FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2023 and 2022

DWC

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REPORT NUMBER 2304F

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GRAND JUNCTION
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The Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:

We have completed the financial statement audit of Fort Lewis College 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.

DWC

Grand Junction, Colorado

January 11, 2024

FORT LEWIS COLLEGE

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FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE 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 DWC to conduct a financial and compliance audit of Fort Lewis College (the College) for the year ended June 30, 2023. DWC performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. We conducted our fieldwork from June through November 2023.

The purposes and scope of the audit were to:

- Express an opinion on the financial statements of the College as of and for the years ended June 30, 2023 and 2022. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.

The College'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 College's financial statements as of and for the year ended June 30, 2023.

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

As part of obtaining reasonable assurance about whether the College'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 Progress in Implementing Prior Audit Findings

The College's audit report for the year ended June 30, 2022 included one finding and recommendation. The finding has been implemented. A detailed description of the progress on audit findings and recommendations is contained in the Disposition of Prior Year Audit Findings and Recommendations section of this report.

HISTORY

Fort Lewis College is named for Fort Lewis, a U.S. Army Post established in 1878 at Pagosa Springs, Colorado. Two years later, the military post moved to Hesperus, Colorado, a location more central to Native American settlements and pioneer communities. The U.S. government abandoned the site as a military post in 1891, and in its stead, established Fort Lewis as a school offering free education to Native American students.

By 1911, Congress had deeded the Hesperus site to the State of Colorado, which then established a high school of agriculture under the supervision of the State Board of Agriculture. The school began to offer some college-level courses in 1925, and in 1933, Fort Lewis began to offer college courses exclusively. In 1948, Fort Lewis was officially designated a junior college with its own president.

Fort Lewis moved to the Durango campus in 1956. The first baccalaureate degrees were granted in 1964. In 1986, Fort Lewis joined the Colorado State University System under the governance of the State Board of Agriculture. Colorado State University in Fort Collins and the University of Southern Colorado in Pueblo were sister institutions in the system. In 2002, the Board of Trustees for Fort Lewis College began governance of the College separate from the State Board of Agriculture.

Fort Lewis continues to honor its historic commitment to Native Americans by offering full tuition scholarships to all qualified Native Americans who meet admission requirements. It is the only college in Colorado to do so, as it has for more than 100 years.

Fort Lewis College's statutory authority is in the Colorado Revised Statutes (CRS) Section 23-52-101.

MISSION AND CORE VALUES

The following have been adopted by the Board of Trustees for Fort Lewis College:

Mission

Students are at the center of Fort Lewis College, where we create inclusive, experiential learning environments that foster innovation, growth, and community engagement.

Core Value Statements

<u>Academic Excellence</u>

- Honor our liberal arts roots by promoting, supporting, and inspiring students to action through interdisciplinary studies and experiential learning
- Respond to disparities in health, wellness, education, and economic outcomes by addressing moral, historical, and ethical aspects of these issues
- Provide a personalized education through work with high-quality faculty and staff
- Foster students' abilities to confront scientific, social, and environmental challenges through transferable skills in critical thinking, communication, and technical knowledge

Student-Centered Approach

- Value a diversity of cultures and perspectives as a source of intellectual strength and strive to create an inclusive, equitable environment in which students flourish and become resilient
- Challenge each other to think critically, communicate effectively, and solve complex problems
- Create an engaging, supportive, and inclusive environment through a culture of caring and personalization
- Provide accessible higher education to students from a wide variety of backgrounds

Community Engagement

- Honor our historic commitment to Native American and Alaska Native education and work towards reconciling our complicated past
- Connect faculty, staff, and student expertise to a range of community priorities and interests
- Build programs that respond to and serve regional and global needs
- Collaborate across settings to support economic and workforce development
- Learn from and engage in our diverse natural and cultural environments

ENROLLMENT

Enrollment data for the past three years are presented below as undergraduate student full-time equivalents (FTE). Each FTE is equal to 30 credit hours during the fiscal year.

	FY 2022-23	FY 2021-22	FY 2020-21
Resident FTE	1,219	1,246	1,256
Non-Resident FTE	1,586	1,722	1,603
Total FTE Students	2,805	2,969	2,859

STAFFING

Staffing data for the past three years are presented below as employee full-time equivalents (FTE). Each faculty FTE is equal to 24 credit hours taught during the fiscal year. Each staff FTE is equal to working 2,080 hours each fiscal year.

	FY 2022-23	FY 2021-22	FY 2020-21
Faculty FTE	239	226	195
Staff FTE	362	322	330
Total FTE	601	548	525

Summary of Progress in Implementing Prior Year Audit Recommendation

Fiscal Year 2022

Recommendation No. 1 – Fort Lewis College (the College) should strengthen its internal controls over financial reporting in order to ensure that its financial statements are prepared accurately and that the Office of the State Controller required exhibits are submitted by their due dates. This could include evaluating the duties and responsibilities of its existing accounting staff to determine if additional support can be allocated to help with continued implementation of Workday, or potentially hiring temporary accounting personnel to assist with financial statement and exhibit preparation.

Disposition – Implemented.

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INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and discretely presented component unit, of Fort Lewis College (the College), 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 College's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, an institution of higher education, State of Colorado, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2023 and 2022, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. 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 College, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the College, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State that is attributable to the transactions of the College. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 College'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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 College'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 College'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 on pages 9 through 20 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Pension Liability and the Schedules of College Contributions to the PERA Pension Plan on pages 78 through 80 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability and the Schedules of College Contributions to the PERA Healthcare Trust Fund on pages 81 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds (the Schedules) for the years ended June 30, 2023 and 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College.

The Schedules are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

DWC

Grand Junction, Colorado

January 11, 2024

This section of Fort Lewis College's (the College) financial report presents management's discussion and analysis for the College'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.

The presented information relates to the financial activities of the College, a public institution dedicated to the liberal arts and professional education and focuses on the financial condition and results of operations. The financial statements for the Fort Lewis College Foundation (the Foundation), a legally separate organization whose operations benefit the College, are discretely presented within the College's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the College.

The College was established under an agreement with the federal government whereby all qualified Native American students would be admitted tuition free and on terms of equality with other students. The Native American Tuition Funding, included in State and Local Grants and Contracts on the financial statements, represents reimbursement for tuition waived in the previous fiscal year. Tuition from Native American students, reimbursed by the State of Colorado, accounts for approximately 45% of the education and general budget.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help with the reader's assessment of the College's financial activities. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following five parts.

• ***Report of Independent Auditors*** presents an unmodified opinion prepared by the College's auditors (an independent certified public accounting firm, DWC) indicating that the College's financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the Unites States of America.

• ***Statements of Net Position*** present the assets, liabilities, and net position of the College as of June 30, 2023 and 2022. Its purpose is to present a financial snapshot of the College. The statements aid readers in determining the assets available to continue the College's operations; evaluating how much the College owes to vendors and lending institutions; and understanding the College's net position and the availability of assets for expenditure by the College.

• ***Statements of Revenues, Expenses, and Changes in Net Position*** present the total revenues earned and expenses incurred by the College for operating, non-operating, and other related activities for the years ended June 30, 2023 and 2022. The statement's purpose is to assess the College's operating results.

• ***Statements of Cash Flows*** present the College's cash receipts and payments for the years ended June 30, 2023 and 2022. The statement's purpose is to assess the College's ability to generate net cash flows and meet its payment obligations as they come due.

• ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as the Note(s). The purpose of the Notes is to clarify and expand on the information in the financial statements.

• ***Required Supplementary Information (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 Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) including the following:

- Schedules of the College's Proportionate Share of the Net Pension Liability
- Schedules of Contributions Colorado PERA Pension Plan
- Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefit Liability
- Schedules of Contributions Colorado PERA Healthcare Trust Fund

The financial statements of the College include all integral parts of the College's operations. The College applied required criteria to determine whether any organization should be included in the College's reporting entity. Management of the College 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 College has determined that the Foundation meets the criteria to be included in the College's financial statements as a discretely presented component unit.

FINANCIAL HIGHLIGHTS

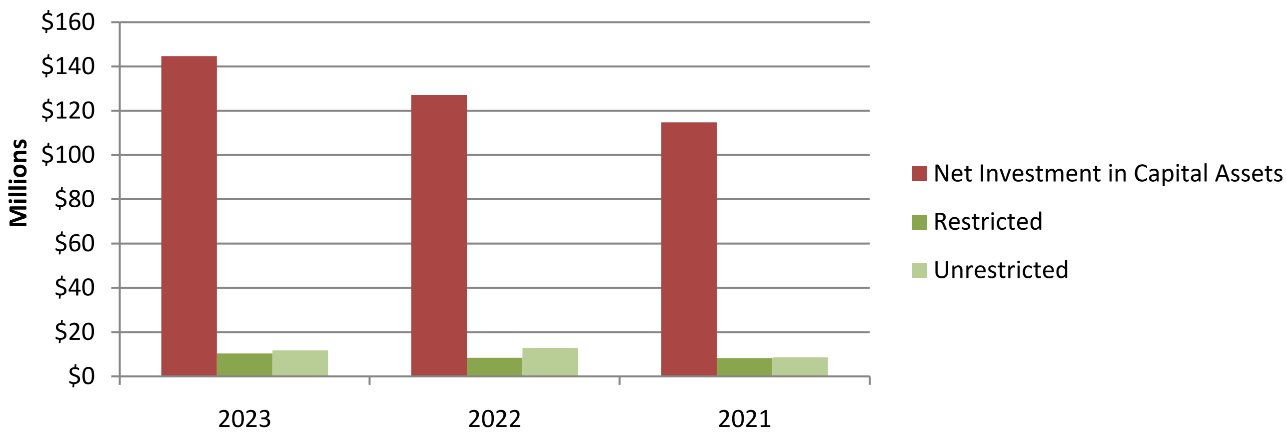
Year Ended June 30, 2023:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2023 by $18.2 million or 12.3%. There are several factors contributing to this increase. The State funding increased by $1.7 million which led to an increase in operating revenues, as well as an increase in Native American Tuition Waiver funding of $1.5 million as a result of the fiscal year 2023 academic enrollment. Capital Grants and Gifts increased by $5 million as a result of the funding from the State through Federal American Rescue Plan Act (ARPA) funds for the Workday Student implementation, $1.1 million from the State through Federal ARPA funds for capital construction projects, a $3.1 million transfer of art and historical assets from the Fort Lewis College Foundation, and a $0.88 million transfer for the matching portion of the new Health Sciences Center from the Fort Lewis College Foundation.

  The unrestricted net position at June 30, 2023 was $11.7 million. Adjusted for the impacts of GASB 68 and GASB 75, unrestricted net position was $35.9 million at June 30, 2023. The effects on Net Position of these GASB statements are reflected in the tables below:

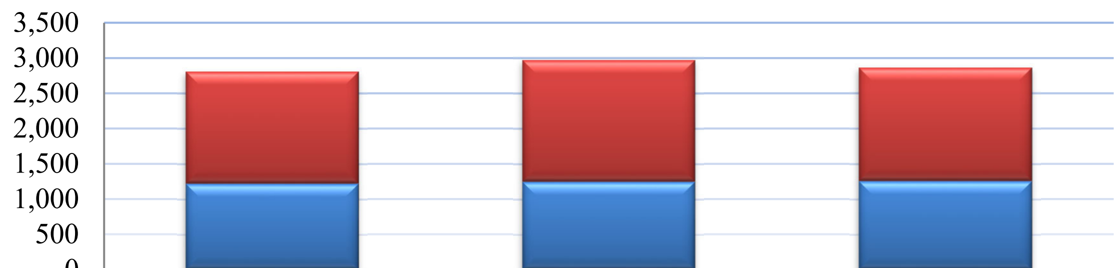
	Fiscal Year 2023	Fiscal Year 2022
Net Position (GAAP Basis)	$166,683,064	$ 148,396,257
Effects of GASB 68 - Pension	23,306,133	23,030,201
Effects of GASB 75 - OPEB	894,527	1,031,401
Net Position Excluding Pension and OPEB	$190,883,724	$ 172,457,859

Net Position at Year End



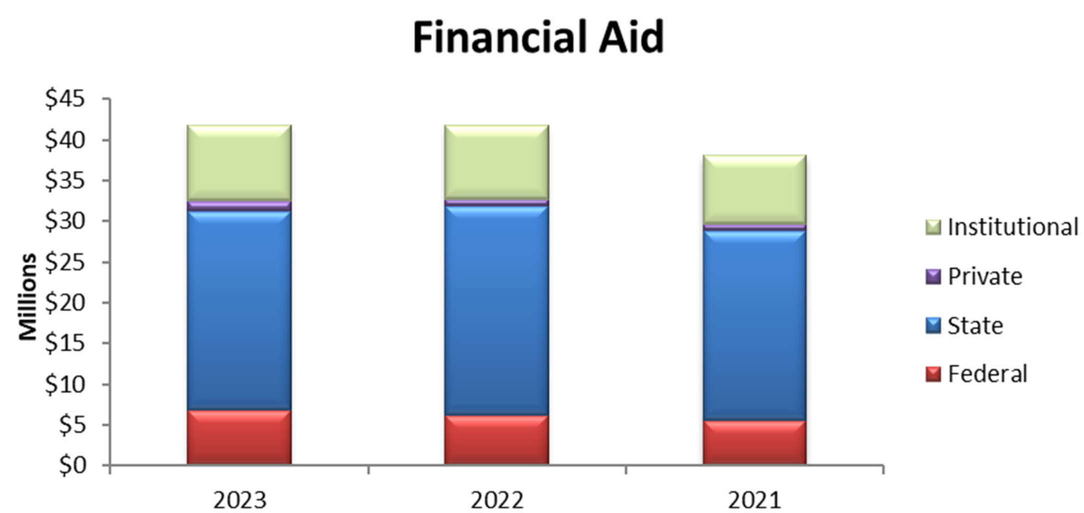
- **Enrollment** – In fiscal year 2023, undergraduate full-time equivalent (FTE) enrollment decreased by 5.51% (164 students); in-state enrollment declined by 2.19% while out-of-state enrollment decreased by 7.92%.

Undergraduate FTE Enrollment



	FY 2022-23	FY 2021-22	FY 2020-21
Non-Resident FTE	1,586	1,722	1,603
Resident FTE	1,219	1,246	1,256

- **Scholarships** – The discount rate (scholarships and student aid as a percentage of total charges) for fiscal year 2023 (adjusted for the effect of the Native American Tuition Waiver) was 48.7%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $1.5 million or 6.3% with the increase coming from the Native American Tuition Waiver which went from $24.0 million in fiscal year 2022 to $25.6 million in fiscal year 2023. This will be discussed in more detail below in the State Funding section. Financial aid awards over the past three fiscal years are depicted below.



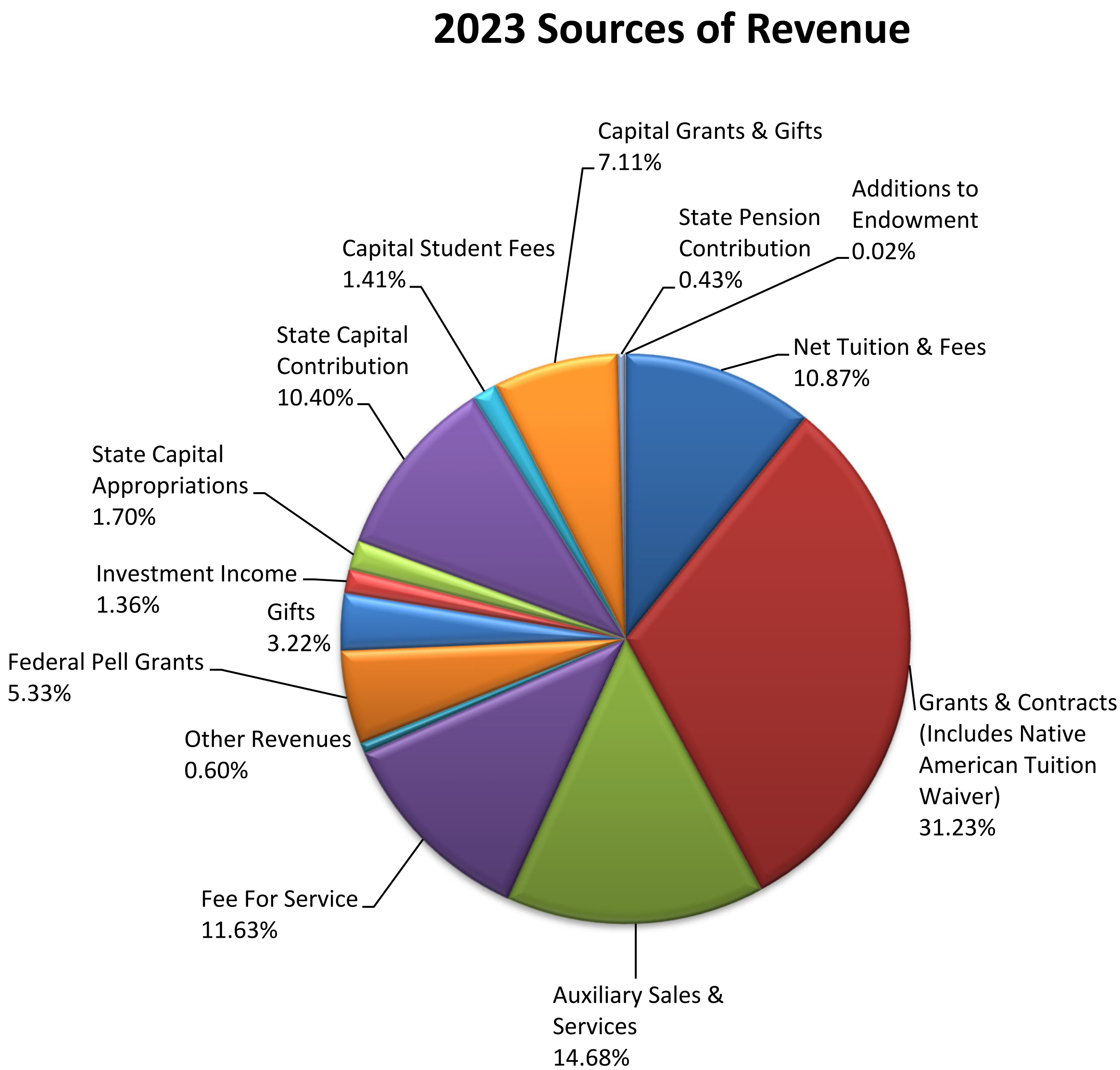
- **State Funding –** Funding for Higher Education in the State of Colorado is allocated in two ways: College Opportunity Fund (COF) stipends and Fee for Service (FFS) contracts. The following table provides the combined COF and FFS received by the College between fiscal years 2021 through 2023.

	2023	2022	2021
Total State Funding	$17,114,672	$15,375,659	$14,136,437
Change from Previous Year	11.3%	8.8%	

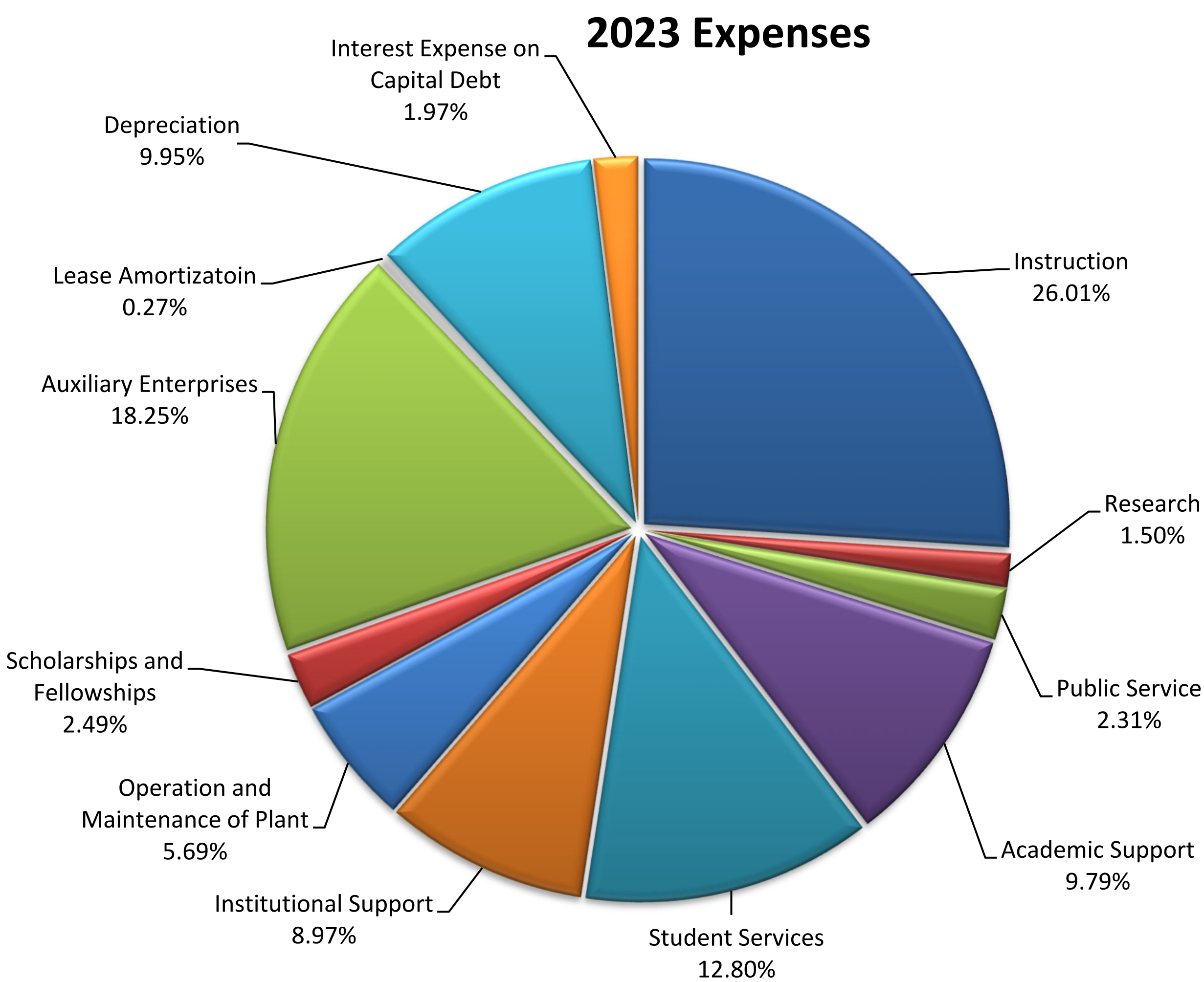
In addition to regular State funding, the College also receives reimbursement from the State for tuition waived to qualified Native American students, as a result of a 1911 Federal mandate. The reimbursement is funded one year in arrears; the tuition waived is paid in the following year. The funding received for Native American Tuition waivers is considered financial aid, as the waiver directly benefits the students and is reflected within the sources of revenue as part of grants and contracts. The College has pursued legislation that would require the Federal government to reimburse a portion of this tuition, without success to date. The following table represents the Native American tuition reimbursement received from fiscal year 2021 to fiscal year 2023.

	2023	2022	2021
Native American Tuition Reimbursement	$25,563,965	$24,045,076	$21,790,595
Change from Previous Year	6.3%	10.3%	

- **Total revenues** received in fiscal year 2023 and 2022 were $118,344,130 and $111,444,521, respectively. There are several factors contributing to the net increase of $6.9 million. The largest increase in revenue relates to the Capital Grants and Gifts of $5 million for capital projects. The largest decrease was Non-Operating Grants & Contracts which were reduced by $5.3 million due to the prior year receipt of CARES Act funding. Total fiscal year 2023 revenues are depicted below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position.



- **Total expenses** for fiscal year 2023 and 2022 were $100,104,948 and $94,599,789, respectively. Total fiscal year 2023 expenses increased by approximately $5.5 million. Expenses did increase proportionally with revenue. Total fiscal year 2023 expenses are illustrated in the chart below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position. The College invested $4.8 million in salary increases across the institution. Operating income decreased $1.9 million from 2022 to 2023.



Year Ended June 30, 2022:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2022 by $16.8 million or 13%. There are several factors contributing to this increase. The State funding increased by $7.7 million which led to an increase in operating revenues. State Capital Contribution revenue increased by $11.9 million because of construction on the new Health Science Center building this fiscal year. This was offset by an investment loss of $3 million of which $2.3 million was allocated to the College from the Colorado State Treasurer's Pool.

The unrestricted net position at June 30, 2022 was $12.9 million. Adjusted for the impacts of GASB 68 and GASB 75, unrestricted net position was $36.9 million at June 30, 2022.

- **Enrollment** – In fiscal year 2022, undergraduate full-time equivalent (FTE) enrollment increased by 3.83% (110 students); in-state enrollment declined slightly by 0.78% while out-of-state enrollment increased by 7.45%.

- **Scholarship** The discount rate for fiscal year 2022 (adjusted for the effect of the Native American Tuition Waiver) was 48.3%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $2.3 million or 10% with the increase coming from the Native American Tuition Waiver which went from $21.8 million in fiscal year 2021 to $24.0 million in fiscal year 2022.

CONDENSED FINANCIAL STATEMENTS FOR THE COLLEGE

The financial statements and notes are presented for the reporting entity that includes the College and the Foundation, a discretely presented component unit. (See Note 1 for additional information on the reporting entity). Condensed Financial Statements for the College are presented below.

- **The Statements of Net Position** report assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources.) Condensed Statements of Net Position are shown below

	2023	RESTATED 2022
Current Assets	$ 55,229,508	$ 60,697,382
Noncurrent Assets	200,631,034	175,296,822
Total Assets	255,860,542	235,994,204
Deferred Outflows of Resources	8,676,965	5,632,319
Current Liabilities	17,895,359	17,595,706
Noncurrent Liabilities	79,245,247	68,683,953
Total Liabilities	97,140,606	86,279,659
Deferred Inflows of Resources	713,838	6,902,982
Net Position		
Net Investment in Capital Assets	144,641,397	127,079,549
Restricted	10,314,255	8,418,248
Unrestricted	11,727,411	12,946,085
Total Net Position	$166,683,063	$148,443,882

The Statements of Revenues, Expenses and Changes in Net Position report the results of operating and non-operating revenues and expenses during the year, as well as the resulting increase or decrease in net position at the end of the year.

	2023	RESTATED 2022
Operating Revenues		
Tuition and Fees, Net	$ 12,858,747	$ 12,482,528
Grants and Contracts	35,965,369	32,711,479
Auxiliary Enterprises, Net	17,376,129	15,963,550
Other	14,478,131	13,270,458
Total Operating Revenues	80,678,376	74,428,015
Operating Expenses	98,134,837	89,929,366
Operating Income (Loss)	**(17,456,461)**	**(15,501,351)**
Non-operating Revenues (Expenses):		
Federal Pell Grants	6,311,765	6,564,141
Nonoperating Federal Grants and Contracts	993,870	6,385,639
Other Net Non-Operating Revenues (Expenses)	3,447,244	(1,716,657)
Net Non-operating Revenues	10,752,879	11,233,123
Income (Loss) Before Other Revenues, Expenses, or Transfers	**(6,703,582)**	**(4,268,228)**
State Capital Appropriations	2,016,990	1,875,776
State Capital Contribution	12,311,390	13,905,132
Capital Student Fees, Net	1,666,914	1,733,523
Capital Grants and Gifts	8,415,568	3,402,441
State Pension Contribution	509,822	190,113
Additions to Endowments	22,079	5,976
Increase (Decrease) in Net Position	**18,239,181**	**16,844,733**
Net Position – Beginning of Year	148,443,882	131,599,149
Net Position – End of Year	**$ 166,683,063**	**$ 148,443,882**

CAPITAL ASSETS

At June 30, 2023, the College had approximately $197.5 million invested in capital assets, net of accumulated depreciation of $164 million and accumulated amortization of $ 2.5 million. Depreciation and amortization expense was $10.2 million for the year ended June 30, 2023. At June 30, 2022, the College had approximately $174.3 million invested in capital assets, net of accumulated depreciation of $155.5 million and amortization of $ 0.8 million. Depreciation and amortization expense was $8.9 million for the year ended June 30, 2022. GASB 96 Subscription-Based Information Technology Arrangements was implemented for the year ended June 30, 2022 resulting in additional assets for Subscription Based Information Technology Arrangements (SBITAs) as well as Work in Process items. The College's capital assets as of the years ended June 30, 2023, 2022 and 2021 are as follows:

	2023	RESTATED 2022	2021
Land	$ 286,301	$ 286,301	$ 286,301
Construction in Progress	7,157,260	17,860,637	7,685,363
Right to Use Assets in Process - SBITAs	2,591,855	-	-
Collections	7,158,106	3,959,272	1,440,966
Land Improvements, Net	6,219,965	6,140,852	6,780,822
Buildings and Improvements, Net	162,223,237	140,896,014	141,316,264
Equipment, Net	4,563,891	3,868,329	3,594,843
Right to Use Subscription Based Information Technology Arrangement	6,937,815	955,919	-
Library Materials, Net	344,430	338,429	361,415
Total	$ 197,482,860	$ 174,305,753	$ 161,465,974

Major capital additions completed in fiscal year 2023 and the resources that funded their acquisition include:

Health Sciences Center, funded by the State	$27,446,495
Workday HCM/Finance Implementation, funded by the State	2,584,227
Reed Library, Academic Hub Renovation, funded by the College	644,724
Dirks Athletic Field Lighting, funded by the College	598,105

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

Workday Student Implementation, funded by the State with Federal ARPA	$2,591,855
Health Sciences Center, FLC Matching Portion, funded by the College	2,077,917
Centennial Hall Roof Replacement, funded by the College	1,237,563
Replace Whalen Roof, Phase 1, funded by the State with Federal ARPA	778,589
North Campus Heating and Cooling lines phase 2, funded by the State	775,915
Replace Fire Alarm Equipment, Phase 1, funded by the State	648,961
Outdoor Recreation Improvements, funded by the College	340,337
Berndt Hall Remodel/Improvements, funded by the State with Federal ARPA	211,218
Student Union Kitchen Replacement, funded by the College	204,543

Major capital additions completed in fiscal year 2022 and the resources that funded their acquisition include:

Whalen Gym Expansion and Revocation, funded by the State	$3,336,956
North Campus Heating and Cooling lines phase 1, funded by the State	1,531,556
Miller Roof & Replacement, funded by the State	828,623
Boiler Replacement, Whalen Gymnasium, funded by the State	669,284

The following significant capital projects were in progress at June 30, 2022:

Health Sciences Center, funded by the State	$14,339,186
North Campus Heating and Cooling lines phase 2, funded by the State	716,322
Reed Library, Academic Hub Renovation, funded by the College	576,614
Dirks Athletic Field Lighting, funded by the College	521,943

DEBT

At June 30, 2023, 2022, and 2021, the College had approximately $47.1 million, $49.8 million, and $50.5 million in long-term debt outstanding, respectively. The table below summarizes debt over the past three fiscal years.

	June 30, 2023	June 30, 2022	June 30, 2021
Auxiliary Revenue Bonds, Net	$47,100,539	$49,793,342	$50,460,594

On September 23, 2020 the Board issued its Enterprise Refunding Revenue Bonds (Series 2021) to pay and defease certain maturities of the College's outstanding Series 2016 bonds, refund other interest payable on certain of the remaining outstanding portions of the Series 2016 bonds, and to pay certain costs relating to the issuance of the Series 2021 bonds.

OTHER HIGHLIGHTS

- **Strategic Plan –** The College's administrative decisions continue to be guided by the strategic plan adopted by the College's Board of Trustees in February 2019 and refreshed during spring 2022. The plan focuses on four major areas including Students at the Center, Community Responsiveness, Knowledge in Action, and Systems to Facilitate Success. The plan allows the College to adapt within the areas of focus as faculty and staff chart a course to student success, fiscal sustainability, and academic excellence. The plan continues to put concentration on the key factors that distinguish the College, including cultural and natural diversity of the region, the College's faculty and degree options, commitment to access and affordability, experiential learning, and diversity in students and staff. The Board of Trustees reviews progress towards the strategic plan annually.

- **Academic Hub at Reed Library –** A new Academic Hub at Reed Library was completed during the 2023 academic year. This idea, envisioned in the strategic plan, was made possible with a $1.5 million grant through the Federal Department of Education Native American Serving Non-Tribal Institutions Title III program. The hub will become the 'one-stop shop' for student academic needs and will house centralized peer education and tutoring, the Federal TRIO programs, undergraduate research, career and internship services, as well as state-of-the-art learning labs.

- **Business Innovation Center –** The College's School of Business Administration opened the Center for Innovation (C4I) in downtown Durango. The overarching purpose of the Center is to spur economic development in Durango and Southwest Colorado. The Center creates a location for cooperative efforts among regional governmental agencies including municipalities, counties, and tribes. The Center provides mentorship for businesses, business students, and residents looking to start businesses. The C4I also has a focus on increasing internship opportunities for students.

- **FLC Vantage -**The Board of Trustees approved the creation of the FLC Vantage Corporation, a nonprofit 501(c)3, a blended component unit on June 9, 2023. Operations are scheduled to begin during the 2024 academic year. FLC Vantage can receive, hold, invest, and administer real and personal property for the benefit of the College. FLC Vantage will carry out its real estate investing activities through direct ownership, management, and operation of certain real estate assets. The Fort Lewis College Board of Trustees will appoint FLC Vantage's governing body, is able to impose its will on the organization and the organization provides its services entirely to the College. FLC Vantage will not issue standalone financial statements.

- **New Programs –** The Board of Trustees approved the offering of an Associate of Arts and Associate of Applied Science in General Studies on April 7, 2023. The addition of these degrees enacts the Colorado Department of Higher Education "CORE: Colorado Re-Engaged Initiative" to provide students who have completed some college credit to have pathways to earning as Associate degree. These degrees are completion awards only, Fort Lewis College cannot market to or enroll students into associate degree programs.

  In coordination with University of Colorado Anschutz, a nursing program is coming online with the first class enrolling in Fall of 2023. The first two years of the student's experience will be fully taught by Fort Lewis College faculty and the last two years will be taught by University of Colorado Anschutz faculty on the Fort Lewis College campus. The goal of this nursing program will be to increase indigenous nursing graduates who will have the ability to return to their communities and increase health services in those areas.

ECONOMIC OUTLOOK & FORT LEWIS COLLEGE FUTURE

Enrollment

Enrollment (headcount) increased by 1.9% for the Fall 2023 semester, though much of that increase was due to increased numbers of dual enrollment and unclassified students, who do not typically take more than one course. Students of color constitute a majority of the student body, making up 58% of all students, compared to 59% in 2022. Native American students represent 44% of the student body, compared to 46% for Fall 2022. Incoming first year students decreased 11% over 2022. The College saw an increase of 1.5% in first year students from Colorado.

Budget

The Board of Trustees assumed an enrollment decrease of 1.25%, given the enrollment data in the spring of 2023 and numbers of confirmations. Native American enrollment was assumed to decrease with impacts being felt in the fiscal 2024 budget. Total fall enrollment increased 1.9% overall with Native American enrollment showing the largest decrease with 10%. The impacts of this decrease in enrollment will be felt in the fiscal 2024-2025 budget cycle as the reimbursement for Native American students will factor into the budget in that year.

Capital Construction

Funding for the Berndt 300's capital renewal project was approved in the 2023 legislative cycle. This project provided $4.2 million dollars of state funding with a $221,074 match from Fort Lewis. Construction started immediately in May 2023 and is scheduled to be completed during the 2023-2024 Academic year.

State Funding

As outlined earlier, the College receives funding from the State of Colorado for the College Opportunity Fund (COF), Fee for Service Contract (FFS) and the Native American tuition waiver reimbursement. The combination of this funding makes the College more dependent on State funding than most other colleges and universities in the State of Colorado.

This funding in the fiscal year 2024 budget increased by approximately 11%. As a result of decreases in Native American enrollment during the fiscal 2023 year, the fiscal year 2024 Tuition Waiver allocation decreased by 12% to approximately $22.3 million.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide users of our financial statements with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fort Lewis College Accounting Office at Room 140 Berndt Hall, 1000 Rim Drive, Durango, Colorado, 81301, call (970) 247-7364, or email AskAccounting@fortlewis.edu.

BASIC FINANCIAL STATEMENTS SECTION

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

ASSETS	2023	RESTATED 2022
Current Assets:		
Cash and Cash Equivalents	$ 41,267,600	$ 42,904,516
Restricted Cash and Cash Equivalents	-	1,028,825
Investments	8,628,324	8,005,591
Student Accounts Receivable, Net	1,550,290	1,382,383
Accounts Receivable - Fort Lewis College Foundation, Net	1,339,465	215,180
Other Accounts Receivable	1,809,336	6,010,696
Inventories	78,286	68,891
Prepaid Expense	556,207	1,081,300
Total Current Assets	55,229,508	60,697,382
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	3,148,174	991,069
Nondepreciable Capital Assets:		
Land and Improvements	286,301	286,301
Construction in Progress	7,157,260	17,860,637
Right to Use Assets in Process - SBITAs	2,591,855	-
Collections	7,158,106	3,959,272
Total Nondepreciable Capital Assets	17,193,522	22,106,210
Depreciable Capital Assets:		
Land Improvements, Net	6,219,965	6,140,852
Buildings and Improvements, Net	162,223,237	140,896,014
Equipment, Net	11,501,706	4,824,248
Library Materials, Net	344,430	338,429
Total Depreciable Capital Assets, Net	180,289,338	152,199,543
Total Noncurrent Assets	200,631,034	175,296,822
Total Assets	255,860,542	235,994,204
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	8,676,965	5,632,319

The accompanying notes are an integral part of this financial statement.

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

LIABILITIES	2023	2022
Current Liabilities:		
Accounts Payable	3,671,900	5,651,058
Accrued Liabilities	4,839,319	3,982,155
Unearned Revenue	4,867,685	3,980,003
Deposits Held for Others	459,788	337,144
Bonds Payable, Current Portion	2,614,293	2,527,330
Leases Payable, Current Portion	132,454	131,893
SBITA Component Liability, Current Portion	949,392	642,712
Compensated Absence Liabilities, Current Portion	360,528	343,411
Total Current Liabilities	17,895,359	17,595,706
Noncurrent Liabilities:		
Bonds Payable, Net	44,486,246	47,266,012
Leases Payable	-	132,454
SBITA Component Liability	4,130,074	263,876
Compensated Absence Liabilities	1,973,978	2,018,076
Pension Liability	27,960,422	18,278,821
Other Post Employment Benefits Liability	694,527	724,714
Total Noncurrent Liabilities	79,245,247	68,683,953
Total Liabilities	97,140,606	86,279,659
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	713,838	6,902,982
NET POSITION		
Net Investment in Capital Assets	144,641,397	127,079,549
Restricted for Nonexpendable Purposes:		
Endowment	25,000	25,000
Restricted for Expendable Purposes:		
Endowment	704,590	682,511
Other	9,584,665	7,710,737
Unrestricted	11,727,411	12,946,085
Total Net Position	$ 166,683,063	$ 148,443,882

The accompanying notes are an integral part of this financial statement.

	2023	2022
Assets		
Cash, cash equivalents, and restricted cash	$ 1,112,078	$ 676,791
Promises to give, net	5,318,246	2,583,413
Investments	39,298,377	30,754,774
Property and equipment, net	666,723	684,084
Collection items	-	2,794,545
Beneficial interest in assets held by others	609,316	596,724
Total assets	$ 47,004,740	$ 38,090,331
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 336	$ 72,248
Due to Fort Lewis College	298,687	215,180
Total liabilities	299,023	287,428
Net Assets		
Without donor restrictions		
Undesignated	2,740,305	1,369,766
Board-designated	1,226,151	2,343,156
	3,966,456	3,712,922
With donor restrictions	42,739,261	34,089,981
Total net assets	46,705,717	37,802,903
Total liabilities and net assets	$ 47,004,740	$ 38,090,331

FORT LEWIS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

	2023	RESTATED 2022
REVENUES		
Operating Revenues:		
Student Tuition and Fees (including pledged revenues of $11,492,321 - 2023 and $11,102,079 - 2022, net of scholarship allowances of $36,570,733 - 2023 and $38,909,473 - 2022, and net of bad debt of $0 - 2023 and $55,236 - 2022)	12,858,747	12,482,528
Federal Grants and Contracts (including pledged revenues of $31,150 - 2023 and $29,690 - 2022)	5,871,666	5,197,342
State and Local Grants and Contracts	28,114,551	26,345,038
Non-Governmental Grants and Contracts (including pledged revenues of $341,000 - 2023 and $330,000 - 2022)	1,979,152	1,169,099
Auxiliary Enterprises (including pledged revenues of $14,912,891 - 2023, and $14,135,525 - 2022, net of scholarship allowances of $2,811,972 - 2023 and $2,778,182 - 2022, and net of bad debt of $0 - 2023 and $298,525 - 2022)	17,376,129	15,963,550
Fee For Service Contract Revenue	13,764,416	12,344,241
Other Operating Revenues (including pledged revenues of $3,022 - 2023 and $4,824 - 2022 and bad debt of $0 - 2023 and $138- 2022)	713,715	926,217
Total Operating Revenues	80,678,376	74,428,015
EXPENSES		
Operating Expenses:		
Instruction	26,039,105	22,329,106
Research	1,501,267	1,490,656
Public Service	2,312,799	2,282,275
Academic Support	9,797,635	7,851,768
Student Services	12,814,259	10,835,416
Institutional Support	8,978,634	8,318,097
Operation and Maintenance of Plant	5,695,432	3,872,287
Scholarships and Fellowships	2,497,123	6,426,842
Auxiliary Enterprises	18,266,797	17,638,091
Depreciation and amortization	10,231,786	8,884,828
Total Operating Expenses	98,134,837	89,929,366
Operating Income (Loss)	(17,456,461)	(15,501,351)

The accompanying notes are an integral part of this financial statement.

FORT LEWIS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

NONOPERATING REVENUES (EXPENSES)	2023	2022
Federal Pell Grants	6,311,765	6,564,141
Nonoperating Federal Grants and Contracts	993,870	6,385,639
Gifts (including pledged revenues of $148,602- 2023 and $161,759- 2022)	3,809,511	2,952,213
Investment Income (including pledged revenues of $402,675 - 2023 and $123,104 - 2022)	1,607,845	(3,093,047)
Interest Expense on Capital Debt	(1,970,112)	(1,577,376)
Other Nonoperating Revenue (Expenses)	-	1,553
Net Nonoperating Revenues	10,752,879	11,233,123
Income (loss) before other revenues, expenses, or transfers	(6,703,582)	(4,268,228)
OTHER REVENUES, (EXPENSES), OR TRANSFERS		
State Capital Appropriations	2,016,990	1,875,776
State Capital Contribution	12,311,390	13,905,132
Capital Student Fees (all pledged, net of bad debt of $0 - 2023 and $9,933 - 2022)	1,666,914	1,733,523
Capital Grants & Gifts	8,415,568	3,402,441
State Pension Contribution	509,822	190,113
Additions to Endowments	22,079	5,976
Increase (Decrease) in Net Position	18,239,181	16,844,733
NET POSITION		
Net Position - Beginning of Year	148,443,882	131,599,149
Net Position - End of Year	166,683,063	148,443,882

The accompanying notes are an integral part of this financial statement.

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	$ 135,377	$ 11,557,520	$ 11,692,897
Net investment return	1,376,259	2,916,494	4,292,753
Change in value of beneficial interest in assets held by others	-	12,592	12,592
Rental and other revenue	97,732	-	97,732
Net assets released from restrictions	5,837,326	(5,837,326)	-
Total revenue, gains and other support	7,446,694	8,649,280	16,095,974
Expenses			
Program services	6,816,492	-	6,816,492
Support services			
Management and general	253,987	-	253,987
Fundraising	122,681	-	122,681
Total expenses	7,193,160	-	7,193,160
Change in Net Assets	253,534	8,649,280	8,902,814
Net Assets, Beginning of year	3,712,922	34,089,981	37,802,903
Net Assets, End of year	$ 3,966,456	$ 42,739,261	$ 46,705,717

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	$ 28,296	$ 9,146,841	$ 9,175,137
Net investment loss	(221,495)	(2,331,024)	(2,552,519)
Change in value of beneficial interest in assets held by others	40,000	(166,118)	(126,118)
Gain on sale of real estate	399,991	-	399,991
Rental and other revenue	93,916	-	93,916
Net assets released from restrictions	6,387,301	(6,387,301)	-
Total revenue, gains and other support	6,728,009	262,398	6,990,407
Expenses			
Program services	6,374,127	-	6,374,127
Support services			-
Management and general	217,422	-	217,422
Fundraising	191,315	-	191,315
Total expenses	6,782,864	-	6,782,864
Change in Net Assets	(54,855)	262,398	207,543
Net Assets, Beginning of year	3,767,777	33,827,583	37,595,360
Net Assets, End of year	$ 3,712,922	$ 34,089,981	$ 37,802,903

	2023			
		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
FLC program support	$ 2,633,723	$ -	$ -	$ 2,633,723
Collection items transferred	2,794,545	-	-	2,794,545
FLC scholarships	1,181,944	-	-	1,181,944
Fees for FLC services	119,495	151,376	105,426	376,297
Total College expenses	6,729,707	151,376	105,426	6,986,509
Professional fees	53,750	43,548	2,221	99,519
Food and beverage	27,961	-	15,034	42,995
Bank and credit card fees	-	17,976	-	17,976
Depreciation	-	17,361	-	17,361
Licenses, dues and fees	-	14,663	-	14,663
Insurance	-	7,746	-	7,746
Other	5,074	1,317	-	6,391
Total expenses	$ 6,816,492	$ 253,987	$ 122,681	$ 7,193,160

	2022			
		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
FLC program support	$ 2,034,753	$ -	$ -	$ 2,034,753
Collection items transferred	2,955,029	-	-	2,955,029
FLC scholarships	1,156,475	-	-	1,156,475
Fees for FLC services	115,519	115,519	154,025	385,063
Total College expenses	6,261,776	115,519	154,025	6,531,320
Professional fees	61,250	41,866	25,768	128,884
Food and beverage	22,995	-	10,156	33,151
Bank and credit card fees	-	9,767	-	9,767
Depreciation	-	17,361	-	17,361
Licenses, dues and fees	20,748	8,114	-	28,862
Insurance	-	9,480	-	9,480
Other	7,358	15,315	1,366	24,039
Total expenses	$ 6,374,127	$ 217,422	$ 191,315	$ 6,782,864

FORT LEWIS COLLEGE
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and Fees	$ 12,682,253	$ 12,297,708
Sales of Products	276,306	328,758
Sales of Services	30,139,147	27,644,035
Grants and Contracts	38,470,214	33,498,511
Student Loans Collected	-	-
Other Operating Receipts	658,631	875,401
Cash Payments:		
Scholarships Disbursed	(3,352,392)	(7,366,463)
Student Loans Disbursed	-	-
Payments to Suppliers	(24,702,847)	(28,268,893)
Payments to Employees	(57,397,217)	(51,496,422)
Net Cash Provided (Used) by Operating Activities	(3,225,905)	(12,487,365)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Pell Grants	6,311,765	6,641,983
Non-Operating Federal Grants/Contracts	993,870	11,088,917
Gifts for Other than Capital Purposes	3,381,350	2,865,532
Agency Receipts	17,428,787	12,288,099
Agency Payments	(17,459,097)	(12,241,854)
Additions to Endowment	22,079	5,976
Net Cash Provided by Noncapital Financing Activities	10,678,754	20,648,653
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Student Fees	1,666,914	1,716,177
State Capital Contributions	17,822,862	(1,463,716)
Capital Gifts and Grants	4,283,499	3,402,441
Acquisition and Construction of Capital Assets	(26,248,103)	(519,518)
Principal Paid on Capital Debt	(4,737,168)	(501,778)
Interest on Capital Debt	(1,734,602)	(1,170,973)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,946,598)	1,462,633
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	2,173,221	11,574,121
Purchase of Investments	(2,358,338)	(11,646,576)
Investment Earnings	1,170,230	(1,632,032)
Net Cash Provided by Investing Activities	985,113	(1,704,487)
Net Increase (Decrease) in Cash	(508,636)	7,919,434
Cash - Beginning of Year	44,924,410	37,004,976
Cash - End of Year	$ 44,415,774	$ 44,924,410

FORT LEWIS COLLEGE

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (17,456,461)	$ (15,501,351)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Depreciation and Amortization	10,231,786	8,884,828
Pension Expense	648,880	(3,016,938)
Noncash Operating Transactions	166,331	(2,834,081)
Change in Assets and Liabilities (Operating Portions):		
Receivables, Net	553,370	(877,253)
Inventory	-	(8,406)
Prepaid Expense	374,452	(320,505)
Accounts Payable	1,304,322	308,657
Accrued Liabilities	63,733	556,989
Unearned Revenue	887,682	1,216,638
Compensated Absence Liability	-	(196,386)
Lease Payable	-	(73,474)
SBITA Component Liability	-	(626,083)
Net Cash Provided (Used) by Operating Activities	$ (3,225,905)	$ (12,487,365)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Non-cash Acquisitions of Capital Assets	$ 3,258,901	$ 2,593,363
Change in unrealized gains on investments	$ 622,733	$ (1,388,559)
Amortization of bond premium	$ 165,473	$ 165,473

The accompanying notes are an integral part of this financial statement

	2023	2022
Operating Activities		
Change in net assets	$ 8,902,814	$ 207,543
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	17,361	17,361
Contributions restricted to endowment	(1,257,065)	(255,854)
Collection items transferred	2,794,545	2,955,029
Contributions of investments	(438,665)	(3,154,729)
Realized and unrealized (gain) loss on investments	(3,334,896)	3,366,622
(Gain) loss on sale of property	-	(399,991)
Change in beneficial interest in assets held by others	(12,592)	166,118
Changes in operating assets and liabilities		
Promises to give, net	(2,602,890)	(663,373)
Accounts payable and accrued expenses	(71,912)	67,043
Due to/ from Fort Lewis College	83,507	255,241
Net Cash from Operating Activities	4,080,207	2,561,010
Investing Activities		
Proceeds from sales of investments	1,132,361	16,397,775
Purchases of investments	(5,902,403)	(19,473,564)
Proceeds from sale of property	-	801,165
Net Cash used for Investing Activities	(4,770,042)	(2,274,624)
Financing Activities		
Collections of contributions restricted for endowment	1,125,122	64,000
Net Cash from Financing Activities	1,125,122	64,000
Net Change In Cash, Cash Equivalents, and Restricted Cash	435,287	350,386
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	676,791	326,405
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 1,112,078	$ 676,791

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

Fort Lewis College (the College) is governed by the Board of Trustees for Fort Lewis College (the Board). The Board consists of nine voting and two non-voting members who are responsible for making policy for the College and overseeing its operation. One member is required to be an enrolled member of a Federally recognized Native American tribe. Voting members are appointed by the Colorado governor and require Colorado State Senate confirmation. They serve four-year terms. The two non-voting members are elected by the College's faculty and students. The faculty representative serves a two-year term. The student representative serves a one-year term.

The College President is appointed by and reports to the Board and is responsible for day-to-day management of the institution and its employees.

Reporting Entity and Component Unit

The College is a public institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the College is included as part of the State of Colorado's primary government. A copy of the State Annual Comprehensive Financial Report may be obtained from the Office of the State Controller.

The College adheres to Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34*, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* to provide additional guidance for determining whether certain organizations, such as not-for-profit foundations, should be included in the College's financial reporting entity. The College has determined that the Fort Lewis College Foundation (the Foundation) meets the GASB Statement No. 61 criteria for inclusion in the College's financial statements.

The Foundation is a legally separate, tax-exempt component unit of the College. In December 1969, the Foundation was organized and issued a Certificate of Incorporation under the Colorado Non-Profit Corporation Act. The purposes of the corporation are to "...assist in promoting, developing and enhancing the facilities and programs of Fort Lewis College...." (per Articles of Incorporation III). Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests is restricted to the activities, facilities, and programs of the College by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)*, *Topic 958 Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences.

The amount transferred from the Foundation to the College, during the fiscal year ended June 30, 2023 for the purposes stated above was $4,914,899 which included $1,214,417 for scholarships, $327,986 for grant pass-through transactions, and $874,515 for capital gifts. The total transfer for the year ended June 30, 2022 for the purposes stated above was $3,254,820 which included $1,071,071 for scholarships, $303,428 for grant pass-through transactions, and $1,347 for capital gifts. Complete financial statements for the Foundation can be obtained from the Accounting Office at the College.

The Board of Trustees approved the creation of the FLC Vantage Corporation, a nonprofit 501(c)3, a blended component unit on June 9, 2023. Operations are scheduled to begin during the 2024 academic year. FLC Vantage can receive, hold, invest, and administer real and personal property for the benefit of the College. FLC Vantage will carry out its real estate investing activities through direct ownership, management, and operation of certain real estate assets. The Fort Lewis College Board of Trustees appoints FLC Vantage's governing body, is able to impose its will on the organization and the organization provides its services entirely to the College. Therefore, FLC Vantage does not issue standalone financial statements and is a blended component unit of the College. FLC Vantage had no activity for the year ended June 30, 2023.

As defined by GASB Statement No. 61, the College is not financially accountable for any other entity, nor are there any other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

Basis of Accounting

The College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under 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.

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

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

Cash balances that are externally restricted such as endowments or agency funds, or for bond reserve, replacement, or rebate funds, or to purchase capital or noncurrent assets, are classified as current or noncurrent assets on the Statements of Net Position, as appropriate.

Investments and Investment Income

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

Income Taxes

As a state institution of higher education, the income of the College is generally exempt from Federal and State income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of State law. However, the College is subject to federal income tax on any unrelated business taxable income. The College did not have any significant unrelated business taxable income in the years ended June 30, 2023 and 2022.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

Estimates are made to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required 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 expense during the reporting period. Actual results could differ significantly from those estimates.

Capital Assets

Capital assets are stated at cost at the date of acquisition or at fair value at the date of donation. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Intangibles and renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For intangibles and renovations and improvements, the capitalization policy includes items with a value of $50,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

All collections, such as works of art and historical artifacts, have been capitalized at cost at the date of acquisition or fair value at the date of donation. The nature of certain collections is such that the value and usefulness of the collections does not decrease over time. These collections have not been depreciated in the accompanying financial statements.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets and half of the annual depreciation is expensed in the first and last year of service, regardless of when the asset was acquired. The useful lives of assets are as follows:

Asset Class	Years
Land Improvements	20-50
Buildings and Improvements	10-40
Equipment and Software	3-10
Library Materials	10

Right-to-use assets related to leases are recorded at the present value of future minimum lease payments plus any payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives received from the lessor. Right-to-use assets related to leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

Right-to-use subscription assets related to subscription-based information technology arrangements (SBITAs) are recorded at the sum of: (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. SBITAs are amortized on a straight-line basis over the subscription term.

Unearned Revenue

Unearned revenues represent unearned student tuition and fees, event revenues, and advances on grants and contracts for which the College has not yet provided the associated services.

Compensated Absence Liabilities

Employees' compensated absences are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the College. Employees accrue and vest in vacation and sick leave earnings based on their hire date, length of service and Full Time Equivalent (FTE) status. Full-time professional exempt employees accrue leave at the rate of 16 hours per month with a maximum accrual of 384 hours. Most part-time employees accrue leave that is pro-rated based on their hours worked. See accrual rates for classified employees in the following chart.

Accrual Rates:

Years of Service	Hours Earned Per Month	Maximum Accrual
1-36 months	8	192
37-60 months	9	216
61-120 months	11	264
121-180 months	13	312
181 months or greater	16	384

The liability and expense incurred are recorded at year-end as compensated absence liabilities in the Statements of Net Position and as a component of appropriate functional expense categories in the Statements of Revenues, Expenses, and Changes in Net Position. The current portion of this liability is estimated based on historical trends.

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

See Notes 17, 19, and 20 for detail of the composition of the College's deferred outflows and deferred inflows related to pension and other post-employment benefits.

Net Position

The College has classified its net position according to the following criteria:

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

Restricted Net Position, Nonexpendable – This category consists of endowment funds that are required to be retained in perpetuity.

Restricted Net Position, Expendable – This category includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, including unspent debt proceeds.

Unrestricted Net Position – Unrestricted Net Position are those funds that do not meet the definition of "Restricted" or "Net Investment in Capital Assets" as described above. Generally, these resources will be derived from student tuition and fees, State appropriations, sales and services of educational activities, and sales and services of certain auxiliary and self-funded activities. This category is a deficit due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Classification of Revenues

The College has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues – Operating revenues generally result from providing goods and services for instruction, public service, or related support services to an individual or entity separate from the College.

Nonoperating revenues – Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include Federal Pell grants, nonoperating Federal grants and contracts, gifts, investment income, and other nonoperating revenue.

Other revenues, expenses, or transfers include gain or loss on the disposal of assets, state capital and controlled maintenance appropriations, capital student fees, capital grants and gifts, State pension contributions, and additions to endowment.

Scholarship Allowance

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College 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 revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees were $36.6 million and $38.9 million and scholarship allowances for auxiliary charges were $2.8 million and $2.8 million for the years ended June 30, 2023 and 2022, respectively.

Application of Restricted and Unrestricted Resources

The College's policy is to first apply an expense against restricted resources and then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

Pensions

The College participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions.

Other Post-Employment Benefits (OPEB)

The College participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("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 or 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.

Fiscal Rules

Colorado State Senate Bill 10-003, enacted by the General Assembly and signed by the Governor and effective June 9, 2010, amends Section 24-30-202, C.R.S. As amended, Section 24-30-202(13)(b), C.R.S., allows a governing board of an Institution of Higher Education that has adopted Fiscal Rules and has determined that such Fiscal Rules provide adequate safeguards for the proper expenditure of the moneys of the institution to elect to exempt the institution from the Fiscal Rules promulgated by the State Controller pursuant to Section 24-30-202. Pursuant to this change, on June 3, 2011, the College's Board voted to opt out of the State of Colorado Fiscal Rules and establish its own set of Fiscal Rules. These rules were adopted by the Board of Trustees on June 3, 2011 and became effective July 1, 2011.

New Accounting Pronouncements

During 2022, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases (GASB 87)*, which was created to increase visibility into lease obligations and remove ambiguity around lease obligations in financial disclosures. GASB 87 requires lessees to recognize a lease liability and an intangible asset. As part of the implementation, the College restated Fiscal Year 2021 financial statements for comparability. See Note 12 for further information on the College's leases.

During 2023, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*, which was created to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and to provide uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB 96 requires governments to record a right-to-use subscription asset (intangible asset) and a corresponding subscription liability. GASB 96 also provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. As part of the implementation, the College restated Fiscal Year 2022 financial statements for comparability. See Note 13 and Note 22 for further information on the College's SBITAs.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The College deposits most of its cash with the Colorado State Treasurer (the Treasurer) as allowed 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 College had cash on deposit with the State Treasurer of $35,325,428 and $40,002,054, respectively, which represented 0.19 percent and 0.19 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 $35.0 million of cash on hand and $18,775.8 million of investments.

Based on the College's participation in the Pool, the College reports as 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.

As of June 30, 2023, the carrying amount of the College's cash held locally was $9,090,346. The cash included petty cash and change funds of $6,167 and bank deposits of $9,084,179. The bank balance of deposits before reconciling items was $11,864,555. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

As of June 30, 2022, the carrying amount of the College's cash held locally was $7,095,418. The cash included petty cash and change funds of $6,340 and bank deposits of $7,089,078. The bank balance of deposits before reconciling items was $7,869,393. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

Investments

During the 2013 Colorado legislative session, the General Assembly passed legislation (HB 13-1297) which grants investment authority to the College. The Board exercised its investment authority during the fiscal year ended June 30, 2016. The College has authority to invest institutional funds in any investment deemed advisable by the Board per C.R.S. Section 23-52-103.

The following summarizes the College's investments by type at June 30, 2023:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 16,632	$ 16,632
Mutual Funds - Equity	5,295,085	4,705,501
Mutual Funds - Fixed Income	3,316,535	3,388,439
Net accrued income (current-prior)	72	-
Total investments	$ 8,628,324	$ 8,110,573

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2023 is as follows:

Total dividends and interest (net of fees of $28,188)	$	185,117
Net accrued income (current-prior)		72
Unrealized Gains/Losses		512,775
Total	$	697,964

The following summarizes the College's investments by type at June 30, 2022:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 505,190	$ 505,190
Net accrued income (current-prior)	7,730	7,730
Mutual Funds - Equity	4,845,518	4,758,738
Mutual Funds - Fixed Income	2,647,153	2,666,431
Total investments	$ 8,005,591	$ 7,938,089

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2022 is as follows:

Total dividends and interest (net of fees of $24,966 and includes accrued income of $7,730)	$	175,591
Realized Gains/Losses	$	(10,375)
Unrealized Gains/Losses		(1,458,370)
Total	$	(1,293,154)

Credit Quality Risk - Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). At June 30, 2023, the College held Equity Mutual Funds rated by Morningstar as follows: 2 Stars total fair value of $1,784,503 and 3 Stars total fair value of $3,510,582. At June 30, 2023, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $3,316,534 and 4 Stars total fair value of $2. At June 30, 2022, the College held Equity Mutual Funds rated by Morningstar as follows: 2 Stars total fair value of $1,197,772, 3 Stars total fair value of $3,245,978, 4 Stars total fair value of $235,151, and 5 Stars total fair value of $166,616. At June 30, 2022, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $2,645,707, 4 Stars total fair value of $863 and 5 Stars total fair value of $167,199.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate risk applies only to debt investments and the College does not have debt investments.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk.

As of June 30, 2023, no individual bonds are held in the portfolio. As the portfolio consists entirely of mutual funds and equities, which are not rated, do not have a maturity and therefore also do not have a duration.

Investments at June 30, 2023 consisted of the following:

	Fair Value
Other Investments	
Bond Mutual Funds	$3,316,535
Equity Mutual Funds	5,295,085
Money Market	16,632
Net Accrued Income	72
Total	$8,628,324

Investments at June 30, 2022 consisted of the following:

	Fair Value
Other Investments	
Bond Mutual Funds	$2,647,153
Equity Mutual Funds	4,845,518
Money Market	505,190
Net Accrued Income	7,730
Total	$8,005,591

Fair Value of Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2023:

- Money Market Funds of $16,632 are valued using quoted market prices (Level 1 inputs)
- Bond Mutual Funds of $3,316,535 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $5,295,085 are valued using quoted market prices (Level 1 inputs)

The College has the following recurring fair value measurements as of June 30, 2022:

- Money Market Funds of $505,190 are valued using quoted market prices (Level 1 inputs)
- Bond Mutual Funds of $2,647,153 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $4,845,518 are valued using quoted market prices (Level 1 inputs)

NOTE 3 - FORT LEWIS COLLEGE FOUNDATION FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise of equities or exchange-traded funds with readily determinable fair values based on daily redemption values. U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in perpetual trust held by others are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. Preferred stock of a private company is based on an annual valuation performed. These are considered Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable inputs Level 3
Investments				
Cash and money market funds (at cost)	$ 2,246,419	$ -	$ -	$ -
Equities and mutual funds				
Domestic	7,349,122	7,349,122	-	-
International	4,895,267	4,895,267	-	-
Emerging markets	2,320,469	2,320,469	-	-
Exchange-traded funds				
Fixed income	14,362,455	14,362,455	-	-
Master limited partnerships	505,338	505,338	-	-
REIT	274,974	274,974	-	-
U.S. Government securities	942,753	-	942,753	-
Cryptocurrency	3,828,086	3,828,086	-	-
Preferred stock	32,777	-	-	32,777
At NAV				
Private equity funds	950,561	-	-	-
Private credit funds	1,590,156	-	-	-
	$ 39,298,377	$ 33,535,711	$ 942,753	$ 32,777
Beneficial interest in assets held by others	$ 609,316	$ -	$ -	$ 609,316

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Preferred Stock	Assets Held by Others
Balance at June 30, 2022	$ 142,296	$ 596,724
Contributions	12,420	-
Distributions	-	(40,000)
Change in value	(121,939)	52,592
Balance at June 30, 2023	$ 32,777	$ 609,316

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable inputs Level 3
Cash and money market funds (at cost)	$ 34,294	$ -	$ -	$ -
Equities and mutual funds				
Domestic	5,216,784	5,216,784	-	-
International	4,275,373	4,275,373	-	-
Emerging markets	1,676,222	1,676,222	-	-
Exchange-traded funds				
Equities	4,301,472	4,301,472	-	-
Fixed income	10,109,014	10,109,014	-	-
Master limited partnerships	313,736	313,736	-	-
U.S. Government securities	1,207,587	-	1,207,587	-
Cryptocurrency	1,124,655	1,124,655	-	-
Preferred stock	142,296	-	-	142,296
At NAV				
Private equity funds	860,971			-
Private credit funds	1,492,370	-	-	-
Total investments at fair value	$ 30,754,774	$ 27,017,256	$ 1,207,587	$ 142,296
Beneficial interest in assets held by others	$ 596,724	$ -	$ -	$ 596,724

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Preferred Stock	Assets Held by Others
Balance at June 30, 2021	$ -	$ 762,842
Contributions	142,296	-
Distributions	-	40,000
Change in value	-	(206,118)
Balance at June 30, 2022	$ 142,296	$ 596,724

Investments measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2023 and 2022:

	Number of investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice
At June 30, 2023					
Private equity funds	7	$ 950,561	$ 2,254,500	Illiquid	None
Private credit funds	3	1,590,156	-	Quarterly	30 day
		$ 2,540,717	$ 2,254,500		
At June 30, 2022					
Private equity funds	4	$ 860,971	$ -	Illiquid	None
Private credit funds	3	1,492,370	293,000	Quarterly	30 day
		$ 2,353,341	$ 293,000		

Private equity funds focus on buyout, growth equity, and/or distressed debt. These investments are not readily redeemable, but a secondary market does exist. The distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 1 to 12 years.

Private credit funds – funds that target a range of private credit strategies with focus on current income by primarily investing in privately originated and negotiated U.S. senior secured floating rate loans.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts Receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statements of Net Position. At June 30, 2023 and 2022, the Accounts Receivable balances are comprised of:

	2023	2022
Student Accounts Receivable	3,387,322	3,097,959
Less: Allowance for Doubtful Accounts	(1,837,032)	(1,715,576)
Student Accounts Receivable, Net	1,550,290	1,382,383
Accounts Receivable - Fort Lewis College Foundation	1,339,465	215,180
Other Accounts Receivable		
Sponsored Programs	986,531	1,972,299
Conferences & Summer Programs		75
Other	822,805	4,038,321
Total Other Accounts Receivable	1,809,336	6,010,696
Total Receivables, Net	$ 4,699,092	$ 7,608,259

*Other accounts receivable includes $135,006 and $362,734 for State of Colorado Fee for Service payments at June 30, 2023 and 2022, respectively.

NOTE 5 - CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Deletions	Transfers	Balance 6/30/2023
Land	$ 286,301	$ -	$ -	$ -	$ 286,301
Land Improvements	23,115,494	284,771	-	521,943	23,922,208
Buildings and Improvements	266,880,922	13,884,711	-	14,523,792	295,289,425
Construction in Progress	17,860,637	5,325,500		(16,028,876)	7,157,260
RTU Assets in Process-SBITAs	-	2,591,855	-	-	2,591,855
Equipment	13,324,223	1,473,113	-	-	14,797,335
Software	1,267,811	13,420	-	-	1,281,231
Library Materials	1,863,158	76,768	11,252	-	1,928,674
Capitalized Collections	3,959,272	3,198,834	-	-	7,158,106
RTU Assets-SBITAs	1,530,675	7,543,062	-	-	9,073,737
Leased Buildings	447,357	-	-	-	447,357
Leased Vehicles	46,360	-	-	-	46,360
Total	330,582,209	34,392,034	11,252	(983,142)	363,979,849
Less Accumulated Depreciation:					
Land Improvements	16,974,641	727,601	-	-	17,702,242
Buildings and Improvements	126,208,588	6,969,440	-	-	133,178,028
Equipment	9,492,447	770,011	-	-	10,262,458
Software	1,267,811	2,237	-	-	1,270,048
Library Materials	1,524,728	70,768	11,252	-	1,584,244
Total Accumulated Depreciation	155,468,215	8,540,057	11,252	-	163,997,020
Less Accumulated Amortization:					
RTU Assets-SBITAs	574,756	1,561,166	-	-	2,135,922
Leased Buildings	223,678	111,840	-	-	335,518
Leased Vehicles	9,806	18,723	-	-	28,529
Total Accumulated Amortization	808,240	1,691,729	-	-	2,499,969
Capital Assets, Net	$ 174,305,754	$ 24,160,248	$ -	$ (983,142)	$ 197,482,860

The College's capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Deletions	Transfers	Balance 6/30/2022
Land	$ 286,301	$ -	$ -	$ -	$ 286,301
Land Improvements	23,038,569	76,925	-		23,115,494
Buildings and Improvements	260,488,739	-	-	6,392,183	266,880,922
Construction in Progress	7,685,363	16,614,016	46,559	(6,392,183)	17,860,637
Work-In-Progress-RTU Assets	-		-	-	-
Equipment	12,389,103	935,119	-	-	13,324,222
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,876,378	49,765	62,985	-	1,863,158
Capitalized Collections	1,440,966	2,518,306	-	-	3,959,272
RTU Assets-SBITAs		1,530,675	-	-	1,530,675
Leased Buildings	447,357	-	-	-	447,357
Leased Vehicles	-	46,360	-	-	46,360
Total	308,920,587	21,771,166	109,544	-	330,582,209
Less Accumulated Depreciation:					
Land Improvements	16,257,747	716,894	-	-	16,974,641
Buildings and Improvements	119,507,993	6,700,595	-	-	126,208,588
Equipment	8,794,260	698,187	-	-	9,492,447
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,514,963	72,750	62,985	-	1,524,728
Total Accumulated Depreciation	147,342,774	8,188,426	62,985	-	155,468,215
Less Accumulated Amortization:					
RTU Assets-SBITAs		574,756	-	-	574,756
Leased Buildings	111,839	111,839	-	-	223,678
Leased Vehicles		9,806	-	-	9,806
Total Accumulated Amortization	111,839	696,401	-	-	808,240
Capital Assets, Net	$ 161,465,974	$ 12,886,339	$ 46,559	$ -	$ 174,305,754

NOTE 6 - FORT LEWIS COLLEGE FOUNDATION PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land and buildings	$ 994,400	$ 994,400
Accumulated depreciation	(327,677)	(310,316)
Total property and equipment, net	$ 666,723	$ 684,084

Property and equipment includes the President's residence, which is the only remaining property as of June 30, 2023 and 2022.

NOTE 7 - ACCRUED LIABILITIES

At June 30, 2023 and 2022, the types and amounts of accrued liabilities, as presented on the Statements of Net Position, are comprised of:

	2023	2022
Accrued Payroll & Benefits	2,733,664	2,774,446
Accrued Interest Payable	555,211	434,501
Contractor Retainage	1,370,608	695,760
Other Liabilities	179,836	77,448
Total	$ 4,839,319	$ 3,982,155

NOTE 8 - UNEARNED REVENUE

At June 30, 2023 and 2022, the types and amounts of unearned revenue, as presented on the Statements of Net Position, are comprised of:

	2023	2022
Tuition and Fees	452,839	652,291
Auxiliary Enterprises	544,901	148,323
Grants and Contracts	3,869,944	2,797,613
Miscellaneous	-	381,776
Total	$ 4,867,685	$ 3,980,003

NOTE 9 - LONG-TERM LIABILITIES

The College's long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Current Portion
Bonds Payable:					
Revenue Bonds	47,434,519	-	(2,527,330)	44,907,189	2,614,293
Bond Premium/(Discount)	2,358,823	-	(165,473)	2,193,350	-
Total Bonds Payable	49,793,342	-	(2,692,803)	47,100,539	2,614,293
Other Liabilities:					
Lease Liabilities	264,347		(131,893)	132,454	132,454
SBITA Component Liabilities	-	5,079,466		5,079,466	949,392
Compensated Absences	2,361,487	-	(26,981)	2,334,506	360,528
Total Other Liabilities	2,625,834	5,079,466	(158,874)	7,546,426	1,442,374

The College's long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Current Portion
Bonds Payable:					
Revenue Bonds	47,936,298	-	(501,779)	47,434,519	2,527,330
Bond Premium/(Discount)	2,524,296	-	(165,473)	2,358,823	-
Total Bonds Payable	50,460,594	-	(667,252)	49,793,342	2,527,330
Other Liabilities:					
Lease Liabilities	337,813	58,352	(131,818)	264,347	131,893
SBITA Component Liabilities		906,588		906,588	642,712
Compensated Absences	2,557,873	276,929	(473,315)	2,361,487	343,411
Total Other Liabilities	2,895,686	1,241,869	(605,133)	3,532,422	1,118,016
Total Long-Term Liabilities	53,356,280	1,241,869	(1,272,385)	53,325,764	3,645,346

NOTE 10 - BONDS PAYABLE

Revenue bond principal and interest are payable solely from net pledged revenues which consist of net revenues derived from the operation of the College's pledged operations, a portion of tuition, and pledged student fees as shown in the Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019, and 2020 Revenue Bonds and Expenses in the Supplemental Information section of this report. Annual debt service payments are made in October and April of each year and are detailed below.

On February 28, 2012, the College issued the Series 2012 Revenue Bonds in the amount of $6,520,000 to finance various energy conservation improvements to the College campus. The 2012 Revenue Bonds bear interest at 3.8%.

On March 29, 2016, the College issued Series 2016A Enterprise Revenue Refunding Bonds to refund the Series 2007A Revenue Bonds as an in-substance defeasance. The face value of the old debt was $10,440,000 and the escrow deposit was $11,250,399. The par amount of the new debt was $10,555,000 with a premium of $792,619. The interest rate of the old debt ranged from 4.00% to 4.75% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $15,403,619 and the debt service of the new debt is $13,928,969, with a savings of $1,474,650 in cash flows. Present values of the debt service cash flow are $12,412,631 for the old debt versus $11,187,439 for the new debt, resulting in an economic gain of $1,225,192. The term of the new debt is the same as that of the remaining term of the old debt (18 years). Underwriting and other issuance costs were $97,381. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $1,365,000.

On March 29, 2016, the College issued Series 2016B Enterprise Revenue Refunding Bonds to refund the Series 2007B1 Revenue Bonds as an in-substance defeasance. The face value of the old debt was $25,985,000 and the escrow deposit was $28,122,534. The par amount of the new debt was $25,400,000 and the premium was $2,957,037. The interest rate of the old debt ranged from 4.00% to 5.00% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $43,602,825 and the debt service of the new debt is $39,635,671, with a savings of $3,967,154 in cash flows. Present values of the debt service cash flow are $32,790,232 for the old debt versus $29,329,405 for the new debt, resulting in an economic gain of $3,460,827. The term of the new debt is the same as that of the remaining term of the old debt (23 years). Underwriting and other issuance costs were $234,342. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $3,395,000.

On March 29, 2016, the College issued Series 2016C Drawdown Bond in the amount of $4,060,000 with the Bank of the San Juans for the final phase of the Bader/Snyder Residence Hall renovations. This bond has a fixed interest rate of 2.96% and issuance costs were $60,000.

On April 11, 2019, the College issued the Series 2019A Enterprise Revenue Refunding Bonds to refund the Series 2007A Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $1,195,000 and the face value of the new debt was $1,197,178. The par amount of the new debt was $1,215,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.41%. The sum of the debt service of the old debt was $1,637,638 and the debt service of the new debt is $1,527,825, with a savings of $109,813 in cash flows. Present values of the debt service cash flow are $1,280,585 for the old debt versus $1,195,534 for the new debt, resulting in an economic gain of $85,051. The term of the new debt is the same as that of the remaining term of the old debt (14 years). Underwriting and other issuance costs were $17,821.

On April 11, 2019, the College issued the Series 2019B Enterprise Revenue Refunding Bonds to refund the Series 2007B Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $3,250,000 and the face value of the new debt was $3,305,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.73%%. The sum of the debt service of the old debt was $4,986,366 and the debt service of the new debt is $4,691,280, with a savings of $295,086 in cash flows. Present values of the debt service cash flow are $3,594,940 for the old debt versus $3,324,466 for the new debt, resulting in an economic gain of $270,474. The term of the new debt is the same as that of the remaining term of the old debt (19 years). Underwriting and other issuance costs were $48,941.

On September 23, 2020 the Board issued its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020A-1 in the aggregate principal amount of $685,000, its Enterprise Refunding Revenue Bonds, Taxable Series 2020A-2 in the aggregate principal amount of $1,150,000, its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020B-1 in the aggregate principal amount of $535,000, and its Enterprise Refunding Revenue Bonds, Taxable Series 2020B-2 in the aggregate principal amount of $2,560,000 to (a) pay and defease certain maturities of the College's outstanding Series 2016A Bonds, Series 2016B bonds, and Series 2016C bond, as set forth below, (b) refund other interest payable on certain of the remaining outstanding portions of the Series 2016A Bonds and Series 2016B bonds, and (c) to pay certain costs relating to the issuance of the Series 2020 bonds. Interest rates for Series 2020A-1 bonds range from 2 percent to 2.25 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020A-2 bonds range from 1.25 percent to 3 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020B-1 bonds range from 2 percent to 2.75 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2038. Interest rates for Series 2020B-2 bonds range from 1.25 percent to 3.25 percent, the first interest payment was due April 1, 2021, and the final maturity is October 1, 2038.

Bond Series	Maturities (October 1)	Par Amount to be Escrowed to Maturity
Series 2016A Bonds	2020	560,000
	2021	570,000
Series 2016B Bonds	2020	980,000
	2021	1,005,000
Series 2016C Bonds	2020	125,000
	2021	130,000
		$ 2,840,000

The face value of the defeased debt was $2,840,000 and the face value of the new debt is $4,930,000. The interest rate of the defeased debt ranged from 2 percent to 4 percent and the interest rate of the new debt ranges from 1.25 percent 3.25 percent. The sum of the debt service of the defeased debt was $4,743,582 and the debt service of the new debt is $6,293,282, with a loss of $1,549,700 in cash flows. Present values of the debt service cash flow resulted in an economic loss of $494,927. The difference between the present values of the old and new debt service requirements resulted in a loss of $1,891,185. Issuance costs were $119,299.

Total outstanding bonds, including premiums or discounts, are summarized below:

Issue	Date Issued	Amount Issued	2023	2022
2012 Revenue Bonds	2/28/2012	$ 6,520,000	4,262,189	$ 4,579,519
2016A Reveue Refunding Bonds	3/29/2016	10,555,000	6,820,000	7,390,000
2016B Revenue Refunding Bonds	3/29/2016	25,400,000	21,930,000	22,935,000
2016C Revenue Bonds	3/29/2016	4,060,000	3,340,000	3,470,000
2019A Revenue Refunding Bonds	4/11/2019	1,215,000	930,000	1,005,000
2019B Revenue Refunding Bonds	4/11/2019	3,305,000	2,980,000	3,125,000
2020A-1 Revenue Refunding Bonds	9/23/2020	685,000	635,000	685,000
2020B-1 Revenue Refunding Bonds	9/23/2020	535,000	510,000	535,000
2020A-2 Revenue Refunding Bonds	9/23/2020	1,150,000	1,065,000	1,150,000
2020B-2 Revenue Refunding Bonds	9/23/2020	2,560,000	2,435,000	2,560,000
Unamortized Premium/(Discount)		-	2,193,350	2,358,823
Total		$ 55,985,000	$ 47,100,539	$ 49,793,342

Principal and interest requirements on all outstanding bonds at June 30, 2023 are summarized in the table below.

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,527,330	$ 1,733,008	$ 4,260,338
2024	2,614,293	1,656,673	4,270,966
2025	2,722,735	1,560,876	4,283,611
2026	2,847,724	1,456,801	4,304,525
2027	2,979,334	1,337,311	4,316,645
2028-2032	17,238,103	4,651,031	21,889,134
2033-2037	13,880,000	1,777,696	15,657,696
2038-2039	2,625,000	50,343	2,675,343
Total	$ 47,434,519	$ 14,223,739	$ 61,658,258

NOTE 11 – STATE OF COLORADO CERTIFICATES OF PARTICIPATION

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000 and a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.84% to 5% percent and mature in 2037. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2018 certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2018 COP proceeds, $1,543,434 was designated for controlled maintenance projects at the College. These controlled maintenance projects include replacing the boiler and heating system equipment at Whalen Gymnasium as well as replacing the roof at Skyhawk Station (formerly Miller Student Services) along with other improvements to Skyhawk Station. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020A, with a par value of $500,000,000 and a premium of $111,008,605 and a discount of $1,119,010.59. The certificates have interest rates ranging from 3% to 5% and mature in 2039. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020A certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2020A COP proceeds, $866,335 was designated for the second phase of a controlled maintenance project to replace heating and cooling lines for the northern section of campus. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On February 24, 2021, the State entered into a lease-purchase agreement under which the trustee Zions Bancorporation issued State of Colorado Higher Education Lease Purchase Financing Program Lease-Purchase Agreement Series 2020 Certificates of Participation with a par value of $64,250,000 and a premium of $16,799,542.85 and a discount of $190,308.61. The certificates have interest rates ranging from 4% to 5% and mature in 2041. Annual lease payments are made by the State and are subject to annual appropriation by the

Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020 certificates are secured by the College's leased properties as follows: Education/Business Hall, Pine Hall, and Skyhawk Hall which have a current replacement value of $25,867,802. Of the 2020 COP proceeds, $26,571,891 was designated for the capital construction of a new Health Science Center building, a 42,000 square-foot space that will house classrooms, labs, offices, and academic support areas. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

NOTE 12 - LEASES

The College implemented GASB 87, *Leases* effective as of June 30, 2021. The College has two major types of right to use assets that have been capitalized: buildings and vehicles. Right to Use Assets - Buildings were added in fiscal year ended June 30, 2021 and Right to Use – Vehicles were added in fiscal year ended June 30, 2022.

The College leased office space from the Main Mall, LLC, at 835 Main Avenue, Durango, CO, capitalized as a Right to Use Assets - Building. The lease is for 5 years and the term began on January 1, 2020 and ends on December 31, 2024. The term dates and payments are as follows:

Term Dates	Monthly Rent	Term Rent
1/1/20-6/30/20	$ 8,095	$ 48,572
7/1/20-6/30/21	8,417	101,007
7/1/21-6/30/22	8,417	101,007
7/1/22-6/30/23	8,613	103,356
7/1/23-6/30/24	8,817	105,809

The College also rented individual offices (Units A, C, D and E) for the same term. Term dates and payments are as follows:

Term Dates	Monthly Rent	Term Rent
1/1/20-6/30/20	$ 757	$ 4,545
7/1/20-6/30/21	786	9,438
7/1/21-6/30/22	786	9,438
7/1/22-6/30/23	804	9,649
7/1/23-6/30/24	823	9,870

The Right to Use Asset – Buildings was valued at $111,839 at June 30, 2023.

The College leases a number of vehicles including a Toyota RAV4 and a Toyota Highlander for two year terms and a GMC Acadia for a 3 year term. The vehicles were capitalized as Right to Use Assets – Vehicles. Terms and payments are as follows:

Vehicle	Term Dates	Monthly Payment
GMC Arcadia	8/4/21-7/4/24	$ 766
Toyota RAV 4	5/20/22-4/20/24	415
Toyota Highlander	5/20/22-4/20/24	452

The Right to Use Asset – Vehicles was valued at $17,831 at June 30, 2023.

The incremental borrowing rate at July 1, 2020 for four years was determined to be 0.25% for the Right to Use Buildings, the incremental borrowing rate at July 30, 2021 for 3 years was determined to be 0.176% for the GMC Arcadia, and the incremental borrowing rate at May 31, 2021 for 2 years was determined to be 1.881% for the Toyota RAV4 and Toyota Highlander.

NOTE 13 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The College implemented GASB 96, *Subscription-Based Information Technology Arrangements* effective as of June 30, 2023 and restated fiscal year ended June 30, 2022 financial statements as appropriate. A subscription-based information technology arrangement is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets as specified in the contract for a period of time in exchange or exchange-like transaction. Below is a summary of the contracts that the College capitalized as a SBITA.

Lessor	Lease Commencement/ Adoption Date	Lease Termination Date	Lessee's Incremental Borrowing Rate*	RTU Asset	Amortization
Insight Public Sector-Adobe	8/28/2022	8/27/2025	2.410%	281,642	(86,057)
Insight Public Sector-Microsoft	7/1/2021	8/31/2023	0.197%	232,917	(232,917)
Instructure-Canvas	7/1/2022	6/30/2027	2.372%	312,488	(62,498)
Technolutions-Slate	7/1/2021	6/30/2024	0.287%	175,209	(116,806)
TouchNet	12/31/2021	12/31/2024	0.449%	473,404	(249,852)
Workday- annual subscription	7/1/2022	7/29/2031	2.887%	6,948,932	(772,104)
Zoom Annual	7/1/2021	8/1/2024	0.287%	100,372	(66,915)
Ellucian	7/1/2021	7/1/2023	0.197%	273,745	(273,745)
Ellucian	7/1/2021	7/1/2023	0.197%	275,028	(275,028)

* Source of Rate-State of Colorado Treasury

SBITA Right-to-Use Assets in Progress - as of 6/30/23	$ 2,591,855
New RTU Asset - SBITA booked at 6/30/22	$ 1,530,676
New RTU Asset - SBITA booked at 6/30/23	$ 7,543,061

Maturity Schedules	Year 1		Year 2		Year 3	
	7/1/2023	6/30/2024	7/1/2024	6/30/2025	7/1/2025	6/30/2026
Lessor	Principal	Interest	Principal	Interest	Principal	Interest
Insight Public Sector-Adobe	67,916	3,666	69,552	1,996	71,229	286
Insight Public Sector-Microsoft	21	0	-	-	-	-
Instructure-Canvas	59,602	4,564	61,016	3,119	62,463	1,640
Technolutions-Slate	59,871	57	-	-	-	-
TouchNet	164,047	368	-	(0)	-	-
Workday- annual subscription	564,475	111,120	580,772	94,393	597,538	77,182
Zoom Annual	33,460	8	0	0	-	-
Ellucian	-	-	-	-	-	-
Ellucian	-	-	-	-	-	-
	$ 949,392	$ 119,783	$ 711,340	$ 99,508	$ 731,230	$ 79,109

	Year 4		Year 5		Year 6-10	
	7/1/2026	6/30/2027	7/1/2027	6/30/2028	7/1/2028	6/30/2033
Lessor	Principal	Interest	Principal	Interest	Principal	Interest
Insight Public Sector-Adobe	-	-	-	-	-	-
Insight Public Sector-Microsoft	-	-	-	-	-	-
Instructure-Canvas	63,945	126	-	-	-	-
Technolutions-Slate	-	-	-	-	-	-
TouchNet	-	-	-	-	-	-
Workday- annual subscription	614,789	59,475	632,538	41,256	1,376,318	25,872
Zoom Annual	-	-	-	-	-	-
Ellucian	-	-	-	-	-	-
Ellucian	-	-	-	-	-	-
	$ 678,734	$ 59,601	$ 632,538	$ 41,256	$1,376,318	$ 25,872

NOTE 14 - ENCUMBRANCES

Outstanding purchase commitments not reflected in the financial statements at June 30, 2023 and 2022 are:

	2023	2022
Education and General	$ 1,749,089	$ 1,567,713
Auxiliary Enterprises	1,507,768	1,661,868
Restricted Funds	2,436,552	1,096,332
Plant Funds	7,262,478	12,978,091
Total	$ 12,955,887	$ 17,304,005

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Contracts have been entered into for the purpose of planning, constructing, or equipping certain building or land improvements with outstanding amounts totaling $7,262,478 and $12,978,091 as of June 30, 2023 and 2022, respectively. These improvements will be funded by appropriations from the State or internal transfers of funds.

The College receives significant amounts from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits could become a liability of the College. Management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the College.

NOTE 16 - SCHOLARSHIP ALLOWANCE

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College 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 revenues in the College's financial statements. Also included in the scholarship allowance amounts are Native American Tuition Waivers, which are funded through the State. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Tuition, fees, auxiliary revenue, and the related scholarship allowances for the year ended June 30, 2023 and 2022, were as follows:

	Tuition and Fees	Auxiliary Revenue	6/30/2023 Total	6/30/2022 Total
Gross Revenue	$ 49,429,480	$ 20,188,102	$ 69,617,582	$ 70,133,733
Scholarship Allowance:				
Federal	(4,902,985)	(983,276)	(5,886,261)	(6,232,668)
State (Includes Native American Tuition Waiver)	(23,941,764)	(279,277)	(24,221,041)	(25,566,838)
Private	(912,104)	(182,919)	(1,095,023)	(907,108)
Institutional	(6,813,880)	(1,366,500)	(8,180,380)	(8,981,041)
Total Scholarship Allowance	(36,570,733)	(2,811,972)	(39,382,705)	(41,687,655)
Net Revenue	$ 12,858,747	$ 17,376,130	$ 30,234,877	$ 28,446,078

NOTE 17 - DEFERRED OUTFLOWS AND INFLOWS

The College's Deferred Outflows and Inflows as of June 30, 2023 and 2022 were as follows:

Deferred Outflows		2023	2022
Accounting Loss on Bond Refunding		3,508,838	3,787,404
Pension Contributions Subsequent to Measurement Date		952,034	1,009,726
Pension Investments		3,554,707	-
PERA - Change in Employer Proportion		552,351	-
Pension Experience Gains and Losses		-	124,375
Pension Changes in Assumptions or Other Inputs		-	651,709
OPEB Expected vs. Actual Investment Earnings		90	1,104
OPEB Changes in Assumptions or Other Inputs		11,163	15,004
OPEB Projected vs Actual Investment Earnings		42,420	-
OPEB Employer Contributions vs. Employer Proportionate Share		15	23
OPEB Contributions Subsequent to Measurement Date		45,517	42,975
OPEB Change in Employer Proportion		9,830	-
	Total	$ 8,676,965	$ 5,632,319

Deferred Inflows		2023	2022
Pension Expected vs Actual Experience		374,877	25,429
Pension Projected vs. Actual Investment Earnings		-	6,290,231
Pension Change in Employer Proportion		23,105	220,023
Pension Employer Contributions vs. Employer Proportionate Share		6,821	1,505
OPEB Expected vs. Actual Experience		167,960	171,838
OPEB Projected vs. Actual Investment Earnings		-	44,860
OPEB Changes in Assumptions or Other Inputs		76,654	39,311
OPEB Change in Employer Proportion		63,876	109,286
OPEB Employer Contributions vs. Employer Proportionate Share		545	497
	Total	$ 713,838	$ 6,902,982

Additional information on Long-Term Liabilities and Bonds Payable can be found in Notes 9 and 10. Additional information on the Pension and OPEB Deferred Inflows and Outflows can be found in Notes 19 and 20.

NOTE 18 - SPENDING LIMITATIONS

In November 1992, Colorado voters passed Section 20 Article X of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State of Colorado, including the College. During the year ended June 2004, the Colorado State Legislature determined that in Section 23-5-101.7 of the Colorado Revised Statutes, an institution of higher education may be designated as an enterprise for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than ten percent of its total annual revenues in grants from all Colorado State and local governments combined. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

In February 2005, the Board designated the College as a TABOR enterprise pursuant to the statute and in fiscal year 2006 the College began reporting its activity to the State as an enterprise. Designation is reviewed at the end of each year to determine if the College continues to meet TABOR-exempt criteria.

The table below shows the College's TABOR Enterprise state support calculation for the years ended June 30, 2023 and 2022:

	2023	2022
State Support:		
Capital Appropriations/Contributions	$ 1,825,834	$ 1,875,776
State/Local Grants (non-financial aid)	1,559,509	353,188
Institutional Share of COP Debt Payments	1,954,472	334,431
Institutional Share of PERA Direct Distribution	509,822	190,113
Total State Support	$ 5,849,637	$ 2,753,506
Total Revenues (gross operating, nonoperating, and other revenues)	$ 107,797,538	$ 94,946,287
Ratio of State Support to Total Revenues	5.43%	2.90%

The Colorado State Legislature establishes spending authority to the College in its annual Long Appropriations Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund and Fee for Service. The Native American Tuition Waiver is not included in these amounts.

For the years ended June 30, 2023 and 2022, appropriated expenses were within the authorized spending authority. For the year ended June 30, 2023, the College had a total long bill appropriation of $17,111,407. For the year ended June 30, 2022, the College had a total long bill appropriation of $15,375,659. All other revenues and expenses reported by the College represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues, and other revenue sources. These appropriations are not considered in the State support calculation for TABOR purposes.

NOTE 19 - EMPLOYMENT PENSION BENEFITS

Employees of the College participate in one of three retirement plans. Eligible student employees participate in a student retirement plan that is funded solely by contributions from the student employees. All other eligible employees of the College participate in either the Public Employees' Retirement Association of Colorado (PERA) plan or other defined contribution plans.

The College's total payroll for the fiscal years ended June 30, 2023 and 2022 was $44,902,995 and $40,493,702, respectively. The total payroll for employees covered by the PERA plan, the optional defined contribution plan, and the student retirement plan was $9,559,155, $31,199,853 and $473,718, respectively for June 30, 2023 and $8,760,788, $27,831,080 and $412,617 for June 30, 2022. The remaining employees were not eligible for participation in any of the College's plans.

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Fort Lewis College participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (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 (FNP) and additions to/deductions from the FNP 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 Pension Plan

Plan description. Eligible employees of Fort Lewis College 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 (ACFR) 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. § 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% 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% 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% 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% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2023: Eligible employees of Fort Lewis College 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 contribution rates for the period of July 1, 2022, through June 30, 2023 are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees other than State Troopers)	11.00%	11.00%
State Troopers	13.00%	13.00%

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**20.48%**	**20.55%**

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

Contribution rates for the period of July 1, 2021 through June 30, 2022 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2021 Through December 31, 2021
Employee Contribution Rate	10.50%	10.50%
Employer Contribution Rate	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF[1]	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.10%	.05%
Total employer contribution rate to the SDTF**	**19.98%**	**19.93%**

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Fort Lewis College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Fort Lewis College were $2,400,740 and $1,705,350 for the years ended June 30, 2023 and 2022, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2023, Fort Lewis College reported a liability of $27,960,422 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Fort Lewis College proportion of the net pension liability was based on Fort Lewis College contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity. At December 31, 2022, Fort Lewis College proportion was 0.257164649 percent, which was an increase of 0.0093175341 percent from its proportion measured as of December 31, 2021.

At June 30, 2022, Fort Lewis College reported a liability of $18,278,821 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The College's proportion of the net pension liability was based on the College's contributions to the SDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity. At December 31, 2021, Fort Lewis College's proportion was 0.2478471152 percent, which was a decrease of 0.0008930680 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2023 and 2022, the College recognized pension expense of ($2,124,808) and ($3,016,938). At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual	-	374,877	124,375	25,429
Changes of assumptions or other inputs	-	-	651,709	-
Net difference between projected and actual earnings on pension plan investments	3,554,707	-	-	6,290,231
Changes in proportion and differences between contributions recognized and proportionate share of contributions	552,351	29,926	10,053	221,528
Contributions subsequent to the measurement date	952,034	-	999,673	-
Total	$ 5,059,092	$ 404,803	$ 1,785,810	$ 6,537,188

$952,034 and $999,673 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date for fiscal year 2023 and 2022, respectively, will be recognized as a reduction of the net pension liability in the subsequent 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 Ended June 30,	
2024	(307,964)
2025	598,131
2026	1,311,154
2027	2,100,935
2028	-
Thereafter	-

Actuarial assumptions. The TPL 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%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, 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% of the rates for all ages 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 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% 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%**	

Note: 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%.

Discount rate. The discount rate used to measure the TPL was 7.25%. 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%.

- 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%, at which point the AED and SAED will each drop 0.50% 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 FNP, 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 FNP 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 FNP 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Fort Lewis College 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability – 2023	$ 35,744,145	$ 27,960,422	$ 21,412,835
Proportionate share of the net pension liability – 2022	$ 25,781,622	$ 18,278,821	$ 11,971,392

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of Fort Lewis College that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) 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 1402 of the C.R.S., as amended. The College does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings.

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 PERA DC Plan is also included in PERA's ACFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and Fort Lewis College 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, 2022, through June 30, 2023 are summarized in the tables below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:		
All employees other than State Troopers	11.00%	11.00%
State Troopers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees other than State Troopers	10.15%	10.15%
State Troopers	12.85%	12.85%

**Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**11.35%**	**11.42%**

**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% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. 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.

Non-PERA Defined Contribution Plan

Certain full-time faculty and professional staff of the College are required to participate in a defined contribution plan as an alternative to PERA. Two vendor choices are offered through the defined contribution plan: Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC). The College's aggregate contribution to the above two vendors was equal to 11.4 percent of covered payroll or $3,556,783 for the fiscal year ended June 30, 2023, and $3,172,743 for the fiscal year ended June 30, 2022. The employee aggregate contribution to the above two vendors was equal to 8.0 percent of covered payroll or $2,495,988 for the fiscal year ended June 30, 2023, and $2,226,486 for the fiscal year ended June 30, 2022.

Student Employee Retirement Program

Eligible student employees contribute 7.5% of covered payroll to the student retirement program. All contributions are invested with one vendor, Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-

CREF). The contributions by student employees for the fiscal years ended June 30, 2023 and 2022 were $35,529 and $30,946, respectively. The College is not liable for any matching contributions to the student retirement program.

Health Insurance Programs

The College's contributions to the various health insurance programs for the fiscal years ended June 30, 2023 and 2022 were $5,387,948 and $4,926,414, respectively.

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

OPEB. Fort Lewis College participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("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 (FNP) and additions to/deductions from the FNP 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 Fort Lewis College 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 Colorado Revised Statutes (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 (ACFR) 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% 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% 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% 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 Fort Lewis College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Fort Lewis College were $90,588 for the year ended June 30, 2023.

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

At June 30, 2023 and 2022, Fort Lewis College reported a liability of $694,527 and 724,714, respectively for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Fort Lewis College proportion of the net OPEB liability was based on Fort Lewis College contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Fort Lewis College proportion was 0.0850636868 percent, which was an increase of 0.0010198796 percent from its proportion measured as of December 31, 2021.

At December 31, 2021, the College's proportion was 0.0840438072 percent, which was a decrease of 0.0025515080 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2023 and 2022, the College recognized OPEB expense of ($136,874) and ($131,274), respectively. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	90	167,960	1,104	171,838
Changes of assumptions or other inputs	11,163	76,654	15,004	39,311
Net difference between projected and actual earnings on OPEB plan investments	42,420	-	-	44,860
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15	63,876	23	109,783
Contributions subsequent to the measurement date	45,517		42,975	N/A
Total	$ 99,205	$ 308,490	$ 59,106	$ 365,792

$45,517 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent 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 ended June 30:	
2024	(100,890)
2025	(78,837)
2026	(36,954)
2027	(8,095)
2028	(17,088)
2029	(3,653)
Thereafter	-

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

	State Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 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 FNP 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	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	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

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	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 used to measure the TOL 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 TOL 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.

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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% 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% of the rates for all ages 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 TOL, 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 percentages 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%**	

Note: 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%.

Sensitivity of Fort Lewis College 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
Initial PERACare Medicare trend rate[1]	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$674,869	$694,527	$715,917

[1]For the January 1, 2023, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. 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%.
- 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 FNP 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of Fort Lewis College 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%, 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 (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability - 2023	$ 805,163	$ 694,527	$ 599,898
Proportionate share of the net OPEB liability - 2022	$ 841,679	$ 724,714	$ 624,805

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

NOTE 21 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The College is subject to risks of loss from liability for accident, property damage and personal injury. To mitigate these risks the College has purchased the following insurance:

Coverage	Company	Limit ($)	Deductible ($)
Buildings, computers, equipment	Hanover Group	100,000,000	10,000
Building & personal property	United Specialty	300,000,000	-
Inland Marine	Hanover Group	6,687,016	1,000
Crime	Hanover Group	1,000,000	10,000
General Liability	Hanover Group	2,000,000	-
Sexual Misconduct or Molestation	Hanover Group	1,000,000	-
School Educators Legal Liability	Hanover Group	1,000,000	25,000
Employee Benefits Liability	Hanover Group	1,000,000	1,000
Law Enforcement Pro Liability	Hanover Group	1,000,000	2,500
Employment Practices Liability	Hanover Group	1,000,000	25,000
Fine Arts	Hanover Group	9,000,000	2,500
Commercial Auto	Hanover Group	1,000,000	1,000
Hired and Non-Owned Auto	Hanover Group	1,000,000	1,000
Workers' Compensation	Pinnacol Assurance	500,000	5,000
Excess	Hanover Group	10,000,000	-
Medical Professional	Hanover Group	3,000,000	-
Tenant Liability	Philadelphia	2,000,000	-
Foreign General Liability	AIG	6,000,000	-
Data Breach (Called Data Restoration)	Hanover Group	100,000	-
Cyber Security	HSB Specialty	1,000,000	25,000
Flood	Hanover Group	5,000,000	25,000
Earthquake	Hanover Group	5,000,000	25,000

The College became fully insured through several insurance companies for worker’s compensation in 2010 and for property and liability in 2011. The College is insured for everything above its deductible. The coverage for buildings, computers, equipment, and personal property was reduced from $572 million to $400 million in the current fiscal year as the probability of a catastrophic loss of the entire campus is unlikely. There have been no significant settlements exceeding coverages.

NOTE 22 – PRIOR PERIOD RESTATEMENT

Changes adopted to conform with GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITA) generated a $47,625 increase in Net Position at June 30, 2022. As of July 1, 2022, the College made a restatement to net position as follows (in thousands).

Net Position at July 1, 2022, as originally reported	$	148,396,257
Increase in Net Position		47,625
Net Position at July 1, 2022, as restated	$	148,443,882

REQUIRED SUPPLEMENTARY INFORMATION

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COLORADO PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.2571646493%	0.2478471152%	0.2487401832%	0.2535170882%	0.2583978495%	0.27443561%	0.29202833%	0.31475950%	0.33276131%	0.34067181%
College's proportionate share of the net pension liability	$ 27,960,422	$ 18,278,821	$ 23,592,491	$ 24,600,801	$ 29,402,246	$ 54,936,471	$ 53,640,145	$ 33,147,427	$ 31,301,239	$ 30,346,946
College's covered payroll	$ 9,202,406	$ 8,395,100	$ 8,298,745	$ 8,040,433	$ 7,839,644	$ 8,052,222	$ 8,352,504	$ 8,716,807	$ 8,767,074	$ 8,975,428
College's proportionate share of the net pension liability as a percentage of its covered payroll	304%	218%	284%	306%	375%	682%	642%	395%	376%	346%
Plan fiduciary net position as a percentage of the total pension liability	60.6%	73.0%	65.3%	62.2%	55.1%	76.1%	42.6%	56.1%	59.8%	61.1%
PERA State Division Total Pension Liability (thousands)	$ 27,616,860	$ 27,360,605	$ 27,364,740	$ 25,696,667	$ 25,345,094	$ 20,017,982	$ 31,994,311	$ 23,991,569	$ 23,420,461	$ 22,888,431
PERA State Division Fiduciary Net Position (thousands)	$ 16,744,284	$ 19,985,566	$ 17,879,947	$ 15,992,863	$ 13,966,421	$ 15,233,702	$ 13,626,180	$ 13,460,536	$ 14,013,947	$ 13,980,460
PERA State Division Net Pension Liability (thousands)	$ 10,872,576	$ 7,375,039	$ 9,484,793	$ 9,703,804	$ 11,378,673	$ 4,784,280	$ 18,368,131	$ 10,531,033	$ 9,406,514	$ 8,907,971

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal years, in accordance with Governmental Accounting Standards Board Statement No. 68 and 82, *Accounting and Financial Reporting for Pensions.*

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,400,740	$ 1,705,350	$ 1,544,945	$ 1,661,255	$ 1,676,192	$ 1,522,138	$ 1,540,109	$ 1,490,576	$ 1,491,417	$ 1,382,743
Contributions in relation to the contractually required contribution	2,400,740	1,705,350	1,544,945	1,661,255	1,676,192	1,522,138	1,540,109	1,490,576	1,491,417	1,382,743
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 9,559,155	$ 8,760,788	$ 7,916,344	$ 8,572,008	$ 7,701,933	$ 7,956,811	$ 8,378,468	$ 8,384,596	$ 8,328,195	$ 8,763,897
Contributions as a percentage of covered payroll	25.11%	19.47%	19.52%	19.38%	21.76%	19.13%	18.38%	17.78%	17.91%	15.78%

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.

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

- Post-retirement benefit increases decreased from 1.25% to 1.00%.

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

- Price inflation assumption decreased from 2.40% to 2.30%.
- Real wage growth assumption decreased from 1.10% to 0.70%
- Wage inflation assumption decreased from 3.50% to 3.00%
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.5% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for the pension plan compared to the prior year.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE
SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY
For the Fiscal Years Ended June 30, *

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.0850636868%	0.0840438072%	0.0865953152%	0.0879703920%	0.0910488941%	0.0989885924%	0.1051789869%
College's proportionate share of the net OPEB liability	$ 694,527	$ 724,714	$ 822,850	$ 988,786	$ 1,238,758	$ 1,286,456	$ 1,363,681
College's covered payroll	$ 8,631,966	$ 8,044,537	$ 8,019,156	$ 7,939,902	$ 7,700,623	$ 8,036,356	$ 8,304,929
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	8%	9%	10%	12%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%
PERA Health Care Trust Fund Total OPEB Liability (thousands)	$ 1,329,183	$ 1,423,054	$ 1,413,526	$ 1,488,508	$ 1,639,734	$ 1,575,822	$ 1,556,762
Health Care Trust Fund Fiduciary Net Position (thousands)	$ 512,704	$ 560,749	$ 463,301	$ 364,510	$ 279,192	$ 276,222	$ 260,228
PERA Health Care Trust Fund Net OPEB Liability (thousands)	$ 816,479	$ 862,305	$ 950,225	$ 1,123,998	$ 1,360,542	$ 1,299,600	$ 1,296,534

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal year in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA HEALTHCARE TRUST FUND
For the Fiscal Years Ended June 30, *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 90,588	$ 84,961	$ 77,567	$ 86,120	$ 77,472	$ 80,293	$ 86,399	$ 85,609	$ 92,448	$ 109,417
Contributions in relation to the contractually required contribution	90,588	84,961	77,567	86,120	77,472	80,293	86,399	85,609	92,448	109,417
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,881,193	$ 8,329,510	$ 7,604,627	$ 8,443,137	$ 7,595,246	$ 7,871,863	$ 8,470,490	$ 8,393,039	$ 9,063,529	$ 10,727,157
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	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:

- 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 TOL, 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.

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

- The Healthcare cost trend rate for Medicare Part A premiums increased from 3.50 % to 3.75 %.
- Real wage growth decreased from 1.10 % to 0.70 %.

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

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

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The Healthcare cost trend rate for Medicare Part A premiums increased from 3.25% to 3.50%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The Healthcare cost trend rate for Medicare Part A premiums increased from 3.00% to 3.25%.
- Benefit payments and contributions were assumed to be made at the middle of the year instead of the end of the month.

There were no changes in terms or assumptions for the December 31, 2017 measurement period for the pension plan compared to the prior year.

SUPPLEMENTAL INFORMATION

FORT LEWIS COLLEGE
Auxiliary Facilities System - Enterprise Revenue Bonds
Schedule of Revenues and Expenses
For Year Ended June 30, 2023

	2023	2022
OPERATING REVENUES		
Residence Halls and Apartments	$ 10,237,435	$ 10,019,926
Campus Food Service	6,205,687	5,841,216
Bookstore	61,718	81,976
Student Union	1,851,296	1,780,167
Campus Parking	333,451	378,733
Child Development Center	381,788	361,538
Central Services	662,280	129,798
Recreation Center	1,273,272	1,349,202
Student Activities	614,717	722,129
Conferences & Summer Programs	161,407	138,991
Health and Counseling Center	1,001,399	893,895
100% Student Tuition	11,492,321	11,137,756
Scholarship Allowance- fees and auxiliary services	(5,278,196)	(5,261,839)
Indirect Cost Recovery	356,951	366,048
Total Revenues	29,355,526	27,939,537
OPERATING EXPENDITURES		
Residence Halls and Apartments	5,841,210	5,649,732
Campus Food Service	4,639,066	4,345,920
Bookstore	-	-
Student Union	1,157,334	1,014,179
Campus Parking	154,915	162,246
Child Development Center	419,009	406,935
Central Services	1,393,666	1,305,970
Recreation Center	1,731,078	1,680,582
Student Activities	755,126	714,565
Conferences & Summer Programs	184,310	68,469
Health and Counseling Center	1,617,726	1,069,115
Total Operating Expenditures	17,893,441	16,417,713
Net Revenue before Transfers	11,462,085	11,521,824
TRANSFERS		
Mandatory transfers	3,107,845	1,401,709
Net Non-mandatory Transfers	1,921,949	1,571,005
Total Transfers	5,029,794	2,972,714
Increase (Decrease) in fund balance	6,432,291	8,549,110
Net operating revenue	11,462,085	11,521,824
Bond Principal and Interest	4,260,339	1,671,969
Excess of net operating revenues over debt service	$ 7,201,747	$ 9,849,855
Debt service coverage ratio	269%	689%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

We have audited, 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, the financial statements of the business-type activities of Fort Lewis College (the College), an institution of higher education of the 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 College's basic financial statements, and have issued our report thereon dated January 11, 2024. Our report includes a reference to other auditors who audited the financial statements of the Fort Lewis College Foundation, as described in our report on the College'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, Fort Lewis College Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC

Grand Junction, Colorado

January 11, 2024

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LEGISLATIVE AUDIT COMMITTEE COMMUNICATIONS

Members of the Legislative Audit Committee and the Fort Lewis College Board of Trustees:
Denver, Colorado

We have audited the financial statements of the business-type activities of Fort Lewis College (the College) an institution of higher education of the State of Colorado, for the year ended June 30, 2023 and 2022, and have issued our report thereon dated January 11, 2024. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit of the College, and the Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 23, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. The College adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), during the year ended June 30, 2023. See Note 13 and Note 22 to the College's financial statements for further discussion of the implementation of GASB 96. The application of existing accounting policies was not changed during fiscal year 2023. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the College's proportionate share of the net pension liability as of December 31, 2022 and 2021 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 19 to the College's financial statements. The College's proportion of the SDTF's net pension liability was based on the College's contributions to the SDTF for the calendar years ending December 31, 2022 and 2021 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2022 and 2021.
- Management's estimate of the net other post-employment benefits (OPEB) liability is based on the estimate of the College's proportionate share of the OPEB liability as of December 31, 2022 and 2021 of the Health Care Trust Fund (HCTF) as described in Note 20 to the College's financial statements. The College's proportion of the HCTF's net

OPEB liability was based on the College's contributions to the HCTF for the calendar years ending 2022 and 2021 relative to the total contributions made to the HCTF by participating employers for the calendar year 2022 and 2021.

- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefits– a cost-sharing multiple-employer plan administered by the Colorado Public Employees' Retirement Association (PERA), the Schedules of College Contributions Colorado PERA Healthcare Trust Fund, the Schedule of the College's Proportionate Share of the Net Pension Liability of the State Division Trust Fund – a cost-sharing multiple-employer pension plan administered by the Colorado Public Employees' Retirement Association and the schedule of College contributions to the State Division Trust Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

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Grand Junction, Colorado

January 11, 2024

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