

**Colorado School of Mines Auxiliary Bonds**  
**Independent Accountants' Report and Financial Statements**  
**Fiscal Year Ended June 30, 2001**

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**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**JUNE 30, 2001**

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Wells Fargo Center  
1700 Lincoln Street, Suite 3400  
Denver, CO 80203-4534  
303 861-4545 Fax 303 832-5705

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## Independent Accountants' Report

Members of the Legislative Audit Committee:

We have audited the accompanying balance sheet of the Auxiliary Bonds of the Colorado School of Mines (the University), a component unit of the State of Colorado, as of June 30, 2001 and the related statements of changes in fund balances and current funds revenues, expenditures and other changes of the **COLORADO SCHOOL OF MINES AUXILIARY BONDS** for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **COLORADO SCHOOL OF MINES AUXILIARY BONDS** as of June 30, 2001 and the changes in fund balances and its current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*BKD, LLP*

Solutions  
for  
Success

September 7, 2001

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**BALANCE SHEET**

**JUNE 30, 2001**

	Plant Funds				
	Unrestricted Fund	Unexpended Plant	Renewals and Replacements	Retirement of Debt	Investment in Plant
<b>ASSETS</b>					
Cash	\$ 854,032	\$ 44,055	\$ 90,532	\$ 59,762	\$
Investments		3,017,761	153,443		
Accounts receivable, less allowance for doubtful accounts of \$-0-	145,000				
Construction in progress		5,398,315			
Land and improvements					36,622
Buildings					<u>20,136,132</u>
<b>Total Assets</b>	<u>\$ 999,032</u>	<u>\$ 8,460,131</u>	<u>\$ 243,975</u>	<u>\$ 59,762</u>	<u>\$ 20,172,754</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Vouchers payable	\$ 212,322	\$ 150,376	\$	\$	\$
Accrued interest payable		600,565		57,351	
Deposits held for others	114,160				
Deferred revenue	36,025				
Construction retainage		186,090			
Bonds payable, net of discount		<u>7,723,315</u>			<u>13,806,181</u>
<b>Total Liabilities</b>	<u>362,507</u>	<u>8,660,346</u>	<u>0</u>	<u>57,351</u>	<u>13,806,181</u>
<b>FUND BALANCE</b>	<u>636,525</u>	<u>(200,215)</u>	<u>243,975</u>	<u>2,411</u>	<u>6,366,573</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 999,032</u>	<u>\$ 8,460,131</u>	<u>\$ 243,975</u>	<u>\$ 59,762</u>	<u>\$ 20,172,754</u>

See Notes to Financial Statements

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**STATEMENT OF CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2001**

	Plant Funds				
	Unrestricted Fund	Unexpended Plant	Renewals and Replacements	Retirement of Debt	Investment in Plant
<b>REVENUES AND OTHER ADDITIONS</b>					
Unrestricted current fund revenues	\$ 6,166,720	\$	\$	\$	\$
Investment income (loss)		370,478	(17,177)		
Gifts	88				
Retirement of indebtedness					665,000
Total Revenues and Other Additions	<u>6,166,808</u>	<u>370,478</u>	<u>(17,177)</u>	<u>0</u>	<u>665,000</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>					
Auxiliary enterprises expenditures	4,196,914				
Administrative costs	231,179				
Retirement of indebtedness				665,000	
Interest on indebtedness		732,388		753,675	
Expended for plant facilities		(139,815)			
Total Expenditures and Other Deductions	<u>4,428,093</u>	<u>592,573</u>	<u>0</u>	<u>1,418,675</u>	<u>0</u>
<b>TRANSFERS AMONG FUNDS – ADDITIONS (DEDUCTIONS)</b>					
Principal and interest-mandatory	(1,564,760)		69,210	1,421,086	(38,937)
Other interfund transfers	(250,000)	100,000			
Total Transfers	<u>(1,814,760)</u>	<u>100,000</u>	<u>69,210</u>	<u>1,421,086</u>	<u>(38,937)</u>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	(76,045)	(122,095)	52,033	2,411	626,063
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>712,570</u>	<u>(78,120)</u>	<u>191,942</u>	<u>0</u>	<u>5,740,510</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 636,525</u>	<u>\$ (200,215)</u>	<u>\$ 243,975</u>	<u>\$ 2,411</u>	<u>\$ 6,366,573</u>

See Notes to Financial Statements

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES  
AND OTHER CHANGES**

**YEAR ENDED JUNE 30, 2001**

**REVENUES**

Residence hall facilities income	\$ 2,710,070
Rental of facilities	779,120
Student fees	674,461
Investment income	752,007
Gifts	75,666
Other income	88
Phone services	<u>1,175,396</u>
Total Revenues	<u>6,166,808</u>

**EXPENDITURES AND MANDATORY TRANSFERS**

Expenditures:

Direct operating and general	4,196,914
Allocation of general and administrative costs	<u>231,179</u>
Total Expenditures	<u>4,428,093</u>

Mandatory transfers for:

Principal and interest	1,495,550
Renewals and replacements	<u>69,210</u>
Total Mandatory Transfers	<u>1,564,760</u>

Total Expenditures and Mandatory Transfers 5,992,853

**OTHER TRANSFERS – Transfer to other university funds** (250,000)

**NET DECREASE IN FUND BALANCE** \$ (76,045)

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements include the separate accounts of the Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1993, Auxiliary Facilities Revenue Bonds, Series 1996, Auxiliary Facilities Enterprise Revenue Bonds, Series 1997A and 1997B and Auxiliary Facilities Enterprise Revenue Bonds, Series 1999, collectively identified as Auxiliary Bonds.

**Accrual Basis**

The financial statements of the Auxiliary Bonds of the Colorado School of Mines (the University) have been prepared on the accrual basis, except for recording depreciation. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of the current fund related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that the unrestricted fund is used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment, (2) mandatory transfers in the case of required provisions for debt amortization, interest and equipment repair and replacement and (3) transfers of a nonmandatory nature for all other cases.

**Fund Accounting**

In order to ensure the observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the self-maintaining properties are maintained in accordance with the principles of "fund accounting." Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified by bond resolutions. Separate accounts are maintained for each fund.

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

The fund balances may only be utilized for the purposes established under the bond resolutions.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets.

**Plant Funds**

Plant fund assets are recorded at acquisition cost or, if contributed, at fair market value at the date of the gift. Library books are being recorded at average cost. Land and land improvements and buildings and building improvements costing in excess of \$50,000 as well as equipment costing \$2,000 or more are capitalized if they have an estimated useful life of greater than one year. Depreciation on plant fund assets is not recorded.

The University capitalizes interest costs as a component of construction in progress, based on the weighted average rates paid for long-term borrowings. Total interest incurred in fiscal year ending June 30, 2001 was:

Interest costs charged to expense	\$ 1,666,363
Interest costs capitalized	<u>140,347</u>
Total interest incurred	\$ <u>1,806,710</u>

Construction in progress is recorded in the unexpended plant fund. Upon completion of a project, associated costs are transferred to the investment in plant fund.

**Investments**

Investments are stated at fair value.

**Bond Discounts and Issuance Costs**

Bond discounts and issuance costs are amortized on a straight-line basis over the terms of the bond issues.

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Mandatory Transfers**

Mandatory transfers include expenditures made in accordance with bond resolutions (for principal and interest, rebate of interest arbitrage, renewals and replacements and trust account management fees).

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH ON HAND AND IN BANKS**

At June 30, 2001, the Auxiliary Bonds had \$153,443 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At year-end, cash included petty cash and change funds of \$1,280, money market accounts of \$3,017,761 and bank accounts of \$1,047,101. At June 30, 2001, the Auxiliary Bonds had bank balances as follows:

Insured or collateralized with securities held by the University or its agent in the University's name	\$ 100,000
Collateralized with securities held by the pledging institution in the University's name	3,966,142
Uninsured or uncollateralized	<u>0</u>
Total	\$ <u>4,066,142</u>
Carrying Value	\$ <u>4,066,142</u>

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 3: REVENUE BONDS PAYABLE**

**Series 1993 Bonds**

Revenue bonds payable were issued in 1993 in connection with constructing, renovating, otherwise acquiring and equipping the Ben H. Parker Student Center and improving and equipping dormitories and housing facilities. The 1993 revenue bonds outstanding as of June 30, 2001 consist of the following:

Auxiliary Facilities Refunding and Improvement Revenue Bonds:		
Series 1993, with interest at 4.15%-5%	\$ 7,390,000	
Less unamortized discount	<u>370,853</u>	
		<u>\$ 7,019,147</u>

Series 1993 is a serial obligation maturing in fiscal years ending June 30, 2002 to 2014. Required annual principal and interest payments on the remaining Series 1993 Bonds at June 30, 2001 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 420,000	\$ 348,441	\$ 768,441
2003	440,000	329,891	769,891
2004	460,000	309,916	769,916
2005	485,000	288,411	773,411
2006	505,000	264,947	769,947
2007-2011	2,935,000	915,994	3,850,994
2012-2014	<u>2,145,000</u>	<u>164,375</u>	<u>2,309,375</u>
Total	<u>\$ 7,390,000</u>	<u>\$ 2,621,975</u>	<u>\$ 10,011,975</u>

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 3: REVENUE BONDS PAYABLE (Continued)**

**Series 1996 Bonds**

Revenue bonds payable were issued in 1996 in connection with constructing, acquiring, and equipping improvements to auxiliary facilities. The 1996 revenue bonds outstanding as of June 30, 2001 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds:	
Series 1996, with interest at 4.75%-6%	\$ 1,475,000
Less unamortized discount	<u>9,145</u>
	<u>\$ 1,465,855</u>

Series 1996 are serial obligations maturing in fiscal years ending June 30, 2002 to 2017. Required annual principal and interest payments on the Series 1996 Bonds at June 30, 2001 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 60,000	\$ 81,478	\$ 141,478
2003	65,000	78,468	143,468
2004	65,000	75,259	140,259
2005	70,000	71,849	141,849
2006	75,000	68,142	143,142
2007-2010	425,000	276,080	701,080
2011-2015	575,000	132,325	707,325
2016-2017	<u>140,000</u>	<u>4,200</u>	<u>144,200</u>
Total	<u>\$ 1,475,000</u>	<u>\$ 787,801</u>	<u>\$ 2,262,801</u>

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 3: REVENUE BONDS PAYABLE (Continued)**

**Series 1997 Bonds**

Revenue bonds payable were issued in 1997 in connection with constructing, acquiring, and equipping improvements to auxiliary facilities. The 1997 revenue bonds outstanding as of June 30, 2001 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds:		
Series 1997A, with interest at 4.2%-5%	\$ 4,935,000	
Series 1997B, with interest at 5.3%	<u>460,000</u>	
	5,395,000	
Less unamortized discount		<u>73,821</u>
		<u>\$ 5,321,179</u>

Series 1997 are serial obligations maturing in fiscal years ending June 30, 2002 to 2018. Required annual principal and interest payments on the Series 1997 Bonds at June 30, 2001 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 215,000	\$ 258,296	\$ 473,296
2003	220,000	248,888	468,888
2004	230,000	238,988	468,988
2005	240,000	228,528	468,528
2006	255,000	217,263	472,263
2007-2011	1,460,000	889,648	2,349,648
2012-2016	1,880,000	476,028	2,356,028
2017-2018	<u>895,000</u>	<u>47,445</u>	<u>942,445</u>
Total	<u>\$ 5,395,000</u>	<u>\$ 2,605,084</u>	<u>\$ 8,000,084</u>

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 3: REVENUE BONDS PAYABLE (Continued)**

**Series 1999 Bonds**

Revenue bonds payable were issued in 1999 in connection with constructing, acquiring, and equipping improvements to auxiliary facilities. The 1999 revenue bonds outstanding as of June 30, 2001 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds, Series 1999:		
Current Interest Bonds; interest at 5%	\$	2,785,000
Capital Appreciation Bonds; interest at 5.14% to 5.4%		<u>5,009,333</u>
		7,794,333
Less unamortized discount		<u>71,018</u>
	<b>\$</b>	<b><u>7,723,315</u></b>

Series 1999 Current Interest Bonds mature on December 1, 2028 and are subject to mandatory sinking fund redemption on December 1, 2027 of \$1,300,000. Interest is payable semi-annually on December 1 and June 1. Series 1999 Capital Appreciation Bonds mature on December 1, 2014 to 2027. Interest accretes from the date of issuance, compounding semi-annually until maturity. Required annual principal and interest payments on Series 1999 Bonds at June 30, 2001 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$	\$ 139,250	\$ 139,250
2003		139,250	139,250
2004		139,250	139,250
2004		139,250	139,250
2006		139,250	139,250
2007-2010		696,250	696,250
2011-2016	684,734	1,561,516	2,246,250
2017-2021	2,084,664	4,446,586	6,531,250
2022-2026	1,895,666	5,715,584	7,611,250
2027-2029	<u>3,129,269</u>	<u>1,433,856</u>	<u>4,563,125</u>
Total	<b><u>\$ 7,794,333</u></b>	<b><u>\$ 14,550,042</u></b>	<b><u>\$ 22,344,375</u></b>

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 3: REVENUE BONDS PAYABLE (Continued)**

**Defeased Bonds**

During September 1984, Housing System Revenue Bond Series E was placed with a paying agent. Income received by the trust will be used solely for the purpose of making the required interest payments. Accordingly, the Series E Bond is considered to be extinguished in 1984, and does not appear as a liability in the accompanying balance sheet. At June 30, 2001 bonds in the amount of \$3,350,000 are outstanding.

During March 1988, Housing System Revenue Bond Series 1984 was placed with a paying agent. Income received by the trust will be used solely for the purpose of making the required interest payments. Accordingly, the Series 1984 Bond is considered to be extinguished in 1988, and does not appear as a liability in the accompanying balance sheet. At June 30, 2001 bonds in the amount of \$3,330,000 are outstanding.

During October 1993, Housing System Revenue Bond Series 1988 was placed with a paying agent. Income received by the trust will be used solely for the purpose of making the required interest payments. Accordingly, the Series 1988 Bond is considered to be extinguished in 1993, and does not appear as a liability in the accompanying balance sheet. At June 30, 2001 bonds in the amount of \$3,580,000 are outstanding.

**NOTE 4: AUXILIARY BOND RESOLUTION REQUIREMENTS**

**Pledge of Net Income**

The Auxiliary Bonds are secured by a first (but not an exclusive first) lien upon the net pledged revenues, while any portion of the Auxiliary Bonds remain outstanding. Net pledged revenues are defined by the bond resolution to be gross revenues less general operating expenses and all other moneys credited to either the bond fund or the reserve fund.

Gross revenues consist of all income and revenues derived directly or indirectly from the operations of the auxiliary facilities, including, but not limited to, the student center fee, any special fees assessed against students or employees which is related to auxiliary facilities, and any investment earnings.

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 4: AUXILIARY BOND RESOLUTION REQUIREMENTS (Continued)**

**Pledge of Net Income (Continued)**

The auxiliary bond resolutions allow the Board of Trustees (the Board) the right, subject to certain conditions, to issue additional bonds which are payable from net pledged revenues of the auxiliary facilities. However, additional bonds, if any, may only have a lien on a parity with, not superior to, the existing lien.

The Auxiliary Bonds are special limited obligations of the Colorado School of Mines and are payable solely from net pledged revenues, as defined. The Auxiliary Bonds are not secured by any encumbrance, mortgage, or other pledge of property, except the net pledged revenues, and do not constitute general obligations of the Colorado School of Mines.

**Required Reserves**

The auxiliary bond resolutions require the Board to establish a minimum reserve in accordance with the applicable resolution. The minimum reserve under the bond resolution is equal to the maximum principal and interest due in any calendar year for the particular bond issue. The auxiliary bond resolutions allow the Board to elect to fund the minimum reserve through a surety bond or letter of credit.

The Auxiliary Bonds minimum reserves have been funded by the issuance of surety bonds provided by Municipal Bond Insurance Association (MBIA) in an amount equal to the maximum principal and interest due in any calendar year on those issues. The minimum reserves for the Series 1993, Series 1996, Series 1997 and Series 1999 Auxiliary Bonds are \$773,411, \$144,200, \$473,296 and \$779,433, respectively.

**Debt Service Coverage**

The Auxiliary Bonds specify debt service coverage requirements for the auxiliary facilities. The debt service coverage provisions require net pledged revenues, as defined above, to be equal to 110% of the combined principal and interest payments on the Auxiliary Bonds and any additional bonds due during any subsequent fiscal year. The following combined debt service coverage calculation includes all Auxiliary Bonds since all bonds are payable from net pledged revenues on a parity with the other bonds.

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 4: AUXILIARY BOND RESOLUTION REQUIREMENTS (Continued)**

The calculation of the combined debt service coverage for the year ended June 30, 2001 is as follows:

	Series 1999 <u>Bonds</u>	Series 1997 <u>A&amp;B Bonds</u>	Series 1996 <u>Bonds</u>	Series 1993 <u>Bonds</u>	<u>Total</u>
Debt service:					
Principal	\$ 0	\$ 205,000	\$ 55,000	\$ 405,000	\$ 665,000
Interest	<u>139,250</u>	<u>267,170</u>	<u>84,209</u>	<u>365,770</u>	<u>856,399</u>
Total debt service	<u>\$ 139,250</u>	<u>\$ 472,170</u>	<u>\$ 139,209</u>	<u>\$ 770,770</u>	<u>\$ 1,521,399</u>
Operating revenues					\$ 6,166,808
Operating expenditures					<u>4,196,914</u>
Net pledged revenues					1,969,896
Amount available in unrestricted fund balance					<u>636,525</u>
Amount available for debt service					<u>\$ 2,606,421</u>
Ratio of amount available for debt service to total debt service					<u>1.71</u>

As stated in the auxiliary bond resolutions, the Board has pledged to impose fees, rates and charges sufficient to pay all obligations required under the provisions of the auxiliary bond resolutions.

**Additional Covenants**

In addition to the other requirements listed in this footnote, the auxiliary bond resolutions require the Board to maintain compliance with various additional covenants while the Auxiliary Bonds are outstanding. These covenants, among other things, restrict the disposition of the auxiliary facilities under certain circumstances, require the Board to maintain adequate insurance on the auxiliary facilities, require the Board to continue to operate the auxiliary facilities and require an annual audit of the Auxiliary Bond Funds.

**COLORADO SCHOOL OF MINES  
AUXILIARY BONDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 4: AUXILIARY BOND RESOLUTION REQUIREMENTS (Continued)**

**Events of Default**

An event of default will have occurred under the auxiliary bond resolutions, in general, if (a) any payment of principal or interest on the Auxiliary Bonds is not made when due; (b) the Board is unable to fulfill its obligations under the auxiliary bond resolutions; or (c) the Board has defaulted in the performance of any covenant, condition, agreement, or provision contained in any of the auxiliary bond resolutions.

**NOTE 5: FUTURE CHANGE IN ACCOUNTING PRINCIPLE**

The Governmental Accounting Standards Board adopted its Statement No. 34, *Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments*, as amended by its Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These pronouncements establish new financial reporting requirements intended to make annual reports more comprehensive and easier to understand and use through use of a new financial reporting model.

The new financial reporting model differs from that currently used by the University in a number of respects including:

1. Presentation of a narrative management's discussion and analysis that objectively analyzes the University's financial performance and the facts, decisions and conditions expected to have a significant impact on future results.
2. Presentation using the accrual basis of accounting of the University's reporting entity as a business-type activity instead of as multiple separate funds.
3. Presentation of a statement of financial position, a statement of revenues, expenses and changes in net assets and a statement of cash flows as basic financial statements.
4. Recognition of depreciation for all plant assets.

The University expects to first apply the new standards during the year ending June 30, 2002 by retroactively restating beginning net assets (fund balances). Application of the new standards is expected to materially reduce the amount of net assets at July 1, 2001, from the amount of fund balances reported at June 30, 2001, principally as a result of recognition of accumulated depreciation on plant assets.

**State of Colorado**  
**Colorado School of Mines**

**Audit Report Distribution Summary**  
**Year Ended June 30, 2001**

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