Financial and Compliance Audit

Western Colorado University

Fiscal Years Ended June 30, 2023 and 2022

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REPORT NUMBER 2338F

MOSSADAMS

November 30, 2023

Members of the Legislative Audit Committee
Western Colorado University Board of Trustees
Denver, Colorado

We have completed the audit of the financial statements of Western Colorado University as of and for the year ended June 30, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Very truly yours,

Tammy A Erickson

Tammy Erickson, Partner, for
Moss Adams LLP

WESTERN COLORADO UNIVERSITY

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WESTERN COLORADO UNIVERSITY
FINANCIAL AUDIT REPORT SUMMARY
As of and for the Years Ended June 30, 2023 and 2022

Authority, Purpose, and Scope

The Office of the State Auditor of the State of Colorado engaged Moss Adams LLP (MA) to conduct a financial audit of Western Colorado University (the University) for the years ended June 30, 2023 and 2022. MA 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. MA conducted fieldwork from June through November 2023.

The purposes and scope of the audits were to:

- Express an opinion on the financial statements of the University as of and for the years ended June 30, 2023 and 2022. This includes a report on internal control over financial reporting and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Review of the internal control structure over financial reporting and compliance with laws and regulations as required by generally accepted standards and *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 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 2023 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, 2023 and 2022.

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. We identified two deficiencies in internal controls related to the information technology system and the timeliness of bank reconciliations that we consider to be significant deficiencies.

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 are two findings and recommendations resulting from the audit of the University for the year ended June 30, 2023, relating to Information Technology (IT) governance and access management controls in the Banner application and the timeliness of bank account reconciliations. A detailed description of the audit comments are 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, 2022 included one finding and recommendation. The finding has been partially 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 Banner and Workday access management controls by implementing the recommendations noted in the confidential finding.	Agree	June 2024
2	7	Western Colorado University (University) should improve its internal controls over the University's bank accounts by updating the University's Internal Control procedure memo to specify a required timeframe shortly after month end for preparation and supervisory review of bank account reconciliations.	Agree	December 2023

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.

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

	2021	2022	2023
Resident Students	1,610.5	1,655.3	1,705.6
Nonresident Students	547.2	603.6	565.9
Total Students Eligible for State Support	2,157.7	2,258.9	2,271.5
Faculty FTEs	157.6	166.9	165.5
Staff FTEs	228.5	230.9	239.2
Total Staff and Faculty FTEs	386.1	397.8	404.7

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.

Finding 2023-01

Banner and Workday Information Security

Government Auditing Standards allow for information that is considered sensitive in nature, such as detailed information related to information technology system security, to be issued through a separate "classified or limited use" report because of the potential damage that could be caused by the misuse of this information. We consider the specific technical details of this finding, along with the response, to be sensitive in nature and not appropriate for public disclosure. Therefore, the details of the following finding and responses have been provided to Western Colorado University in a separate, confidential memorandum.

Western Colorado University (University) utilizes enterprise resource planning systems (ERP) called Banner and Workday for various financial processes. Workday was implemented during Fiscal Year 2023 as the primary ERP for the University; however, Banner remained the system of record for student accounts. The University's Information Technology Services (ITS) department is responsible for managing IT general controls for both information systems, including controls relevant to information security which are divided among the administration functions within ITS.

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

The purpose of our audit work was to determine the University's progress in implementing our Fiscal Year 2022 audit recommendation related to Banner information security to improve IT governance, as well as access management.

How were the results of the audit work measured?

We measured the results of our audit work against the following:

- Western Colorado University's *IT93 – Security Policy.*
- The Office of the State Controller's policy, *Internal Control System*, requires state agencies to use the *Standards for Internal Control in the Federal Government* (Green Book), published by the U.S. Government Accountability Office, as its framework for its system of internal controls. Specifically, Sections 12.02 through 12.04 state that management should document and communicate, through policies, the internal control responsibilities for operational processes' objectives and related risks, as well as establish the design, implementation, and operating effectiveness of a control activity or activities, in that personnel can implement the control activities for their assigned responsibilities.

What problems did the audit work identify?

Overall, we determined that the University had not fully implemented our Fiscal Year 2022 audit recommendation to improve IT governance, including access management IT general controls.

Why did these problems occur?

University management stated that while they agreed to the Fiscal Year 2022 recommendation, during Fiscal Year 2023, they changed their implementation intention. In addition, University management also stated that ITS staff were focused on other higher priority IT projects and were unable to implement the Fiscal Year 2022 recommendations.

Why do these problems matter?

Without adequate Banner and Workday access management controls in place, there is an increased risk of unauthorized access and that access management controls are not consistently performed to meet University management's expectations. Consequently, such risks could negatively impact the confidentiality and integrity of the data processed and stored within Banner and Workday and potentially result in the misappropriation of University assets and/or misstatements to the University's financial statements.

Classification of Finding: Significant Deficiency
This finding applies to prior audit recommendation 2022-01

Recommendation 2023-01

Western Colorado University (University) should improve Banner and Workday access management controls by:

A. Implementing the recommendation noted in Part A of the confidential finding.
B. Implementing the recommendation noted in Part B of the confidential finding.

Western Colorado University Response

A. Agree
Implementation Date: June 2024

Western Colorado University will implement the recommendation noted in Part A of the confidential finding.

B. Agree
Implementation Date: June 2024

Western Colorado University will implement the recommendation noted in Part B of the confidential finding.

Finding 2023-02

Timely Bank Account Reconciliations

Western Colorado University's (University) accounting department is responsible for the University's financial accounting and reporting, including the accurate and timely reconciliation and review of bank accounts and statements. This requires the University to properly implement adequate internal controls over its cash receipts and disbursements process, including a strong bank reconciliation process. The University has a total of five bank accounts for separate purposes: one for revenue deposits (other than federal funds) (Revenue Fund), one for deposits of federal funds, one for disbursements (Imprest), one for payroll (Payroll) and one for holding cash (Treasury). The bank balances as of June 30, 2023 for the Revenue Fund, federal funds, Imprest, Payroll and Treasury accounts were $22,420; $10; $4,731,898; $0; and $92,691, respectively. Deposits include tuition, payments from the state and federal government, and auxiliary services.

The University utilizes enterprise resource planning systems (ERP) called Banner and Workday for various financial processes including, but not limited to, financial reporting, procurement, and payroll. Workday was implemented during Fiscal Year 2023 as the primary ERP for the University's financial reporting.

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

The purpose of our audit work was to assess the design and effectiveness of the University's internal controls over cash receipts and disbursements. As part of these audit procedures, we performed walkthroughs with University accounting staff to determine whether staff prepared and reviewed monthly bank statement reconciliations for the University's Imprest bank account in a timely manner. Specifically, we requested that University staff provide us with the April 2023 Imprest account's bank reconciliation. We also inquired with University management on the other bank account reconciliations.

How were the results of the audit work measured?

As stated in the University's Internal Control procedure memo, Division of Duties (last updated June 2023), the Asset Accountant should reconcile the revenue, clearing, accounts payable, and payroll bank account balances reported within its accounting software to the monthly bank statements for those accounts and these should be reviewed by the controller. This should be done in a timely manner to ensure that:

- All receipts and disbursements are recorded.
- Disbursements are clearing the bank in a reasonable time frame.
- Bank account statements are reviewed timely and reconciled to the University's accounting records.
- Reconciling items are appropriate and are being recorded.
- The reconciled cash balance agrees to the general ledger cash balance.

The Office of the State Controller has adopted the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book), as the internal control framework to be used by state agencies and institutions of higher education. Green Book, Paragraph 16.05, states that "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions." Specifically, bank account reconciliations are a key component of internal controls over cash. Further, the bank account reconciliation preparation and review should occur shortly after each month end to identify errors or potential fraud in a timely manner.

What problem did the audit work identify?

As a result of our walkthrough, we determined that the University did not perform reconciliations over its Imprest or Payroll bank accounts in a timely manner for the last six months of Fiscal Year 2023 (January 2023 through June 2023). Specifically, based on documented preparer signoffs and supervisory reviews that we saw on printouts, University staff did not begin performing any of the reconciliations for that period in Workday until July 2023 and they were finished in September 2023. University management reported that all other accounts had been reconciled as part of the monthly closing process.

Why did this problem occur?

The University's Internal Control procedure memo does not specify a required timeframe for preparation and supervisory review of the University's bank account reconciliations.

Why does this problem matter?

By failing to perform and review bank reconciliations in a timely manner, the University increases its risk that misstatements related to cash transactions, whether due to errors or fraud, will occur and not be identified and addressed timely.

Classification of Finding:
Significant Deficiency

Recommendation 2023-02

Western Colorado University (University) should improve its internal controls over the University's bank accounts by updating the University's Internal Control procedure memo to specify a required timeframe shortly after month end for preparation and supervisory review of bank account reconciliations and ensuring that bank reconciliations are completed and reviewed within required timeframes.

Western Colorado University Response

Agree
Implementation Date: December 2023

Western Colorado University (University) will update the University's Internal Control procedure memo to specify a required timeframe shortly after month end for preparation and supervisory review of bank account reconciliations and ensuring that bank reconciliations are completed and reviewed within required timeframes. This update will be implemented in December 2023.

Summary of Progress in Implementing Prior Year Audit Recommendation Fiscal Year 2022

Recommendation No. 1 – Western Colorado University (University) should improve its IT governance, as well as access management controls related to the Banner application, by:

A. Implementing the recommendation noted in Part A of the confidential finding.

Disposition – Implemented

B. Implementing the recommendation noted in Part B of the confidential finding.

Disposition – Partially Implemented
See Finding 2023-01

C. Implementing the recommendation noted in Part C of the confidential finding.

Disposition – Partially Implemented
See Finding 2023-01

Report of Independent Auditors

Members of the Legislative Audit Committee
Western Colorado University Board of Trustees
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and its 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. The financial statements of the Western Colorado University Foundation (the Foundation), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instance of reportable noncompliance associated with the Foundation.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and its discretely presented component unit of the University as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Foundation, discussed in Note A to the basic financial statements, which represents 100% of total assets, total revenues, and net assets of the aggregate discretely presented component unit as of and for the years ended June 30, 2023 and 2022. 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Financial Reporting Entity

As discussed in Note A, the financial statements of the University, an institution of higher education, State of Colorado (State), are intended to present the financial position, the changes in financial position, and the 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2023, the University adopted new accounting guidance: GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the University's proportionate share of the net pension liability, schedules of University's contributions to PERA defined benefit pension plan, schedules of the University's proportionate share of the net other postemployment benefit liability, and schedules of University contributions to PERA defined other postemployment benefit plan and related notes (required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of revenue and expenses for enterprise revenue bonds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule 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 November 30, 2023 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 solely 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.

Moss Adams LLP

Denver, Colorado
November 30, 2023

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, 2023 and 2022, with comparative information presented for the year ended June 30, 2021. 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 of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2023 and 2022). 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 and how much the University owes to employees, vendors, etc.; and they provide 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, 2023 and 2022. 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, 2023 and 2022. 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 Postemployment Benefit Liability
- Schedules of University Contributions to PERA Defined Other Postemployment 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 decreased by $2.7 million during the fiscal year ended June 30, 2023, from $137.1 million at June 30, 2022, to $134.4 million at June 30, 2023. The decrease in financial net position is related primarily to increases in instruction expense, particularly for our Center for Learning and Innovation, outpacing revenues from tuition and fees. The University's financial net position increased by $75.6 million during the fiscal year ended June 30, 2022, from $61.5 million at June 30, 2021, to $137.1 million at June 30, 2022. The increase in financial net position was related primarily to a significant capital gift, the Rady School of Computer Science and Engineering, valued at $57.1 million and recognition of the remaining $14.4 million of a donor gift related to the Rady School of Computer Science and Engineering.

The University's current assets of $32.9 million (2023), $32.8 million (2022, as Restated), and $28.7 million (2021) were sufficient to cover current liabilities of $9.9 million (2023), $8.0 million (2022, as Restated), and $8.7 million (2021). The current ratio of 3.32 (2023), 4.09 (2022), and 3.30 (2021) demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations.

The operating loss of $6.5 million (2023) relates to the University's increase in expenses, primarily in instruction, particularly for our Center for Learning and Innovation. The operating loss of $1.9 million (2022) primarily relates to the University's reliance on certain revenues classified as nonoperating for operations, including Federal COVID-19 grants in 2022. In general, income is affected by the University's dependence on state appropriations for controlled maintenance and Federal Pell grants. The financial reporting model classifies certain grants and contracts for capital 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 of resources minus liabilities and deferred inflows of resources) 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, 2023, 2022, and 2021
(in thousands)

	2023	2022[1]	2021[2]
Assets			
Current Assets	$ 32,898	$ 32,849	$ 28,699
Noncurrent Assets	206,501	207,785	142,142
Total Assets	239,399	240,634	170,841
Total Deferred Outflows	5,935	4,004	4,834
Liabilities			
Current Liabilities	9,905	8,022	8,683
Noncurrent Liabilities	100,567	94,438	100,677
Total Liabilities	110,472	102,460	109,360
Total Deferred Inflows	489	5,080	4,773
Net Position			
Net investment in capital assets	117,432	116,267	59,633
Restricted	25,214	25,997	9,912
Unrestricted			
General unrestricted	8,541	11,511	11,024
Effect of GASB 68 and GASB 75 on unrestricted net position (see Notes G & H)	(17,215)	(17,196)	(19,660)
Designated by the Board	401	519	633
Total Net Position	$ 134,373	$ 137,098	$ 61,542

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

[2] Not restated for the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements* and therefore may not be comparable to other years presented.

At June 30, the University's total assets were $239.4 million (2023), $240.6 million (2022, as Restated), and $170.8 million (2021). The largest asset category is the $197.6 million (2023), $196.5 million (2022, as Restated), and $142.0 million (2021) in capital assets, net of depreciation, which includes land, buildings, equipment, library holdings, construction in progress, and certain right-to-use assets.

Cash and cash equivalents (bank deposits, pooled cash with the State Treasurer, and highly liquid investments) comprised $26.6 million (2023), $26.8 million (2022), and $26.5 million (2021) 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 $2.3 million (2023), $2.5 million (2022), and $2.7 million (2021) are recognized as deferred outflows. The University also has both deferred outflows and deferred inflows related to amounts recognized on its defined benefit pension plan and defined benefit other postemployment benefit plan in accordance with GASB 68 and GASB 75. Pension and other postemployment benefit related deferred outflows were $3.7 million (2023), $1.5 million (2022), and $2.1 million (2021). Pension and other postemployment benefit related deferred inflows were $0.5 million (2023), $5.1 million (2022), and $4.8 million (2021). 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 payable of $79.8 million (2023), $82.5 million (2022), and $85.1 million (2021) represent 72.2 percent (2023), 80.5 percent (2022), and 77.8 percent (2021) of the University's total liabilities of $110.5 million (2023), $102.5 million (2022, as Restated), and $109.4 million (2021). The University's debt is discussed in detail in Note E. The decrease in bonds payable in fiscal years 2023 and 2022 primarily relates to the payment of bond principal during the year. The current portion of bonds payable is $2.7 million (2023), $2.6 million (2022), and $2.5 million (2021).

The next largest component of liabilities relates to the University's recognition of its proportionate share of the unfunded pension and other postemployment 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 postemployment liabilities of $20.4 million (2023), $13.6 million (2022), and $17.0 million (2021) represent 18.4 percent (2023), 13.3 percent (2022), and 15.5 percent (2021) 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 $117.4 million (2023), $116.3 million (2022, as Restated), and $59.6 million (2021) in net investment in capital assets. In addition, $25.2 million (2023), $26.0 million (2022), and $9.9 million (2021) is externally restricted for specific purposes and ($8.3) million (2023), ($5.2) million (2022, as Restated), and ($8.0) million (2021) is unrestricted. Unrestricted net position is significantly reduced by the recognition of the PERA unfunded pension and other postemployment benefit liabilities, with reductions to unrestricted net position of $17.2 million (2023), $17.2 million (2022), and $19.7 million (2021). Excluding that impact, unrestricted net position is $8.9 million (2023), $12.0 million (2022, as Restated), and $11.7 million (2021). 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, 2023, 2022, and 2021
(in thousands)

	2023	2022[1]	2021[2]
Net Position (GAAP Basis)	$ 134,373	$ 137,098	$ 61,542
Add back:			
GASB 68 Impact – Pension	16,610	16,515	18,905
GASB 75 Impact – OPEB	605	680	755
Net Position, excluding the impact of GASB 68 & GASB 75	$ 151,588	$ 154,293	$ 81,202

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

[2] Not restated for the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements* and therefore may not be comparable to other years presented.

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 2023 increased 5.0 percent from fiscal year 2022. Student-share undergraduate tuition rates increased by 1.8 percent for residents and 1.9 percent for non-residents in 2023. The portion of tuition revenue related to College Opportunity Fund stipends increased by $0.4 million in fiscal year 2023. State-supported student FTE increased by 0.6 percent in fiscal year 2023. A large part of the tuition increase from 2022 to 2023 is related to tuition for the Center for Learning and Innovation's outdoor program, which is passed through to providers. The outdoor program pairs faculty with providers of outdoor programs that allow their students to earn college credit. Gross tuition and fee revenue for fiscal year 2022 increased 12.6 percent from fiscal year 2021. Although student-share undergraduate tuition rates remained flat in 2022, the portion of tuition revenue related to College Opportunity Fund stipends increased by $2.4 million in fiscal year 2022. In addition, state-supported student FTE increased by 4.7 percent in fiscal year 2022, which led to increased tuition revenue, particularly among nonresident students. Tuition and fee related scholarship allowances of $12.9 million (2023), $12.7 million (2022), and $11.4 million (2021) were relatively stable over the last three years; the increase in fiscal year 2022 relates to an increase in institutional scholarships provided in a variety of programs. 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, 2023 was $26.2 million, a $1.7 million increase from 2022. Net tuition and fee revenue for the year ending June 30, 2022 was $24.5 million, a $2.9 million increase from 2021.

The net operating loss of $6.5 million in fiscal year 2023 compares to an operating loss of $1.9 million in 2022 and operating loss of $4.2 million in fiscal year 2021. 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. The University's net position decreased by $2.7 million in fiscal year 2023 and increased by $75.6 million in fiscal year 2022. In 2023, growth in operating expenses outpaced growth in tuition and fees. In 2022, the increase can be primarily attributed to capital gifts and state capital support of $59.9 million in 2022.

Condensed Statements of Revenue, Expenses, and Changes in Net Position
June 30, 2023, 2022, and 2021
(in thousands)

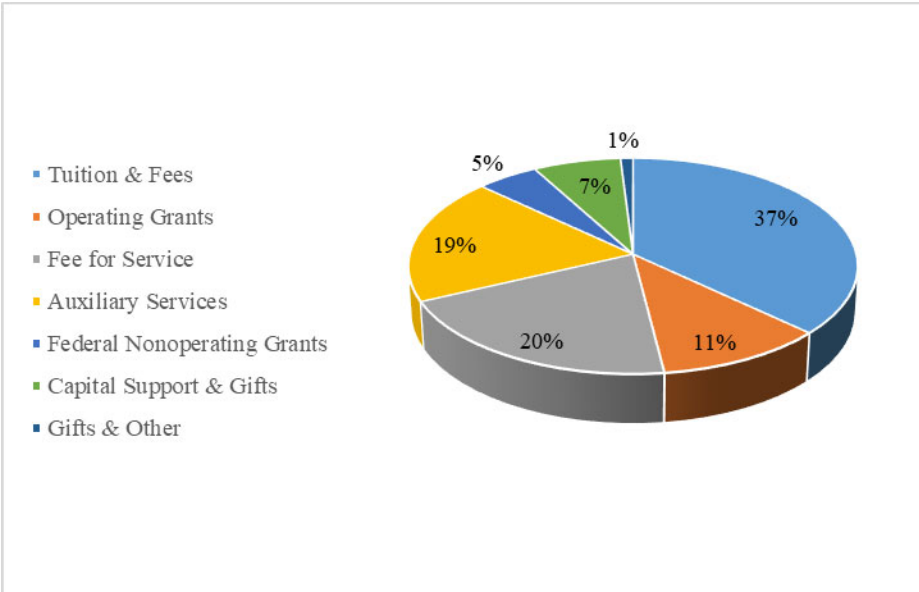
	2023	2022[1]	2021[2]
Operating Revenue			
Tuition and fees, net	$ 26,195	$ 24,479	$ 21,636
Federal, state, and private grants and contracts	7,589	6,019	6,606
Fee for service revenue	13,903	12,684	4,838
Sales and services of auxiliary enterprises, net	13,451	12,611	10,311
Other operating revenue	497	376	1,705
Total Operating Revenue	61,635	56,169	45,096
Operating Expenses			
Instruction	24,953	20,120	17,359
Academic support	4,193	3,205	2,866
Student services	6,871	5,675	4,911
Institutional support	6,403	5,206	4,883
Operation and maintenance of plant	4,616	3,333	1,860
Auxiliary enterprises	13,348	11,704	9,463
Depreciation	6,398	5,692	5,313
Other	4,363	3,156	2,681
Total Operating Expenses	68,145	58,091	49,336
Net Operating Loss	(6,510)	(1,922)	(4,240)
Nonoperating Revenue (Expenses)			
Federal Pell grants and interest subsidy	$ 3,195	$ 3,241	$ 3,310
Federal coronavirus relief funding and higher education emergency relief funding	1	4,147	11,173
Other private gifts	-	15,972	-
Investment and interest income (loss)	309	(1,011)	(479)
Interest expense on capital debt	(4,725)	(4,809)	(4,910)
Other nonoperating revenues (expenses)	150	27	(71)
Net Nonoperating (Loss) Income	(1,070)	17,567	9,023
(Loss) Income before Capital Contributions	(7,580)	15,645	4,783
Capital Contributions and Gifts			
State capital support and other capital gifts	4,855	59,911	4,156
(Decrease) Increase in Net Position	(2,725)	75,556	8,939
Net Position:			
Net Position, beginning of year	137,098	61,542	52,603
Net Position, end of year	$ 134,373	$ 137,098	$ 61,542

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

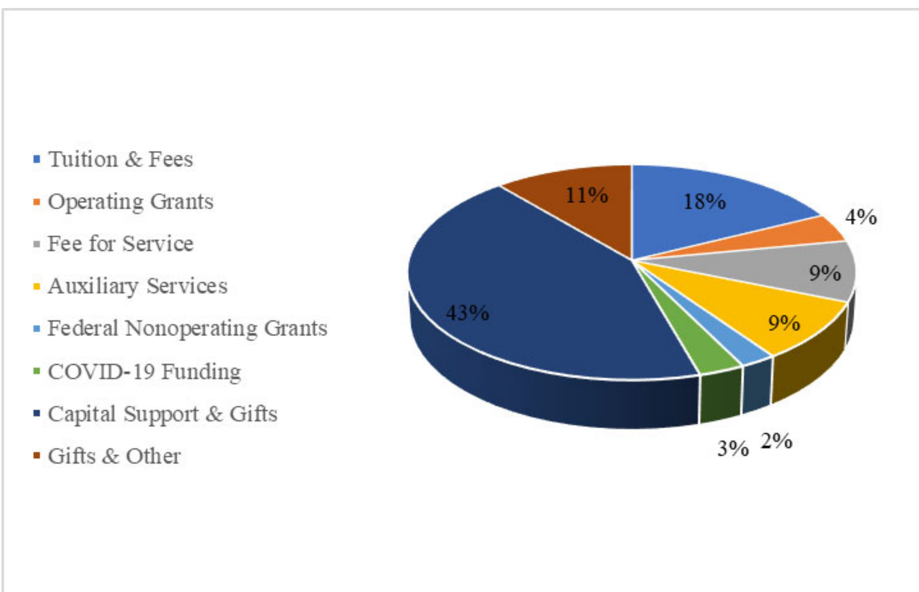
[2] Not restated for the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements* and therefore may not be comparable to other years presented.

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, Nonoperating, and Capital Revenues – Fiscal Year 2023



Operating, Nonoperating, and Capital Revenues – Fiscal Year 2022



Capital Assets

At June 30, 2023, the University had $197.6 million invested in capital assets, net of accumulated depreciation of $113.8 million. At June 30, 2022 (As Restated), the University had $196.5 million invested in capital assets, net of accumulated depreciation of $107.9 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, 2023	June 30, 2022[1]	June 30, 2021[2]
Land and Improvements	$ 4,408	$ 4,408	$ 4,408
Construction in Progress	3,722	2,790	3,382
Land Improvements, Net	7,359	6,355	2,788
Buildings and Improvements, Net	173,120	178,141	130,217
Furniture, Equipment, and Software, Net	4,129	4,403	1,073
Right to Use – SBITA, Net	4,738	219	-
Library Materials, Net	139	167	160
Total	$ 197,615	$ 196,483	$ 142,028

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

[2] Not restated for the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements* and therefore may not be comparable to other years presented.

The following significant capital projects were in progress at June 30, 2023 (in thousands):

Digital Transformation Project – Phase II	$ 3,327
Campus Lighting Updates	$ 269
Mears Roof Project	$ 83
HVAC System Upgrade	$ 43

The following significant capital projects were in progress at June 30, 2022, as restated, (in thousands):

Digital Transformation Project	$ 1,427
Campus Accessibility Project	$ 1,262
Donor Management Software Project	$ 58
HVAC System Upgrade	$ 43

Bond Debt

At June 30, 2023, the University had $79.8 million in debt outstanding, a decrease of $2.7 million from the debt outstanding of $82.5 million as of June 30, 2022 related primarily to principal paid during the fiscal year. At June 30, 2022, the University had $82.5 million in debt outstanding, a decrease of $2.6 million from the debt outstanding of $85.1 million as of June 30, 2020 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, 2023	June 30, 2022	June 30, 2021
Auxiliary Revenue Bonds	$ 76,182	$ 78,647	$ 81,023
Direct Borrowing Bonds	3,600	3,860	4,110
Total	$ 79,782	$ 82,507	$ 85,133

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.

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 2024, the University was appropriated $20.4 million in state operating support, which represents a 11.5 percent increase from the prior year. The funding model, first employed in 2022, allocates funding based on a variety of performance metrics and strategic priorities as identified by the State. Because performance is measured based on progress at the individual campus-level and because Western has seen growth or stability in key factors such as overall resident enrollment, graduation rates, and underrepresented student population growth, the University received a percentage increase consistent with 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., information technology projects, heating system improvements, roof upgrades, boiler replacements, and storm water mitigation). The University received two capital appropriations for fiscal year 2024: $0.9 million in information technology capital support, which will be used to upgrade the campus Wifi and is a joint project with Fort Lewis College, and $2.0 million to recondition the University's natatorium. 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.

Enrollment and Tuition Revenues/Rates

Student FTE enrollment in fiscal year 2023 was 2,271, which represented a 0.6 percent increase over fiscal year 2022. Enrollment is a significant driver of University revenues, and the University has enacted a number of initiatives to increase enrollment and retain students. Despite these efforts, the University expects undergraduate enrollment in fiscal year 2024 to decrease by approximately 4.0 percent (based on preliminary fall enrollments). Graduate enrollment is projected to decrease by similar amounts for fiscal year 2024.

In response to increased inflationary pressures, the University increased undergraduate tuition and fee rates by 2.8 percent for residents and 4.1 percent for non-residents for fiscal year 2024. Additionally, beginning in 2024 students entering the Rady Partnership program will be required to pay an additional tuition differential of $139 per credit for both resident and nonresident students. The Rady Partnership program is for our mechanical engineering and computer science students in partnership with the University of Colorado (CU). They are on our campus all four years, but become CU students in years three and four and graduate with a degree from CU. 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 have historically lagged peers in several categories. The University has prioritized salary enhancement as a goal and provided a 5.0 percent salary increase pool to faculty and administrators for fiscal year 2024. In addition, the University provided certain equity adjustments beyond the base increase, continuing the work that began in 2022 as a result of a comprehensive analysis completed by the University Salary Assessment Task Force. In 2024, the University plans to develop 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 2023, 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 2024. The University's current annual debt service requirements are expected to maintain at approximately $7 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 2023, bringing the reserve balance to $4.3 million.

Historically, the University's bonds had been secured by a pledge of certain auxiliary revenues and 10 percent of general fund tuition revenues (with that limit established in State statute). A recent Senate Bill, SB 22-121, allowed institutions of higher education to pledge up to 100 percent of tuition revenues as security for bonded debt, which is more consistent with industry norms. In July 2022, the Board of Trustees adopted a resolution increasing the University's pledge of tuition revenue on existing bonded debt from 10 percent to 100 percent of general fund tuition revenues. The University believes the increased pledge of tuition will contribute to strengthening of its credit rating and position in the debt markets.

Strategic Planning
In fiscal year 2023, the University finalized creation of a new strategic plan, which the Board of Trustees approved at the June 2023 meeting. The major goals of the plan are 1) enriching the Western experience and improving wellbeing for students, faculty, and staff; 2) improving student affordability and access; 3) enhancing the quality and value of a Western education and degree; 4) ensuring financial strength and supporting enrollment growth. The goals are in alignment with the vision of the Board of Trustees and the University's new administration and consistent with the projected goals of the emerging statewide strategic plan for public higher education. Individual subgoals for each area have been developed and initiation metrics were presented to the Board of Trustees at the September meeting. Final metrics will be presented at the December meeting for Board approval.

Elevate Western Campaign
Fiscal year 2023 wrapped up the fourth year of the Elevate Western Campaign, a seven-year fundraising campaign for the University that will complement the $80 million gift received for the creation of the Paul M. Rady School of Computer Science and Engineering. The goal of the campaign is $80 million. As of June 30, 2023, Western has raised over $42 million. This has included major gifts to name the Clark Family School of Environment and Sustainability and the construction of the Mountaineer Bowl Events Complex. In addition, over 75 scholarships have been created since the launch of the campaign. In fiscal year 2024, the University will launch the public phase of the campaign, continue to aggressively fundraise to support the pillars of the campaign (engineer Colorado's future, foster academic excellence, promote student access and success, and build our competitive edge) and align the campaign with the University's new strategic plan.

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, 2023 and 2022

	2023	2022, As Restated
ASSETS		
Current Assets		
Cash and cash equivalents	$ 26,639,761	$ 26,771,199
Investments	130,138	131,938
Student accounts receivable, net	1,470,767	1,014,842
Other accounts receivable	2,115,323	3,053,436
Pledge receivable	2,100,000	1,300,000
Student loans receivable, net	2,766	11,501
Inventories	304,056	282,049
Other current assets	135,149	283,980
Total Current Assets	32,897,960	32,848,945
Noncurrent Assets		
Pledge receivable	8,862,596	11,254,991
Student loans receivable, net	23,652	47,007
Total Noncapital Noncurrent Assets	8,886,248	11,301,998
Nondepreciable Capital Assets		
Land	2,503,736	2,503,736
Land improvements	1,904,083	1,904,083
Construction in progress	3,721,705	2,790,353
Total Nondepreciable Capital Assets	8,129,524	7,198,172
Depreciable Capital Assets, Net		
Land improvements, less accumulated depreciation of $518,247 (2023) and $777,744 (2022)	7,358,871	6,354,696
Buildings and improvements, less accumulated depreciation of $102,342,638 (2023) and $97,344,282 (2022)	173,119,728	178,140,747
Furniture, equipment and software, less accumulated depreciation of $4,388,902 (2023) and $3,752,617 (2022)	4,129,558	4,403,631
Right to use - Subscription-based IT arrangements, less accumulated depreciation of $533,195 (2023) and $109,320 (2022)	4,737,843	218,639
Library materials, less accumulated depreciation of $6,001,547 (2023) and $5,964,863 (2022)	139,625	167,106
Total Depreciable Capital Assets, Net	189,485,625	189,284,819
Total Noncurrent Assets	206,501,397	207,784,989
Total Assets	239,399,357	240,633,934
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refundings	2,278,644	2,513,176
Pension related (See Note G)	3,577,388	1,444,051
Other postemployment benefit related (See Note H)	78,699	46,365
Total Deferred Outflows	$ 5,934,731	$ 4,003,592

See accompanying notes.

WESTERN COLORADO UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2023 and 2022

	2023	2022, As Restated
LIABILITIES		
Current Liabilities		
Accounts payable	$ 1,199,629	$ 463,845
Accrued liabilities	2,086,437	2,113,494
Unearned revenue	2,298,145	1,641,604
Student deposits	915,074	749,222
Bonds payable, current portion	2,685,000	2,585,000
IT subscription liability, current portion	476,820	109,272
Compensated absence liabilities, current portion	243,545	359,917
Total Current Liabilities	9,904,650	8,022,354
Noncurrent Liabilities		
Bonds payable	77,096,861	79,922,432
IT subscription liability	2,202,824	112,454
Compensated absence liabilities	885,890	796,584
Net pension liability (See Note G)	19,915,731	13,125,559
Net other postemployment benefit liability (See Note H)	466,240	480,850
Total Noncurrent Liabilities	100,567,546	94,437,879
Total Liabilities	110,472,196	102,460,233
DEFERRED INFLOWS OF RESOURCES		
Pension related (See Note G)	271,455	4,833,512
Other postemployment benefit related (See Note H)	217,194	246,054
Total Deferred Inflows	488,649	5,079,566
NET POSITION		
Net investment in capital assets	117,432,288	116,267,009
Restricted for:		
Loans	64,201	214,288
Debt service	12,542,910	11,241,154
Other	12,607,012	14,541,051
Unrestricted	(8,273,168)	(5,165,775)
Total Net Position	$ 134,373,243	$ 137,097,727

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2023 and 2022

		2023		2022
ASSETS				
Cash and cash equivalents	$	267,697	$	1,182,064
Accounts receivable		122,826		14,348
Promises to give, net		2,956,511		1,923,102
Marketable securities		30,026,272		25,915,766
Derivative investments		3,862,425		2,322,675
Other assets		1,362,925		492,021
Property and equipment, net		957,796		987,651
Total Assets	$	39,556,452	$	32,837,627
LIABILITIES				
Accounts payable	$	184,985	$	256,393
Accrued compensated absences and additional compensation		-		25,849
Liabilities under charitable gift annuities		518,251		184,246
Total Liabilities		703,236		466,488
NET ASSETS				
Without donor restrictions				
Undesignated		(199,275)		(1,093,557)
With donor restrictions				
Perpetual in nature		8,835,417		9,445,021
Purpose restrictions		27,260,563		22,519,758
Time-restricted for future period		2,956,511		1,923,102
Underwater endowments		-		(423,185)
		39,052,491		33,464,696
Total Net Assets		38,853,216		32,371,139
Total Liabilities and Net Assets	$	39,556,452	$	32,837,627

See accompanying notes.

WESTERN COLORADO UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

	2023	2022, As Restated
Operating Revenue		
Tuition and fees, including $32,745,095 (2023) and $15,237,152 (2022) pledged for bonds	$ 39,084,256	$ 37,224,226
Less: scholarship allowances	(12,889,553)	(12,745,089)
Net Tuition and Fees	26,194,703	24,479,137
Federal, state, and private grants and contracts, including $76,040 (2023) and $137,208 (2022) pledged for bonds	7,589,307	6,018,715
Fee for service revenue	13,903,228	12,683,583
Sales and services of auxiliary enterprises, including $12,219,948 (2023) and $11,305,203 (2022) pledged for bonds	14,009,397	13,020,413
Less: scholarship allowances	(558,918)	(409,264)
Net Sales and Services of Auxiliary Enterprises	13,450,479	12,611,149
Other operating revenue, including $17,422 (2023) and $14,088 (2022) pledged for bonds	497,294	376,474
Total Operating Revenue	61,635,011	56,169,058
Operating Expenses		
Instruction	24,952,573	20,120,357
Research	837,590	548,548
Public service	53,326	34,515
Academic support	4,192,668	3,205,434
Student services	6,871,367	5,674,813
Institutional support	6,403,367	5,205,840
Operation and maintenance of plant	4,615,776	3,333,271
Scholarships and fellowships	472,429	2,572,799
Auxiliary enterprises	13,348,062	11,703,581
Depreciation	6,397,708	5,692,371
Total Operating Expenses	68,144,866	58,091,529
Operating Loss	(6,509,855)	(1,922,471)
Nonoperating Revenue (Expenses)		
Federal Pell grants	2,048,794	2,095,731
Federal interest subsidy, including $1,146,405 (2023) and $1,144,944 (2022) pledged for bonds	1,146,405	1,144,944
Federal coronavirus relief funding and higher education emergency relief funding	750	4,147,293
Other private gifts	-	15,972,117
Investment and interest income (loss), including $337,426 (2023) and $165,639 (2022) pledged for bonds	308,854	(1,010,715)
State support for pensions	363,137	136,515
Interest expense on capital debt	(4,724,844)	(4,809,190)
Other nonoperating expenses	(212,756)	(109,461)
Net Nonoperating (Expense) Revenue	(1,069,660)	17,567,234
(Loss) Income Before Capital Contributions	(7,579,515)	15,644,763
Capital Contributions		
State capital support	4,850,275	2,814,518
Other capital gifts	4,756	57,096,018
Increase (Decrease) in Net Position	(2,724,484)	75,555,299
Net Position - beginning of year	137,097,727	61,542,428
Net Position - end of year	$ 134,373,243	$ 137,097,727

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contribution of cash and other financial assets	$ 191,458	$ 5,445,278	$ 5,636,736
Fundraising revenue	29,068	132,894	161,962
Contribution of nonfinancial assets	513,010	891,449	1,404,459
Net investment return	697,250	3,539,473	4,236,723
Service agreement income - Western Colorado University	270,000	-	270,000
Royalties	-	45,152	45,152
Reclassification of net assets	(425,103)	425,103	-
Net assets released from restrictions	4,891,554	(4,891,554)	-
Total Revenue and Support	6,167,237	5,587,795	11,755,032
EXPENSES			
Program expenses	4,235,033	-	4,235,033
Management and general	424,137	-	424,137
Fundraising	613,785	-	613,785
Total Expenses	5,272,955	-	5,272,955
CHANGES IN NET ASSETS	894,282	5,587,795	6,482,077
NET ASSETS - BEGINNING OF YEAR	(1,093,557)	33,464,696	32,371,139
NET ASSETS - ENDING OF YEAR	**$ (199,275)**	**$ 39,052,491**	**$ 38,853,216**

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contribution of cash and other financial assets	$ 250,043	$ 4,345,444	$ 4,595,487
Fundraising revenue	-	131,874	131,874
Contribution of nonfinancial assets	-	661,366	661,366
Net investment return	(64,117)	(1,989,618)	(2,053,735)
Service agreement income - Western Colorado University	270,000	-	270,000
Royalties	-	43,425	43,425
Gain on sale of donated assets	2,350	-	2,350
Reclassification of net assets	82,587	(82,587)	-
Net assets released from restrictions	4,611,085	(4,611,085)	-
Total Revenue and Support	5,151,948	(1,501,181)	3,650,767
EXPENSES			
Program expenses	4,098,608	-	3,566,933
Management and general	376,721	-	376,721
Fundraising	590,091	-	590,091
Total Expenses	5,065,420	-	4,533,745
CHANGES IN NET ASSETS	86,528	(1,501,181)	(1,414,653)
NET ASSETS - BEGINNING OF YEAR	(1,180,085)	34,965,877	33,785,792
NET ASSETS - ENDING OF YEAR	**$ (1,093,557)**	**$ 33,464,696**	**$ 32,371,139**

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Expenses	Management and General	Fundraising	Total
Personnel costs	$ 869,072	$ 283,501	$ 209,291	$ 1,361,864
Scholarships	1,256,561	-	-	1,256,561
In-kind expenses	891,449	14,000	-	905,449
Supplies and equipment	415,222	-	-	415,222
Travel	395,143	-	-	395,143
Direct cost of fundraising	-	-	175,164	175,164
Official functions	116,975		-	116,975
Dues, registrations, memberships, subscriptions	116,151	135	-	116,286
Capital equipment and software	44,221	33,858	25,542	103,621
Bad debt expense	-	-	77,839	77,839
Professional fees	43,692	19,451	-	63,143
Prizes	-	-	60,588	60,588
Other fundraising expenses	-	-	50,348	50,348
Annuity disbursements	47,743	-	-	47,743
Depreciation expense	-	27,797	-	27,797
Insurance	3,043	16,981	-	20,024
Advertising	16,900	-	-	16,900
Board of directors' expenses	-	14,958	-	14,958
Administrative fees	8,334	4,105	-	12,439
Publication costs	-	-	11,725	11,725
Miscellaneous	8,364	1,306	-	9,670
Office supplies	-	8,045	-	8,045
Director's expense	-	-	2,857	2,857
Property taxes	2,163	-	-	2,163
Capital campaign	-	-	431	431
Total	**$ 4,235,033**	**$ 424,137**	**$ 613,785**	**$ 5,272,955**

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Expenses	Management and General	Fundraising	Total
Personnel costs	$ 961,210	$ 268,410	$ 327,731	$ 1,557,351
Scholarships	1,176,909	-	-	1,176,909
In-kind expenses	661,366	-	-	661,366
Supplies and equipment	312,242	-	-	312,242
Travel	260,043	-	-	260,043
Coldharbour project	152,303	-	-	152,303
Dues, registrations, memberships, subscriptions	127,555	100	-	127,655
Biology research	123,996	-	-	123,996
Honorariums	111,228	-	-	111,228
Official functions	108,612	-	-	108,612
Direct cost of fundraising	-	-	89,092	89,092
Capital equipment and software	46,237	23,133	17,451	86,821
Bad debt expense	-	-	82,588	82,588
Other fundraising expenses	-	-	61,558	61,558
Depreciation expense	-	29,201	-	29,201
Professional fees	12,180	16,000	-	28,180
Annuity disbursements	27,865	-	-	27,865
Insurance	2,793	15,678	-	18,471
Administrative fees	10,790	5,320	-	16,110
Publication costs	-	-	8,394	8,394
Board of directors' expenses	-	7,187	-	7,187
Office supplies	-	6,689	-	6,689
Miscellaneous	1,217	2,596	-	3,813
Director's expense	-	-	2,920	2,920
Postage	-	2,407	-	2,407
Property taxes	1,611	-	-	1,611
Advertising	451	-	-	451
Capital campaign	-	-	357	357
Total	**$ 4,098,608**	**$ 376,721**	**$ 590,091**	**$ 5,065,420**

See accompanying notes.

WESTERN COLORADO UNIVERSITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022, As Restated
Cash Flows from Operating Activities		
Cash Received		
Tuition and fees	$ 25,850,230	$ 24,302,596
Sales of services	26,736,190	24,774,833
Sales of product	552,886	675,757
Grants, contracts, and gifts	6,096,591	4,944,410
Student loans collected	28,202	114,425
Other operating receipts	420,303	363,152
Cash Payments		
Payments to or for employees	(36,004,512)	(32,300,687)
Payments to suppliers	(23,252,660)	(18,025,882)
Scholarships disbursed	(472,429)	(2,572,799)
Net Cash (Used for) Provided by Operating Activities	(45,199)	2,275,805
Cash Flows from Noncapital Financing Activities		
Grants, gifts, and contracts	6,275,095	6,836,082
Other agency inflows (outflows)	226,318	(87,224)
Net Cash Provided by Noncapital Financing Activities	6,501,413	6,748,858
Cash Flows from Capital and Related Financing Activities		
State capital support	4,850,275	2,814,518
Capital gifts and grants	-	24,712
Disposal of capital assets	5,000	-
Acquisition or construction of capital assets	(4,350,853)	(3,264,728)
Principal paid on capital debt	(2,778,997)	(2,591,233)
Interest on capital debt	(4,623,731)	(4,728,484)
Net Cash Used for Capital and Related Financing Activities	(6,898,306)	(7,745,215)
Cash Flows from Investing Activities		
Investment earnings (loss)	310,654	(999,786)
Net Cash Used for Investing Activities	310,654	(999,786)
Net (Decrease) Increase in Cash and Cash Equivalents	(131,438)	279,662
Cash and Cash Equivalents - beginning of year	26,771,199	26,491,537
Cash and Cash Equivalents - end of year	$ 26,639,761	$ 26,771,199

	2023	2022, As Restated
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating loss	$ (6,509,855)	$ (1,922,471)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,397,708	5,692,371
Provision for uncollectable accounts	82,513	(32,782)
Compensated absences adjustment	(27,066)	(64,434)
Non-cash pension & OPEB expense (See Notes G & H)	382,112	(2,327,509)
Changes in assets and liabilities:		
Receivables	(1,259,726)	(592,647)
Inventories	(22,007)	(7,804)
Other assets	148,831	156,405
Student loans	26,123	114,871
Accounts payable	77,930	(88,005)
Accrued liabilities	(3,059)	390,942
Unearned revenue	661,297	504,443
Deposits held for others	-	(16,859)
Other reconciling items	-	469,284
Net Cash Provided by Operating Activities	$ (45,199)	$ 2,275,805
Noncash Investing, Capital, and Financing Activities		
Unrealized loss on investments	$ 1,800	$ 10,929
Amortization of deferred bond refunding loss	234,531	234,531
Amortization of bond premium	(140,570)	(140,570)
Recognition of right to use assets - subscription based IT arrangements	2,651,914	327,959
Capital gifts	-	57,095,370
Loss on disposal of capital assets	102,485	93,905
State support for pensions	363,137	136,515

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in Net Assets	$ 6,482,077	$ (1,414,653)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	27,797	29,201
Bad debt expense	77,839	82,588
Collections of contributions restricted to endowments	(35,000)	(66,139)
Net realized and unrealized (gains) and losses on investments	(3,191,597)	2,067,292
Net realized and unrealized (gains) and losses on derivatives	(689,750)	333,125
Realized gain on sale of donated assets	2,058	(2,350)
(Increase) decrease in value of life insurance policy	(28,633)	76,461
Capitalized contribution of non-financial asset	(842,271)	-
Net change in split interest liabilities	334,005	864
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	(108,478)	15,103
(Increase) decrease in promises to give	(1,111,248)	(400,808)
(Decrease) increase in accounts payable	(71,408)	236,381
(Decrease) increase in accrued liabilities	(25,849)	(18,609)
Net Cash from Operating Activities	819,542	938,456
Cash Flows from Investing Activities		
Purchase of operating investments	(8,653,964)	(7,416,589)
Purchase of derivatives	(1,250,000)	-
Proceeds from sales and maturities of marketable investments	7,735,055	6,891,219
Proceeds from sale of derivatives	400,000	87,000
Proceeds from sale of donated assets	-	8,350
Purchase of buildings, improvements and equipment	-	(2,400)
Net Cash Used for Investing Activities	(1,768,909)	(432,420)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowments	35,000	66,139
Net Cash from Financing Activities	35,000	66,139
Net Change in Cash and Cash Equivalents	(914,367)	572,175
Cash and Cash Equivalents - beginning of year	1,182,064	609,889
Cash and Cash Equivalents - end of year	$ 267,697	$ 1,182,064

See accompanying notes.

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). 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 full-time 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, 2023 and 2022. 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) 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*.

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 of resources, and deferred inflows of resources 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 is reported net of any estimated uncollectible amounts.

Pledge Receivable
Pledge receivable includes amounts due from a private donor. The University does not report pledges at a discounted value.

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.

Assets recorded under subscription-based IT arrangements are recorded at the present value of future subscription payments, including certain prepaid implementation costs, and are amortized over either the term of the subscription or the estimated useful life of the asset, whichever period is shorter.

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 Note G and Note 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 – Donations of capital assets and 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, 2023 and 2022 were $13,448,471 and $13,154,353.

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 includes 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 2023 or 2022.

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.

Adoption of New Accounting Standard
In the fiscal year ended June 30, 2023, the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 establishes accounting and financial reporting standards for measuring and recognizing assets, liabilities, and expenses for the University's subscription-based IT contracts. Additional information on these arrangements can be found in Note D and Note E.

The financial statements as of and for the year ended June 30, 2022 have been restated as though GASB 96 was effective on July 1, 2021 for comparative purposes. The restatement of those financials resulted in an increase of $552,560 in total assets, $221,726 in total liabilities, and the ending total net position by $330,834 for fiscal year 2022.

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:

	2023	2022
Cash on hand	$ 23,146	$ 77,986
Cash in local banks	3,342,036	2,777,773
	$ 3,365,182	$ 2,855,759

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. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023 and 2022, the University had cash on deposit with the State Treasurer of $23,274,579 and $23,915,440 which represented approximately 0.12 percent and 0.11 percent of the total $18,810.9 million and $21,060.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, the Pool's resources included $35 million of cash on hand and $18,775.8 million of investments. As of June 30, 2022, the Pool's resources included $47.2 million of cash on hand and $21,013.7 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, 2023.

Investments

At June 30, 2023 and 2022, the University has an investment of $130,138 and $131,938 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 ACCRUED LIABILITIES

At June 30, receivable balances were as follows:

2023	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 2,067,492	$ (596,725)	$ 1,470,767
Other accounts receivable	2,115,323	-	2,115,323
Pledge receivable	2,100,000	-	2,100,000
Student loans receivable	26,123	(23,357)	2,766
Noncurrent pledge receivable	8,862,596	-	8,862,596
Noncurrent student loans receivable	223,384	(199,732)	23,652

2022	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 1,529,055	$ (514,213)	$ 1,014,842
Other accounts receivable	3,053,436	-	3,053,436
Pledge receivable	1,300,000	-	1,300,000
Student loans receivable	114,871	(103,370)	11,501
Noncurrent pledge receivable	11,254,991	-	11,254,991
Noncurrent student loans receivable	465,707	(418,700)	47,007

At June 30, accrued liabilities balances were as follows:

	2023	2022
Accrued payroll and benefits	$ 1,343,092	$ 1,397,820
Retainage payable	13,425	43,352
Accrued interest payable	584,885	577,734
Other	145,035	94,588
Total Accrued Liabilities	$ 2,086,437	$ 2,113,494

NOTE D – CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the years ended June 30, 2023 and 2022.

	Balance June 30, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	2,790,353	4,570,220	(3,638,868)	3,721,705
Total Nondepreciable Capital Assets	$ 7,198,172	$ 4,570,220	$ (3,638,868)	$ 8,129,524
Depreciable Capital Assets				
Land improvements	$ 7,132,440	$ -	$ 744,678	$ 7,877,118
Buildings and improvements	275,485,029	-	(22,663)	275,462,366
Furniture and equipment	8,156,248	406,015	(43,803)	8,518,460
Right to use: subscription-based IT	327,959	2,651,914	2,291,165	5,271,038
Library materials	6,131,969	9,203	-	6,141,172
Total Depreciable Capital Assets	297,233,645	3,067,132	2,969,377	303,270,154
Less: Accumulated depreciation/amortization				
Land improvements	(777,744)	(253,442)	512,939	(518,247)
Buildings and improvements	(97,344,282)	(5,021,019)	22,663	(102,342,638)
Furniture and equipment	(3,752,617)	(662,688)	26,403	(4,388,902)
Right to use: subscription-based IT	(109,320)	(423,875)	-	(533,195)
Library materials	(5,964,863)	(36,684)	-	(6,001,547)
Total Accumulated Depreciation	(107,948,826)	(6,397,708)	562,005	(113,784,529)
Net Depreciable Capital Assets	$ 189,284,819	$ (3,330,576)	$ 3,531,382	$ 189,485,625

	Balance June 30, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	3,381,782	3,097,056	(3,688,485)	2,790,353
Total Nondepreciable Capital Assets	$ 7,789,601	$ 3,097,056	$ (3,688,485)	$ 7,198,172
Depreciable Capital Assets				
Land improvements	$ 3,368,665	$ 2,414,862	$ 1,348,913	$ 7,132,440
Buildings and improvements	222,740,327	51,045,149	1,699,553	275,485,029
Furniture and equipment	4,453,322	3,803,908	(100,982)	8,156,248
Right to use: subscription-based IT	327,959	-	-	327,959
Library materials	6,110,210	21,759	-	6,131,969
Total Depreciable Capital Assets	237,000,483	57,285,678	2,947,484	297,233,645
Less: Accumulated depreciation				
Land improvements	(580,405)	(197,339)	-	(777,744)
Buildings and improvements	(92,523,550)	(4,897,563)	76,831	(97,344,282)
Furniture and equipment	(3,379,772)	(473,827)	100,982	(3,752,617)
Right to use: subscription-based IT	-	(109,320)	-	(109,320)
Library materials	(5,950,541)	(14,322)	-	(5,964,863)
Total Accumulated Depreciation	(102,434,268)	(5,692,371)	177,813	(107,948,826)
Net Depreciable Capital Assets	$ 134,566,215	$ 51,593,307	$ 3,125,297	$ 189,284,819

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

	2023	2022
Land	$ 813,225	$ 813,225
Buildings and improvements	1,108,583	1,108,583
Furniture and equipment	106,713	109,113
	2,028,521	2,030,921
Less: Accumulated depreciation	(1,070,725)	(1,043,270)
	$ 957,796	$ 987,651

NOTE E – NONCURRENT LIABILITIES

The University's noncurrent liability activity for the years ended June 30, 2023 and 2022 was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due within One Year
Debt					
Bonds	$ 76,225,000	$ -	$ 2,325,000	$ 73,900,000	$ 2,415,000
Bond Premium	2,422,432	-	140,571	2,281,861	-
Direct Borrowing	3,860,000	-	260,000	3,600,000	270,000
	82,507,432	-	2,725,571	79,781,861	2,685,000
Other Liabilities					
Compensated Absences	$ 1,156,501	$ 216,479	$ 243,545	$ 1,129,435	$ 243,545
IT Subscriptions	221,726	2,651,914	193,996	2,679,644	476,820
OPEB Liability, net	480,850	-	14,610	466,240	-
Pension Liability, net	13,125,559	6,790,172	-	19,915,731	-
	14,984,636	9,658,565	452,151	24,191,050	720,365
Total Noncurrent Liabilities	$ 97,492,068	$ 9,658,565	$ 3,177,722	$ 103,972,911	$ 3,405,365

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Debt					
Bonds	$ 78,460,000	$ -	$ 2,235,000	$ 76,225,000	$ 2,325,000
Bond Premium	2,563,002	-	140,570	2,422,432	-
Direct Borrowing	4,110,000	-	250,000	3,860,000	260,000
	85,133,002	-	2,625,570	82,507,432	2,585,000
Other Liabilities					
Compensated Absences	$ 1,220,935	$ 295,483	$ 359,917	$ 1,156,501	$ 359,917
IT Subscriptions	327,959	-	106,233	221,726	109,272
OPEB Liability, net	528,935	-	48,085	480,850	-
Pension Liability, net	16,444,652	-	3,319,093	13,125,559	-
	18,522,481	295,483	3,833,328	14,984,636	469,189
Total Noncurrent Liabilities	$ 103,655,483	$ 295,483	$ 6,458,898	$ 97,492,068	$ 3,054,189

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 2010B bonds along with Series 2010A bonds (fully matured in 2020) were used to finance a new student apartment complex and a new sports complex/field house. At June 30, 2023 and 2022, the outstanding principal on the 2010B bonds was $48,020,000.

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. The Series 2010C bonds were used to finance energy improvements on campus. At June 30, 2023 and 2022, the outstanding principal on the 2010C bonds was $865,000 and $1,065,000.

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 and interest rates ranging from 2.75 percent to 3.625 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. At June 30, 2023 and 2022, the outstanding principal on the 2011A bonds was $1,770,000 and $2,750,000.

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. At June 30, 2023 and 2022, the outstanding principal on the 2016 bonds was $23,245,000 and $24,390,000.

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, 2023 and 2022, the outstanding principal on the 2019 bonds was $3,600,000 and $3,860,000.

At June 30, 2022, debt principal and interest requirements to maturity are as follows:

	Bonds		Direct Borrowing	
Year Ending June 30	Principal	Interest	Principal	Interest
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	2,750,000	4,020,758	300,000	102,396
2028	2,645,000	3,851,500	315,000	91,266
2029-2033	15,020,000	16,865,100	1,750,000	278,871
2034-2038	18,405,000	12,347,450	395,000	9606
2039-2043	19,090,000	6,936,750	-	-
2044-2045	8,545,000	904,049	-	-
Total Debt Service	$ 73,900,000	$ 57,719,396	$ 3,600,000	$ 846,397

The University has five information technology contracts recognized as long-term subscription-based information technology arrangements under GASB 96. These contracts provide the University access to various higher education focused software, including a learning management system, an information management system, a donor relationship management system, and the University's Enterprise Resource Planning system.

As of June 30, 2023, the lease term has commenced on four of these contracts and a related IT subscription liability has been recognized. The expiration dates on these contracts vary: two expire in June 2024, one in December 2026, and one in July 2031. The fifth contract relates to the student information system component of the University's implementation of a new ERP. That component is still in the initial implementation stage and therefore, no IT Subscription Liability is recognized as of June 30, 2023.

At June 30, 2023, IT subscription liability principal and interest requirements to term expiration are as follows:

Year Ending June 30	Principal	Interest
2024	$ 476,820	$ 23,510
2025	367,417	20,261
2026	370,495	17,183
2027	287,405	14,078
2028	290,167	11,316
2029-2033	887,340	17,109
Total	$ 2,679,644	$ 103,457

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, 2023 is $1,129,435. In fiscal year 2023, expenses were reduced by $27,066 related to the decrease in the estimated compensated absence liability. The estimated cost of compensated absences for which employees are vested for the year ended June 30, 2022 is $1,156,501. In fiscal year 2022, expenses were reduced by $64,434 related to the decrease in the estimated compensated absence liability.

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, 2023 and 2022 were $2,011,711 and $1,865,205. 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 – Defined Benefit Pension Plan

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.

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 that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022. 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. Section 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 cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. Section 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: 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, 2021 through June 30, 2023 are summarized in the table below:

	January 1, 2023 to June 30, 2023	July 1, 2022 to December 31, 2022	January 1, 2022 to June 30, 2022	July 1, 2021 to December 31, 2021
Employee Contribution Rate[1]	11.0%	11.0%	10.50%	10.50%
Employer Contribution Rate[1]	11.40%	11.40%	10.90%	10.90%
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%	-1.02%
Amount Apportioned to the SDTF[1]	10.38%	10.38%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	5.00%	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%	5.00%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.17%	0.10%	0.10%	0.05%
Total Employer Contribution Rate to the SDTF[1]	20.55%	20.48%	19.98%	19.93%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $1,319,302 and $1,241,573 for the years ended June 30, 2023 and 2022.

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

At June 30, 2023 and 2022, the University reported a liability of $19,915,731 and $13,125,559 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2022 for fiscal year 2023 and as of December 31, 2021 for fiscal year 2022, 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, 2022 and 2021. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2022 (for fiscal year 2023) and 2021 (for fiscal year 2022) relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At December 31, 2022 and 2021, the University's proportion was 0.1832 percent and 0.1780 percent.

For the years ended June 30, 2023 and 2022, the University recognized non-cash pension expense (income) of $457,915 and ($2,389,425). Additionally, in fiscal year 2023 and 2022, the University recognized non-cash revenue of $363,137 and $136,515 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	
	2023	2022	2023	2022
Difference between expected and actual experience in the measurement of the total pension liability	$ -	$ 89,310	$ 267,019	$ 18,260
Changes in assumptions or other inputs	-	467,976	-	-
Net difference between projected and actual earnings on pension plan investments	2,531,957	-	-	4,516,856
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	427,178	301,681	4,436	298,396
Employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	618,253	585,084	-	-
Total	$ 3,577,388	$ 1,444,051	$ 271,455	$ 4,833,512

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
2024	$ (136,653)
2025	393,961
2026	933,912
2027	1,496,460

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

Actuarial cost method	Entry age
Price inflation	2.30 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)	1.00 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.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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 actuarial assumptions used in the December 31, 2021 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board during the November 20, 2020 Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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, and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.
- 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 2023 and 2022), 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 – 2023	$ 25,459,944	$ 19,915,731	$ 15,251,997
Proportionate share of the net pension liability – 2022	$ 18,513,131	$ 13,125,559	$ 8,596,354

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 hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy. All participating employees in the PERA DC Plan and the 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, 2021 through June 30, 2023 are summarized in the tables below:

	January 1, 2023 to June 30, 2023	July 1, 2022 to December 31, 2022	January 1, 2022 to June 30, 2022	July 1, 2021 to December 31, 2021
Employee Contribution Rate[1]	11.0%	11.0%	10.50%	10.50%
Employer Contribution Rate[1]	10.15%	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%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. Section 24-51-413	1.00%	1.00%	0.50%	0.50%
Additional statutory contribution as specified in C.R.S. Section 24-51-401 and Section 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.17%	0.10%	0.10%	0.05%
Total Employer Contribution Rate to the SDTF[1]	21.57%	21.50%	21.00%	20.95%

[1] Contribution 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. PERA Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of the University may voluntarily contribute to the Deferred Compensation Plan, an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 Plan 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 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions and investment earnings.

F. 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, 2023 and 2022, total payroll upon which the plan contributions were based was $526,309 and $571,854.

NOTE H – POSTEMPLOYMENT HEALTH CARE BENEFITS

Defined Benefit Other Postemployment 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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial 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 health benefits program 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 service-based 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 the University were $60,143 and $57,714 for the years ended June 30, 2023 and 2022.

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

At June 30, 2023 and 2022, the University reported liabilities of $466,240 and $480,850 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022 for fiscal year 2023 and December 31, 2021 for fiscal year 2022, 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, 2022 and 2021. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2022 (for fiscal year 2023) and 2021 (for fiscal year 2022) relative to the total contributions of participating employers to the HCTF. At December 31, 2022 and 2021, the University's proportion was 0.0571 percent and 0.0558 percent.

For the years ended June 30, 2023 and 2022, the University recognized non-cash OPEB income of $75,803 and $74,599.

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	
	2023	2022	2023	2022
Difference between expected and actual experience in the measurement of the total OPEB liability	$ 61	$ 733	$ 112,753	$ 114,016
Changes in assumptions or other inputs	7,494	9,955	51,458	26,083
Net difference between projected and actual earnings on OPEB plan investments	28,477	-	-	29,765
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	14,361	8,376	52,983	76,190
Employer's contributions to the plan subsequent to the measurement date of the collective OPEB liability	28,306	27,301	-	-
Total	$ 78,699	$ 46,365	$ 217,194	$ 246,054

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
2024	$ (66,491)
2025	(60,748)
2026	(26,780)
2027	(1,019)
2028	(9,602)
Thereafter	(2,161)

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

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 to 10.90 percent
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	6.50 percent in 2022, gradually decreasing to 4.50 percent in 2030
Medicare Part A premiums	3.75 percent in 2022, 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

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. Section 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net positions as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend.

This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions.

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81+	0.00%	0.00%

	MAPD PPO#1 with Medicare Part A (Retiree/Spouse)		MAPD PPO#2 with Medicare Part A (Retiree/Spouse)		MAPD HMO (Kaiser) with Medicare Part A (Retiree/Spouse)	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 1,704	$ 1,450	$ 583	$ 496	$ 1,923	$ 1,634
70	1,976	1,561	676	534	2,229	1,761
75	2,128	1,681	728	575	2,401	1,896

	MAPD PPO#1 without Medicare Part A (Retiree/Spouse)		MAPD PPO#2 without Medicare Part A (Retiree/Spouse)		MAPD HMO (Kaiser) without Medicare Part A (Retiree/Spouse)	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 6,514	$ 5,542	$ 4,227	$ 3,596	$ 6,752	$ 5,739
70	7,553	5,966	4,901	3,872	7,826	6,185
75	8,134	6,425	5,278	4,169	8,433	6,657

The 2022 Medicare Part A premium is $499 (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, 2021, 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
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds, as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (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.

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

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022 as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022 measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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.

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 – 2023	$ 453,043	$ 466,240	$ 480,599
Proportionate share of the net OPEB liability – 2022	$ 467,042	$ 480,850	$ 496,847

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, 2022 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 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 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. There was no change in the discount rate from the prior measurement date.

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 2023 and 2022), as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one 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 – 2023	$ 540,510	$ 466,240	$ 402,715
Proportionate share of the net OPEB liability – 2022	$ 558,457	$ 480,850	$ 414,560

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:

2023	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 39,084,256	$ 14,009,397	$ 53,093,653
Scholarship allowances:			
Federal	(2,256,370)	(97,833)	(2,354,010)
State	(1,650,892)	(71,586)	(1,722,478)
Private	(1,889,914)	(81,951)	(1,971,865)
Institutional	(7,092,570)	(307,548)	(7,400,118)
Total Scholarship Allowances	(12,889,553)	(558,918)	(13,448,471)
Net Revenue	$ 26,194,703	$ 13,450,479	$ 39,645,182

2022	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 37,224,226	$ 13,020,413	$ 50,244,639
Scholarship allowances:			
Federal	(2,115,370)	(67,928)	(2,183,298)
State	(1,395,512)	(44,812)	(1,440,324)
Private	(1,887,726)	(60,618)	(1,948,344)
Institutional	(7,346,481)	(235,906)	(7,582,387)
Total Scholarship Allowances	(12,745,089)	(409,264)	(13,154,353)
Net Revenue	$ 24,479,137	$ 12,611,149	$ 37,090,286

NOTE K – WESTERN COLORADO UNIVERSITY FOUNDATION

Foundation Investments

The Foundation's short-term investments are stated at fair value. At June 30, 2023 and 2022, the Foundation had investments with a cost of $25,882,382 and $23,791,790 and a fair value of $33,888,697 and $28,238,441.

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

	2023	2022
Interest and dividend income	$ 471,652	$ 466,716
Net realized gains	321,683	1,192,545
Net unrealized gains (losses)	3,559,664	(3,592,962)
Investment expenses	(116,276)	(120,034)
Net investment earnings (loss)	$ 4,236,723	$ (2,053,735)

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

	2023	2022
Without donor restrictions	$ 697,250	$ (64,117)
With donor restrictions	3,539,473	(1,989,618)
Net investment earnings	$ 4,236,723	$ (2,053,735)

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, 2023 and June 30, 2022:

	Fair Value as of June 30, 2023	Fair Value as of June 30, 2022
Cash & Cash Equivalents	$ 986,474	$ 1,116,222
Fixed Income	4,160,801	3,294,776
Equities	22,6836,640	20,992,093
Other	6,057,782	2,835,350
Total Investments	$ 33,888,697	$ 28,238,441

Foundation Endowment

At June 30, 2023, the Foundation's endowment consists of approximately 90 individual funds established by donors to provide annual funding for a variety of purposes. During the years ended June 30, 2023 the foundation implemented new software. At that time, all agreements were reviewed again for proper placement. Approximately 15 funds were moved from endowments to quasi-endowments at that time. During the year ended June 30, 2022, one donor agreed to move 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, 2023 and 2022 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, 2023 and 2022, 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 accumulation 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. The Foundation considers 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

Due to past stock market fluctuations and continued funding to the University, the fair value of assets associated with certain 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. At June 30, 2023, there were approximately 26 funds underwater with that deficit totaling $595,125. At June 30, 2023 the net deficit in the endowments had been eliminated. At June 30, 2022, there were approximately 50 funds underwater with that deficit totaling $959,287. The overall deficit for the endowment funds at June 30, 2022 is $423,185.

According to the spending policy, the Foundation is not obligated 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 maintain these distributions at 5 percent. The spending allocation rate was 3.5 percent for "above water" endowment funds and 3 percent for "underwater" endowment funds for the years ended June 30, 2023 and 2022 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, 2023 and 2022 was $558,333 and $436,361.

Endowment net asset composition as of June 30, 2023 and 2022 is as follows:

	2023	2022
Endowment Net Assets - Beginning	$ 9,021,836	$ 10,191,734
Contributions	99,686	66,139
Investment Income, net of fees	1,089,448	(901,201)
Net Assets Released from Restrictions:		
Amounts Appropriated for Expenditure	(367,128)	(246,806)
Change in Designation by Donor to Quasi-endowment	(1,008,425)	(88,030)
Endowment Net Assets - Ending	$ 8,835,417	$ 9,021,836

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

	2023	2022
Restricted for Locke Accounting Scholarship for Women	$ 1,115,000	$ 18,000
Restricted for the Mountaineer Bowl Events Center	703,109	550,000
Restricted for School of Business Career Advancement	800,135	800,135
Restricted for scholarships or other purposes	1,010,355	793,675
Less: allowance for uncollectible contributions receivable	(181,430)	(108,091)
Gross unconditional promises to give	3,447,169	2,053,719
Less: unamortized discount	(490,658)	(130,617)
Net unconditional promises to give	$ 2,956,511	$ 1,923,102
Receivable in less than one year	$ 777,677	$ 596,948
Receivable in one to five years	1,576,085	1,060,075
Receivable after five years	602,749	266,079
Total	$ 2,956,511	$ 1,923,102

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 and certain other revenue sources. For the years ended June 30, 2023 and 2022, funds newly appropriated to the University for the College Opportunity Fund (COF) and Fee for Service were $18,339,012 and $16,694,441. Actual appropriated revenue earned and expended for COF and Fee for Service in those years matches the University's appropriation. Additionally, in the fiscal years ended June 30, 2023 and 2022, the University was appropriated $532,621 and $780,269 of indirect non-capital ARP Act funding by the State, and in the fiscal year ended June 30, 2023 carried over $702,735 of indirect non-capital ARP Act funding from prior fiscal years. In the fiscal years ended June 30, 2023 and 2022, the University expended $414,487 and $77,534 of those funds. The remaining appropriation will be carried over to future fiscal years.

The University also receives appropriations for capital construction and controlled maintenance. In the years ended June 30, 2023 and 2022, the University was newly appropriated $7,010,142 and $3,827,974 in capital appropriations, indirect capital ARP Act funding, and certificates of participation funding. Additionally, for the fiscal years ended June 30, 2023 and 2022, the University carried over $2,292,388 and $1,278,932 in capital appropriations from prior fiscal years. Actual appropriated capital revenue earned totaled $4,850,275 (2023) and $2,814,518 (2022), which was equal to actual appropriated expenditures.

The Long Appropriations Bill also includes an appropriation related to undergraduate tuition. In fiscal year 2023, the University had $22,606,338 in appropriations related to undergraduate tuition. The University recognized $16,416,589 in appropriated revenue and $16,416,589 in appropriated expenses. In fiscal year 2022, the University had $17,186,282 in appropriations related to undergraduate tuition. The University recognized $17,166,203 in appropriated revenue and $15,459,324 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 student fees, 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 years ended June 30, 2021 and June 30, 2022, 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.
- Although there was less disruption to in-person instruction for fiscal year 2022, the University continued allowing flexibility in the delivery of courses, including increases in hybrid delivery.

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	1,813,183
ARP Act	2,090,931	2,057,742
	$ 3,444,271	$ 4,547,594

In fiscal year 2022, the University recognized $4.1 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, $2.1 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 2023, the remaining $750 was expended.

In addition, the State of Colorado is allocating portions of its ARP Act funding to support higher education. In the fiscal years ended June 30, 2023 and 2022, the State allocated $0.5 million and $0.8 million of ARP Act funding to the University to support various higher education initiatives. Of those funds, the University expended $0.4 million and $0.1 million in the fiscal years ended June 30, 2023 and 2022. The State of Colorado is also allocating ARP Act funding for certain capital projects. In the fiscal year ended June 30, 2023, the State allocated $7.0 million of ARP Act funding for University capital projects. The University expended $3.7 million of those funds in the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

WESTERN COLORADO UNIVERSITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
For the Years Ended June 30*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.1832%	0.1780%	0.1734%	0.1821%	0.1917%	0.1951%	0.1860%	0.1950%	0.2016%
University's proportionate share of the net pension liability	$ 19,915,731	$ 13,125,559	$ 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	$ 6,914,942	$ 6,459,485	$ 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	288.01%	203.20%	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	60.63%	73.05%	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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2023, 2022, 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 (UNAUDITED)
For the Years Ended June 30*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,319,302	$ 1,241,573	$ 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	$ (1,319,302)	$ (1,241,573)	$ (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	$ 6,980,410	$ 6,423,103	$ 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	18.90%	19.33%	18.11%	17.96%	18.10%	18.10%	17.66%	16.74%	16.13%

Changes in benefit terms and actuarial assumptions – Net Pension Liability

There were no changes made to actuarial methods or assumptions for the December 31, 2022 measurement period for the pension plan compared to the prior year.

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

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

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The 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 made to actuarial methods or assumptions for the December 31, 2015 measurement period for the pension plan compared to the prior year.

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

Changes in assumptions or other inputs 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 POSTEMPLOYMENT BENEFIT LIABILITY (UNAUDITED)
For the Years Ended June 30,*

	2023	2022	2021	2020	2019	2018
University's proportion of the net other postemployment benefit liability	0.0571%	0.0558%	0.0557%	0.0595%	0.0646%	6.6200%
University's proportionate share of the net other postemployment benefit liability	$ 466,240	$ 480,850	$ 528,935	$ 669,330	$ 878,480	$ 860,775
University's covered payroll	$ 5,794,687	$ 5,337,579	$ 5,147,523	$ 5,354,398	$ 5,460,327	$ 5,374,897
University's proportionate share of the net other postemployment benefit liability as a percentage of its covered payroll	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	38.57%	39.40%	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, 2022, 2021, 2020, 2019, 2018 and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2023, 2022, 2021, 2020, 2019 and 2018 in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF UNIVERSITY CONTRIBUTIONS TO PERA DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

(UNAUDITED)

For the Years Ended June 30,*

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 60,143	$ 57,714	$ 49,885	$ 53,419	$ 56,664	$ 54,104
Contributions in relation to the contractually required contribution	$ (60,143)	$ (57,714)	$ (49,885)	$ (53,419)	$ (56,664)	$ (54,104)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 5,896,375	$ 5,669,183	$ 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%	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, 2022 measurement period are as follows:

- The timing of the retirement decrement was adjusted to middle-of-year.

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

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The 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 Year Ended June 30, 2023 and 2022

	2023	2022
REVENUE		
University Service Fees	$ 3,674,681	$ 3,736,699
Extended Studies and Graduate Programs Tuition and Fees	11,842,194	9,391,397
Education and General Fund Tuition [1]	17,241,589	2,117,706
Federal Interest Subsidy	1,146,405	1,144,944
Bookstore Sales	629,302	667,891
Rental Income	6,437,765	5,860,200
Food Service Income	3,939,356	3,530,665
Sales/Service Auxiliaries	1,293,618	1,389,093
Interest Income	337,426	165,639
Total Revenues	46,542,336	28,004,234
EXPENSES		
Employee Compensation	5,978,066	5,670,861
Costs of Goods Sold	428,269	379,504
Utilities	917,913	723,042
Rental	5,489	10,127
Contract Food	2,271,175	2,026,416
Travel	373,942	124,590
Supplies	255,536	282,333
Purchased Services	5,660,810	3,936,689
Financial Aid	1,125,054	1,204,717
Administrative Cost Allowance	3,054,289	2,764,669
Furniture and Equipment	75,588	79,056
Other Operating Expenses	142,422	80,399
Total Expenses	20,288,553	17,282,403
Net Operating Revenue	$ 26,253,783	$ 10,721,831
TRANSFERS		
Mandatory Transfers	109,640	114,897
Non-mandatory Transfers	(477,097)	(76,710)
Total Transfers	(367,457)	38,187
Net Revenue	**$ 25,886,326**	$ 10,760,018
DEBT SERVICE CHARGE		
Net Operating Revenue	26,253,783	10,721,831
Bond Principal and Interest	(7,206,871)	(7,212,907)
Excess of Net Operating Revenue Over Debt Service	19,046,912	3,508,924
Debt Service Coverage Ratio	3.64	1.49

[1] In the fiscal year ended June 30, 2022, 10 percent of Education and General Fund Tuition was pledged for debt service. Due to a change in legislation, and a related bond resolution, the University has pledged 100 percent of Education and General Fund Tuition, net of related scholarships, for debt service beginning in the fiscal year ended June 30, 2023.

MOSSADAMS

Report of Independent Auditors 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
Western Colorado University Board of Trustees
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Western Colorado University's basic financial statements, and have issued our report thereon dated November 30, 2023. 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*.

Report on 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 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. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying auditor’s findings and recommendations section as items 2023-01 and 2023-02 that we consider to be significant deficiencies.

Report on 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.*

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

Moss Adams LLP

Denver, Colorado
November 30, 2023

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Required Communications with Those Charged with Governance

To the Members of the Legislative Audit Committee
Western Colorado University Board of Trustees
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, as of and for the year ended June 30, 2023 and have issued our report thereon dated November 30, 2023. Our report included reference to other auditors who audited the financial statements of the Western Colorado University Foundation (the Foundation), a discretely presented component unit of the University. The Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 4, 2023, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Governmental Auditing Standards* (GAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we considered the University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated in our entrance meeting with management on May 9, 2023, other than the draft financial statements were submitted later than expected due to delays in receiving information from the University.

Significant Audit Findings and Issues

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 there were no changes in the application of existing policies during 2023, other than the adoption of GASB 96, *Subscription-Based Information Technology Arrangements*. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

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:

- Allowance for Uncollectible Accounts, Pledges, and Student Loan Receivables
- Useful Lives of Capital Assets
- Actuarial Determined Liability/Asset Related to Pension and Other Postemployment Benefit (OPEB) Obligations
- Discount rate for liability related to Subscription-Based IT Arrangements

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Disclosure of bonds and noncurrent liabilities in Note E to the financial statements.
- Disclosure of employee pension plans in Note G to the financial statements.
- Disclosure of Postemployment Health Care Benefits in Note H to the financial statements.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the University's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the University's financial statements.

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. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with GAAS or GAS. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

> *Corrected Misstatements* – There were no misstatements detected as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements as a whole.
>
> *Uncorrected Misstatements* – The following schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended June 30, 2023, could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Account Number	Account Name	Debit	Credit
Proposed Journal Entries JE # 1			
Overstatement of A/R and Deferred Revenue related to Grants from setup and conversion issues (Provided by University).			
2200-210-00	Unearned Revenue	257,833.62	
1305-210-00	Accounts Receivable - Sponsored Programs / Grants		257,833.62
Total		**257,833.62**	**257,833.62**
Proposed Journal Entries JE # 2			
To write-off uncollectable accounts receivable.			
7700-100-11	Other Operating Expenses	143,389.00	
1320-100-00	Other Accounts Receivable		143,389.00
Total		**143,389.00**	**143,389.00**
Proposed Journal Entries JE # 3			
University provided passed adjustment journal entry for expenses recorded in 2023, that should be recorded in 2024.			
1600-100-00	Prepaid Expenses	207,000.00	
7200-100-16	Professional Services Expenses		207,000.00
Total		**207,000.00**	**207,000.00**
Proposed Journal Entries JE # 4			
To record effect of GASB 87 (Provided by University).			
MA 59	Lease Receivable	322,612.40	
MA 63	Interest Receivable	637.70	
3000-100-00	Net Position (Fund Balance)		13,120.35
5515-100-00	Investment and Interest Income		8,247.01
MA 60	Deferred Inflow - Leases		300,974.45
MA 61	Lease Revenue		908.29
Total		**323,250.10**	**323,250.10**

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2023.

Management Consultation 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 Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified, other than the significant deficiencies reported within our audit.

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

Moss Adams LLP

Denver, Colorado
November 30, 2023

STATE-FUNDED STUDENT FINANCIAL 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, 2023, 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 $1,771,752 for the fiscal year ended June 30, 2023.

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 $1,481,268 under the Colorado Need Based Grant Program, $19,642 under the Colorado Graduate Grant Program and $270,842 under the Colorado Work Study Program.

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Report of Independent Auditors 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 Audit of the Statement

Opinion

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, 2023, and the related notes related to the Statement.

In our opinion, the Statement referred to above presents fairly, in all material respects, the respective appropriations, expenditures, transfers, and reversions of the State-Funded Student Financial Assistance programs of the University for the year ended June 30, 2023, in accordance with the format as set forth in the *2022-23 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 described in Note 1 to the Statement.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the Statement, the Statement prepared by the University was prepared in accordance with the *2022-23 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by CDHE, and in accordance 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 which is on the accrual basis, and does not present certain transactions that would be included in the statement of state-funded student financial 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.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial format as set forth in the *2022-23 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 described in Note 1 to the Statement and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 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 solely 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.

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 CDHE, 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.

Moss Adams LLP

Denver, Colorado
November 30, 2023

WESTERN COLORADO UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
Year Ended June 30, 2023

	TOTAL STATE-FUNDED STUDENT	COLORADO NEED-BASED GRANT	COLORADO GRADUATE GRANT	COLORADO WORK-STUDY PROGRAM
APPROPRIATIONS:				
ORIGINAL	**$ 1,771,752**	$ 1,481,268	$ 19,642	$ 270,842
SUPPLEMENTAL	**-**	-	-	-
TRANSFERS	**-**	-	-	-
RETURNED TO CDHE	**-**	-	-	-
TOTAL	**1,771,752**	1,481,268	19,642	270,842
EXPENDITURES	**(1,771,752)**	(1,481,268)	(19,642)	(270,842)
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 *2022-23 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, 2023. 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.

Report of Independent Auditors 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 Financial 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, 2023, and the related notes to the Statement, and have issued our report thereon dated November 30, 2023.

Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Denver, Colorado
November 30, 2023