Protection Program		-	99,784
Liabilities under charitable gift annuities		183,382	143,905
	Total Liabilities	247,852	343,839
Net Assets			
Without donor restrictions			
Undesignated		(1,180,085)	(2,508,824)
With donor restrictions			
Perpetual in nature		10,191,734	9,808,165
Purpose restrictions		23,169,261	16,515,381
Time-restricted for future period		1,604,882	1,793,995
Underwater endowments		-	(798,729)
		34,965,877	27,318,812
	Total Net Assets	33,785,792	24,809,988
	Total Liabilities and Net Assets	$ 34,033,644	$ 25,153,827

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Tuition and fees, including $14,144,482 (2021) and $13,984,495 (2020) pledged for bonds	$ 33,046,323	$ 36,542,369
Less: scholarship allowances	(11,410,804)	(11,746,842)
Net Tuition and Fees	21,635,519	24,795,527
Federal, state, and private grants and contracts, including $109,741 (2021) and $217,832 (2020) pledged for bonds	6,606,314	5,826,081
Fee for service revenue	4,837,921	11,439,715
Sales and services of auxiliary enterprises, including $9,850,909 (2021) and $10,419,137 (2020) pledged for bonds	10,755,313	10,828,326
Less: scholarship allowances	(444,209)	(305,013)
Net Sales and Services of Auxiliary Enterprises	10,311,104	10,523,313
Other operating revenue, including $5,890 (2021) and $63,834 (2020) pledged for bonds	1,704,854	2,026,053
Total Operating Revenue	45,095,712	54,610,689
Operating Expenses		
Instruction	17,358,926	16,821,027
Research	422,578	468,798
Public service	52,705	119,716
Academic support	2,866,477	3,015,663
Student services	4,911,133	5,544,162
Institutional support	4,882,975	4,906,463
Operation and maintenance of plant	1,859,655	1,706,642
Scholarships and fellowships	2,205,800	865,811
Auxiliary enterprises	9,462,896	9,619,498
Depreciation	5,312,679	5,589,801
Total Operating Expenses	49,335,824	48,657,581
Operating Income (Loss)	(4,240,112)	5,953,108
Nonoperating Revenue (Expenses)		
Federal Pell grants	2,135,606	2,331,696
Federal interest subsidy, including $1,173,918 (2021) and $1,163,178 (2020) pledged for bonds	1,173,918	1,163,178
Federal coronavirus relief funding and higher education emergency relief funding	11,173,337	627,362
Investment and interest income (expense), including $155,196 (2021) and $256,554 (2020) pledged for bonds	(478,761)	1,443,883
State support for pensions	-	140,354
Interest expense on capital debt	(4,909,972)	(4,992,237)
Other nonoperating expenses	(70,985)	(197,642)
Net Nonoperating Revenue	9,023,143	516,594
Income Before Capital Contributions	4,783,031	6,469,702
Capital Contributions		
State capital support	1,094,601	3,610,357
Other capital gifts	3,061,294	302,995
Increase in Net Position	8,938,926	10,383,054
Net Position - beginning of year	52,603,502	42,220,448
Net Position - end of year	$ 61,542,428	$ 52,603,502

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 356,388	$ 5,297,743	$ 5,654,131
Fundraising revenue	-	31,839	31,839
In-kind contributions	-	579,352	579,352
Miscellaneous income	-	3,407	3,407
Net investment return	825,140	4,976,485	5,801,625
Service agreement income – Western Colorado University	270,000	-	270,000
Royalties	-	25,363	25,363
Reclassification of net assets	211,128	(211,128)	-
Net assets released from restrictions	3,055,996	(3,055,996)	-
TOTAL REVENUE AND SUPPORT	4,718,652	7,647,065	12,365,717
EXPENSES			
Program expenses	2,731,178	-	2,731,178
Management and general	283,001	-	283,001
Fundraising	375,734	-	375,734
TOTAL EXPENSES	3,389,913	-	3,389,913
CHANGES IN NET ASSETS	1,328,739	7,647,065	8,975,804
NET ASSETS BEGINNING OF YEAR	(2,508,824)	27,318,812	24,809,988
NET ASSETS – ENDING OF YEAR	**$ (1,180,085)**	**$ 34,965,877**	**$ 33,785,792**

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 217,103	$ 4,048,600	$ 4,265,703
Fundraising revenue	-	88,600	88,600
In-kind contributions	-	123,432	123,432
Net investment return	1,242	252,569	253,811
Service agreement income – Western Colorado University	270,000	-	270,000
Royalties	-	37,909	37,909
Reclassification of net assets	178,953	(178,953)	-
Net assets released from restrictions	2,907,658	(2,907,658)	-
TOTAL REVENUE AND SUPPORT	3,574,956	1,464,499	5,039,455
EXPENSES			
Program expenses	2,440,837	-	2,440,837
Management and general	342,256	-	342,256
Fundraising	432,055	-	432,055
TOTAL EXPENSES	3,215,148	-	3,215,148
CHANGES IN NET ASSETS	359,808	1,464,499	1,824,307
NET ASSETS BEGINNING OF YEAR	(2,868,632)	25,854,313	22,985,681
NET ASSETS – ENDING OF YEAR	**$ (2,508,824)**	**$ 27,318,812**	**$ 24,809,988**

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Expenses	Management and General	Fundraising	Total
Scholarships	$ 1,085,040	$ -	$ -	$ 1,085,040
Personnel costs	539,571	194,154	291,045	1,024,770
In-kind expenses	579,352	-	-	579,352
Biology research	120,331	-	-	120,331
Supplies and equipment	96,429	-	-	96,429
Travel	85,380	-	-	85,380
Direct cost of fundraising	-	-	68,008	68,008
Official functions	53,094	-	-	53,094
Dues, registrations, memberships	40,675	225	-	40,900
Capital equipment and software	32,946	3,254	2,455	38,655
Honorariums, professional development, etc.	36,975	-	-	36,975
Professional fees	17,769	14,000	-	31,769
Depreciation expense	-	28,859	-	28,859
Annuity disbursements	24,834	-	-	24,834
Insurance	2,473	17,433	-	19,906
Administrative fees	5,644	4,744	-	10,388
Publication costs	-	-	8,566	8,566
Office supplies	-	7,860	-	7,860
Board of directors' expenses	-	7,464	-	7,464
Advertising	7,362	-	-	7,362
Miscellaneous	1,201	2,230	-	3,431
Postage	-	2,778	-	2,778
Other fundraising expenses	-	-	2,396	2,396
Director's expense	-	-	2,106	2,106
Property taxes	2,102	-	-	2,102
Capital campaign	-	-	1,158	1,158
TOTAL	**$ 2,731,178**	**$ 283,001**	**$ 375,734**	**$ 3,389,913**

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Expenses	Management and General	Fundraising	Total
Personnel costs	$ 442,778	$ 257,492	$ 290,807	$ 991,077
Scholarships	826,681	-	-	826,681
Capital equipment and software	471,178	2,735	2,050	475,963
Supplies and equipment	152,037	-	-	152,037
In-kind expenses	123,432	-	-	123,432
Official functions	92,460	-	3,380	95,840
Biology research	92,719	-	-	92,719
Travel	74,527	-	-	74,527
Direct cost of fundraising	-	-	72,334	72,334
Professional fees	46,474	14,336	-	60,810
Dues and subscriptions	38,835	1,325	-	40,160
Bad debt expense	-	-	35,551	35,551
Honorariums/miscellaneous program expenses	31,765	-	-	31,765
Depreciation expense	-	28,111	-	28,111
Annuity disbursements	20,788	-	-	20,788
Insurance	2,194	15,399	-	17,593
Administrative fees	9,498	6,772	-	16,270
International studies	12,600	-	-	12,600
Publication costs	-	-	11,683	11,683
Other fundraising expenses	-	-	11,648	11,648
Office supplies	-	10,102	-	10,102
Board of directors' expenses	-	2,821	-	2,821
Capital campaign	-	-	2,563	2,563
Miscellaneous	-	2,552	-	2,552
Property taxes	2,505	-	-	2,505
Director's expense	-	-	2,039	2,039
Postage	-	611	-	611
Advertising	366	-	-	366
TOTAL	**$ 2,440,837**	**$ 342,256**	**$ 432,055**	**$ 3,215,148**

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash Received		
Tuition and fees	**$ 21,993,171**	$ 24,600,789
Sales of services	**14,338,738**	21,729,673
Sales of product	**580,893**	633,625
Grants, contracts, and gifts	**6,145,921**	6,468,729
Student loans collected	**81,197**	94,161
Other operating receipts	**1,726,895**	1,879,408
Cash Payments		
Payments to or for employees	**(30,931,174)**	(30,361,749)
Payments to suppliers	**(15,660,337)**	(16,719,103)
Scholarships disbursed	**(2,205,800)**	(865,811)
Net Cash Provided by (Used for) Operating Activities	**(3,930,496)**	7,459,722
Cash Flows from Noncapital Financing Activities		
Federal, state, private grants & contracts	**5,867,098**	12,659,388
Other agency inflows (outflows)	**9,920**	(260,514)
Net Cash Provided by Noncapital Financing Activities	**5,877,018**	12,398,874
Cash Flows from Capital and Related Financing Activities		
State capital support	**1,142,564**	3,610,357
Capital gifts & grants	**97,382**	453,666
Acquisition or construction of capital assets	**(3,427,303)**	(5,780,494)
Principal paid on capital debt	**(2,390,000)**	(2,265,000)
Interest on capital debt	**(4,828,598)**	(5,039,944)
Net Cash Used for Capital and Related Financing Activities	**(9,405,955)**	(9,021,415)
Cash Flows from Investing Activities		
Investment earnings (loss)	**(475,229)**	1,428,455
Net Cash Provided by (Used for) Investing Activities	**(475,229)**	1,428,455
Net Increase (Decrease) in Cash and Cash Equivalents	**(7,934,662)**	12,265,636
Cash and Cash Equivalents - beginning of year	**34,426,199**	22,160,563
Cash and Cash Equivalents - end of year	**$ 26,491,537**	$ 34,426,199

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating loss	**$ (4,240,112)**	$ 5,953,108
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	**5,312,679**	5,589,801
Provision for uncollectable accounts	**18,684**	200,030
Compensated absences adjustment	**34,357**	85,147
Non-cash pension & OPEB expense (See Notes G & H)	**(5,701,189)**	(5,041,162)
Changes in assets and liabilities:		
Receivables	**(82,075)**	310,076
Inventories	**25,478**	55,563
Other assets	**(136,652)**	249,987
Student loans	**76,452**	94,149
Accounts payable	**6,530**	(520,750)
Accrued liabilities	**(57,949)**	(204,933)
Unearned revenue	**644,455**	857,045
Deposits held for others	**168,846**	(168,339)
Net Cash Provided by Operating Activities	**$ (3,930,496)**	$ 7,459,722
Noncash Investing, Capital, and Financing Activities		
Increase (decrease) in accounts payable and accrued liabilities related to capital assets	**$ (167,461)**	$ (448,367)
Unrealized (gain) loss on investments	**3,522**	(15,814)
Amortization of deferred bond refunding loss	**234,531**	234,531
Amortization of bond discount (premium)	**(140,570)**	(214,487)
Capital gift, Katy O. Rady Soccer Field	**2,766,543**	-

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 8,975,804	$ 1,824,307
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	28,859	28,111
Bad debt expense (recovery)	(3,407)	35,551
Collections of contributions restricted to endowments	(510,254)	(134,819)
Net realized and unrealized (gains) and losses on investments	(5,491,832)	(42,684)
Increase in value of life insurance policy	(95,276)	(10,261)
Net change in split interest liabilities	(60,523)	(6,289)
PPP loan forgiven	(99,784)	-
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	(22,656)	22,046
(Increase) decrease in promises to give	192,520	(1,650,368)
(Decrease) increase in accounts payable	(30,782)	(20,838)
(Decrease) increase in accrued liabilities	(4,898)	3,974
NET CASH FROM OPERATING ACTIVITIES	2,877,771	48,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating investments	(9,958,045)	(11,399,576)
Proceeds from sales and maturities of operating investments	6,620,414	11,465,631
Purchase of buildings and improvements	(5,230)	(2,023)
NET CASH USED FOR (FROM) INVESTING ACTIVITIES	(3,342,861)	64,032
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted to endowments	510,254	134,819
Proceeds from note payable – Paycheck Protection Program	-	99,784
Proceeds from charitable gift annuity agreements	100,000	-
NET CASH FROM FINANCING ACTIVITIES	610,254	234,603
NET CHANGE IN CASH AND CASH EQUIVALENTS	**145,164**	**347,365**
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	464,725	117,360
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 609,889**	**$ 464,725**
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Western Colorado University (the University) is a public institution of higher education of the State of Colorado (the State). House Bill 19-1178, which simplified the University's name from Western State Colorado University to Western Colorado University, became effective on July 1, 2019. Operations are funded largely through student tuition and fees.

As an institution of the State, the University's operations and activities are funded partially through fee-for-service contracts with the State.

Governance
Effective July 1, 2003, Colorado Revised Statute (C.R.S.) 23-56-102 established the Board of Trustees (the Trustees) of the University to serve as the University's governing board. Nine of the eleven Trustees are members outside the University who are appointed by the Governor with the consent of the Senate. The remaining two members consist of a student, elected by the student body, and a faculty member, elected by tenure and tenure track faculty. Both of these members are nonvoting members. The Trustees have full authority and responsibility for the control and governance of the University, including such areas as role and mission, academic programs, curriculum, admissions, finance, and personnel policies. To exercise their authority appropriately, the Trustees regularly establish policies designed to enable the University to perform its statutory functions in a rational and systematic manner. To assist them in meeting their responsibilities, the Trustees delegate to the President the authority to interpret and administer their policies in all areas of operations.

Reporting Entity
The accompanying financial statements reflect the financial activities of the University for the fiscal years ended June 30, 2021 and 2020. The University is an institution of higher education of the State. Thus, for financial reporting purposes, the University is included as part of the State's primary government. A copy of the State's Annual Comprehensive Financial Report may be obtained from the Colorado Office of the State Controller (OSC), Department of Personnel and Administration (DPA), Denver, Colorado.

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management has determined that the Western Colorado University Foundation (the Foundation) meets the criteria to be included in the University's financial statements as a discretely presented component unit. The Foundation was incorporated on August 22, 1975 under the laws of the State. The purpose of the Foundation is to aid, directly or indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions. A full copy of the Foundation's financial statements may be obtained from the Western Colorado University Foundation, 909 East Escalante Drive, P.O. Box 1264, Gunnison, CO 81230.

Basis of Accounting
For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and 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.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB 61) and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* paragraph 47, (GASB 39) the discrete presentation of the Foundation's financial statements appear on separate pages from the University. The Foundation warrants inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the University. Please refer to Note K for additional discussion.

The financial statements of the Foundation are prepared on the accrual basis and follow the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Because the Foundation uses a different GAAP reporting model and following the GASB 39 recommendation, its financial information is not presented on the same page as the University but is reported on separate pages after the University's financial statements. The separate financials include the statements of financial position, and the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows, and deferred inflows and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the 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 Colorado State Treasurer (the Treasurer) and all highly liquid investments with an original maturity of three months or less.

Investments

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

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are reported net of estimated uncollectible amounts.

Student Loans Receivable

Student loans receivable consists of amounts due from students related to loans awarded to students through the Federal Perkins Loan program. The Federal Perkins Loan program ended on September 30, 2017 with final disbursements through June 30, 2018. Student loans receivable includes existing Perkins Loans, but not new Perkins Loans. The University records the current portion of the receivable as the amount of principal their third-party service provider has collected in the current year and this approximates the amount estimated to be collected in the following year. Student loans receivable are reported net of estimated uncollectible amounts. The University assumes that loan receivables over two years past due are 100 percent uncollectible for reporting purposes.

Inventories
Inventories consist primarily of bookstore inventory and consumable supplies and are stated at the lower of cost or market as determined by the FIFO (first-in, first-out) method. The valuation of the bookstore inventory is determined by the retail FIFO method which involves pricing items at current selling prices reduced to the lower of cost or market by the application of an average markup ratio.

Capital Assets
Capital assets are stated at cost at date of acquisition or fair market value at date of donation. The University capitalizes only those assets with an initial cost or fair market value greater than or equal to $5,000 for equipment. For renovations and improvements, the University capitalizes only those projects with a value of $50,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 10 to 70 years for buildings and building improvements, 3 to 10 years for equipment and library materials, and 10 to 100 years for depreciable land improvements. State capital construction revenues are recognized only to the extent of current expenditures. Controlled maintenance (corrective repairs or replacements to existing facilities) funded by the State is recorded as state appropriated revenue and the assets are recorded to the extent that expenditures qualify for capitalization.

Donated Software
The University receives certain software used in its academic programs as donations from software providers. These software providers sell their products to for-profit entities operating in the petroleum geology and geospatial analytics industries, but provide the software to higher education institutions as no-cost grants for academic use only over specified time periods. The University does not recognize a donation value for these software grants in its financial statements because there is no estimated fair value due to the fact that the use of the software is restricted and non-transferable.

Unearned Revenue
Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences
Employees' compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position and as a component of compensation and benefit expense in the statements of revenue, expenses and changes in net position.

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 University control.
- Deferred Outflows of Resources – consumption of net assets by the University that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the University that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of net position.

See Notes G and H for detail of the composition of the University's deferred outflows and deferred inflows related to pension and OPEB.

Classification of Revenue
The University has classified its revenues as either operating revenues, nonoperating revenues, or capital contributions according to the following criteria:

Operating Revenue – Operating revenue generally results from providing goods and services for instruction, public service or related support services to an individual or to an entity separate from the University such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) grant and contract revenues.

Nonoperating Revenue – Nonoperating revenue is that revenue which does not meet the definition of operating revenue. Nonoperating revenue includes Federal Pell grants, the Federal Build America Bond interest subsidy, grants received as a result of COVID-19 federal relief funding, and investment income.

Capital Contributions – Contributions to the University earmarked for capital asset acquisition are classified as capital contributions and are reported separately from operating and nonoperating revenues.

Scholarship Allowances
Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the differences between the stated charge for goods and services provided by the University, 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 revenue in the University's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition, fees and housing for the years ended June 30, 2021 and 2020 were $11,855,013 and $12,051,855.

Net Position
The University's net position is classified as follows:

Net investment in capital assets – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of the net investment in capital assets.

Restricted net position – expendable – Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises, unless otherwise pledged or restricted. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. Certain net position is unrestricted but designated by the Trustees for specific purposes.

Net assets of the Foundation are classified based on the existence or absence of donor or grantor-imposed restrictions into two categories: net assets without donor restrictions and net assets with donor restrictions. Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by a donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Most of the Foundation's unconditional promises to give are due within the next five years.

Application of Restricted and Unrestricted Resources
The University's policy is to first apply an expense against restricted resources then to unrestricted resources, when both restricted and unrestricted resources are available.

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

Income Taxes
As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code (IRC) and a similar provision of State law. However, the University is subject to income tax on any unrelated business taxable income. The University did not have any significant unrelated business taxable income in fiscal year 2021 or 2020.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the IRC and classified by the Internal Revenue Service (IRS) as other than a private foundation.

NOTE B – CASH AND INVESTMENTS

Cash on Hand and in Local Banks
At June 30, cash on hand and in local banks consisted of the following:

	2021	2020
Cash on hand	$ 11,680	$ 210,570
Cash in local banks	1,815,646	1,826,735
	$ 1,827,326	$ 2,037,305

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. To manage custodial credit risk, deposits with U.S. and foreign financial institutions are made in accordance with University and State policy, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under PDPA are considered to be collateralized with securities held by the pledging institution in the University's name.

State Treasurer's Pooled Cash and Investments
The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-

601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021 and 2020, the University had cash on deposit with the State Treasurer of $24,664,211 and $32,388,894 which represented approximately 0.14 percent and 0.35 percent of the total $17,699.30 million and $9,358.1 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2021, the Pool's resources included $36 million of cash on hand and $17,663.20 million of investments. As of June 30, 2020, the Pool's resources included $16.0 million of cash on hand and $9,342.1 million of investments.

On the basis of the University's participation in the Pool, the University reports 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, 2021.

Investments
The University has an investment of $142,867 in U.S. Treasury STRIPS related to a bond sinking fund. This investment is carried at fair value based on quoted prices in active markets for identical assets.

NOTE C – RECEIVABLES AND PAYABLES

At June 30, receivable balances were as follows:

2021	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 1,193,114	$ (546,995)	$ 646,119
Other accounts receivable	$ 689,344	$ -	$ 689,344
Student loans receivable	$ 76,452	$ (62,391)	$ 14,061
Noncurrent student loans receivable	$ 621,688	$ (507,350)	$ 114,338

2020	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 1,002,332	$ (533,065)	$ 469,267
Other accounts receivable	$ 1,052,870	$ -	$ 1,052,870
Student loans receivable	$ 94,149	$ (68,508)	$ 25,641
Noncurrent student loans receivable	$ 678,861	$ (493,975)	$ 184,886

At June 30, accrued liabilities balances were as follows:

	2021	2020
Accrued payroll and benefits	$ 1,008,100	$ 1,066,049
Retainage payable	17,854	59,571
Accrued interest payable	590,988	603,575
Total Accrued Liabilities	$ 1,616,942	$ 1,729,195

NOTE D – CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the years ended June 30, 2021 and 2020.

	Balance June 30, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	2,438,633	3,152,189	(2,209,040)	3,381,782
Total Nondepreciable Capital Assets	$ 6,846,452	$ 3,152,189	$ (2,209,040)	$ 7,789,601
Depreciable Capital Assets				
Land improvements	$ 732,555	$ 2,636,110	$ -	$ 3,368,665
Buildings and improvements	220,400,854	130,433	2,209,040	222,740,327
Furniture and equipment	4,411,522	83,776	(41,976)	4,453,322
Library materials	6,086,335	23,875	-	6,110,210
Total Depreciable Capital Assets	231,631,266	2,874,194	2,167,064	236,672,524
Less: Accumulated depreciation				
Land improvements	(482,528)	(97,877)	-	(580,405)
Buildings and improvements	(87,679,011)	(4,844,539)	-	(92,523,550)
Furniture and equipment	(3,108,807)	(312,941)	41,976	(3,379,772)
Library materials	(5,893,219)	(57,322)	-	(5,950,541)
Total Accumulated Depreciation	(97,163,565)	(5,312,679)	41,976	(102,434,268)
Net Depreciable Capital Assets	$ 134,467,701	$ (2,438,485)	$ 2,209,040	$ 134,238,256

	Balance June 30, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	1,464,533	2,399,126	(1,425,026)	2,438,633
Total Nondepreciable Capital Assets	$ 5,872,352	$ 2,399,126	$ (1,425,026)	$ 6,846,452
Depreciable Capital Assets				
Land improvements	$ 732,555	$ -	$ -	$ 732,555
Buildings and improvements	216,364,926	2,610,902	1,425,026	220,400,854
Furniture and equipment	4,096,142	322,194	(6,814)	4,411,522
Library materials	6,061,576	24,759	-	6,086,335
Total Depreciable Capital Assets	$ 227,255,199	$ 2,957,855	$ 1,418,212	$ 231,631,266

Less: Accumulated depreciation				
Land improvements	(439,423)	(43,105)	-	(482,528)
Buildings and improvements	(82,537,634)	(5,141,377)	-	(87,679,011)
Furniture and equipment	(2,762,456)	(349,190)	2,839	(3,108,807)
Library materials	(5,837,090)	(56,129)	-	(5,893,219)
Total Accumulated Depreciation	(91,576,603)	(5,589,801)	2,839	(97,163,565)
Net Depreciable Capital Assets	$ 135,678,596	$ (2,631,946)	$ 1,421,051	$ 134,467,701

Property and equipment for the Foundation consists of the following as of June 30:

	2021	2020
Land	$ 813,225	$ 813,225
Buildings and improvements	1,108,583	1,108,583
Furniture and equipment	106,713	101,484
	2,028,521	2,023,292
Less: Accumulated depreciation	(1,014,069)	(985,211)
	$ 1,014,452	$ 1,038,081

NOTE E – NONCURRENT LIABILITIES

The University's noncurrent liability activity for the years ended June 30, 2021 and 2020 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due within One Year
Debt					
Bonds	$ 80,605,000	$ -	$ 2,145,000	$ 78,460,000	$ 2,235,000
Bond Premium	2,703,572	-	140,570	2,563,002	-
Direct Borrowing	4,355,000	-	245,000	4,110,000	250,000
	87,663,572	-	2,530,570	85,133,002	2,485,000
Other Liabilities					
Compensated Absences	1,186,578	200,285	165,928	1,220,935	165,928
OPEB Liability, net	669,330	-	140,395	528,935	-
Pension Liability, net	17,667,532	-	1,222,880	16,444,652	-
	19,523,440	200,285	1,529,203	18,194,522	165,928
Total Noncurrent Liabilities	$ 107,187,012	$ 200,285	$ 4,059,773	$ 103,327,524	$ 2,650,928

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within One Year
Debt					
Bonds	$ 82,690,000	$ -	$ 2,085,000	$ 80,605,000	$ 2,145,000
Bond Premium	2,843,059	-	139,487	2,703,572	-
Direct Borrowing	4,535,000	-	180,000	4,355,000	245,000
Notes Payable	100,000	-	100,000	-	-
	90,168,059	-	2,504,487	87,663,572	2,390,000

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within One Year
Other Liabilities					
Compensated Absences	1,101,430	224,091	138,943	1,186,578	138,943
OPEB Liability, net	878,480	-	209,150	669,330	-
Pension Liability, net	21,811,916	-	4,144,384	17,667,532	-
	23,791,826	224,091	4,492,477	19,523,440	138,943
Total Noncurrent Liabilities	$ 113,959,885	$ 224,091	$ 6,996,964	$ 107,187,012	$ 2,528,843

On June 29, 2010, the University issued $9,115,000 in Institutional Enterprise Revenue Bonds (Tax-Exempt), Series 2010A with an average interest rate of 4.017 percent. $7,055,000 of the Series 2010A Bonds were advance refunded on September 29, 2016. The remaining 2010A bonds began to mature on May 15, 2018 and continued to mature in increasing amounts through May 15, 2020.

Additionally, on June 29, 2010, the University issued $48,020,000 in Institutional Revenue Enterprise Bonds (Taxable Direct Payment Build America Bonds), Series 2010B with an interest rate of 7.0 percent offset by a Build America Bond Federal Direct Payment subsidy equal to 35.0 percent of the interest payable on the Series 2010B bonds. The 2010B bonds begin to mature on May 15, 2027 in increasing amounts through May 15, 2045. The bonds are to be paid from Institutional Enterprise Revenues.

Series 2010 A and B bonds were used to finance a new student apartment complex and a new sports complex/field house.

On June 29, 2010, the University issued $1,635,000 in Institutional Enterprise Bonds (Taxable Direct Payment Qualified Energy Conservation Bonds), Series 2010C with an interest rate of 6.448 percent offset by a Qualified Energy Conservation Bond Federal Direct Payment subsidy equal to the lesser of 100.0 percent of the corresponding interest payable on the Qualified Energy Conservation Bond on the interest payment date and 70.0 percent of the amount of the interest which would have been payable on such interest payment date if such rate were determined at the applicable credit rate set by the United States Treasury and in effect on the first day on which there was a binding written contract for the sale of the bonds. The 2010C bonds began to mature on May 15, 2020 and continue to mature in increasing amounts through May 15, 2027. The bonds are to be paid from Institutional Enterprise Revenues.

On December 13, 2011, the University issued $6,180,000 in Institutional Enterprise Revenue Refunding Bonds (Tax Exempt) Series 2011A with an average interest rate of 3.228 percent. The 2011A bonds began to mature on May 15, 2019 and continue to mature in increasing amounts through May 15, 2025. The bonds are paid from Institutional Enterprise Revenues.

The proceeds of the Series 2011A bonds plus the proceeds of the Series 2011B bonds (fully matured in 2019) and the Series 2003 bond debt service reserve fund were used to advance refund the Auxiliary Facilities System Refunding Bonds, Series 2003A and the Auxiliary Facilities System Improvement Bonds, Series 2003B. The Series 2011 bonds resulted in a cash flow savings of $318,617 and an economic loss of $1,321,383.

On September 29, 2016, the University issued $26,995,000 in Auxiliary Facility Revenue Refunding Bonds (Tax-Exempt) Series 2016 with an average interest rate of 3.688 percent. The 2016 bonds began maturing on May 15, 2017 and continue to mature in increasing amounts through May 15, 2039. Interest rates range from 2.0 percent on bonds that matured May 15, 2017 to 5.0 percent on bonds maturing May 15, 2021 through May 15, 2027. The 2016 bonds are collateralized by a pledge of net Institutional Enterprise Revenues. The proceeds of the Series 2016 Bonds were deposited in an irrevocable escrow account to provide for all future debt service payments on the Series 2009 Bonds (fully matured in 2019) and a portion of the Series 2010A Bonds.

The 2016 advance refunding resulted in the recognition of a $3.0 million accounting loss, which will be recognized over the term of the debt, however, the University reduced its aggregate debt service payments by $4.7 million over the next 20 years and obtained an economic gain of $3.6 million.

On June 30, 2019, the Foundation transferred its ownership of the Borick Business Building and the University Center Condominium Unit Two to the University. The University recorded these assets at the Foundation’s book value, including accumulated depreciation. In a related transaction, on January 11, 2019 the University issued $4,535,000 in Institutional Enterprise Revenue Refunding Bonds Series 2019 via a direct borrowing with an interest rate of 3.7 percent. The 2019 bonds began maturing on May 15, 2020 and continue in increasing amounts through January 11, 2034. The 2019 bonds are collateralized by a pledge of net Institutional Enterprise Revenues. The proceeds of the 2019 bonds were used to refund higher cost debt of the Foundation related to the University Center Condominium Unit Two and to acquire certain buildings owned by the Foundation.

At June 30, 2021, debt principal and interest requirements to maturity are as follows:

	Bonds		Direct Borrowing	
Year Ending June 30	Principal	Interest	Principal	Interest
2022	$ 2,235,000	$ 4,575,426	250,000	152,481
2023	2,325,000	4,478,665	260,000	143,206
2024	2,415,000	4,376,669	270,000	133,560
2025	2,530,000	4,268,176	280,000	123,543
2026	2,500,000	4,148,944	290,000	113,155
2027-2031	14,025,000	18,497,108	1,625,000	395,857
2032-2036	17,010,000	14,226,950	1,135,000	80,282
2037-2041	19,060,000	9,274,500	-	-
2042-2045	16,360,000	2,927,050	-	-
Total Debt Service	$ 78,460,000	$ 66,773,488	$ 4,110,000	$ 1,142,084

On January 3, 2017 the University incurred a $150,000, zero-interest note payable. The University was required to pay six annual installments of $25,000 beginning on January 3, 2018 with the final payment to occur on January 3, 2023. The proceeds of the note payable were used to finance a portion of the University’s acquisition of a property near campus. This note was paid in full during the year ended June 30, 2020 prior to the original maturity date.

Additionally, the University has agreements for the rental of copiers all of which are for a period 24 to 48 months and are in effect through April 2025. Total future rental obligations total $104,167.

NOTE F – COMPENSATED ABSENCE LIABILITY FOR ANNUAL AND SICK LEAVE

University employees may accrue annual and sick leave, based on length of service, and subject to certain limitations regarding the amount to be paid upon termination. Additionally, certain University employees are eligible for compensatory time off for overtime worked, subject to maximums after which the overtime is paid out. The estimated cost of compensated absences for which employees are vested for the year ended June 30, 2021 is $1,220,935. Fiscal year 2021 expenses include $34,357 for the increase in the estimated compensated absence liability. The estimated cost of compensated absences for which employees are vested for the year ended June 30, 2020 is $1,186,578. Fiscal year 2020 expenses include $85,148 for the increase in the estimated compensated absence liability. The recording of the liability for compensated absences may result in fund-balance deficits, which will be funded by state appropriation, self-supporting funds, or other sources available in future years when the liability is paid.

NOTE G – EMPLOYEE PENSION PLANS

A. Optional Retirement Plan

On September 10, 1993, the Trustees adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff under the authority of Senate Bill 92-127. The implementation date was May 1, 1994; on that date, eligible employees were offered the choice of remaining in the pension plan administered the Public Employees' Retirement Association of Colorado (PERA) or participating in the ORP. New faculty and administrative staff members, with appointments of 0.5 FTE and greater, are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREF, and VALIC, providing a range of investment accounts for participants. The University's contribution to the ORP is 11.4 percent of covered payroll, and contributions by employees are 8 percent of covered payroll.

The University's contributions to the ORP for fiscal years ending June 30, 2021 and 2020 were $1,717,633 and $1,699,242. These contributions were equal to the required contributions for each year. All ORP contributions are immediately invested in the employee's account. Normal retirement for the ORP is age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

Some exempt employees of the University have elected to continue as members with PERA; the rest participate in the ORP.

B. Colorado Public Employees' Retirement Association

Summary of Significant Accounting Policies

Pensions. The University participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by 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. Most of these changes were in effect as of June 30, 2021.

General Information about the PERA Pension Plan

Plan description. Eligible employees of the University 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 annual comprehensive financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent 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, 2021: Eligible employees of the University and the State 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. Employee and employer contribution rates for the period of July 1, 2019 through June 30, 2021 are summarized in the table below:

	January 1, 2021 to June 30, 2021	July 1, 2020 to December 31, 2020	July 1, 2019 to June 30, 2020
Employee Contribution Rate[1]	10.00%	10.00%	8.75%
Employer Contribution Rate[1]	10.90%	10.90%	10.40%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f) [1]	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF[1]	9.88%	9.88%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.05%	-	-
Total Employer Contribution Rate to the SDTF[1]	19.93%	19.88%	19.38%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) 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. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $1,079,161 and $1,107,587 for the years ended June 30, 2021 and 2020.

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

At June 30, 2021 and 2020, the University reported a liability of $16,444,652 and $17,667,532 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2020 for fiscal year 2021 and as of December 31, 2019 for fiscal year 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation from the preceding December 31. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020 and 2019. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2020 (for fiscal year 2021) and 2019 (for fiscal year 2020) relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent for the fiscal year ended June 30, 2021. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021.

At December 31, 2021 and 2020, the University's proportion was 0.1734 percent and 0.1821 percent.

For the years ended June 30, 2021 and 2020, the University recognized non-cash pension expense of ($5,647,352) and ($5,021,496). Additionally, in fiscal year 2020, the University recognized non-cash revenue of $140,354 for support from the State as a nonemployer contributing entity.

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2021	2020	2021	2020
Difference between expected and actual experience in the measurement of the total pension liability	$ 406,394	$ 660,098	$ -	$ -
Changes in assumptions or other inputs	1,116,621	-	-	5,067,429
Net difference between projected and actual earnings on pension plan investments	-	-	3,365,781	1,903,467
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	12,242	1,136,983	1,143,941
Employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	519,957	558,233	-	-
Total	$ 2,042,972	$ 1,230,573	$ 4,502,764	$ 8,114,837

The amounts reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following 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 ending June 30:	Amortization
2022	$ (957,477)
2023	(350,474)
2024	(1,144,325)
2025	(527,473)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 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)	1.25 percent
PERA benefit structure hired after 12/31/06[1]	Financed by the 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.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020 for the period January 1, 2016 through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020 and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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 – 10.90 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)	1.25 percent
PERA benefit structure hired after 12/31/06[1]	Financed by the 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.

Salary scale assumptions were revised to align with 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.

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.

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

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy 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.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon 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.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-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.

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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 percentage 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[1]	6.00	4.70
Total	100.00%	

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

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 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. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent 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, 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. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State‘s 2020-21 fiscal year.
- 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- 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 fiduciary net position 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 the University'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 (for both 2021 and 2020), 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net pension liability – 2021	$ 21,756,758	$ 16,444,652	$ 11,984,399
Proportionate share of the net pension liability – 2020	22,728,737	$ 17,667,532	13,384,508

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

C. PERA Voluntary Investment Program

Plan Description. Employees of the University 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. Employees are immediately vested in their own contributions and investment earnings.

D. PERA Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description. Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. 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 University 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, 2019 through June 30, 2021 are summarized in the tables below:

	January 1, 2021 to June 30, 2021	July 1, 2020 to December 31, 2020	July 1, 2019 to June 30, 2020
Employee Contribution Rate[1]	10.00%	10.00%	8.75%
Employer Contribution Rate[1]	10.15%	10.15%	10.15%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S., Section 24-51-413[1]	0.50%	0.50%	-
Defined Contribution Statutory Contribution as specified in C.R.S., Section 24-51-1505[1]	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.05%	-	-
Total Employer Contribution Rate to the SDTF[1]	20.95%	20.90%	20.40%

[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.

E. Student-Employees Defined Contribution Plan

Beginning in fiscal year 1993, in accordance with the provisions of CRS 24-54.6-101 through 106 and as provided in IRC 403(b), the State of Colorado Department of Higher Education established the Colorado Student-Employees Defined Contribution Pension Plan administered by TIAA-CREF. Student-employees not currently attending classes are required to participate. The plan requires a 7.50 percent employee contribution and no employer contribution. For the fiscal years ended June 30, 2021 and 2020, total payroll upon which the plan contributions were based was $458,943 and $494,923.

NOTE H – POST-EMPLOYMENT HEALTH CARE BENEFITS

Defined Benefit Other Post-Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The University participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by 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/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.

General Information about the OPEB Plan

Plan description. Eligible employees of the University 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 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 (Annual Report) 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. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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 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 or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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, School, Local Government, and Judicial Divisions 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 University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from University were $49,885 and $53,419 for the years ended June 30, 2021 and 2020.

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

At June 30, 2021 and 2020, the University reported liabilities of $528,935 and $669,330 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020 for fiscal year 2021 and December 31, 2019 for fiscal year 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation from the preceding December 31. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020 and 2019. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2020 (for fiscal year 2021) and 2019 (for fiscal year 2020) relative to the total contributions of participating employers to the HCTF.

At December 31, 2020 and 2019, the University's proportion was 0.0557 percent and 0.0595 percent.

For the years ended June 30, 2021 and 2020, the University recognized non-cash OPEB expense of ($53,837) and ($19,665).

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2021	2020	2021	2020
Difference between expected and actual experience in the measurement of the total OPEB liability	$ 1,404	$ 2,221	$ 116,285	$ 112,472
Changes in assumptions or other inputs	3,952	5,553	32,434	-
Net difference between projected and actual earnings on OPEB plan investments	-	-	21,613	11,172
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	14,073	20,807	99,330	71,231
Employer's contributions to the plan subsequent to the measurement date of the collective OPEB liability	24,029	26,649	-	-
Total	$ 43,458	$ 55,230	$ 269,662	$ 194,875

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are recognized as a reduction of the net OPEB liability in the following 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 ending June 30:	Amortization
2022	$ (55,078)
2023	(52,055)
2024	(62,114)
2025	(56,441)
2026	(23,062)
Thereafter	(1,483)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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, 2019, 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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are 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.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the 2016 experience analysis for the period January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period of January 1, 2016 through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020 and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019 to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%[1]	N/A

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy 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.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

- **Males**: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females**: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon 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.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- 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 2020 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 the Board’s actuary, as discussed above.

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. As a result of the November 20, 2020 PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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 percentage 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[1]	6.00	4.70
Total	100.00%	

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

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.

Sensitivity of the University'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
Proportionate share of the net OPEB liability – 2021	515,264	528,935	544,850
Proportionate share of the net OPEB liability – 2020	653,430	669,330	687,703

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, 2020 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 fiduciary net position 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 University'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 (for both 2021 and 2020), 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 or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the net OPEB liability – 2021	605,905	528,935	463,170
Proportionate share of the net OPEB liability – 2020	756,812	669,330	594,514

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

NOTE I – RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss to property ($10,000 deductible) and from liability from accidents or acts of nature ($1,000 deductible). Such risks are managed through a policy with Hanover Insurance Company. Worker's compensation insurance is provided by Pinnacol Assurance ($500 deductible).

NOTE J – SCHOLARSHIP ALLOWANCE

Tuition, fee and auxiliary revenue and the related scholarship allowances for the years ended June 30 were as follows:

2021	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 33,046,323	$ 10,755,313	$ 43,801,636
Scholarship allowances:			
Federal	(2,100,707)	(81,778)	(2,182,485)
State	(1,315,479)	(51,210)	(1,366,689)
Private	(1,602,292)	(62,375)	(1,664,667)
Institutional	(6,392,326)	(248,846)	(6,641,172)
Total Scholarship Allowances	(11,410,804)	(444,209)	(11,855,013)
Net Revenue	$ 21,635,519	$ 10,311,104	$ 31,946,623

2020	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 36,542,369	$ 10,828,326	$ 47,370,695
Scholarship allowances:			
Federal	(2,797,254)	(72,632)	(2,869,886)
State	(1,278,596)	(33,199)	(1,311,795)
Private	(1,147,091)	(29,785)	(1,176,876)
Institutional	(6,523,901)	(169,397)	(6,693,298)
Total Scholarship Allowances	(11,746,842)	(305,013)	(12,051,855)
Net Revenue	$ 24,795,527	$ 10,523,313	$ 35,318,840

NOTE K - WESTERN COLORADO UNIVERSITY FOUNDATION

Foundation Investments

The Foundation's short-term investments are stated at fair value. At June 30, the Foundation had investments with a cost of $22,160,875 (2021) and $18,501,349 (2020) and a fair value of $30,200,488 (2021) and $21,371,025 (2020).

Investment returns are as follows for the years ended June 30:

	2021	2020
Interest and dividend income	$ 400,510	$ 495,082
Net realized gains	321,895	479,680
Net unrealized gains (losses)	5,169,937	(636,997)
Investment expenses	(90,717)	(83,954)
Net investment earnings	$ 5,801,625	$ 253,811

Investment earnings are reported as follows in the Statements of Activities for the years ended June 30:

	2021	2020
Without donor restrictions	$ 825,140	$ 1,242
With donor restrictions	4,976,485	252,569
Net investment earnings	$ 5,801,625	$ 253,811

All fair value measurements for the Foundation's assets were determined based on quoted prices in active markets for identical assets (Level 1) as of June 30, 2021 and June 30, 2020:

	Fair Value as of June 30, 2021	Fair Value as of June 30, 2020
Cash & Cash Equivalents	$ 1,827,864	$ 843,680
Fixed Income	2,930,579	3,870,169
Equities	23,119,891	15,270,061
Other	2,322,154	1,387,115
Total Investments	$ 30,200,488	$ 21, 371,025

The Foundation did not hold any assets with a fair value measured using significant unobservable inputs (Level 3) during the fiscal year ended June 30, 2021. The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2020, which were comprised of private debt funds:

	2020
Beginning balance	$ 1,102
Sales proceeds	(1,102)
Change in market value	-
Ending balance	$ -

Foundation Endowment

At June 30, 2021, the Foundation's endowment consists of approximately 110 individual funds established by donors to provide annual funding for a variety of purposes. During the years ended June 30, 2021 and June 30, 2020, donors agreed to move approximately 15 and 55 funds from endowments to quasi-endowments, thereby eliminating the need to track the corpus of those funds. The quasi-endowment funds will fluctuate with actual earnings, additional contributions, and expenses. Those funds will not be included in the endowments. At June 30, 2021 and 2020 the endowment is made up of projects with donor restrictions.

The Board of Directors of the Foundation (the Foundation Board) has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable gift instrument at the time the accumulations is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a decision to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

According to the spending policy, the Foundation is not obliged to allocate for spending a stated percentage of its endowment assets in any given year. However, in order to achieve both reasonable stability in budgeting and a reasonable balance between near-term and distant programmatic priorities, the Foundation Board has adopted the following spending policy:

The allocation for spending in any given fiscal year shall equal:

- 70 percent of the inflation rate (three-year trailing average), plus,
- 30 percent of the endowment's investment returns (three-year trailing average).

This rate shall be applied to the market value of the endowed account (three-year trailing average) not including gifts made in the current fiscal year (to allow these gifts to accrue earnings). The corridor (or parameters) of the distribution from year to year will be between 3.5 percent and 6.5 percent, with the caveat that the Foundation Board's distribution committee may, with all available information, have the discretion to adjust slightly the distribution rate for a given year depending on short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's Investment/Distribution Goal Statement. The only exception to this policy shall be for endowment distributions tied directly to a faculty member's salary, such as an endowed chair. In this case, every effort will be made to hold these distributions at 5 percent. The spending allocation rate was 3 percent for the years ended June 30, 2021 and 2020 for endowed funds supporting scholarships and programs and 5 percent for endowed funds associated with salaries as mentioned above.

The total endowment spending allocation distributed for the years ended June 30, 2021 and 2020 was $396,218 and $471,669.

Endowment net asset composition as of June 30, 2021 and 2020 is as follows:

	2021	2020
Endowment Net Assets - Beginning	$ 9,009,436	$ 18,446,074
Contributions	510,254	187,995
Investment Income, net of fees	1,666,415	40,021
Net Asset Reclassification	-	10,774
Net Assets Released from Restrictions:		
Amounts Appropriated for Expenditure	(212,001)	(471,669)
Change in Designation by Donor to Quasi-endowment	(782,370)	(9,203,759)
Endowment Net Assets - Ending	**$ 10,191,734**	**$ 9,009,436**

Due to past stock market fluctuations and continued funding to the University, the fair value of assets associated with individual donor-restricted endowment funds has fallen below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The continued appropriations for certain programs were deemed prudent by the Foundation Board and in accordance with UPMIFA, caused deficiencies of $798,729 as of June 30, 2020. At June 30, 2021, the overall deficiency has been eliminated. However, there are still approximately 30 funds that are underwater.

Promises to Give

Unconditional promises to give at June 30 consisted of the following:

	2021	2020
Restricted for the University Center Project	$ 27,000	$ 33,000
Restricted for scholarships or other purposes	1,723,167	1,937,501
Less: allowance for uncollectible contributions receivable	(35,003)	(39,410)
Gross unconditional promises to give	1,715,164	1,931,091
Less: unamortized discount	(110,282)	(137,096)
Net unconditional promises to give	**$ 1,604,882**	**$ 1,793,995**
Receivable in less than one year	$ 312,829	$ 301,251
Receivable in one to five years	1,003,328	1,030,542
Receivable after five years	288,725	462,202
Total	**$ 1,604,882**	**$ 1,793,995**

NOTE L – LEGISLATIVE APPROPRIATION

Appropriated Funds

The Colorado Legislature establishes spending authority for the University in its annual Long Appropriations Bill. Appropriated funds include an amount from the State's General Fund, as well as certain cash funds. Cash funds include tuition, certain fees, and certain other revenue sources. For the years ended June 30, funds newly appropriated to the University for the College Opportunity Fund (COF) and Fee for Service were $6,436,427 (2021) and $15,235,379 (2020). Actual appropriated revenue earned and expended for COF and Fee for Service in those years matches the University's appropriation. Additionally, in the fiscal year ended June 30, 2020, the University was appropriated $7,956,877 of indirect CARES Act funding by the State. Those funds were carried over to the fiscal year ended June 30, 2021 and revenue earned and expended for indirect CARES Act funding in the fiscal year ended June 30, 2021 was $7,956,877.

The University also receives appropriations for capital construction and controlled maintenance. In the years ended June 30, the University was newly appropriated $1,378,075 (2021) and $3,588,423 (2020) in capital appropriations and certificates of participation funding. Additionally, for the fiscal years ended June 30, the University carried over $1,095,724 (2021) and $1,321,204 (2020) in capital appropriations from prior fiscal years. Actual appropriated capital revenue earned totaled $1,094,601 (2021) and $3,801,726 (2020). Actual appropriated expenditures and transfers totaled $1,094,601 (2021) and $3,801,726 (2020).

The Long Appropriations Bill also includes an appropriation related to undergraduate tuition. In fiscal year 2021, the University had $16,563,599 in appropriations related to undergraduate tuition. The University recognized $16,503,812 in appropriated revenue and $16,220,125 in appropriated expenses. In fiscal year 2020, the

University had $18,502,162 in appropriations related to undergraduate tuition. The University recognized $17,787,728 in appropriated revenue and $17,634,989 in appropriated expenses.

Non-Appropriated Funds
All other revenues and expenditures reported by the University represent non-appropriated funds and are excluded from the Long Appropriations Bill. Non-appropriated funds include certain grants and contracts, gifts, graduate programs, indirect cost recoveries, certain auxiliary revenues and other revenue sources.

NOTE M – COVID-19

The COVID-19 pandemic had a significant impact on the University's operations starting in the spring of 2020 and into the fiscal year ended June 30, 2021, including the following:

- All course instruction was moved online in March 2020 and completed virtually, and all non-essential staff began working remotely. Pro-rated refunds for some services were given for the Spring 2020 term, including refunds for housing, meals, and some mandatory fees.
- The schedule for Fall 2020 was adjusted so that all courses would be online after Thanksgiving, providing mitigation against potential COVID-19 spread due to students traveling during the holiday. Courses were offered utilizing the highest flexibility in delivery possible. This flexible modality of courses continued through the Spring 2021 semester.

A total of three financial relief packages were passed by the federal government which included assistance for higher education. Funds were provided for emergency financial aid grants to students and to the University to help alleviate the impacts of expenses related to COVID-19 mitigation and lost revenue due to the pandemic. Funding was provided via the following legislation:

- Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA Act)
- American Rescue Plan Act of 2021 (ARP Act).

The following table shows the total funds awarded to the University for emergency student grants and institutional support as a result of the three emergency relief acts:

	Student Grants	Institutional Support
CARES Act	$ 676,670	$ 676,669
CRRSA Act	676,670	1,813,813
ARP Act	2,090,931	2,057,742
	$ 3,444,271	$ 4,548,224

In fiscal year 2021, the University recognized $3.2 million related to this emergency relief, which is recognized in the nonoperating federal coronavirus relief funding line in the statements of revenues, expenses, and changes in net position. Of that, $1.4 million was provided as student grants, which are recognized in the scholarships and fellowships operating expense line in the statements of revenues, expenses, and changes in net position. In fiscal year 2020, the University recognized $0.6 million related to this emergency relief, which is recognized in the nonoperating federal coronavirus relief funding line in the statements of revenues, expenses, and changes in net position. Of that, \$0.6 million was provided as student grants, which are recognized in the scholarships and fellowships operating expense line in the statements of revenues, expenses, and changes in net position.

In addition, indirect CARES Act funding of \$8.0 million was allocated to the University by the State of Colorado. The University expended all of these funds in the fiscal year ended June 30, 2021 on economic support to educate students by maintaining enrollment, retention and credential completion. That revenue is recognized in the nonoperating federal coronavirus relief funding line in the statements of revenues, expenses, and changes in net position.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended June 30, *

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.1734%	0.1821%	0.1917%	0.1951%	0.1860%	0.1950%	0.2016%
University's proportionate share of the net pension liability	$ 16,444,652	$ 17,667,532	$ 21,811,916	$ 39,047,629	$ 34,158,370	$ 20,538,558	$ 18,959,603
University's covered payroll	$ 6,220,039	$ 6,137,241	$ 6,139,091	$ 6,037,120	$ 5,573,306	$ 5,692,536	$ 5,625,076
University's proportionate share of the net pension liability as a percentage of its covered payroll	264.38%	287.87%	355.30%	646.79%	612.89%	360.80%	337.06%
Plan fiduciary net position as a percentage of the total pension liability	65.34%	62.24%	55.11%	43.20%	42.60%	56.10%	56.84%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* .

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS TO PERA DEFINED BENEFIT PENSION PLAN

For the Years Ended June 30, *

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,079,161	$ 1,107,587	$ 1,133,491	$ 1,082,140	$ 1,030,617	$ 947,246	$ 901,931
Contributions in relation to the contractually required contribution	$ (1,079,161)	$ (1,107,587)	$ (1,133,491)	$ (1,082,140)	$ (1,030,617)	$ (947,246)	$ (901,931)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 5,959,315	$ 6,166,613	$ 6,262,882	$ 5,978,573	$ 5,835,267	$ 5,657,695	$ 5,589,953
Contributions as a percentage of covered payroll	18.11%	17.96%	18.10%	18.10%	17.66%	16.74%	16.13%

Changes in benefit terms and actuarial assumptions – Net Pension Liability

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 pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median 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 State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, 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 disability mortality assumption for State Troopers was changed to the unadjusted PubS-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%.

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY

For the Years Ended June 30, *

	2021	2020	2019	2018
University's proportion of the net other post-employment benefit liability	0.0557%	0.0595%	0.0646%	0.0662%
University's proportionate share of the net other post-employment benefit liability	$ 528,935	$ 669,330	$ 878,480	$ 860,775
University's covered payroll	$ 5,147,523	$ 5,354,398	$ 5,460,327	$ 5,374,897
University's proportionate share of the net other post-employment benefit liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total other post-employment benefit liability	32.78%	24.49%	17.03%	17.53%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2021, 2020, 2019, and 2018 in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* .

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS TO PERA DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

For the Years Ended June 30, *

	2021	2020	2019	2018
Contractually required contribution	$ 49,885	$ 53,419	$ 56,664	$ 54,104
Contributions in relation to the contractually required contribution	$ (49,885)	$ (53,419)	$ (56,664)	$ (54,104)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 4,890,679	$ 5,239,321	$ 5,555,341	$ 5,304,305
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

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 pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median 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 State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, 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 disability mortality assumption for State Troopers was changed to the unadjusted PubS-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

WESTERN COLORADO UNIVERSITY
SUPPLEMENTAL INFORMATION

SCHEDULES OF REVENUE AND EXPENSES

FOR ENTERPRISE REVENUE BONDS

For Years Ended June 30, 2021 and 2020

	2021	2020
REVENUE		
University Service Fees	**$ 3,617,111**	$ 3,941,193
Extended Studies and Graduate Programs Tuition and Fees	**8,717,389**	8,166,629
10% of Education and General Fund Tuition	**1,810,232**	2,158,339
Federal Interest Subsidy	**1,173,918**	1,163,178
Bookstore Sales	**580,317**	633,501
Rental Income	**5,472,330**	5,561,404
Food Service Income	**3,099,272**	3,437,002
Sales/Service Auxiliaries	**814,371**	787,230
Interest Income	**155,196**	256,554
Total Revenues	**25,440,136**	26,105,030
EXPENSES		
Employee Compensation	**5,267,775**	4,862,668
Costs of Goods Sold	**382,457**	446,420
Utilities	**647,870**	585,958
Rental	**7,800**	21,998
Contract Food	**1,974,092**	1,778,695
Travel	**47,201**	222,977
Supplies	**266,489**	627,942
Purchased Services	**3,011,692**	3,152,293
Financial Aid	**1,316,143**	957,651
Administrative Cost Allowance	**2,764,612**	2,590,034
Furniture and Equipment	**26,839**	157,148
Other Operating Expenses	**121,423**	74,298
Total Expenses	**15,834,393**	15,478,082
Net Operating Revenue	**$ 9,605,743**	$ 10,626,948
TRANSFERS		
Mandatory Transfers	**$ 125,007**	$ 125,007
Non-mandatory Transfers	**(21,935)**	(271,174)
Total Transfers	**103,072**	(146,167)
Net Revenue	**$ 9,708,815**	$ 10,480,781
DEBT SERVICE CHARGE		
Net Operating Revenue	**$ 9,605,743**	$ 10,626,948
Bond Principal and Interest	**(7,218,598)**	(7,229,944)
Excess of Net Operating Revenue Over Debt Service	**$ 2,387,145**	$ 3,397,004
Debt Service Coverage Ratio	**1.33**	1.47

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

Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

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:
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 financial statements of the business-type activities of Western Colorado University (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 14, 2022. Our report includes a reference to other auditors who audited the financial statements of the Western Colorado University Foundation, as described in our report on the University'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, Western Colorado University 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 University's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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.*

Western Colorado University's Responses to the Findings

The University's response to the finding identified in our audit is described in the accompanying Auditor's Findings and Recommendations section. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC

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

January 14, 2022

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

Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

LEGISLATIVE AUDIT COMMITTEE REQUIRED COMMUNICATIONS

Members of the Legislative Audit Committee:
Denver, Colorado

We have audited the financial statements of the business-type activities of Western Colorado University (the University) an institution of higher education of the State of Colorado, for the year ended June 30, 2021, and have issued our report thereon dated January 14, 2022. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Western Colorado University Foundation (the Foundation), a discretely presented component unit of the University, 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 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021. Noted no transactions entered into by the University 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 University's proportionate share of the net pension liability as of December 31, 2020 and 2019 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 G to the University's financial statements. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years ending December 31, 2020 and 2019 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2020 and 2019.
- Management's estimate of the net other post-employment benefits (OPEB) liability is based on the estimate of the University's proportionate share of the OPEB liability as of December 31, 2020 and 2019 of the Health Care Trust Fund (HCTF) as described in Note H to the University's financial statements. The University's proportion of the HCTF's net OPEB liability was based on the University's contributions to the HCTF for the calendar

years ending 2020 and 2019 relative to the total contributions made to the HCTF by participating employers for the calendar year 2020 and 2019.

- 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 was one audit adjustment to record a donated capital asset and the related capital contribution revenue. See adjustment on page 80. There were no uncorrected misstatements.

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 January 14, 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 University'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 University'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 University's Proportionate Share of the Net Pension Liability, the Schedules of University Contributions the Schedule of the University's proportionate share of the net Other Post-Employment Benefits (OPEB) Liability and the Schedules of University Contributions to the PERA Defined OPEB, 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 the Schedules of Revenues and Expenses for Enterprise 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 Western Colorado University 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.

Sincerely,

DWC

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

January 14, 2022

Summary of Audit Adjustments

The following report details the resulting journal entries from the audit of the financial statements of Western Colorado University as of June 30, 2021 and for the year then ended.

Adjusting Journal Entries JE # 1

Entry to record the donation of soccer field building by the Western Opportunity Fund.

Fund No.	FCAT	Balance Sheet Account Code	Revenue Source Code/Object Code			
320W	E100	1820	N/A	Buildings	$ 130,433	
320W	E100	N/A	6613	Donations - CA Buildings		$ 130,433
Total					**$ 130,433**	**$ 130,433**

Adjusting Journal Entries JE # 2

Entry to record the donation of soccer field land improvements by the Western Opportunity Fund.

Fund No.	FCAT	Balance Sheet Account Code	Revenue Source Code/Object Code			
320W	E100	1810	N/A	Depreciable Improvements to Land	$ 2,636,110	
320W	E100	N/A	6611	Donations - CA Land Improvements		$ 2,636,110
Total					**$ 2,636,110**	**$ 2,636,110**

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS SECTION

Introduction

Western Colorado University (the University) is a state-supported institution of higher education located in Gunnison, Colorado.

The financial and compliance examination of the various state-funded student assistance programs at the University for the year ended June 30, 2021, 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 University include the Colorado Need Based Grant Program and the Colorado Work Study Program.

The State-funded student assistance awards made by the University totaled approximately $1,560,350 for the fiscal year ended June 30, 2021.

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 University in federal and state financial aid programs. The University Controller is responsible for the programs' financial management, general ledger accounting, payments, and collections.

During the audit period, the University obtained authorizations to award Colorado student financial aid funds of approximately $1,279,189 under the Colorado Need Based Grant Program and $281,161 under the Colorado Work Study Program.

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors
Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

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:

Report on the Financial Statement
We have audited the accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of the State–Funded Student Financial Assistance Programs (the Statement) for Western Colorado University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2021, and the notes related to the Statement. The Statement is the responsibility of the University's management. Our responsibility is to express an opinion on this Statement based on our audit.

Management's Responsibility 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 *2020-21 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 University, 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 Responsibility
Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
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 University for the year ended June 30, 2021, in accordance with the format as set forth in the *2020-21 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 University described in Note 1 to the Statement.

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 University was prepared in accordance with the *2020-21 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 University. 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 University in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have issued our report dated January 14, 2022 on our consideration of the University'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 University's Board of Trustees, and management of the University, 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

January 14, 2022

WESTERN COLORADO UNIVERSITY
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
Year ended June 30, 2021

	TOTAL STATE-FUNDED STUDENT	COLORADO NEED-BASED GRANT	COLORADO GRADUATE GRANT	COLORADO WORK-STUDY PROGRAM	COLORADO MERIT AID
APPROPRIATIONS:					
ORIGINAL	**$ 1,560,350**	$ 1,270,889	$ 8,300	$ 281,161	$ -
SUPPLEMENTAL	**-**	-	-	-	-
TRANSFERS	**-**	-	-	-	-
RETURNED TO CCHE	**-**	-	-	-	-
TOTAL	**1,560,350**	1,270,889	8,300	281,161	-
EXPENDITURES	**(1,560,350)**	(1,270,889)	(8,300)	(281,161)	-
REVERSIONS TO STATE GENERAL FUND	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Western Colorado University (the University) is governed by the University'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 *2020-21 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 University. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the University for the year ended June 30, 2021. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position or changes in financial position of the University in conformity with U.S. generally accepted accounting principles.

Basis of Accounting
The University'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.

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

Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

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:
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 Western Colorado University (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2021, and the related notes to the Statement, and have issued our report thereon dated January 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC

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

January 14, 2022