

STUDENT MEDIA CORPORATION

FINANCIAL STATEMENTS

Year Ended June 30, 2003



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2003 MEMBERS

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A Professional Corporation of
Certified Public Accountants

Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the statement of net assets of the Student Media Corporation as of June 30, 2003 and 2002, the related statements of revenue, expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 audits provide 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 Student Media Corporation as of June 30, 2003 and 2002 and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Anderson & Whitney, P. C.

September 12, 2003

STUDENT MEDIA CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2003 AND 2002

Overview

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement Number 34 followed by Statement Number 35 in November 1999. Together these statements required comprehensive changes to financial reporting for public colleges and universities. The State of Colorado was required to implement GASB No. 34 for the fiscal year ending June 30, 2002. As part of the University of Northern Colorado, which is part of the State of Colorado, the Student Media Corporation was required to adopt GASB Nos. 34 and 35.

The statements report the Corporation's assets, liabilities, and net assets; revenues, expenses and changes in net assets; and cash flows for the Corporation as a whole. The Management Discussion and Analysis is prepared by Corporation management. Comparisons with the prior year are made.

The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets report the Corporation's net assets and changes in them. You can think of the Corporation's net assets – the difference between assets and liabilities – as one way to measure the Corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors to assess the overall health of the Corporation. Another way to assess the financial health of a corporation is to look at the Statement of Cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period.

Financial Highlights

The net assets of the Corporation decreased by \$4,443 to \$127,024 during the fiscal year ended June 30, 2003. Year-end net assets for fiscal years 2003 and 2002 follow:

	<u>2003</u>	<u>2002</u>
Capital Assets Net of Debt	\$ 96,893	\$ 73,359
Unrestricted	<u>30,131</u>	<u>58,108</u>
Total Net Assets	<u>\$127,024</u>	<u>\$131,467</u>

Selected financial highlights for the fiscal year ended June 30, 2003 are:

- Corporation assets totaled \$129,301 with liabilities of \$2,007 resulting in net assets of \$127,024.
- Capital assets of \$96,893 comprised 75 percent of Corporation assets.
- Total revenue was \$250,167, made up of \$210,287 in advertising revenue, \$37,500 in student fees and \$2,380 in interest income and capital gifts.
- Operating expenses totaled \$254,030, including \$136,409 in personnel expenses.
- Student-fee funding from UNC in the amount of \$37,500 was received and was used to pay for part of the \$45,317 it costs to print The Mirror each year. No student fees were received in fiscal year 2002. In fiscal year 2001, \$74,473 came from student fees.

**STUDENT MEDIA CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2003 AND 2002**

Statement of Net Assets

The Statement of Net Assets is a financial snapshot of the Student Media Corporation. It presents the Corporation's assets, liabilities and net assets. Assets and liabilities are classified by liquidity as either current or non-current. Net assets are classified by the ways in which they may be used for future operations. The following is a condensed statement of the Corporation's net assets at June 30, 2003 and June 30, 2002:

	2003	2004
Assets		
Current Assets	\$ 32,138	\$ 61,204
Capital Assets	<u>96,893</u>	<u>104,287</u>
Total Assets	\$ 129,031	\$ 165,491
Liabilities		
Current Liabilities	\$ 2,007	\$ 23,333
Notes Payable	<u>-</u>	<u>10,691</u>
Total Liabilities	\$ 2,007	\$ 34,024
Net Assets		
Invested in Capital Assets		
Net of Debt	\$ 96,893	\$ 73,359
Unrestricted	<u>30,131</u>	<u>58,108</u>
Total Net Assets	\$ 127,024	\$ 131,467

Liquid Assets

Cash and cash equivalents of \$31,162 comprise 24 percent of the Corporation's assets.

Capital Assets

The Corporation's single-largest fiscal resource is its building. Capital assets net of \$67,528 accumulated depreciation total \$96,893.

Liabilities

The Corporation's commitments of resources include amounts owed to vendors and accrued expenses. The single-largest liability in the past was the \$30,928 in outstanding loan principal for The Mirror building. The Student Media Corporation Board of Directors decided to pay off the building, and the payoff was made Sept. 30, 2002.

Net Assets

Net assets are the resources available for future operations, that is, assets reduced by liabilities. The Corporation's largest class of assets is its capital assets which comprise about 75 percent of the Corporation's net assets.

Statement of Revenues, Expenses and Changes in Net Assets

This statement presents the financial activity of the Corporation during fiscal years 2003 and 2002. The focus is on operating revenues and expenses:

STUDENT MEDIA CORPORATION
STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2004</u>
Operating Revenues		
Display Advertising	\$ 191,497	\$ 179,125
Classified Advertising	<u>18,790</u>	<u>15,243</u>
Total Operating Revenues	\$ 210,287	\$ 194,368
Operating Expenses		
Program Services	\$ 171,493	\$ 150,828
Management and General	<u>82,537</u>	<u>82,833</u>
Total Operating Expenses	\$ 254,030	\$ 233,661
Operating Loss	(43,743)	(39,293)
Non-Operating Revenues (Expenses)		
Student Fees	\$ 37,500	\$ -
Capital Gift	1,020	1,520
Interest Income	1,360	4,484
Interest Expense on Capital Debt	<u>(580)</u>	<u>(3,266)</u>
Net Non-Operating Revenues	\$ 39,300	\$ 2,738
Decrease in Net Assets	\$ (4,443)	\$ (36,555)
Net Assets - Beginning of the Year	<u>131,467</u>	<u>168,022</u>
Net Assets - End of Year	<u>\$ 127,024</u>	<u>\$ 131,467</u>

Total Revenues

Revenue from all sources totals \$250,167 with \$210,287 of that being advertising revenue. Advertising revenue was up from \$194,368 in fiscal year 2002 primarily because of increased local advertising sales due to the healthy Northern Colorado economy and improvements to the Corporation's twice-yearly coupon book.

Expenses

Operating expenses of \$254,030 and \$233,661 comprise the largest part of expenses during fiscal years 2003 and 2002:

	<u>2003</u>		<u>2002</u>	
Program Services	\$ 171,493	67.5%	\$ 150,828	64.5%
Management and General	<u>82,537</u>	<u>32.5%</u>	<u>82,833</u>	<u>35.5%</u>
Total Operating Expenses	\$ 254,030	100.0%	\$ 233,661	100.0%

For a natural classification perspective, the largest expenditure in fiscal years 2003 and 2002 is for personnel:

	<u>2003</u>		<u>2002</u>	
Salaries and Benefits	\$ 136,409	53.6%	\$ 127,836	54.0%
Other Operating Expenses	108,742	42.7%	97,037	41.0%
Depreciation	<u>9,459</u>	<u>3.7%</u>	<u>12,054</u>	<u>5.1%</u>
Total Expenses	\$ 254,610	100.0%	\$ 236,927	100.0%

STUDENT MEDIA CORPORATION
STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002

Operating expenses were up due to increases in printing and professional salaries and the addition of student positions.

Statement of Cash Flows

This statement provides information about the cash activity in fiscal years 2003 and 2002. A summary is presented here with more detail on the actual statement:

	<u>2003</u>	<u>2002</u>
Cash Flows Provided (Used) By:		
Operating Activities	\$ (25,658)	\$ (32,944)
Noncapital Financing	37,500	
Capital Financing	(32,746)	(23,259)
Investing	<u>1,360</u>	<u>4,484</u>
Net Decrease in Cash	\$ (19,544)	\$ (51,719)
Beginning Cash Balance	<u>50,706</u>	<u>102,425</u>
Ending Cash Balance	<u>\$ 31,162</u>	<u>\$ 50,706</u>

Economic Outlook

The Corporation's financial future depends on support from UNC and successful advertising sales by the students who work at The Mirror. Fortunately, the Corporation received \$37,500 in student-fee funding in fiscal year 2003 after receiving no student-fee funding the prior year. Student fees for fiscal year 2004 also are set at \$37,500. Student fees are critical to The Mirror's financial stability because the students who work at the newspaper cannot sell enough advertising to cover all expenses, which increase every year.

The return of student-fee funding made the Corporation's Board of Directors feel comfortable enough to pay off its loan on The Mirror building on Sept. 30, 2002. Paying off the loan further decreased the Corporation's cash reserves, but the board felt it was a wise move for future student-fee-funding processes. The Corporation will need to continue to spend money on the building, which was built in 1898 and requires repairs every year.

Successful advertising sales also are critical to the Corporation's financial future. UNC students sell all advertising in The Mirror. Depending on the talent of the student advertising staff in a given year, advertising revenues can go up or down. The health of the economy, both locally and nationally, also impacts sales.

STUDENT MEDIA CORPORATION
STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002

	JUNE 30, 2003	JUNE 30, 2002
ASSETS		
Current Assets:		
Cash on deposit with UNC	\$ 31,162	\$ 50,706
Accounts receivable, net of allowance of \$500 and \$934	771	4,951
Prepaid deposit	205	5,547
Total Current Assets	<u>32,138</u>	<u>61,204</u>
Noncurrent Assets:		
Non-depreciable capital assets:		
Land	5,500	5,500
Depreciable capital assets:		
Building (less accum depr of \$28,177 and \$23,897)	78,823	83,103
Land improvements (less accum depr of \$2,190 and of \$1,460)	7,545	8,275
Equipment & furniture (less accum depr of \$37,161 and of \$35,348)	5,025	7,409
Total Noncurrent Assets	<u>96,893</u>	<u>104,287</u>
TOTAL ASSETS	<u>129,031</u>	<u>165,491</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	2,007	2,903
Current portion of debt		20,237
Accrued expenses		193
Total Current Liabilities	<u>2,007</u>	<u>23,333</u>
Noncurrent Liabilities:		
Long-term debt		10,691
TOTAL LIABILITIES	<u>2,007</u>	<u>34,024</u>
Net Assets:		
Invested in capital assets, net of debt	96,893	73,359
Unrestricted	<u>30,131</u>	<u>58,108</u>
TOTAL NET ASSETS	<u>\$ 127,024</u>	<u>\$ 131,467</u>

**See accompanying notes to financial statements*

STUDENT MEDIA CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002

	JUNE 30, 2003	JUNE 30, 2002
REVENUES		
Operating revenues		
Advertising:		
Display	\$ 191,497	\$ 179,125
Classified	18,790	15,243
Total operating revenue	<u>210,287</u>	<u>194,368</u>
EXPENSES		
Operating expenses		
Program services	171,493	150,828
Management and general	82,537	82,833
Total operating expenses	<u>254,030</u>	<u>233,661</u>
Operating income (loss)	<u>(43,743)</u>	<u>(39,293)</u>
NON-OPERATING REVENUES (EXPENSES)		
Student Fees	37,500	
Capital gift	1,020	1,520
Interest income	1,360	4,484
Interest expense on capital debt	(580)	(3,266)
Net non-operating revenues	<u>39,300</u>	<u>2,738</u>
Increase (decrease) in net assets	<u>(4,443)</u>	<u>(36,555)</u>
NET ASSETS		
Net assets - beginning of year	131,467	168,022
Net assets - end of year	<u><u>\$ 127,024</u></u>	<u><u>\$ 131,467</u></u>

**See accompanying notes to financial statements*

STUDENT MEDIA CORPORATION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	JUNE 30, 2003	JUNE 30, 2002
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received:		
Sales	\$ 212,860	\$ 194,386
Cash payments:		
Payments to or for employees	(136,409)	(127,836)
Payments to suppliers	(102,109)	(99,494)
Net cash provided (used) by operating activities	<u>(25,658)</u>	<u>(32,944)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Student Fees	37,500	
Net cash provided by non-capital financing activities	<u>37,500</u>	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Interest paid	(773)	(3,384)
Payments of long-term debt	(30,928)	(18,801)
Purchase of property & equipment	(1,045)	(1,074)
Net cash provided (used) by capital financing activities	<u>(32,746)</u>	<u>(23,259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,360	4,484
Net cash provided (used) by investing activities	<u>1,360</u>	<u>4,484</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,544)	(51,719)
Beginning cash balance	50,706	102,425
Ending cash balance	<u>\$ 31,162</u>	<u>\$ 50,706</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities		
Operating income (loss)	\$ (43,743)	\$ (39,293)
Adjustments to reconcile:		
Depreciation	9,459	12,054
(Increase) decrease in assets:		
Accounts receivable	4,180	(17)
Increase (decrease) in liabilities:		
Prepaid deposits	5,343	(5,472)
Accounts payable/interest payable	(897)	(216)
Net Cash provided (used) by operating activities	<u>\$ (25,658)</u>	<u>\$ (32,944)</u>

**See accompanying notes to financial statements*

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

Note 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Student Media Corporation (the Corporation) conform to generally accepted accounting principles for nonprofit organizations. The following summary of significant accounting policies is presented to assist the reader in evaluating the Corporation's financial statements.

Organization:

The Corporation publishes the *MIRROR* three times a week during the academic year and weekly during summer sessions. The *MIRROR* is the official school newspaper of the University of Northern Colorado (UNC).

The Corporation grants credit to its advertising customers, substantially all of whom are local businesses or national agencies.

Reporting Entity:

The Student Media Corporation was created in February, 1989 as a nonprofit Colorado organization and began operations on July 1. The Corporation's Board of Directors includes university students and faculty as well as community members.

The financial report of the Corporation includes all of the integral parts of the Corporation's separate operations. The Corporation has determined that it has no oversight responsibility for any other agency which would require it to be in the reporting entity. Oversight responsibility is determined based on consideration of financial interdependency, selection of governing authority, designation of management, ability to significantly influence management and accountability for fiscal matters.

The Corporation is considered a component unit by UNC, and, as such, is included in UNC's financial statements.

Basis of Accounting:

For financial reporting purposes, the Corporation, a component of the University of Northern Colorado, is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The Corporation has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB standards conflict with Governmental Accounting Standards Board (GASB) standards. The Corporation has elected not to apply FASB pronouncements issued after the applicable date.

Cash Equivalents:

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested by the University through the State Treasurer's Cash Management Program are considered cash equivalents.

Accounts Receivable:

Accounts receivable consists of advertising fees charged to individuals and businesses. Accounts receivable are recorded net of estimated uncollectible amounts.

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

Capital Assets:

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Corporation's capitalization policy includes all items with a unit cost of \$1,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 years for buildings, 10 years for land improvements, and 3 to 5 years for equipment.

Noncurrent Liabilities:

Noncurrent liabilities include principal amounts of notes payable, for building purchase with contractual maturities greater than one year. The note for the building was paid off in full during this fiscal year.

Net Assets:

The Corporation's net assets are classified as follows:

Invested in capital assets, net of related debt:

This represents the Corporation'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 invested in capital assets, net of related debt.

Unrestricted net assets:

Unrestricted net assets represent resources derived from sales of advertising. These resources are used for transactions relating to the general operations of the Corporation, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Income Taxes:

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not classified as a private foundation. Accordingly, no provision is made in these financial statements for income taxes.

Note 2 - Related Party Transactions:

Advertising revenue from UNC-related entities for 2003 and 2002 was approximately \$46,584 and \$49,474 respectively.

The University provides various accounting, purchasing, payroll, and banking services to the Corporation at a rate of 10.0% of the personnel costs. Administrative fees for 2003 and 2002 were \$13,232 and \$12,380 respectively.

Note 3 - Cash on Deposit with UNC:

At June 30, 2003 the Corporation had deposits with the University of \$31,162 which were interest-bearing.

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

Note 4 - Receivables and Payables:

Receivables at June 30, 2003, were as follows:

	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Accounts Receivable	\$ 1,271	\$ 500	\$ 771
Total Receivables	\$ 1,271	\$ 500	\$ 771

Payables at June 30, 2003 were as follows:

Accounts Payable, Vendors	\$ 2,007
Total Payables	\$ 2,007

Note 5 - Capital Assets:

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2003.

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Cost of fixed assets				
Land	\$ 5,500	\$	\$	\$ 5,500
Land improvements	9,735			9,735
Buildings	107,000			107,000
Equipment	42,757	2,065	(2,636)	42,186
Total cost of fixed assets	164,992	2,065	(2,636)	164,421
Less accumulated depreciation				
Land improvements	1,460	730		2,190
Building and improvements	23,897	4,280		28,177
Equipment	35,348	4,449	(2,636)	37,161
Total accumulated depreciation	60,705	9,459	(2,636)	67,528
Net carrying amount	\$ 104,287	\$ (7,394)	\$	\$ 96,893

Note 6 - Long-Term Liabilities

The following presents changes in long-term liabilities for the year ended June 30, 2003.

	Balance June 30, 2002	Additions	Reductions	Balance June 30, 2003	Amounts due within one year
Note Payable - UNC	\$ 30,928	\$ 0	\$ (30,928)	\$ 0	\$ 0
Total Long-Term Liabilities	\$ 30,928	\$ 0	\$ (30,928)	\$ 0	\$ 0

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

Note 7 - Schedule of Functional Expenses:

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
PERSONNEL EXPENSES:			
Salaries and wages	\$ 92,332	\$ 39,988	\$ 132,320
Payroll taxes		4,089	4,089
TOTAL PERSONNEL EXPENSES	92,332	44,077	136,409
OTHER EXPENSES:			
Activities and travel	3,497		3,497
Administrative fees		13,232	13,232
Advertising	214		214
Bad Debts	1,608		1,608
Books & subscriptions	416		416
Depreciation	7,319	2,140	9,459
Dues & memberships	911		911
Equipment maintenance	369		369
Building maintenance	3,435		3,435
Insurance		7,894	7,894
Miscellaneous	301		301
Postage		1,613	1,613
Printing	45,317		45,317
Professional fees		5,040	5,040
Publicity	2,246		2,246
Rent		60	60
Supplies	10,212		10,212
Telephone		5,614	5,614
Property taxes	1,076	1,076	2,152
Utilities	1,791	1,791	3,582
Interest	290	290	580
Purchased services	449		449
TOTAL OTHER EXPENSES	79,451	38,750	118,201
TOTAL EXPENSES	\$ 171,783	\$ 82,827	\$ 254,610

Note 8 - Risk Management:

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation carries commercial insurance for these and other risks of loss, including worker's compensation, employee fidelity, and director liability. Settled claims have not exceeded this coverage since inception.



A Professional Corporation of
Certified Public Accountants

Members of the Legislative Audit Committee:

We have audited the financial statements of Student Media Corporation for the year ended June 30, 2003, and have issued our report thereon dated September 12, 2003. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. The significant policies used by Student Media Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the institution during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

AUDIT ADJUSTMENTS

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. No audit adjustments were proposed.

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. The allowance for doubtful accounts is particularly sensitive because of its significance to the financial statements and because of the possibility that future events affecting it may differ significantly from those expected.

Members of the Legislative Audit Committee
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The process used by management in formulating the allowance for doubtful accounts is based on an analysis of delinquent accounts receivable. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.



This information is intended solely for the use of the Legislative Audit Committee and is not intended and should not be used by any others than these specified parties.

Anderson + Whitney, P.C.

September 12, 2003

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