



***Leading the Way
for Lifelong Learning***

UNIVERSITY of
NORTHERN COLORADO



2001-2002 ANNUAL REPORT

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**Office of the Assistant
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University of Northern Colorado
501 20th Street
Campus Box 44
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(970) 351-2124
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Message from President Norton



The University of Northern Colorado is flourishing. During the past year, UNC has continued to distinguish itself through the accomplishments of its students, faculty and staff. We embrace our historic mission in teacher education while we also recognize that we are a multifaceted place with a wide array of strengths.

Even in the face of a shrinking state budget, we continue to deliver the best university experience in the state to students. Our students thrive with the individual attention they receive. They are at the heart of what we do at UNC. We continue to focus university resources on students first by giving instruction priority in budgeting.

Our operations are efficient, and we are financially accountable. We scrutinize our operations regularly, making decisions that maximize our ability to fulfill our core mission. We use transparent budget processes so that the fiscal affairs of the university are clear to all. We

communicate the fact of our extraordinary efficiency to taxpayers, students, policy-makers, donors and grantmakers. And we work diligently to broaden the base of financial support from sources other than state revenue.

UNC, like every other Colorado institution of higher education, will face budgeting challenges in the upcoming year. But we are well positioned to deal with those challenges.

In the face of those challenges, we continue to remind students, parents and policy-makers that higher education is an investment. That investment clearly provides an economic benefit, but the lessons learned while earning a degree take students further than economic prosperity. UNC is committed to enriching human lives — to developing and enhancing the human infrastructure that is vital to society.

Sincerely,

*Kay Norton
President*



Mission Statement

The University of Northern Colorado shall be a comprehensive baccalaureate and specialized graduate research university with selective admission standards. The University shall offer a comprehensive array of baccalaureate programs and master's and doctoral degrees primarily in the field of education. The University of Northern Colorado has statewide authority to offer graduate programs for the preparation of educational personnel. The Commission shall include in its funding recommendations a level of general fund support for these programs.

Vision Statement

The University of Northern Colorado strives to be a leading student-centered university that promotes effective teaching, lifelong learning, the advancement of knowledge, research, and a commitment to service. Graduates are educated in the Liberal Arts and professionally prepared to live and contribute effectively in a rapidly changing, technologically advanced society.

Description: The University of Northern Colorado is a comprehensive baccalaureate and specialized graduate research university with a continuing commitment to its historical role in the preparation of educators. The University offers a broad range of undergraduate and graduate programs in the arts, sciences, humanities, business, human sciences and education. The array and quality of UNC programs provide a unique resource to Colorado. All students are required to study in the liberal arts tradition, which prepares them to think and act responsibly in a dynamic, diverse and global society. Multicultural content and interdisciplinary programs enrich academic experiences. University curricula are designed to improve students' competencies in critical thinking, communication, and problem solving, leadership, and technological applications.

As a Carnegie Research Intensive Institution, the University of Northern Colorado's graduate programs emphasize advanced scholarship within a discipline and acquisition of professional abilities for career advancement. Graduate education includes a variety of master's degrees that complement the University's mission and purposes and a select number of doctoral programs that emphasize scholarship and research, clinical practice, pedagogy, or performance.

The University provides a full range of student support services and recreational opportunities. The James A. Michener Library and the Music Library provide information resources through sophisticated technology and established collections.

VALUES, PURPOSES AND GOALS

The University provides services that support equal learning opportunities for all students. Learning occurs in an environment characterized by small classes taught by full-time faculty. UNC faculty, at both the graduate and undergraduate levels, subscribe to a teacher/scholar model in which excellence in instruction is complemented by activities in scholarship and service. Support for the continuous improvement of teaching, learning, scholarship and service is provided through University programs, policies and practices.





Value: The University of Northern Colorado believes that its distinctive service to society can only be offered in a student-centered atmosphere of integrity that is grounded in honesty, trust, fairness, respect, and responsibility. For this reason, the University is committed to promoting an environment in which:

- academic integrity is valued and expected;
- excellence is sought and rewarded;
- teaching and learning flourish;
- diversity of thought and culture is respected;
- intellectual freedom is preserved and
- equal opportunity is afforded.

Purposes and Goals: The University of Northern Colorado is committed to the following purposes and goals.

To prepare a well educated citizenry whose understanding of issues enables them to be contributing members of a rapidly changing, technologically advanced, diverse society.

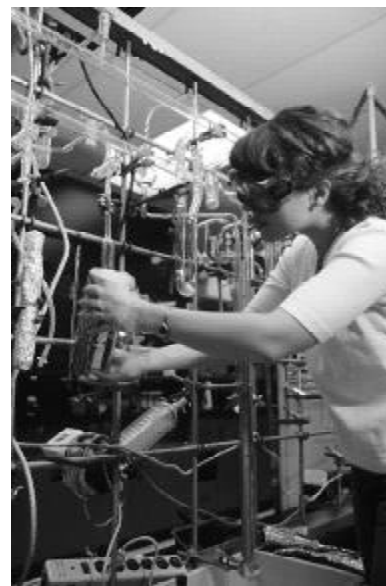
To prepare undergraduate students.

- (1) Students will acquire a solid foundation of general knowledge in the liberal arts and sciences.
- (2) Students will develop a variety of competencies in critical thinking, communication, problem-solving and current technology.
- (3) Students will develop an appreciation for diversity, citizenship, artistic expression, and a positive, healthy lifestyle through educational, cultural, social, and recreational programs.
- (4) Students will develop a life-long commitment to scholarship and service.
- (5) Students will acquire depth of knowledge in a specialized scholarly discipline.
- (6) Students will acquire the knowledge and skills that prepare them for careers and/or advanced scholarly work.
- (7) Students will master methods of inquiry to acquire deeper understanding of their discipline.
- (8) Students will demonstrate knowledge of professional standards and practice.

To prepare graduate students in specialized fields of study.



- (1) Students will acquire an appreciation for and ability to work in an increasingly diverse population.
- (2) Students will engage in scholarly activity, research, and creative endeavors to advance the knowledge and practices of the discipline.
- (3) Students will acquire advanced knowledge and skills consistent with the professional preparation and standards of the discipline.
- (4) Students will develop a commitment to scholarship and life-long learning.
- (5) Students will develop those competencies essential to assuming leadership positions in their professional fields.





Management's Responsibility for Financial Reporting

The accompanying financial statements of the University of Northern Colorado for the year ended June 30, 2002, were prepared by the management in conformity with generally accepted accounting principles.

The management of the University is responsible for the integrity and objectivity of these financial statements, which are presented on the accrual basis of accounting and, accordingly, include some amounts based upon judgement. Other financial information in the annual report is consistent with that in the financial statements. The system of internal accounting controls is designed to assure that the financial reports and the books of accounts properly reflect the transactions of the institution, in accordance with established policies and procedures as implemented by qualified personnel.

The Board of Trustees of the University of Northern Colorado monitors the financial and accounting operations of the institution, including the review and discussion of periodic financial statements, the evaluation and adoption of budgets and the reporting of independent certified public accountants.

Frances L. Schoneck

Vice President for Administration

and Treasurer to the Board of Trustees

Michelle F. Quinn

Assistant Vice President of Finance



Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying statement of net assets of the University of Northern Colorado (the University), a component unit of the State of Colorado, as of June 30, 2002, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Northern Colorado at June 30, 2002, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis on pages 11 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2002 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 1 to the financial statements, the University adopted the provisions of the Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

September 26, 2002

5801 West 11th Street , Suite 300
Greeley, Colorado 80634-4813

(970) 352-7990
FAX (970) 352-1855



Management Discussion and Analysis

Overview

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement Number 34 followed by Statement Number 35 in November, 1999. Together these statements require comprehensive changes to financial reporting for public colleges and universities. The standards were first applied in Colorado to financial statements for the fiscal year ending June 30, 2002 and resulted in statements that focus on the financial condition and results of operation for the University as a whole. In prior years the emphasis was on accounting for transactions through particular funds.

The new statements are comprised of: the Statement of Net Assets; the Statement of Revenue, Expenses and Changes in Net Assets; and the Statement of Cash Flows. In addition, the University of Northern Colorado's (UNC's) financial report includes note disclosures and is prefaced by this Management Discussion and Analysis (MD & A). The MD & A is required by GASB standards to provide "an easily readable analysis of financial activities based on currently known facts" and is prepared by UNC management. Because this is the initial year for the new reporting standards, the discussion is limited to fiscal year 2002 results. In future reports, comparisons with the prior year will be made to enhance the value of the analysis.

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

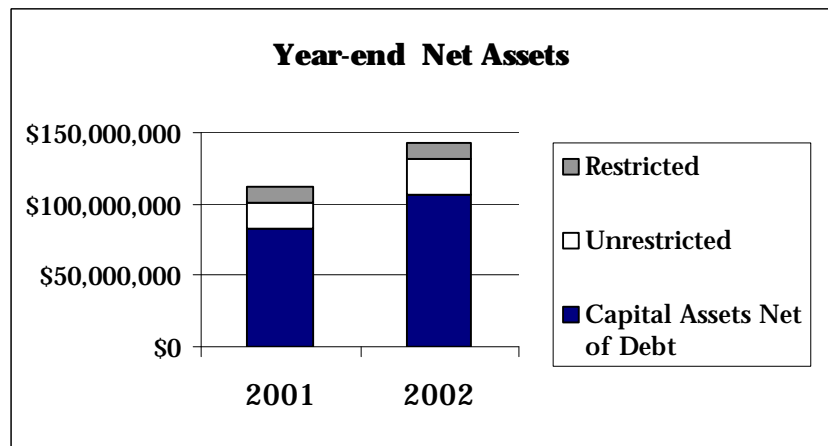
This report presents the financial results of the University of Northern Colorado, a public comprehensive baccalaureate and specialized graduate research university. It incorporates the activities of the Student Media Corporation and the Alumni Association, blended component units (additional detail in Note 1).

Financial Highlights

The net assets of the University of Northern Colorado increased by \$30.4 million to \$142.5 million during the fiscal year ended June 30, 2002. The largest part of this increase (\$24.9 million) is in net capital assets.

Selected financial highlights for the fiscal year ended June 30, 2002 include:

- University assets total \$221.8 million with liabilities of \$79.3 million resulting in net assets of \$142.5 million.
- Capital assets of \$148.6 million comprise 67% of University assets.
- Total revenue was \$156.8 million including \$80.7 million of Operating Revenue and \$42.3 million in State Appropriation.
- Operating Expenses total \$124.1 million including \$84.5 million in personnel costs.





Statement of Net Assets

The Statement of Net Assets is a financial snapshot of the University of Northern Colorado at June 30, 2002. It presents the fiscal resources of the university (assets), the claims against those resources (liabilities) and the residual available for future operations (net assets). Assets and liabilities are classified by liquidity as either current or non-current. Net assets are classified by the ways in which they may be used for future operations.

University of Northern Colorado Condensed Statement of Net Assets At June 30, 2002	
Assets	
Current Assets	\$ 44,946,536
Capital	148,633,144
Other Non-current Assets	28,271,291
Total Assets	\$ 221,850,971
Liabilities	
Current Liabilities	\$ 14,407,813
Bonds Payable	60,132,780
Other Non-current Liabilities	4,785,806
Total Liabilities	\$ 79,326,399
Net Assets	
Invested in Capital Assets net of Related Debt	\$ 106,985,329
Restricted - Nonexpendable	381,541
Restricted - Expendable	10,238,897
Unrestricted	24,918,805
Total Net Assets	\$ 142,524,572

Liquid Assets

Unrestricted cash and cash equivalents (\$37.3 million) comprise 16.8% of the University's assets. The current ratio (current assets over current liabilities) is 3:1.

Capital Assets

UNC's single largest fiscal resource is its campus facility. Previously reflected at gross historical cost, public university asset values are now adjusted for depreciation. Capital assets net of \$102,494,579 depreciation total \$148,633,144.

Capital Assets Net of Depreciation		
	<u>June 30, 2002</u>	
Land and Improvements	\$ 11,672,718	7.8%
Buildings	114,970,972	77.4%
Construction In Progress	11,933,113	8.0%
Library Books	6,645,887	4.5%
Equipment	2,567,824	1.7%
Art and Historical Treasures	842,630	0.6%
Total Capital Assets	\$148,633,144	100.0%



Liabilities

The University's commitments of resources include: amounts owed to vendors; leases of equipment; and "deferred revenue", for example, tuition and fee money received by June 30, 2002, but related to instructional services to be provided in fiscal year 2002-2003. Compensated absences or vacation accrued by employees of \$2.7 million is another significant liability. The single largest liability however, is \$63,270,000 in outstanding bond principal.

Long-term Debt

In July 2001 UNC issued bonds totaling \$50,000,000 par. These bonds advance refunded the previously issued 1997 bonds and provided funding for West Campus Dining Improvements, Parking, and additional Auxiliary Facility Improvements. Ratings by Moody's Investor Service and Standard & Poor's, based on insured bonds, were Aaa and AAA respectively. The underlying ratings were A2 and A. Other outstanding bonds include 1994 issuance and the 1998 issuance, both of which were for Auxiliary projects and the refunding of prior bonds. Bond maturities range from 2003 to 2031.

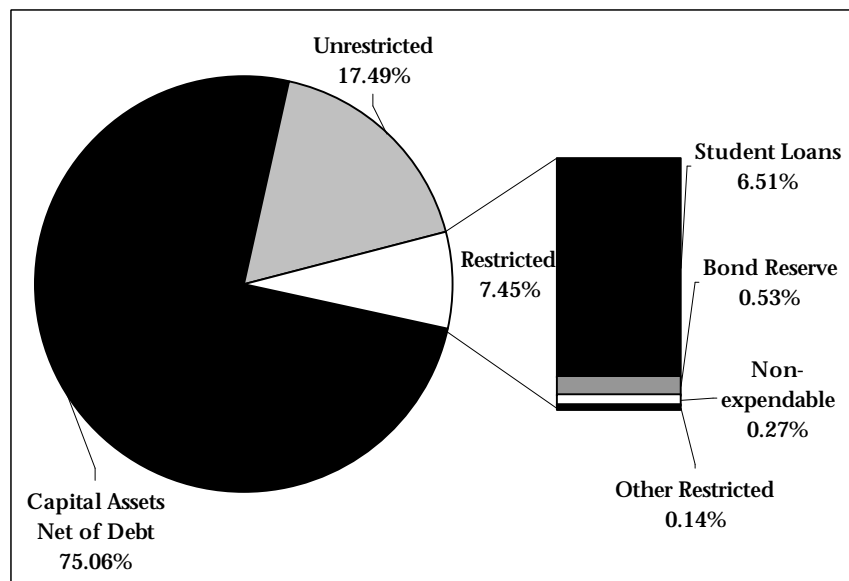
Net Assets

Net assets are the resources available for future operations, that is, assets reduced by liabilities. The University's largest class of assets is its capital assets, and even after consideration of related debt, Capital Assets Net of Debt comprise 75% of UNC's net assets.

It is important to recognize that the Unrestricted Net Assets of almost \$25 million include resources that, while "unrestricted" under legal and financial reporting definitions, are in fact dedicated to particular purposes. Most notably, the Unrestricted Net Assets include \$7 million earmarked for other Auxiliary and general campus capital projects. Remaining Unrestricted Net Assets include departmental operating funds; Auxiliary Enterprise working capital; reserves; and the net assets of the Student Media Corporation and Alumni Association.

Net Assets June 30, 2002

Capital Assets Net of Debt	\$ 106,985,329
Unrestricted	24,918,805
Student Loans	9,284,250
Bond Reserve	750,000
Non-expendable	381,541
Other Restricted	204,647
	<u>\$142,524,572</u>





Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the financial activity of the University of Northern Colorado over the fiscal year. The focus is on Operating Revenues and Expenses and it is important to recognize that the new GASB standards require state appropriations to be reported as Non-operating Revenue.

**University of Northern Colorado
Condensed Statement of Revenues, Expenditures and Changes in Net Assets
For the Year Ended June 30, 2002**

Operating Revenues

Net Tuition and Fees	\$ 32,159,991
Grants and Contracts	19,037,633
Auxiliary	26,346,214
Other	<u>3,159,159</u>
Total Operating Revenues	\$ 80,702,997

Operating Expenses

Educational and General	\$ 97,506,861
Auxiliary	17,866,440
Depreciation	<u>8,765,627</u>
Total Operating Expenses	\$ 124,138,928
Operating Loss	\$ (43,435,931)

Non-operating Revenues

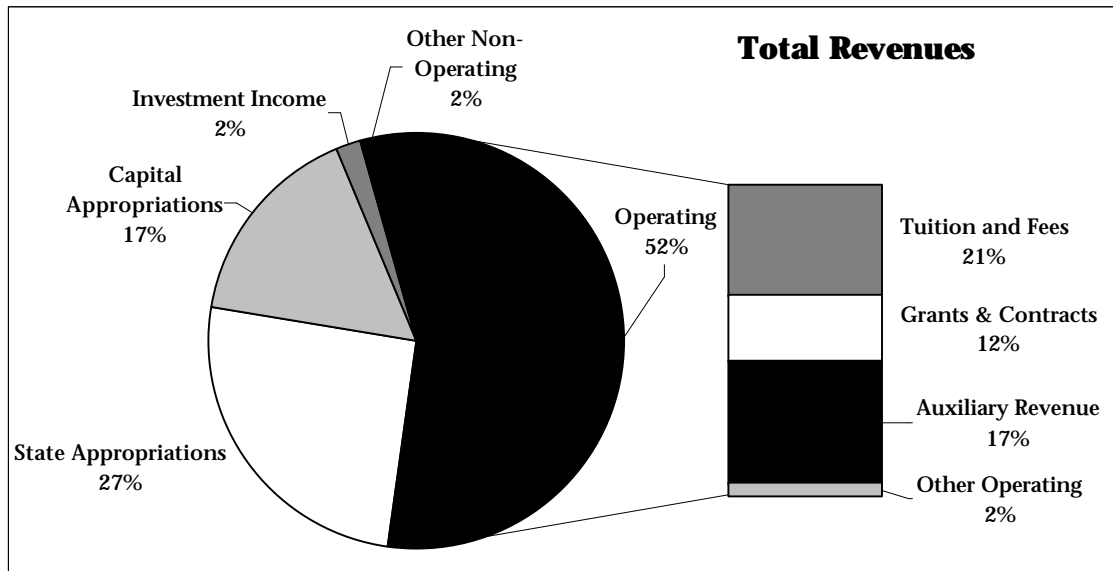
State Appropriations	\$ 42,352,302
Other	<u>2,845,650</u>
Income Before Other	\$ 1,762,021
Capital Appropriations	\$ 27,372,422
Net Other Items	<u>1,222,932</u>

Increase in Net Assets	\$ 30,357,375
Net Assets- Beginning of Year	<u>112,167,198</u>
Net Assets- End of Year	<u>\$142,524,573</u>



Total Revenues

Revenue from all sources total \$156.8 million with \$80.7 million of that being Operating Revenue and an additional \$42.3 million being UNC's general fund appropriation from the State of Colorado. Capital appropriations to UNC were also significant in fiscal year 2002 totaling \$27.4 million with almost \$20 million for Ross Hall.



Operating Revenues

Operating revenue is derived from Tuition and Fees - \$32,159,991; Auxiliary Activity - \$26,346,214; Grants & Contracts - \$19,037,633 and Other - \$3,159,159.

Under the new GASB standards, tuition and fees are now shown net of \$8,117,521 in scholarship allowances. Scholarship allowances are those portions of UNC tuition and fees which are paid by other revenues, primarily federal and state grants for financial aid but also general institutional scholarships. This is one of the significant changes from prior financial reporting standards, which required presentation of the flow of resources through various funds.

Almost 60% of the Operating Grants and Contract revenue is federal and state financial aid. More than half of the non-governmental grants are from the UNC Foundation.

Grants & Contracts Revenue		
Federal Financial Aid	\$ 5,707,573	30.0%
State Financial Aid	5,209,099	27.4%
Federal Grants	4,974,176	26.1%
State & Local Grants	864,500	4.5%
Non-governmental Grants	2,282,285	12.0%
	\$19,037,633	100.0%



Expenses

Operating Expenses of \$124.1 million comprise the largest part of expenses and other losses which also include \$2,151,900 in interest related to bond financing and \$190,004 in loss on disposal of assets. Historically, expenses have been shown by "function" but the standards now permit presentation either by function or natural classification. Public institutions of higher education in Colorado have elected to continue the functional presentation.

Operating Expense by Function

Instruction	\$ 48,052,554	38.7%
Research	2,207,219	1.8%
Public Service	1,395,721	1.1%
Academic Support	12,090,933	9.7%
Student Services	13,582,705	10.9%
Institutional Support	9,048,830	7.3%
Operation of Plant	8,496,155	6.8%
Scholarships & Fellowships	2,632,744	2.1%
Auxiliary Operating Expenditures	17,866,440	14.4%
Depreciation	8,765,627	7.1%
Total Operating Expenses	\$124,138,928	100.0%

From a natural classification perspective, the largest expenditure is for personnel.

Operating Expenses by Natural Class

Personnel Costs	\$ 84,553,805	68.1%
Cost of Goods Sold	7,525,118	6.0%
Other Operating Expenses	23,294,378	18.8%
Depreciation	8,765,627	7.1%
Total Operating Expenses	\$124,138,928	100.0%

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash activity over the past year. A summary is presented here with more detail on the actual statement. Just as the State Appropriation is not part of Operating Revenue on the Statement of Revenue, Expenses and Changes in Net Assets, cash flows from the State Appropriation are not considered Operating, but Non-capital Financing.

UNC has bond proceeds of \$19 million not yet expended for their intended purpose. These bond proceeds plus cash from the sale of the KUNC license (see note 17) and increased reserves contribute to the significant net increase in cash.

University of Northern Colorado Condensed Statement of Cash Flows For the Year Ended June 30, 2002

Cash Flows Provided/(Used) by:

Operating Activities	\$ (28,953,657)
Noncapital Financing	42,490,948
Capital and Related Financing	11,831,494
Investing	3,194,407

Net Increase in Cash	\$ 28,563,192
Beginning Cash Balance	28,134,475
Ending Cash Balance	\$ 56,697,667



Economic Outlook

UNC's financial future depends on many factors. From the resources side, student enrollment and support from the State of Colorado are critical. From the expenditure side, the cost of retaining qualified personnel, energy costs and administrative efficiency are important.

The *University Plan 1999-2005* includes a number of enrollment goals and strategies. It is believed that our on-campus enrollment could increase to about 15,000 from the current level. Enrollment over the last few years has been fairly constant. Preliminary results for Fall 2002 suggest similar enrollment levels for fiscal year 2003.

Student Headcount Enrollment

Fiscal Year	On-Campus	Percent Change
2002	13,081	0.6%
2001	13,009	-0.6%
2000	13,083	

Resident FTE Enrollment

Fiscal Year	On-Campus	Percent Change
2002	9,088.10	0.5%
2001	9,041.07	0.6%
2000	8,989.60	

Resident enrollment measured by full-time equivalency (FTE) or 30 academic credit hours is also important, as it is the basis for funding from the State of Colorado. Preliminary Fall 2002 estimates suggest a resident FTE increase of about 1.5% from Fall 2001. The fiscal year 2003 total will also include enrollments through June 2003.

The revenues and competing public needs of the State of Colorado play a critical role in the University of Northern Colorado's finances. In fiscal year 2002 the State's economic situation forced budgetary reductions, which impacted UNC by \$1.6 million or 3.7% of the original State Appropriation. The outlook for fiscal year 2003 is one of continued fiscal constraint.

In light of the current downturn in State revenues, the University has initiated a plan to continue to provide quality instruction within the resources available.

- Tuition for 2002-2003 was increased by 6.2% and 7.7% for residents and non-residents respectively. UNC's tuition remains competitive in the mid-range for Colorado universities.
- Resource strategies have been employed to streamline administration and redirect funding to the classrooms.
- Significant funds have been identified and set aside to address fiscal 2003 budgetary reductions.

The University expects to continue to find financial solutions to allow it to fulfill its educational mission.



Statement of Net Assets

JUNE 30, 2002

ASSETS

Current Assets:

Cash and cash equivalents	\$ 37,347,768
Student accounts receivable, net	4,166,150
Other accounts receivable, net	449,297
Student loans receivable, net	1,237,036
Inventories	1,020,448
Other current assets	725,837
Total Current Assets	44,946,536

Noncurrent Assets

Restricted cash	19,349,899
Restricted investments	690,994
Student loans receivable, net	6,754,102
Other noncurrent assets	1,476,296

Non-depreciable Capital Assets:

Land	4,848,368
Land improvements	2,488,526
Construction in progress	11,933,113
Art & historical treasures	842,630

Depreciable Capital Assets:

Land improvements (Less Accum Depr. of \$3,618,042)	4,335,824
Buildings and improvements (Less Accum Depr. of \$68,760,430)	114,970,972
Leasehold improvements (Less Accum Depr. of \$495,403)	0
Equipment (Less Accum Depr. of \$8,562,693)	2,567,824
Library holdings (Less Accum Depr. of \$21,058,011)	6,645,887
Total Noncurrent Assets	176,904,435

TOTAL ASSETS

221,850,971

LIABILITIES

Current liabilities:

Accounts payable	2,628,975
Accrued liabilities	2,630,138
Deferred revenue	5,730,232
Capital leases payable, current portion	92,825
Bonds payable, current portion	1,030,000
Compensated absence liabilities	651,793
Other long term liabilities, current portion	1,643,850
Total Current Liabilities	14,407,813

Noncurrent liabilities:

Bonds payable	60,132,780
Capital lease payable	115,901
Other long term liabilities	2,574,174
Compensated absence liabilities	2,095,731
Total Noncurrent Liabilities	64,918,586

TOTAL LIABILITIES

79,326,399

NET ASSETS

Invested in capital assets, net of debt	106,985,329
Restricted for:	
Nonexpendable purposes	
Scholarships/fellowships	380,141
Academic support	1,400
Expendable purposes	
Scholarships/fellowships	203,480
Loans	9,284,250
Capital projects	750,000
Other	1,167
Unrestricted	24,918,805
TOTAL NET ASSETS	\$142,524,572

* See accompanying notes to financial statements



Statement of Revenue, Expenses and Changes in Net Assets

**YEARENDED
JUNE 30, 2002**

REVENUES

Operating revenues:

Student tuition and fees (including \$3,259,926 of revenues pledged for bonds and net of scholarship allowances of \$8,117,521)	\$ 32,159,991
Federal grants and contracts (including \$50,536 of revenues pledged for bonds)	10,681,749
State and local grants and contracts	6,073,599
Nongovernmental grants and contracts	2,282,285
Sales and services of educational activities	2,490,421
Auxiliary operating revenue (including \$24,304,974 of revenues pledged for bonds and net of scholarship allowances of \$1,059,662)	26,346,214
Other operating revenue (including \$516,426 of revenues pledged for bonds)	668,738
Total operating revenues	80,702,997

EXPENSES

Operating expenses:

Educational and general	
Instruction	48,052,554
Research	2,207,219
Public service	1,395,721
Academic support	12,090,933
Student services	13,582,705
Institutional support	9,048,830
Operation of plant	8,496,155
Scholarships & fellowships	2,632,744
Auxiliary operating expenditures	17,866,440
Depreciation	8,765,627
Total operating expenses	124,138,928

Operating income (loss) (43,435,931)

NONOPERATING REVENUES (EXPENSES)

State appropriations	42,352,302
Investment income (net of investment expense of \$6,705)	3,194,407
Interest on capital asset related debt	(2,151,900)
Other nonoperating revenues	1,689,247
Net nonoperating revenues	45,084,056

Income before other revenues, (expenses) gains, or (losses) 1,648,125

Capital appropriations	27,372,422
Capital grants and gifts	266,565
Loss on disposal of capital assets	(190,004)
Special Item - Sale of KUNC license	1,260,266

Increase in net assets 30,357,374

Net Assets

Net assets - beginning of year 112,167,198

Net assets - end of year \$ 142,524,572

* See accompanying notes to financial statements



Statement of Cash Flows

**YEARENDED
JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received:	
Tuition and fees	\$ 32,380,948
Sales of services	33,077,570
Sales of products	51,453
Grants and contracts	19,920,124
Student loans collected	2,142,662
Other receipts	1,952,801
Cash Payments:	
Payments to or for employees	(84,845,516)
Payments to suppliers	(29,684,856)
Scholarships disbursed	(2,386,280)
Student loans disbursed	(1,562,563)
Net cash provided (used) by operating activities	(28,953,657)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations, noncapital	42,352,302
Agency inflows	32,146,825
Agency outflows	(31,998,904)
Transfers from (to) other funds	(9,275)
Net cash provided (used) by noncapital financing activities	42,490,948

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

State appropriations, capital	27,372,422
Capital grants, contracts & gifts	266,565
Proceeds from sale of capital assets	1,260,266
Gain (Loss) on disposal of capital assets	(190,004)
Proceeds from capital debt	48,332,604
Acquisition or construction of capital assets	(33,193,090)
Principal paid on capital debt	(29,930,810)
Interest paid on capital debt	(2,086,459)
Net cash provided (used) by capital financing activities	11,831,494

CASH FLOWS FROM INVESTING ACTIVITIES :

Investment earnings	3,194,407
Net cash provided (used) by investing activities	3,194,407
Net Increase (Decrease) in Cash	28,563,192
Beginning cash balance	28,134,475
Ending cash balance	<u>\$ 56,697,667</u>

Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (43,435,931)
Adjustments to reconcile:	
Depreciation expense	8,765,627
Other revenues and additions (external rent)	1,689,247
Decrease (increase) in assets:	
Cash invested with custodian	(3,740)
Receivables, net	(101,653)
Inventories & prepaids	(1,032,387)
Increase (decrease) in liabilities:	
Accounts payable	(1,200,254)
Accrued payroll	618,027
Deferred revenues	5,597,711
Other liabilities	78,433
Compensated absences	71,263
Net cash provided (used) by operating activities	<u>\$ (28,953,657)</u>

* See accompanying notes to financial statements



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Northern Colorado is a component unit of the State of Colorado. The financial statements of the University include all of the integral parts of the University's operations. The University applied various criteria to determine if it is financially accountable for any organization which would require that organization to be included in the University's reporting entity. These criteria include fiscal dependency, financial benefit/burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

As required by generally accepted accounting principles, these financial statements present the University (primary government) and its component units. The component units discussed below are included in the University's reporting entity because of the significance of their operational or financial relationships with the University in accordance with Government Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," which was adopted by the University for fiscal year 1994.

Blended Component Units

Student Media Corporation ("Media Corporation"): The Media Corporation was organized under state law with a primary objective to publish the official school newspaper of the University. The Media Corporation is governed by a Board of Directors comprised of various University administrators, certain student members, and members of the community. The Media Corporation is reported as if it were a part of the University due to the financial dependency of the Media Corporation on the University and because its main objective is to provide the University's official newspaper.

Complete financial statements can be obtained from their administrative office.

Alumni Association of the University of Northern Colorado ("Alumni Association"): The Alumni Association was organized under state law with a purpose of facilitating broad support for the University among alumni. The Alumni Association is governed by a Board of Directors consisting of 23 members of the Association. The Alumni Association is reported as if it were a part of the University due to financial dependency of the Alumni Association on the University.

Complete financial statements can be obtained from their administrative office.

Discretely Presented Component Units

The University has no component units which are required to be presented as discretely presented component units.

Related Organization

The University of Northern Colorado Foundation, Inc.: The University of Northern Colorado Foundation, Inc. (the Foundation) has been excluded from the reporting entity. The Foundation is a separate legal entity which is fully independent from the University, is not financially dependent upon the University, has a separately elected Board of Directors and, as such, has substantial autonomy and separate government entity characteristics. The Foundation has no fiscal accountability to the University.

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



presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

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

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

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets.

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

Inventories: Inventories are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Noncurrent Cash and Investments: Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or contract capital or other noncurrent assets, are classified as noncurrent assets in the statements of net assets.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for land improvements, 10 years for library books, and 3 to 10 years for equipment.

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts



(3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets: The University's net assets are classified as follows:

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

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

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Classification of Revenue: The University has classified its revenue as either operating or nonoperating revenues 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 University.

Nonoperating Revenues: Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include state appropriations for operations, gifts, investment income and insurance reimbursement revenue.

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

Financial Statement Presentation and Changes in Accounting Principles: In June 1999, GASB approved Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government". This was followed by the approval of Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". The State of Colorado is required to implement GASB No. 34 as of and for the year ended June 30, 2002. As a component unit of the State of Colorado, the University is also required to adopt GASB No. 34 and 35. The University has elected to follow the financial statement presentation guidelines for special-purpose governments engaged only in business-type activities as outlined in GASB No. 34. Those guidelines require the financial statements to be prepared using an entity-wide perspective. Therefore, the financial statements report the University's assets, liabilities, and net assets, revenues, expenses and changes in net assets, and cash flows for the University as a whole, rather than by fund, as previously required.



The University was required to make the following significant changes in accounting principles to conform to GASB No. 34 and 35:

- 1) **Scholarship Allowances:** Financial aid awarded to students by the University that is used to pay University charges such as tuition, fees, residence hall charges and board is recognized as a scholarship allowance rather than as financial aid expense, as previously required. A scholarship allowance directly reduces the appropriate revenues. To the extent that financial aid awarded exceeds University charges to students, the University recognizes financial aid expense.
- 2) **Summer School Revenue and Expense:** The University is required to recognize summer school revenue and expense in the period earned or incurred rather than in one fiscal year, as previously required.
- 3) **Depreciation Expense:** The University is required to record depreciation expense for capital assets. Previously depreciation expense was not recognized.
- 4) **Acquisitions of Capital Assets and Payments of Debt Principal:** Under the fund perspective, the University recognized an expenditure or fund deduction for the acquisition of capital assets and payment of debt principal. Under the entity-wide perspective, these items are not considered an expense against operations.

Net assets at July 1, 2001 were reduced by \$95,295,521 for the cumulative effect of these changes on years prior to fiscal year 2001. Land and beginning net assets have been adjusted to reflect the addition of Arlington Park property for a value of \$1,297,296, (the buildings were disposed of in fiscal year 2001). The property was purchased with the intent to demolish the buildings, therefore the costs that had been allocated to buildings was reallocated to land.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2002, the University had \$55,946,111 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At June 30, 2002, the University had \$29,668 cash on hand and the carrying amount of the University's deposits in banks was \$115,498 and the bank balance was \$3,443,811. Of this bank balance, the entire amount was collateralized by the institution's agent in the institution's name or was covered by collateral held in the pledging institution's trust department in the name of the public deposit pool, as required by the Public Deposit Protection Act. No monies were uninsured or uncollateralized. The statutes of the State of Colorado authorize agencies of the state to invest in certificates of deposit, money market certificates, bonds or other interest-bearing obligations of the United States, state, county and school district bonds, and state, county and municipal warrants.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102 percent of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

The University deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The University reports its share of the Treasurer's unrealized gains or losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2002. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment or income related to participation in the pool. The unrealized gains or losses included in "Investment Income" reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

Cash/investments with custodian of \$1,297,384 at June 30, 2002, includes U.S. Treasury securities with a cost basis of \$627,527 and market value of \$640,592. The maturity dates range from September 30, 2002 through May 15, 2007 with a yield from 5.205 percent to 7.125 percent.



3. RECEIVABLES AND PAYABLES

Receivables at June 30, 2002, were as follows:

	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student Accounts Receivable	\$ 5,152,929	\$ 986,779	\$ 4,166,150
Other Receivables	449,297		449,297
Loans Receivable	9,003,887	1,012,749	7,991,138
Total Receivables	\$ 14,606,113	\$ 1,999,528	\$ 12,606,585

Payables at June 30, 2002 were as follows:

Accounts Payable, Vendors	\$ 2,581,426
Salaries and Benefits Payable	2,366,456
Accrued Interest Payable	263,682
Other Payables	47,549
Total Payables	\$ 5,259,113

4. CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2002.

	Balance June 30, 2001	Additions	Transfers	Deductions	Balance June 30, 2002
Cost of fixed assets					
Land	\$ 2,771,080	\$ 1,132,088	\$ 945,200	\$	\$ 4,848,368
Land improvements	9,526,745	283,713	(1,846,857)		7,953,866
Non-depreciable land improvements	0	19,751	2,468,775	(9,735)	2,488,526
Buildings	64,772,257	25,383,891	(853,638)		89,302,510
Building improvements	92,526,082	1,704,859	197,951		94,428,892
Vehicles	530,850	146,818	16,550	(102,630)	591,588
Equipment	10,818,269	869,793	(16,550)	(1,132,583)	10,538,929
Library holdings	26,882,749	1,533,036		(711,887)	27,703,898
Non-depreciable art/historical treasures	842,630				842,630
Leasehold improvements	495,403				495,403
Construction in progress	1,270,359	11,605,875	(911,431)	(31,690)	11,933,113
Total cost of fixed assets	210,436,424	42,679,824	0	(1,988,525)	251,127,723
Less accumulated depreciation					
Land improvements	3,343,941	274,101			3,618,042
Building and improvements	62,761,960	5,998,470			68,760,430
Vehicles	354,340	69,929	2,483	(80,997)	345,755
Equipment	7,989,756	1,219,242	(2,483)	(989,577)	8,216,938
Library holdings	20,566,013	1,203,885		(711,887)	21,058,011
Leasehold improvements	495,403				495,403
Total accumulated depreciation	95,511,413	8,765,627	0	(1,782,461)	102,494,579
Net carrying amount	\$114,925,011	\$ 33,914,197	\$ 0	\$ (206,064)	\$148,633,144



5. PENSION PLANS

Plan Description

A significant portion of the institution's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employee's Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan, as well as the other divisions' plans, are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado 80203.

Plan members vest after five years of service and most are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. State troopers and judges comprise a small percentage of plan members but have higher contribution rates and are eligible for retirement benefits at different ages and years of service. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their spouse or their eligible children under the age of 18 (23 if a full time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

Funding Policy

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their gross covered wages to an individual account in the plan. During FY01-02, the state contributed 9.9 percent (12.6 percent for state troopers and 13.5 percent for the Judicial Branch) of the employee's gross covered wages. Before January 1, 2002, 1.42 percent was allocated to the Health Care Trust Fund, and after January 1, 2002, 1.64 percent was allocated to the Health Care Trust Fund. Throughout the fiscal year, the amount needed to meet the match requirement established by the PERA Board was allocated to the Matchmaker program (See Note 6 below.) The balance remaining after allocations to the Matchmaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

The annual gross covered wages subject to PERA is the gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code. The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly.

The institution's contributions to the three programs described above for the fiscal years ending June 30, 2002, 2001 and 2000 were \$3,563,991, \$3,407,464, and \$4,007,698 respectively. These contributions met the contribution requirement for each year.

Optional Retirement Plan: On March 1, 1993, the Board of Trustees adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff. On the date of adoption, eligible University employees were offered the choice of remaining in PERA or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.



The ORP is a defined contribution plan with three vendors, Travelers/CitiStreet, TIAA-CREF, and VALIC, providing a range of investment accounts for participants. For 2001-2002, the employees contributed 8 percent and the University contributed 11.5 percent. The University's contribution to the ORP for the year ended June 30, 2002 was \$2,804,305. All contributions are immediately invested in the employee's account. Normal retirement age for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

6. VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

Beginning on January 1, 2001, the Matchmaker Program established a state match for PERA member's voluntary contributions to tax-deferred retirement plans. The match was 100 percent of up to 3 percent of the employee's gross covered wages paid during the month (7 percent for judges in the Judicial Branch). The PERA Board sets the level of the match annually - based on the actuarial funding of the defined benefit pension plan. Two percent of gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match. PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer a 403b plan. Members who contribute to any of these plans also receive the state match.

7. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program: PERACare (formerly known as the PERA Health Care Program) began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During FY01-02, the premium subsidy was \$115.00 for those with 20 years of service credit (\$230.00 for members under age 65), and it was reduced by 5 percent for each year of service fewer than 20. Medicare eligibility also affects the premium subsidy.

The Health Care Trust Fund is maintained by an employer's contribution as discussed above in Note 5.

Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. As of December 31, 2001 there were 34,235 participants, including spouses and dependents, from all contributors to the plan.

Life Insurance Program: PERA provides its members access to two group life insurance plans offered by Prudential and Anthem Life (formerly known as Rocky Mountain Life). Members may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction or other means.



8. COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2002, the University has construction commitments of \$10,524,938 for campus roof replacement, Ross Hall addition/renovation, Butler-Hancock system replacement, exterior building systems repair, Guggenheim Arts Annex, replace campus stairs and walkways, smart classrooms, Bishop-Lehr remodel, replace theater ceilings, and campus water main improvements.

The University began construction of a dining hall and improvements to parking and auxiliary facilities with an estimated cost of \$19,193,891. As of June 30, 2002, the University had remaining commitments of approximately \$1,380,818. This project is being financed by the proceeds from the 2001 Auxiliary Facilities System Revenue Bonds (Note 10).

Effective August 1, 2001, the Board of Trustees of the University of Northern Colorado entered into an agreement with the University of Northern Colorado Foundation Student Housing LLC I guaranteeing the timely payment of debt service on the Colorado Educational and Cultural Facilities Authority Student Housing Revenue Bonds Series, 2001A and Taxable Series 2001B. The obligation of the University to pay the guaranteed amount shall remain in effect until the first to occur of (a) a date that is 12 months after the last planned unit of the Facilities is completed and approved for occupancy and leasing, (b) the Facilities achieves 95% occupancy (excluding rooms for managers, resident assistants and discounted rooms) and/or (c) the University assumes the obligation for the debt service payments on the Series 2001 Bonds. The University has estimated that the total liability will not exceed \$740,000.

The University receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. However, in the opinion of the administration, any such disallowed claims will not have a material adverse effect on any of the financial statements or on the overall financial position of the University at June 30, 2002.

The University is a defendant in several lawsuits including various claims related to its normal operations. The University believes that final settlement of matters not covered by insurance will not materially affect its financial condition.

Federal law limits the ability of bond issuers to earn arbitrage - investing the bond proceeds at a yield that exceeds the yield on the bonds. Any arbitrage must be rebated to the Internal Revenue Service (IRS) on the fifth anniversary date of the bond. The University realizes the potential of arbitrage rebate on the Auxiliary Facilities System Revenue Refunding and Improvement Bonds, issued July 31, 2001, but has not made a formal calculation to date in order to establish the Rebate Fund required in the bond documents. The University plans to obtain an arbitrage study on the bonds. The study could result in a rebate liability payable to the IRS.

The State of Colorado, including the University, is self-insured in regard to its general and automobile liability exposures. The University also participates in a State commercial insurance policy covering loss or damage to University buildings and contents. In the year ending June 30, 2002, the University paid approximately \$487,006 to participate in these programs. Liability of State higher education institutions is limited by the Colorado Governmental Immunity Act.



The University has a contract with Thermo Power and Electric (T.P. & E.) of Denver, Colorado, whereby a cogeneration facility was built on University land but the developer funded all project, construction and operating costs. The cost to build the facility was approximately \$55 million. Since this is a third-party owned and operated facility, there is no cost to the University. As a by-product to the generation of electricity, which T.P. & E. sells to wholesale suppliers, the University receives high temperature hot water for heating and cooling of University buildings. The system has been operational since October of 1989. Since utility costs were reduced as a result of this nonmonetary transaction, the financial statements have been adjusted to reflect lease revenue and a corresponding increase to utilities expense of \$954,720.

9. LONG-TERM LIABILITIES

The following presents changes in long-term liabilities for the year ended June 30, 2002.

	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002	Amounts due within one year
Bonds and capital lease obligations					
Revenue bonds payable	\$ 42,398,202	\$ 50,392,828	\$(31,628,250)	\$ 61,162,780	\$ 1,030,000
Capital leases payable	470,995	229,692	(491,961)	208,726	92,825
Total bonds and capital leases	42,869,197	50,622,520	(32,120,211)	61,371,506	1,122,825
Other liabilities					
Other long-term liabilities	1,537,966	2,919,730	(239,672)	4,218,024	1,643,850
Accrued compensated absences	2,767,261	304,371	(324,108)	2,747,524	651,793
Total other liabilities	4,305,227	3,224,101	(563,780)	6,965,548	2,295,643
Total Long-Term Liabilities	\$ 47,174,424	\$ 53,846,621	\$(32,683,991)	\$ 68,337,054	\$ 3,418,468

Amounts shown in "Balance, June 30, 2002" of long-term liabilities include both current and long-term portions.

On August 1, 2001 the University entered into a ground lease agreement with the University of Northern Colorado Foundation Student Housing LLC I for the amount of \$2.655 million over a 46-year period. The University received \$2.155 million which is recorded as other long term liability with the remaining \$500,000 going to the LLC as working capital. The University recognized \$53,005 in rental revenue for fiscal year 2002 and will recognize an amount equal to \$57,822 annually for the next 45 years.

Additional information regarding Bonds Payable is included in Note 10, additional information regarding capital lease obligations is included in Note 11, and additional information regarding compensated absences is included in Note 13.



10. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2002:

3.40% - 6.00% Auxiliary Facilities System Revenue
Refunding and Improvement Bonds, issued April 1, 1994
in the original amount of \$17,150,000 and mature in
varying annual amounts to June 1, 2008

Outstanding bond principal	\$ 3,755,000	
Less unamortized discount	<u>(28,997)</u>	
Bonds payable less unamortized discount		\$ 3,726,003

3.50% - 6.00% Auxiliary Facilities System Revenue
Refunding Bonds, issued April 1, 1998 in the original
amount of \$10,630,000 and mature in varying annual
amounts to June 1, 2024

Outstanding bond principal	\$ 10,210,000	
Less unamortized discount	<u>(120,720)</u>	
Bonds payable less unamortized discount		10,089,280

3.00% - 5.50% Auxiliary Facilities System Revenue
Refunding and Improvement Bonds, issued July 31, 2001
in the original amount of \$50,000,000 and mature in
varying annual amounts to June 1, 2031

Outstanding bond principal	\$ 49,305,000	
Less unamortized discount	(365,898)	
Less unamortized loss on refunding	<u>(1,591,605)</u>	
Bonds payable less unamortized discount and loss on refunding		<u>47,347,497</u>
Total Bonds payable less unamortized discount and loss on refunding		<u>\$ 61,162,780</u>

The annual requirements to amortize these bonds as of June 30, 2002 are as follows:

Year Ending June 30	Principal	Interest	Total
2003	\$ 1,030,000	\$ 3,161,859	\$ 4,191,859
2004	1,075,000	3,115,829	4,190,829
2005	1,125,000	3,065,954	4,190,954
2006	1,180,000	3,012,944	4,192,944
2007	1,240,000	2,954,195	4,194,195
2008-2012	7,130,000	13,834,572	20,964,572
2013-2017	9,035,000	11,931,625	20,966,625
2018-2022	11,650,000	9,311,800	20,961,800
2023-2027	14,935,000	6,030,750	20,965,750
2028-2031	<u>14,870,000</u>	<u>1,904,250</u>	<u>16,774,250</u>
Total	<u>\$ 63,270,000</u>	<u>\$ 58,323,778</u>	<u>\$121,593,778</u>



In August 1986, the Board of Trustees of the University of Northern Colorado in-substance defeased the Colorado State College Housing System Revenue Bonds of 1966 and the University of Northern Colorado Facilities Revenue Bonds, Series 1972 by placing a portion of the proceeds of the Auxiliary System Refunding and Construction Revenue Bonds, Series 1986 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. At June 30, 2002, \$1,965,000 of these outstanding bonds are considered in-substance defeased.

In April 1995, the Board of Trustees of the University of Northern Colorado in-substance defeased the Auxiliary Facilities System Refunding and Construction Revenue Bonds, Series 1986 by placing a portion of the proceeds of the Auxiliary Facilities System Refunding and Improvement Bonds, Series 1994 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. Bonds have been redeemed.

In April 1998, the Board of Trustees of the University of Northern Colorado in-substance defeased a portion of the Auxiliary Facilities System Refunding and Improvement Bonds, Series 1994 by placing a portion of the proceeds of the Auxiliary Facilities System Refunding Revenue Bonds, Series 1998A in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. At June 30, 2002, \$9,300,000 of these outstanding bonds are considered in-substance defeased.

In July 2001, the Board of Trustees of the University of Northern Colorado in-substance defeased the Auxiliary Facilities System Revenue Bonds Series 1997 by placing a portion of the proceeds of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds Series 2001 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. The debt defeased had interest rates ranging from 4.88 to 5.63 percent and a remaining term of 23 years. The new debt interest rate is 3.00 to 5.50 percent and it has a term of 30 years. The University increased its debt service cash flows by \$11,363,892 and reported an economic loss \$460,448. The University recorded an accounting loss of \$1,591,605. At June 30, 2002, \$27,615,000 of these outstanding bonds are considered in-substance defeased.

The bonds are secured by certain student fees and a first lien on the University Auxiliary Facilities System, but not necessarily an exclusive first lien, and a pledge of the net revenues derived from the University Auxiliary Facilities System.

The University is required to maintain compliance with certain provisions and covenants contained in the outstanding bond agreements.

The following is a summary of required reserves:

	Required Reserve	June 30, 2002 Reserve
Renewal and replacement funds	\$ 750,000	\$ 750,000



11. CAPITAL LEASES

The University leases various equipment under agreements that are accounted for as capital leases. Accordingly, the assets and liabilities are recorded at amounts equal to the lesser of the present values of the minimum lease payments or the fair value of the leased property at the beginning of the respective lease terms. Interest expense related to the lease liabilities is recorded to effect a constant rate of interest over the term of the leases.

These agreements provide that any obligations payable after the current fiscal year are contingent upon funds for that purpose being available.

The gross amount of equipment under capital leases at June 30, 2002 is \$2,146,384.

Future minimum lease payments as of June 30, 2002 are as follows:

<u>Year Ending June 30</u>	<u>Total Minimum Lease Payments</u>	<u>Implicit Interest and Executory Costs</u>	<u>Payments on Principal</u>
2003	\$ 103,546	\$ 10,721	\$ 92,825
2004	103,545	5,168	98,377
2005	13,468	1,401	12,067
2006	5,613	156	5,457
Total capital lease obligation	<u>\$ 226,172</u>	<u>\$ 17,446</u>	<u>\$ 208,726</u>

12. OPERATING LEASES

The University leases property and equipment under operating leases expiring in various years through 2007.

Future minimum lease payments under noncancelable operating leases as of June 30, 2002 are as follows:

2003	\$ 85,384
2004	77,894
2005	72,233
2006	63,017
2007	34,482
Total minimum lease payments	<u>\$ 333,010</u>

Rental expense under these agreements for the year ended June 30, 2002 was \$128,122. Of this amount, \$70,012 was paid to the State of Colorado.

13. COMPENSATED ABSENCES

University employees accrue annual and sick leave based on length of service and may accumulate it subject to certain limitations regarding the amount which will be paid upon termination. The estimated liability related to compensated absences for which employees are vested at June 30, 2002 is \$2,747,524. Current 2002 expenses include \$71,263 for the increase in the estimated compensated absence liability.



14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2002 the following table represents operating expenses within both natural and functional classifications:

Functional Classifications	Natural Classifications						TOTAL OPERATING EXPENSES
	Employee & Personal Services	Operating and Travel	Cost of Goods Sold	Depreciation	Intergovernmental Distributions	Prizes and Awards	
Instruction	\$ 42,541,652	\$ 5,400,847	\$	\$	\$ 106,941	\$ 3,114	\$ 48,052,554
Research	1,370,924	800,590	31		33,779	1,895	2,207,219
Public Service	887,561	393,707	97,315		15,926	1,212	1,395,721
Academic Support	8,640,066	3,386,702			64,160	5	12,090,933
Student Services	9,317,735	4,092,520	167,073			5,377	13,582,705
Institutional Support	9,284,238	(4,685,470)	4,420,319		27,561	2,181	13,582,705
O & M of Plant	7,582,033	912,971	1,025			126	8,496,155
Scholarship/Fellowship		2,632,744					2,632,744
Auxiliaries	6,646,095	8,379,832	2,839,355			1,158	17,866,440
Depreciation				8,765,627			8,765,627
TOTAL	\$ 86,270,304	\$21,314,443	\$ 7,525,118	\$ 8,765,627	\$ 248,367	\$ 15,068	\$ 124,138,928

15. LEGISLATIVE APPROPRIATIONS

Appropriated Funds

The Colorado State Legislature establishes spending authority for the University in its annual Long Appropriations Bill. Appropriated funds include an amount from the State of Colorado's General Fund, as well as certain cash funds. Cash funds include tuition, certain fees, and certain other revenue sources.

For the year ended June 30, 2002, appropriated expenditures were within the authorized spending authority. The University had a total appropriation of \$80,788,593. Actual appropriated revenues earned totaled \$79,284,065. Actual appropriated expenditures and transfers totaled \$79,179,942. The net increase in appropriated fund balance was \$104,123.

Capital Construction State Appropriations

Capital Construction State Appropriations are recognized only to the extent of current expenditures of \$27,372,422. At June 30, 2002, there were unexpended Capital Construction State Appropriations of \$10,069,061.

Controlled Maintenance Projects

The Colorado Department of Personnel and Administration makes expenditures on behalf of the University for various controlled maintenance projects. There were two completed controlled maintenance projects, high voltage cable replacement and backflow prevention, added to the University for the year ended June 30, 2002.

Non-Appropriated Funds

All other revenues and expenditures reported by the University represents non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues and other revenue sources.



Financial Statement Presentation

The accompanying financial statements contain revenues and expenditures from both appropriated and non-appropriated funds.

16. UNIVERSITY OF NORTHERN COLORADO FOUNDATION, INC.

The University of Northern Colorado Foundation, Inc. (the Foundation), a not-for-profit corporation incorporated under Article 40, Title 7, of the Colorado Revised Statutes of 1973, was established in February 1966 to promote the welfare, development, growth and well-being of the University of Northern Colorado and also to permit the Foundation to engage in such activities as may be beyond the scope of the Trustees of the University. The Foundation is, in addition, concerned and involved in the affairs of the community.

The voting members of the Foundation Board of Directors are composed of groups of individuals, none of whom are members of the faculty or staff of the University. New Board members are selected by a vote of the existing Board. Members cannot be reelected to successive terms.

The condensed audited financial statements of the Foundation for the year ended June 30, 2002 are summarized as follows:

Statement of Financial Position		Statement of Activities		
		Unrestricted	Temporarily Restricted	Permanently Restricted
Total Assets	<u>\$86,088,052</u>			
		Total Revenues	<u>\$5,121,014</u>	<u>\$ (6,251,807)</u>
Total Liabilities	<u>\$ 1,750,282</u>			<u>\$ 2,142,917</u>
Total Net Assets	<u>\$84,337,770</u>	Total Expenses	<u>\$6,959,174</u>	<u>\$ 0</u>
Total	<u>\$86,088,052</u>			

These financial statements are not combined with the financial statements of the University.

On December 14, 1987, the Board of Trustees for the University of Northern Colorado (the Board) signed a Custodial Agreement with the University of Northern Colorado Foundation, Inc. (the Foundation) to have the Foundation receive, manage and administer gifts and donations on behalf of the Board. During fiscal years 1988 and 1989, the Board transferred the custody of the assets, which met the guidelines of the Custodial Agreement, to the Foundation. The ownership of the assets remains with the Board. All investment regulations applicable to the Board must be followed by the Foundation. The total assets in the custody of the Foundation at June 30, 2002 are \$690,994. During fiscal year 2002, the Board paid an administrative fee of \$6,785 to the Foundation.

17. SPECIAL ITEM

A Purchase and Sale Agreement dated April 2, 2001 for the sale of KUNC FM license and other assets was executed by and between the Board of Trustees of the University of Northern Colorado and Community Radio for Northern Colorado, a Colorado non-profit corporation, for a total price of \$1,405,000 of which \$1,260,266 was received for the FM license and \$144,734 was received for sale of equipment. The closing was held on August 2, 2001 and all documents were executed and delivered.



State Appropriated Budget Request Summary
Mandated Items, University Priorities and Budget Reductions
FY 2001-2002

Base Budget	\$ 74,896,627
New Revenue	
General Fund	\$ 843,254
Academic Program Fees	25,689
Excess 2002 Tuition	800,000
Tuition	1,511,045
Interest Income	97,000
Sub-Total New Revenue	\$ 3,276,988
Other Resources	
Finance and Administration	\$ 403,768
President	87,746
Academic Affairs	283,015
Board of Trustees	1,025
Development	170,026
Personal Services Reserve	121,153
Urban Education Funding Change	12,700
Challenge Overhead	99,112
Admin Overhead	5,789
Sub-Total Other Resources	\$ 1,184,334
Reserves	
Contingency @2% GF	\$ 848,791
Sub-Total Other Reserves	\$ 848,791
External Mandates/University Priorities	
Summer Initiatives (State GF)	\$ 73,835
Urban Education (State GF)	167,830
Coordinator of Assessment	60,000
Need Based Financial Aid	71,005
Arts and Sciences Instruction	53,919
Academic Program Fees	25,689
Sub-Total Ext Mandates/University Priorities	\$ 452,278
Compensation	
Classified Salary Increases	\$ 1,068,073
Faculty	2,011,646
GA/TA Increase	22,867
Exempt Salary Increases	419,555
GA/TA Tuition Increases	64,352
Sub-Total Compensation	\$ 3,586,493
New Spending Authority Base	\$ 78,177,515
Dedicated Revenue Base	\$ 4,038,641
Requested Changes	637,844
Requested Dedicated Revenue Base	\$ 4,676,485
Total State Appropriated Fund Budget Proposal	\$ 82,854,000



Auxiliary Services
Budget Request Summary - FY 2002-2003
Summary of Auxiliary Facilities Fund

REVENUE, EXPENSE, TRANSFERS:

			(1)	
<i>Revenue</i>	2000-2001 Actual	2001-2002 Approved Budget	2002-2003 Operating Changes	2002-2003 Requested Budget
Revenue	\$ 25,367,166	\$ 26,349,159	\$ (4,165,083)	\$ 22,184,076
Less: Cost of Sales	5,781,820	6,237,078	(3,727,675)	2,509,403
Adjusted Gross Revenue	\$ 19,585,346	\$ 20,112,081	\$ (437,408)	\$ 19,674,673
<i>Expense</i>				
Total Professional Services	\$ 851,858	\$ 925,800	\$ 81,230	\$ 1,007,030
Total Support Services	5,660,995	6,558,996	(651,247)	5,907,749
Total Personnel	6,512,853	7,484,796	(570,017)	6,914,779
Total OCE and Travel	6,745,068	8,315,327	(69,772)	8,245,555
Total Capital Outlay	63,106	97,724	0	97,724
Total Expenses	\$ 13,321,027	\$ 15,897,847	\$ (639,789)	\$ 15,258,058
Adjusted Gross Revenue Over/(Under) Expense	\$ 6,264,319	\$ 4,214,234	\$ 202,381	\$ 4,416,615
<i>Mandatory Transfers</i>				
*Debt Service	2,838,831	2,839,078	135,537	2,974,615
<i>Non-Mandatory Transfers</i>				
**Facility Use Charge	1,326,230	1,375,156	66,844	1,442,000
Total Transfers	\$ 4,165,061	\$ 4,214,234	\$ 202,381	\$ 4,416,615
Balance	\$ 2,099,258	\$ 0	\$ 0	\$ 0

*Based on Pledged Net Revenue.

** Based on square feet occupied.

(1) Reflects the changes attributable to the closing of the bookstore



Actual and Projected Revenues and Expenditures*

Auxiliary Revenue, Student Recreation Center; Women's Resource Center;
Health and Counseling Center Projects

	Actual FY 1999-00	Actual FY 2000-01	Actual FY 2001-02
OPERATING REVENUES:			
Housing and Food Contracts	\$ 15,135,246	\$ 15,008,670	\$ 16,238,039
Bookstore Sales (4)	5,028,274	5,179,947	597,535
Short Term Room and Board	1,084,187	1,078,793	956,626
Student Fees	3,079,615	2,977,683	3,259,926
Parking Fees	964,199	1,057,281	1,289,919
Other Auxiliary Sales and Services	3,752,342	4,121,335	5,034,841
Gross Revenues	\$ 29,043,863	\$ 29,423,703	\$ 27,376,886
EXPENDITURES: (4)			
Cost of Sales	\$ 6,025,543	\$ 5,880,702	\$ 2,938,398
Personal Services	8,309,278	8,089,111	7,949,823
Other Current Expenses	5,419,548	5,214,090	6,099,204
Utilities	1,986,262	1,938,135	2,008,080
Travel and Subsistence	44,412	18,399	31,889
Capital Outlay, Operations	113,427	139,547	112,183
Current Expenses	\$ 21,898,470	\$ 21,279,984	\$ 19,139,577
NET REVENUES:	\$ 7,145,393	\$ 8,143,719	\$ 8,237,309
TRANSFERS:			
(or available for transfer)			(5)
Debt Service	\$ 3,652,491	\$ 3,653,663	\$ 4,193,980
Capital Maintenance	2,691,593	3,728,400	3,293,226
Administrative Overhead	801,309	761,656	750,103
Total Transfers	\$ 7,145,393	\$ 8,143,719	\$ 8,237,309
NET REVENUE/DEBT SERVICE	1.96	2.23	1.96

*Assumptions

- (1) Estimated using a 2.5% growth rate.
- (2) Estimated using a 5% growth rate.
- (3) Parking Debt Serv begins 02-03. Parking Rev. incr. \$120K 01-02 and 02-03, and \$160K in 03-04 for debt service coverage. Impact of Auxiliary System series 2001 Revenue Bonds is reflected.
- (4) The Bookstore became a leased operation instead of a self operation shortly after the beginning of the 2001-02 fiscal year. This impacted revenue, and expense categories.
- (5) The impact of the Auxiliary System Series 2001 Revenue Bonds is reflected.

Source: The University's Administrative Staff

Budget FY 2002-03	Estimated FY 2003-04	Estimated FY 2004-05	Estimated FY 2005-06	Estimated FY 2006-07	
(4)					
\$ 17,072,614	\$ 17,670,155	\$ 18,288,610	\$ 18,928,711	\$ 19,591,216	(1)
525,000	543,375	562,393	582,077	602,405	(1)
1,073,606	1,111,182	1,150,073	1,190,326	1,231,987	(1)
3,231,568	3,521,980	3,631,887	3,745,307	3,862,354	(1)
1,405,916	1,586,916	1,767,916	1,812,114	1,857,417	(3)
3,851,268	4,088,764	4,088,764	4,211,983	4,338,283	(1)
\$ 27,159,972	\$ 28,402,158	\$ 29,489,643	\$ 30,470,518	\$ 31,483,707	
\$ 2,589,403	\$ 2,654,138	\$ 2,720,491	\$ 2,788,503	\$ 2,858,216	(1)
8,993,578	9,443,257	9,915,421	10,411,193	10,931,753	(2)
6,760,467	6,925,656	7,095,009	7,268,632	7,446,631	(1)
2,257,344	2,313,778	2,371,622	2,430,913	2,491,686	(1)
68,880	100,000	100,000	100,000	101,500	(1)
115,224	197,500	197,500	197,500	197,500	(1)
\$ 20,784,896	\$ 21,634,329	\$ 22,400,043	\$ 23,196,741	\$ 24,027,286	
\$ 6,375,076	\$ 6,767,829	\$ 7,089,600	\$ 7,273,777	\$ 7,456,421	
\$ 4,191,859	\$ 4,190,828	\$ 4,190,954	\$ 4,192,944	\$ 4,194,195	(3)
1,334,050	1,644,176	1,919,180	2,052,394	2,182,364	
849,167	932,825	979,466	1,028,439	1,079,862	(2)
\$ 6,375,076	\$ 6,767,829	\$ 7,089,600	\$ 7,273,777	\$ 7,456,421	
1.52	1.61	1.69	1.73	1.78	



FACULTY AND OTHER EMPLOYEES

Faculty members are encouraged and expected to take an active part in all aspects of college life and governance. The University faculty interacts with the Board of Trustees in establishing courses of study, requirements for admission, and conditions for graduation. Table 1 provides information about the full-time teaching faculty of the University for the Fall semester, 2002.

The University employs 13 professional librarians, 56 executive, administrative, or managerial staff, 186 full-time clerical and technical staff, 200 custodial, service and maintenance staff, 218 other professional support services staff and 280 teaching, research and graduate assistants.

<u>FULL TIME TEACHING FACULTY</u>			
	<u>Total</u>	<u>Doctorate</u>	<u>Tenured</u>
Full Professors	188	176	183
Associate Professors	82	72	74
Assistant Professors	91	69	1
Instructors/Lecturers	78	25	0
TOTAL	439	342	258

TABLE 1

MATRICULATION AND RETENTION RATE

The matriculation rate is the ratio of newly enrolled freshmen to newly admitted freshmen. This ratio has been relatively constant since 1994. The fluctuation in the matriculation rate are due to increased competition among Colorado institutions for new freshmen, and increases in non-resident freshmen admissions which typically have lower matriculation rates than resident freshmen. The retention rate is the proportion of new freshmen who return to UNC for a second year, and the retention rate for new freshmen are summarized in Table 2. The increased retention rates for new freshmen, since 1995, are due to greater emphasis in recruiting students with better academic preparation and providing improved student support programs.

<u>FRESHMAN MATRICULATION AND RETENTION RATE</u>		
<u>Year</u>	<u>Matriculation</u>	<u>Retention</u>
2002	39.5%	N/A
2001	40.9%	67.9%
2000	41.2%	69.6%
1999	41.2%	69.5%
1998	39.8%	68.0%
1997	41.5%	67.2%
1996	41.0%	66.6%

TABLE 2

TUITION AND FEES

A major source of revenue to the University is student tuition and fees. Tuition at the University is divided into two basic categories, depending upon residency in the State. The University's undergraduate tuition for the 2002-03 academic year is \$2,290 for residents, and \$10,584 for non-residents. Graduate tuition for the 2002-03 academic year was \$2,708 for residents and \$11,268 for non-residents. Table 3 provides information as to the annual tuition and fees for undergraduates and graduates at the University since the 1997-1998 academic year.

<u>ANNUAL TUITION AND FEES FOR UNDERGRADUATES AND GRADUATES</u>				
<u>Fiscal Year</u>	<u>Resident Undergrad/Grad</u>		<u>Non-Resident Undergrad/Grad</u>	
2002-03	\$2,290	\$2,708	\$10,584	\$11,268
2001-02	\$2,155	\$2,549	\$9,825	\$10,459
2000-01	\$2,072	\$2,451	\$9,357	\$9,961
1999-00	\$2,014	\$2,382	\$8,997	\$9,578
1998-99	\$1,967	\$2,327	\$8,997	\$9,578
1997-98	\$1,942	\$2,298	\$8,710	\$9,272

*Health Insurance optional and not included.

TABLE 3

STATE APPROPRIATIONS

The appropriation to the University is provided by the Colorado General Assembly from its General Fund pursuant to a budget process and request by the University. Table 4 shows State appropriations in terms of dollars and percentage of total revenues to the University for fiscal years ending 1996 through 2001.

<u>STATE APPROPRIATIONS</u>		
<u>Fiscal Year</u>	<u>State Appropriations</u>	<u>Percent of Revenues</u>
FY ended 6/30/01	\$46,733,469	33.99%
FY ended 6/30/00	\$43,950,093	33.10%
FY ended 6/30/99	\$41,065,785	33.44%
FY ended 6/30/98	\$39,489,161	33.47%
FY ended 6/30/97	\$38,414,515	33.42%

TABLE 4

STUDENT HOUSING OCCUPANCY

Recent Student housing occupancy is summarized in Table 5 for academic years 1996-97 through 2001-02.

<u>STUDENT HOUSING OCCUPANCY</u>		
<u>Academic Year</u>	<u>Design Capacity</u>	<u>Occupancy Rate</u>
2001-02	3029	95.12%
2000-01	3056	90.56%
1999-00	3023	99.08%
1998-99	2930	102.44%
1997-98	2924	97.50%
1996-97	2891	94.83%

TABLE 5



Fall 2002 Fact Book
New Freshman Student Trends
Fall 1998 - Fall 2002

	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002
Applicants	6,706	6,964	6,901	6,709	6,961
Admits	5,507	5,662	5,479	5,229	5,002
% Accepted	82.1%	81.3%	79.4%	77.9%	71.9%
Enrolled	2,187	2,330	2,133	2,140	1,974
% Yield	39.7%	41.2%	38.9%	40.9%	39.5%
GENDER					
Male	867	908	881	816	701
Female	1,320	1,422	1,252	1,324	1,273
ETHNICITY					
Native American	10	12	14	15	10
African American	33	44	43	36	37
Asian American	131	102	92	72	82
Hispanic	163	212	148	131	121
Total Minorities	337	370	297	254	250
White	1,846	1,922	1,767	1,769	1,652
International	4	1	3	4	3
Uncoded	0	37	66	113	69
Total Non-Minorities	1,850	1,960	1,836	1,886	1,724
RESIDENCY					
Residents	1,886	2,007	1,875	1,845	1,738
Non-Residents	301	323	258	295	236
AGE					
Less than 18	147	120	127	103	115
18	1,778	1,875	1,705	1,725	1,589
19	219	295	250	248	215
20-24	38	40	34	40	28
Total Traditional	2,182	2,330	2,116	2,116	1,947
Total Non-Traditional (25+)	5	0	17	24	27
COLLEGE					
Arts & Sciences	645	709	808	824	731
Education	N/A	N/A	N/A	N/A	4
Monfort College of Business	194	228	190	162	174
Health & Human Services	218	215	194	196	225
Performing & Visual Arts	229	262	256	266	235
Undeclared	901	916	685	692	605
AVERAGES					
CCHE Index	98.9	99.0	99.2	100.3	101.16
ACT - Composite	21.8	21.7	21.8	22.1	22.5
SAT - Combined	1025	1021	1024	1041	1046
High School GPA	3.18	3.19	3.20	3.23	3.25
High School Rank	63.2	63.0	62.2	62.8	62.5

SCHEDULE 1A



Fall 2002 Fact Book

New Transfer Student Trends

Fall 1998 - Fall 2002

	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002
Applicants	1,873	1,952	1,846	1,975	1,996
Admits	1,482	1,478	1,400	1,511	1,478
% Accepted	79.1%	75.7%	75.8%	76.5%	75.2%
Enrolled	883	836	822	868	846
% Yield	59.6%	56.6%	58.7%	57.4%	57.2%
GENDER					
Male	411	367	311	317	350
Female	472	469	511	551	496
ETHNICITY					
Native American	4	5	7	11	11
African American	29	20	28	23	25
Asian American	27	16	22	21	16
Hispanic	69	76	76	52	77
Total Minorities	129	117	133	107	129
White	727	677	650	697	662
International	14	11	6	17	3
Uncoded	13	31	33	47	52
Total Non-Minorities	754	719	689	761	717
RESIDENCY					
Residents	716	700	702	728	744
Non-Residents	167	136	120	140	102
AGE					
Less than 19	23	21	12	26	17
19	235	226	187	201	200
20	221	248	216	214	215
21	139	101	115	114	123
22-24	126	102	125	126	121
Total Traditional	744	698	655	681	676
Total Non-Traditional (25+)	139	138	167	187	170
COLLEGE					
Arts & Sciences	317	317	379	409	352
Education	N/A	N/A	N/A	N/A	10
Monfort College of Business	74	89	89	80	77
Health & Human Services	156	152	144	143	140
Performing & Visual Arts	68	78	46	81	75
Undeclared	268	200	164	155	192
AVERAGES					
Transfer GPA	2.84	2.95	2.88	2.95	2.93
Transfer Hours	43.1	41.9	42.1	41.7	38.5

SCHEDULE 1B



Fall 2002 Fact Book
New Graduate Student Trends
All Levels

	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02
Applicants	1,844	1,915	1,819	1,808	1,825
Admits	1,301	1,436	1,374	1,364	1,422
% Accepted	70.6%	75.0%	75.5%	75.4%	77.9%
Enrolled	876	951	900	899	972
% Yield	67.3%	66.2%	65.5%	65.9%	68.4%
DEGREE LEVEL					
Licensure	86	81	93	79	113
Master's	680	759	676	681	728
Specialist	24	15	38	43	53
Doctoral	86	96	93	96	78
GENDER					
Male	267	268	245	252	269
Female	609	683	655	647	703
ETHNICITY					
Native American	5	12	8	5	8
African American	16	13	13	12	10
Asian American	13	19	16	15	14
Hispanic	52	51	49	46	40
Total Minorities	86	95	86	78	72
White	750	805	755	750	784
International	25	34	36	45	37
Uncoded	15	17	23	26	79
Total Non-Minorities	790	856	814	821	900
RESIDENCY					
Residents	709	738	706	694	793
Non-Residents	167	213	194	205	179
COLLEGE					
Arts & Sciences	91	114	88	93	92
Education	451	553	546	551	627
Health & Human Sciences	242	214	201	197	202
Performing & Visual Arts	57	50	59	57	43
Graduate Interdisciplinary	35	20	6	1	8

SCHEDULE 1C



Fall 2002 Fact Book
Total Student Enrollment Trends
Fall 1998 - Fall 2002

Total Enrollment	Fall 1998 10,670	Fall 1999 11,058	Fall 2000 11,039	Fall 2001 10,983	Fall 2002 10,982
CLASSIFICATION					
Freshman	3,255	3,484	3,384	3,239	3,075
Sophomores	1,823	2,014	2,025	2,036	1,989
Juniors	1,803	1,840	1,917	1,991	2,005
Seniors	2,201	2,179	2,133	2,169	2,289
Total Undergraduates	9,082	9,517	9,459	9,435	9,358
Undeclared	164	140	189	175	168
Teacher Licensure	72	72	69	82	91
Master's	930	924	915	908	985
Specialist	14	30	37	33	34
Doctoral	301	293	273	270	266
Total Graduate Students	1,481	1,459	1,483	1,468	1,544
Non-Degree	107	82	97	80	80
GENDER					
Male	4,226	4,381	4,342	4,278	4,187
Female	6,444	6,677	6,697	6,705	6,795
ETHNICITY					
Native American	63	65	59	71	70
African American	241	231	230	216	211
Asian American	494	490	466	419	395
Hispanic	790	864	851	788	774
Total Minorities	1,588	1,650	1,606	1,494	1,450
White	8,847	9,126	9,069	8,962	8,971
International	163	137	142	157	134
Uncoded	72	145	222	370	427
Total Non-Minorities	9,082	9,408	9,433	9,489	9,532
COLLEGE					
Arts & Sciences	4,173	4,356	4,548	4,766	4,806
Monfort College of Business	1,150	1,324	1,335	1,302	1,174
Education	653	690	700	717	816
Health & Human Services	1,728	1,670	1,635	1,593	1,670
Performing & Visual Arts	1,035	1,082	1,097	1,151	1,127
Graduate Interdisciplinary	19	12	5	4	7
Undeclared	1,912	1,924	1,719	1,450	1,382
RESIDENCY					
Residents	9,228	9,624	9,662	9,637	9,711
Non-Residents	1,442	1,434	1,377	1,346	1,271
FTE STUDENTS					
Residents	8,052	8,377	8,446	8,396	8,764
Non-Residents	1,326	1,304	1,268	1,215	1,207
Total FTE Students	9,377	9,681	9,714	9,611	9,971

SCHEDULE 1D