

UNIVERSITY of
NORTHERN COLORADO



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COLORADO'S BEST UNIVERSITY EXPERIENCE



ANNUAL REPORT
2002-2003

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UNIVERSITY of NORTHERN COLORADO

Message from President Norton

The University of Northern Colorado faced unprecedented financial challenges during fiscal year 2002-03. The dismal economic outlook around the country and in Colorado exerted great pressure on higher education in general and UNC in particular. Several mid-year rescissions forced the university community to find creative ways to address shortfalls.

Yet the university community persevered. This annual report reflects the financial decisions that were made to address funding challenges. I am happy to report that while absorbing cuts was by no means easy, UNC was able to trim its budget while keeping its focus on that most important of our endeavors – classroom instruction. We examined every facet of our operation for efficiencies, but did so with a firm commitment to maintaining the integrity of what happens in our classrooms.

The difficulties we faced this past fiscal year had a silver lining. We recognized that to bemoan our fate does no good. Tough times showed us that we must take an active hand in shaping our future, rather than to have it shaped for us by external forces. UNC has embarked on a comprehensive planning process, called Charting the Future, which will allow us to determine what kind of university we will be in the coming years and decades. While none of us yet knows the final outcome of the process, we do expect the university to look different from the way it looks today. We also expect it to be a stronger institution.

However, one thing is certain to remain the same – our commitment to being good stewards of the money the public and our students provides us. This annual reports provides evidence that our fiscal policies and practices are sound. I am proud of the way the UNC community addressed our challenges, and I am also optimistic about the future of this great university.

Sincerely,

Kay Norton
President



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the University of Northern Colorado for the year ended June 30, 2003, 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



A Professional Corporation of
Certified Public Accountants

Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying statements of net assets of the University of Northern Colorado (the University), a blended component unit of the State of Colorado, as of June 30, 2003 and 2002, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years 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 audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Northern Colorado at June 30, 2003 and 2002 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Management's Discussion and Analysis on pages 12 through 19 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, 2003 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.

Anderson & Whitney, P.C.

September 26, 2003

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

This document presents the financial operating results of the University of Northern Colorado, a public comprehensive baccalaureate and specialized graduate research university, for the fiscal year ended June 30, 2003 with prior year data for comparative purposes. The activities of the Student Media Corporation and the Alumni Association, blended component units, have also been incorporated. The statements focus on the financial condition and results of operation for the University as whole. In years prior to fiscal 2002 the emphasis had been on accounting for transactions through particular funds.

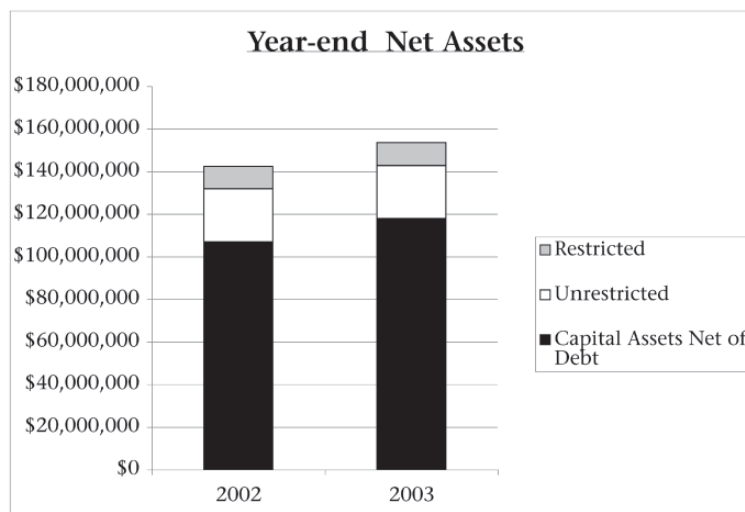
The statements are comprised of: the Statement of Net Assets; the Statement of Revenue, Expenses and Changes in Net Assets; and the Statement of Cash Flows. In addition, the University of Northern Colorado's (UNC's) financial report includes note disclosures and is prefaced by this Management Discussion and Analysis (MD & A). The MD & A is required by Governmental Accounting Standards Board (GASB) standards to provide "an easily readable analysis of financial activities based on currently known facts".

Financial Highlights

The net assets of the University of Northern Colorado increased by \$11.1 million to \$153.7 million during the fiscal year ended June 30, 2003. This is significantly slower growth than \$30.4 million increase in the prior fiscal year and occurred almost exclusively within capital assets (\$10.9 million). Restricted net assets grew by \$2.4 million while unrestricted net assets decreased by \$2.2 million. This decrease can be attributed to declines in state appropriations discussed later.

Selected financial highlights for the fiscal year ending June 30, 2003 include:

- University assets total \$241.7 million with liabilities of \$88.0 million resulting in net assets of \$153.7 million.
- Capital assets of \$165.2 million comprise 68% of University assets.
- Total revenue was \$140.1 million including \$85.9 million of Operating Revenue and \$37.0 million in State Appropriations.
- Operating Expenses total \$126.6 million including \$87.5 million in personnel costs (69%).



MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Net Assets

The Statement of Net Assets is a financial snapshot of the University of Northern Colorado at June 30, 2003. 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.

Condensed Statement of Net Assets		
At June 30,		
	<u>2003</u>	<u>2002</u>
Assets		
Current Assets	\$ 53,326,416	\$ 44,946,536
Capital Assets	165,163,746	148,633,144
Other Non-current Assets	23,210,782	28,271,291
Total Capital Assets	<u>\$ 241,700,944</u>	<u>\$ 221,850,971</u>
Liabilities		
Current Liabilities	\$ 22,645,936	\$ 14,407,813
Bonds Payable	59,177,098	60,132,780
Other Non-current Liabilities	6,225,216	4,785,806
Total Liabilities	<u>\$ 88,048,250</u>	<u>\$ 79,326,399</u>
Net Assets		
Invested in Capital Assets		
net of Related Debt	\$ 117,868,111	\$ 106,985,329
Restricted - Nonexpendable	381,541	381,541
Restricted - Expendable	21,197,432	18,771,956
Unrestricted	14,205,610	16,385,746
Total Net Assets	<u>\$ 153,652,694</u>	<u>\$ 142,524,572</u>

Liquid Assets

Unrestricted cash and cash equivalents (\$45.8 million) comprise 18.9% of the University's assets. The current ratio (current assets over current liabilities) is 2.4 compared to 3.1 for fiscal 2002.

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 \$110.9 million depreciation total \$165.2. This is a \$16.6 million increase from fiscal year 2002 and is primarily attributable to the completion of Ross Hall. The total value of buildings, net of depreciation, was \$131.7 million at June 2003 as compared to \$115.0 million at June 2002. Footnote #4 provides additional information about capital assets.

Capital Assets Net of Depreciation		
	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Land and Improvements	\$ 12,554,570	\$ 11,672,718
Buildings	131,668,618	114,970,972
Construction in Progress	10,593,558	11,933,113
Library Books	6,983,715	6,645,887
Equipment	2,520,655	2,567,824
Art and Historical Treasures	842,630	842,630
Total Capital Assets	<u>\$ 165,163,746</u>	<u>\$ 148,633,144</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2003 but related to instructional services to be provided in fiscal year 2004. Compensated absences or vacation accrued by employees of \$2.8 million is another significant liability. The single largest liability however, is \$60.2 million 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. These projects are not yet completed. 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. Footnotes #9, 10, and 11 provide additional information about long-term debt.

Net Assets

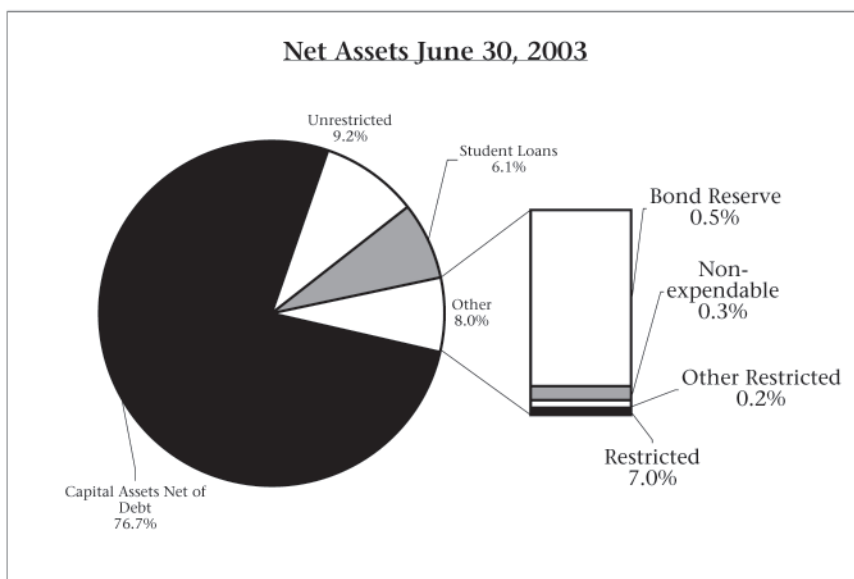
Net assets are the resources available for future operations, that is, assets reduced by liabilities. The University's largest class of assets is its capital assets, and even after consideration of related debt, Capital Assets Net of Debt comprise 77% of UNC's net assets.

Unrestricted Net Assets include departmental operating funds; inventory; self-funded operation working capital; reserves; and the net assets of the Student Media Corporation and Alumni Association. Unrestricted Net Assets of \$14.2 million equal to 14 percent of fiscal year 2003 educational and general expenditures.

Net Assets

	June 30, 2003	June 30, 2002
Capital Assets Net of Debt	\$ 117,868,111	\$ 106,985,329
Unrestricted	14,205,610	16,385,746
Auxiliary	10,839,279	8,533,059
Student Loans	9,343,496	9,284,250
Bond Reserve	750,000	750,000
Non-expendable	381,541	381,541
Other Restricted	264,657	204,657
	<u>\$ 153,652,694</u>	<u>\$ 142,524,572</u>

Net Assets June 30, 2003



MANAGEMENT DISCUSSION AND ANALYSIS

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.

Condensed Statement of Revenues, Expenses and Changes in Net Assets For the Year Ended June, 30

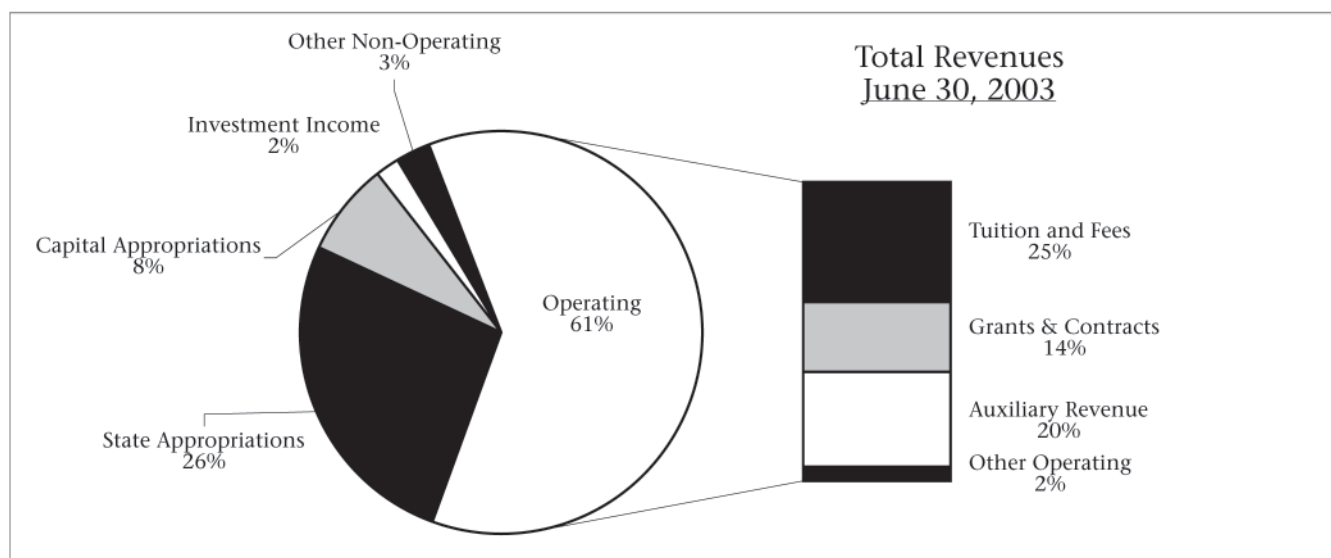
	<u>2003</u>	<u>2002</u>
Operating Revenues		
Net Tuition and Fees	\$ 35,066,370	\$ 32,159,991
Grants and Contracts	20,055,607	19,037,633
Auxiliary	27,328,805	26,346,214
Other	3,478,598	3,159,159
Total Operating Revenues	\$ 85,929,380	\$ 80,702,997
Operating Expenses		
Education and General	\$ 99,561,609	\$ 97,506,861
Auxiliary	17,537,348	17,866,440
Depreciation	9,528,353	8,765,627
Total Operating Expenses	126,627,310	124,138,928
Operating Loss	\$ (40,697,930)	\$ (43,435,931)
Non-Operating Revenues		
State Appropriations	\$ 36,974,939	\$ 42,352,302
Other	2,102,892	2,731,754
Income Before Other Items	(1,620,099)	1,648,125
Capital Appropriations	10,475,643	27,372,422
Net Other Items	2,272,578	1,336,827
Increase in Net Assets	\$ 11,128,122	\$ 30,357,374
Net Assets - Beginning of Year	142,524,572	112,167,198
Net Assets - End of Year	\$ 153,652,694	\$ 142,524,572



MANAGEMENT DISCUSSION AND ANALYSIS

Total Revenues

Revenue from all sources totals \$140.1 million with \$85.9 million of that being Operating Revenue and an additional \$37.0 million being UNC's general fund appropriation from the State of Colorado. The original fiscal year 2003 appropriation was \$44.8 million; three separate funding rescissions totaling \$7.8 million resulted in the reduced appropriation of \$37.0 million. In fiscal year 2002 total revenue was \$156.8 million with \$80.7 million operating revenue and a \$42.3 million general fund appropriation. Capital appropriations to UNC in 2003 were \$10.5 million with \$8.2 million for Ross Hall renovation.



Operating Revenues

Operating revenue is derived from Tuition and Fees - \$35,066,370; Auxiliary activity - \$27,328,805; Grants & Contracts - \$20,055,607 and Other - \$3,478,598.

Under the new GASB standards, tuition and fees are now shown net of \$8,307,402 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.

About 57% of the Operating Grants and Contract revenue is federal and state financial aid with an additional 29% coming from federal research, training, etc. grants.

Grants & Contracts Revenue

	June 30, 2003	June 30, 2002
Federal Financial Aid	\$ 5,927,105	\$ 5,707,573
State Financial Aid	5,452,469	5,209,099
Federal Grants	5,805,496	4,974,176
State & Local Grants	555,999	864,500
UNC Foundation Grants	1,523,284	2,282,285
Other Grants	791,254	
	<u>\$ 20,055,607</u>	<u>\$ 19,037,633</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Expenses

Operating Expenses of \$126.6 million comprise the largest part of expenses and other losses, which also includes \$2.3 million in interest related to bond financing and \$18K 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

	<u>2003</u>		<u>2002</u>	
Instruction	\$ 50,428,209	39.8%	\$ 48,052,554	38.7%
Research	2,464,018	1.9%	2,207,219	1.8%
Public Service	1,199,757	1.0%	1,395,721	1.1%
Academic Support	11,863,137	9.4%	12,090,933	9.7%
Student Services	14,291,542	11.3%	13,582,705	10.9%
Institutional Support	7,427,433	5.9%	9,048,830	7.3%
Operation of Plant	8,945,899	7.1%	8,496,155	6.8%
Scholarships & Fellowships	2,941,614	2.3%	2,632,744	2.1%
Auxiliary Operating Expenditures	17,537,348	13.8%	17,866,440	14.4%
Depreciation	9,528,353	7.5%	8,765,627	7.2%
Total Operating Expenses	\$ 126,627,310	100.0%	\$ 124,138,928	100.0%

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

Operating Expense by Natural Class

	<u>2003</u>		<u>2002</u>	
Personnel Costs	\$ 87,451,648	69.1%	\$ 84,553,805	68.1%
Cost of Goods Sold	8,337,513	6.6%	7,525,118	6.1%
Other Operating Expense	21,309,797	16.8%	23,294,378	18.8%
Depreciation	9,528,353	7.5%	8,765,627	7.1%
Total Operating Expenses	\$ 126,627,310	100.0%	\$ 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 Statement of Revenue, Expenses and Changes in Net Assets, cash flows from the State Appropriation are not considered Operating, but Non-capital Financing.

In fiscal year 2003 UNC implemented a variety of measures including spending restrictions and a hiring freeze to address the economic realities of a recession. This resulted in decreased operating cash outflow as compared to the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

Noncapital financing is almost entirely from the state's general fund appropriation, which, due to the fiscal 2003 rescissions, was \$5.4 million less than fiscal year 2002. (There are several other minor contributors to noncapital financing cash flows.)

In fiscal year 2002 UNC issued \$50,000,000 in bonds (July 2001) for construction and advance refunding of previously issued bonds. The proceeds for construction were not fully expended in that year resulting in a net cash provision from capital financing. In fiscal year 2003 \$10.5 capital financing was received from the state while \$26 million was expended for capital improvements from remaining bond proceeds and other cash dedicated to capital use. Thus, in fiscal year 2003 there was a \$15.1 million net use of cash for capital purposes.

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

	<u>2003</u>	<u>2002</u>
Cash Flows Provided/(Used) by:		
Operating Activities	\$ (21,130,019)	\$ (28,953,657)
Noncapital Financing	37,046,947	42,490,948
Capital and Related Financing	(15,126,009)	11,831,494
Investing	<u>2,728,722</u>	<u>3,194,407</u>
Net Increase in Cash	\$ 3,519,641	\$ 28,563,192
Beginning Cash Balance	<u>56,697,667</u>	<u>28,134,475</u>
Ending Cash Balance	<u>\$ 60,217,308</u>	<u>\$ 56,697,667</u>

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 national economic recession and Colorado's state revenue shortfalls have had a significant impact on UNC's finances both in fiscal year 2003 and as we look ahead to the coming years. The fiscal year 2004 general fund appropriation from the state is \$33.6 million, \$3.4 million less than was appropriated in 2003 (net of rescissions) and \$8.8 million less than was appropriated in 2002.

UNC is not anticipating a dramatic positive change in Colorado's resources and therefore does not expect state appropriations to rebound to fiscal year 2002 levels for perhaps as much as a decade. Therefore, UNC is initiating a comprehensive planning process entitled "Charting the Future" <http://www.unco.edu/pres/charting/> with the goal of realigning financial and other resources to ensure that UNC lives up to its promise as a great university.

Student Headcount Enrollment

Fiscal Year	On-Campus	Percent Change
2003	13,205	0.9%
2002	13,081	0.6%
2001	13,009	

MANAGEMENT DISCUSSION AND ANALYSIS

One testament to UNC's strength is that student enrollment continues to be strong. Fiscal year 2003 headcount was up 0.9% and preliminary numbers for fall 2003 (fiscal year 2004) indicate that on-campus enrollment continues to rise, even though tuition increased by 10% for fiscal year 2004.

Resident enrollment in particular, as measured by full-time equivalency (FTE) or 30 academic credit hours, is growing. In the past, resident FTE had a direct relationship to the funding received from the State. However, in the current climate of appropriation decreases, the State support in actual dollars per FTE is declining.

Resident FTE Enrollment

Fiscal Year	On-Campus	Percent Change
2003	9,421	3.7%
2002	9,088	0.5%
2001	9,041	

Although, the financial challenges are very real, UNC believes that it has made adequate short-term adjustments to continue to provide a quality educational experience.

- Tuition rates for 2003-2004 were increased by 10%. UNC's tuition remains competitive in the mid-range for Colorado universities and the increase was well below the national trend.
- Over \$8 million in budgetary reductions were implemented and the 2003-2004 budget is balanced.

For the long-term strength of the university, further realignment of resources will be necessary. The campuswide planning initiative, Charting the Future, will provide UNC the opportunity to make thoughtful decisions as to how to best continue serving students and Colorado citizens.



STATEMENT OF NET ASSETS

	JUNE 30, 2003	JUNE 30, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 45,777,639	\$ 37,347,768
Student accounts receivable, net	4,483,972	4,166,150
Other accounts receivable, net	530,962	449,297
Student loans receivable, net	1,427,153	1,237,036
Inventories	766,200	1,020,448
Other current assets	<u>340,490</u>	<u>725,837</u>
Total Current Assets	<u>53,326,416</u>	<u>44,946,536</u>
Noncurrent Assets		
Restricted cash	14,439,669	19,349,899
Restricted investments	691,950	690,994
Student loans receivable, net	6,648,104	6,754,102
Other noncurrent assets	1,431,059	1,476,296
Non-depreciable Capital Assets:		
Land	5,798,559	4,848,368
Land improvements	2,603,326	2,488,526
Construction in progress	10,593,558	11,933,113
Art & historical treasures	842,630	842,630
Depreciable Capital Assets:		
Land improvements (Less Accum Depr. of \$3,916,323 and \$3,618,042)	4,152,685	4,335,824
Buildings and improvements (Less Accum Depr. of \$75,604,702 and \$68,760,430)	131,668,618	114,970,972
Leasehold improvements (Less Accum Depr. of \$495,403 and \$495,405)	0	0
Equipment (Less Accum Depr. of \$8,837,054 and \$8,562,693)	2,520,655	2,567,824
Library holdings (Less Accum Depr. of \$22,070,118 and \$21,058,011)	<u>6,983,715</u>	<u>6,645,887</u>
Total Noncurrent Assets	<u>188,374,528</u>	<u>176,904,435</u>
TOTAL ASSETS	<u>241,700,944</u>	<u>221,850,971</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,172,161	2,628,975
Accrued liabilities	10,162,987	2,630,138
Deferred revenue	6,807,457	5,730,232
Capital leases payable, current portion	151,298	92,825
Bonds/notes payable, current portion	1,083,436	1,030,000
Compensated absence liabilities	618,993	651,793
Other long term liabilities, current portion	<u>1,649,604</u>	<u>1,643,850</u>
Total Current Liabilities	<u>22,645,936</u>	<u>14,407,813</u>
Noncurrent liabilities:		
Bonds/notes payable	59,177,098	60,132,780
Capital lease payable	1,490,172	115,901
Other long term liabilities	2,516,351	2,574,174
Compensated absence liabilities	<u>2,218,693</u>	<u>2,095,731</u>
Total Noncurrent Liabilities	<u>65,402,314</u>	<u>64,918,586</u>
TOTAL LIABILITIES	<u>88,048,250</u>	<u>79,326,399</u>
NET ASSETS		
Invested in capital assets, net of debt	117,868,111	106,985,329
Restricted for:		
Nonexpendable purposes		
Scholarships/fellowships	380,141	380,141
Academic support	1,400	1,400
Expendable purposes		
Auxiliary Expenditures	10,839,279	8,533,059
Scholarships/fellowships	203,739	203,480
Loans	9,343,496	9,284,250
Capital projects	750,000	750,000
Other	60,918	1,167
Unrestricted	<u>14,205,610</u>	<u>16,385,746</u>
TOTAL NET ASSETS	<u>\$153,652,694</u>	<u>\$142,524,572</u>

* See accompanying notes to financial statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	YEAR ENDED JUNE 30, 2003	YEAR ENDED JUNE 30, 2002
REVENUES		
Operating revenues:		
Student tuition and fees (including \$3,269,445 and \$3,259,926 of revenues pledged for bonds and net of scholarship allowances of \$8,307,402 and \$8,117,521)	\$ 35,066,370	\$ 32,159,991
Federal grants and contracts (including \$50,536 and \$50,536 of revenues pledged for bonds)	11,732,601	10,681,749
State and local grants and contracts	6,008,468	6,073,599
Nongovernmental grants and contracts	2,314,538	2,282,285
Sales and services of educational activities	2,734,549	2,490,421
Auxiliary operating revenue (including \$25,043,413 and \$24,304,974 of revenues pledged for bonds and net of scholarship allowances of \$1,028,529 and \$1,059,662)	27,328,805	26,346,214
Other operating revenue (including \$418,968 and \$516,426 of revenues pledged for bonds)	744,049	668,738
Total operating revenues	<u>85,929,380</u>	<u>80,702,997</u>
EXPENSES		
Operating expenses:		
Educational and general		
Instruction	50,428,209	48,052,554
Research	2,464,018	2,207,219
Public service	1,199,757	1,395,721
Academic support	11,863,137	12,090,933
Student services	14,291,542	13,582,705
Institutional support	7,427,433	9,048,830
Operation of plant	8,945,899	8,496,155
Scholarships & fellowships	2,941,614	2,632,744
Auxiliary operating expenditures	17,537,348	17,866,440
Depreciation	9,528,353	8,765,627
Total operating expenses	<u>126,627,310</u>	<u>124,138,928</u>
Operating income (loss)	<u>(40,697,930)</u>	<u>(43,435,931)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	36,974,939	42,352,302
Investment income (net of investment expense of \$1,512 and \$6,705)	2,725,415	3,194,407
Interest on capital asset related debt	(2,342,929)	(2,151,900)
Other nonoperating revenues	1,720,406	1,689,247
Net nonoperating revenues	<u>39,077,831</u>	<u>45,084,056</u>
Income before other revenues, (expenses) gains, or (losses)	<u>(1,620,099)</u>	<u>1,648,125</u>
Capital appropriations	10,475,643	27,372,422
Capital grants and gifts	2,290,977	266,565
Loss on disposal of capital assets	(18,399)	(190,004)
Special Item - Sale of KUNC license	0	1,260,266
Increase in net assets	<u>11,128,122</u>	<u>30,357,374</u>
Net Assets		
Net assets - beginning of year	<u>142,524,572</u>	<u>112,167,198</u>
NET ASSETS - END OF YEAR	<u>\$ 153,652,694</u>	<u>\$ 142,524,572</u>

* See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

	YEAR ENDED JUNE 30, 2003	YEAR ENDED JUNE 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received:		
Tuition and fees	\$ 34,904,103	\$ 32,380,948
Sales of services	31,086,948	33,077,570
Sales of products	0	51,453
Grants and contracts	19,746,844	19,920,124
Student loans collected	2,241,411	2,142,662
Other receipts	2,133,839	1,952,801
Cash Payments:		
Payments to or for employees	(79,913,054)	(84,845,516)
Payments to suppliers	(26,613,950)	(29,684,856)
Scholarships disbursed	(2,742,845)	(2,386,280)
Student loans disbursed	(1,973,314)	(1,562,563)
Net cash provided (used) by operating activities	<u>(21,130,019)</u>	<u>(28,953,657)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations, noncapital	36,974,939	42,352,302
Agency inflows	32,465,493	32,146,825
Agency outflows	(32,393,485)	(31,998,904)
Transfers from (to) other funds	0	(9,275)
Net cash provided (used) by noncapital financing activities	<u>37,046,947</u>	<u>42,490,948</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
State appropriations, capital		
Capital grants, contracts & gifts	10,475,644	27,372,422
Proceeds from sale of capital assets	2,290,977	266,565
Gain (Loss) on disposal of capital assets	0	1,260,266
Proceeds from capital debt	(18,399)	(190,004)
Acquisition or construction of capital assets	1,557,418	48,332,604
Principal paid on capital debt	(26,058,954)	(33,193,090)
Interest paid on capital debt	(1,051,645)	(29,930,810)
Net cash provided (used) by capital financing activities	<u>(2,321,050)</u>	<u>(2,086,459)</u>
	<u>(15,126,009)</u>	<u>11,831,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Investment earnings		
Net cash provided (used) by investing activities	<u>2,728,722</u>	<u>3,194,407</u>
	<u>2,728,722</u>	<u>3,194,407</u>
Net Increase (Decrease) in Cash		
Beginning cash balance	3,519,641	28,563,192
Ending cash balance	<u>56,697,667</u>	<u>28,134,475</u>
	<u>\$ 60,217,308</u>	<u>\$ 56,697,667</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)		
Adjustments to reconcile:	\$ (40,697,930)	\$ (43,435,931)
Depreciation expense		
Other revenues and additions (external rent)	9,528,353	8,765,627
Decrease (increase) in assets:	1,720,406	1,689,247
Cash invested with custodian		
Receivables, net	(956)	(3,740)
Inventories & prepaids	(423,106)	(101,653)
Increase (decrease) in liabilities:	665,347	(1,032,387)
Accounts payable		
Accrued payroll	(458,239)	(1,200,254)
Deferred revenues	7,531,838	618,027
Other liabilities	1,017,428	5,597,711
Compensated absences	(103,322)	78,433
Net cash provided (used) by operating activities	<u>90,162</u>	<u>71,263</u>
	<u>\$ (21,130,019)</u>	<u>\$ (28,953,657)</u>

* See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Northern Colorado is an institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the University of Northern Colorado is included as part of the State of Colorado's primary government. 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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 for accrued compensation absences and other liabilities that will not be paid within the next fiscal year; and (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, including excess pledged revenues for auxiliary project bonds.

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, except excess pledged revenues for auxiliary project bonds.

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.

State Paydate Change: On March 5, 2003 Governor Owens signed Senate Bill 03-197 that changed the paydate of state employees, including the employees of the university, for the month of June from the last business day of June to the first business day of July. This law also creates an exception to the requirement that the determination of the general fund surplus for the state be based upon the accrual system of accounting for payment of monthly salaries of state employees for June. The university continues to adhere to accepted accounting principles for the accrual of these salary expenses for accounting purposes and reflects the amounts due to employees on the financial statements as of June 30, 2003.

NOTES TO FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2003, the University had \$59,347,092 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, 2003, the University had \$32,203 cash on hand and the carrying amount of the University's deposits in banks was \$181,027 and the bank balance was \$1,096,561. 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, 2003. 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 \$1,348,937 at June 30, 2003, includes U.S. Treasury securities with a cost basis of \$527,451 and market value of \$549,321. The maturity dates range from September 2, 2003 through May 15, 2007 with a yield from 1.875 percent to 7.125 percent.

3. RECEIVABLES AND PAYABLES

Receivables at June 30, 2003, were as follows:

	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
Student Accounts Receivable	\$ 5,606,769	\$ 1,122,797	\$ 4,483,972
Other Receivables	530,962		530,962
Loans Receivable	9,078,232	1,002,975	8,075,257
Total Receivables	<u>\$ 15,215,963</u>	<u>\$ 2,125,772</u>	<u>\$ 13,090,191</u>

Payables at June 30, 2003 were as follows:

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Accounts Payable, Vendors	\$ 2,068,685	\$ 2,581,426
Salaries and Benefits Payable	9,902,151	2,366,456
Accrued Interest Payable	260,836	263,682
Other Payables	103,476	47,549
Total Payables	<u>\$ 12,335,148</u>	<u>\$ 5,259,113</u>

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

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

	Balance June 30, 2002	Additions	Transfers	Deductions	Balance June 30, 2003
Cost of fixed assets					
Land	\$ 4,848,368	\$ 950,191	\$	\$	\$ 5,798,559
Land improvements	7,953,866	17,568	97,573		8,069,007
Non-depreciable land improvements	2,488,526	64,945	49,855		2,603,326
Buildings	89,302,510				89,302,510
Building improvements	94,428,892	3,576,567	19,965,351		117,970,810
Vehicles	591,588	59,464		(39,340)	611,712
Equipment	10,538,929	1,038,678		(831,609)	10,745,998
Library holdings	27,703,898	1,596,716		(246,782)	29,053,832
Non-depreciable art/historical treasures	842,630				842,630
Leasehold improvements	495,403				495,403
Construction in progress	11,933,113	18,773,223	(20,112,779)		10,593,557
Total cost of fixed assets	251,127,723	26,077,352	0	(1,117,731)	276,087,344
Less accumulated depreciation					
Land improvements	3,618,042	298,281			3,916,323
Building and improvements	68,760,430	6,844,272			75,604,702
Vehicles	345,755	87,806		(39,340)	394,221
Equipment	8,216,938	1,039,104		(813,210)	8,442,832
Library holdings	21,058,011	1,258,889		(246,782)	22,070,118
Leasehold improvements	495,403				495,403
Total accumulated depreciation	102,494,579	9,528,352	0	(1,099,332)	110,923,599
Net carrying amount	\$148,633,144	\$ 16,549,000	\$ 0	\$ (18,399)	\$165,163,745

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

NOTES TO FINANCIAL STATEMENTS

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 FY02-03, the state contributed 10.04 percent (12.74 percent for state troopers and 11.82 percent for the Judicial Branch) of the employee's gross covered wages. Before January 1, 2003, 1.64 percent was allocated to the Health Care Trust Fund, and after January 1, 2003, 1.1 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, 2003, 2002 and 2001 were \$3,654,031, \$3,563,991, and \$3,407,464 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 2002-2003 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, 2003 was \$3,034,324. 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.

NOTES TO FINANCIAL STATEMENTS

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. For calendar years 2001 and 2002, 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). For calendar year 2003, the match was 100 percent of up to 2 percent of employee's gross covered wages paid during the month (6 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. While the plan was not overfunded, the maximum one year change in the match rate is statutorily limited to one percent, and therefore, the match changed from 3 percent to 2 percent.

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 HEALTHCARE 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 FY02-03, 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, 2002 there were 35,418 participants, including spouses and dependents, from all contributors in 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, 2003, the University has construction commitments of \$848,671 for campus roof replacement, Ross Hall addition/renovation, Butler-Hancock system replacement, exterior building systems repair, Guggenheim Arts Annex, smart classrooms, and campus water main improvements.

NOTES TO FINANCIAL STATEMENTS

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, 2003, the University had outstanding commitments of approximately \$1,818,992. 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, 2003.

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, 2003, the University paid approximately \$702,933 to participate in these programs. Liability of State higher education institutions is limited by the Colorado Governmental Immunity Act.



NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES

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

	Balance June 30, 2002	Additions	Reductions	Balance June 30, 2003	Amounts due within one year
Bonds, notes and capital lease obligations					
Revenue bonds payable	\$ 61,162,780	\$	\$ (929,486)	\$ 60,233,294	\$ 1,075,000
Notes payable		27,239		27,239	8,436
Capital leases payable	208,726	1,530,179	(97,435)	1,641,470	151,298
Total bonds and capital leases	61,371,506	1,557,418	(1,026,921)	61,902,003	1,234,734
Other liabilities					
Other long-term liabilities	4,218,024	232,956	(285,025)	4,165,955	1,649,604
Accrued compensated absences	2,747,524	446,753	(356,591)	2,837,686	618,993
Total other liabilities	6,965,548	679,709	(641,616)	7,003,641	2,268,597
Total Long-Term Liabilities	\$ 68,337,054	\$ 2,237,127	\$ (1,668,537)	\$ 68,905,644	\$ 3,503,331



Amounts shown in "Balance, June 30, 2003" 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 \$54,263 in rental revenue for fiscal year 2003 and will recognize an equal amount annually for the next 44 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.

NOTES TO FINANCIAL STATEMENTS

10. BONDS PAYABLE

Bonds payable consisted of the following at June 30:

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

	JUNE 30, 2003	JUNE 30, 2002
Outstanding bond principal	\$ 3,100,000	\$ 3,755,000
Less unamortized discount	(23,198)	(28,997)
Bonds payable less unamortized discount	\$ 3,076,802	\$ 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	\$ 10,150,000	\$ 10,210,000
Less unamortized discount	(114,903)	(120,720)
Bonds payable less unamortized discount	10,035,097	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	\$ 48,990,000	\$ 49,305,000
Less unamortized discount	(352,791)	(365,898)
Less unamortized loss on refunding	(1,515,814)	(1,591,605)
Bonds payable less unamortized discount and loss on refunding	47,121,395	47,347,497
Total Bonds payable less unamortized discount and loss on refunding	\$ 60,233,294	\$ 61,162,780

The annual requirements to amortize these bonds as of June 30, 2003 are as follows:

Year Ending June 30	Principal	Interest	Total
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	1,300,000	2,891,660	4,191,660
2009-2013	7,465,000	13,501,137	20,966,137
2014-2018	9,495,000	11,472,100	20,967,100
2019-2023	12,255,000	8,703,350	20,958,350
2024-2028	15,685,000	5,284,000	20,969,000
2029-2031	11,420,000	1,160,750	12,580,750
Total	\$ 62,240,000	\$ 55,161,919	\$ 117,401,919

NOTES TO FINANCIAL STATEMENTS

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, 2003, \$1,575,000 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, 2003, \$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, 2003, \$26,900,000 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, 2003 Reserve
Renewal and replacement funds	\$ 750,000	\$ 750,000

NOTES TO FINANCIAL STATEMENTS

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, 2003 and 2002 is \$1,842,078 and \$2,146,384 respectively.

Future minimum lease payments as of June 30, 2003 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>
2004	\$ 218,546	\$ 67,248	\$ 151,298
2005	186,816	70,930	115,886
2006	178,962	64,217	114,745
2007	173,347	58,277	115,070
2008	166,104	52,438	113,666
2009	164,238	46,994	117,244
2010	164,238	41,313	122,925
2011	164,238	35,356	128,882
2012	164,238	29,111	135,127
2013	164,238	22,564	141,674
2014	164,238	15,698	148,540
2015	164,238	8,501	155,737
2016	82,119	1,443	80,676
Total capital lease obligation	<u>\$ 2,155,560</u>	<u>\$ 514,090</u>	<u>\$ 1,641,470</u>

NOTES TO FINANCIAL STATEMENTS

12. OPERATING LEASES

The University leases property and equipment under operating leases expiring in various years through 2008.

Future minimum lease payments under noncancelable operating leases as of June 30, 2003 and 2002 are as follows:

	<u>JUNE 30, 2003</u>	<u>JUNE 30, 2002</u>
2003	\$ -	\$ 85,384
2004	92,577	77,894
2005	78,159	72,233
2006	68,561	63,017
2007	36,260	34,482
2008	445	-
Total minimum lease payments	<u>\$ 276,002</u>	<u>\$ 333,010</u>

Rental expense under these agreements for the years ended June 30, 2003 and 2002 was \$85,384 and \$128,122, respectively. Of this amount, all 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, 2003 and 2002 is \$2,837,686 and \$2,747,524, respectively. 2003 and 2002 expenses include \$90,162 and \$71,263 for the increase in the estimated compensated absence liability.

14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2003 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	\$ 44,943,696	\$ 5,361,495	\$ 221	\$	\$ 121,913	\$ 884	\$ 50,428,209
Research	1,538,312	760,588			155,161	9,957	2,464,018
Public Service	664,604	409,145	123,744			2,264	1,199,757
Academic Support	9,531,602	2,290,533	(10)		40,062	950	11,863,137
Student Services	9,608,834	4,445,749	227,115			9,844	14,291,542
Institutional Support	7,937,971	(6,026,544)	5,513,829			2,177	7,427,433
O & M of Plant	7,729,667	1,216,133				99	8,945,899
Scholarship/Fellowship		2,941,614					2,941,614
Auxiliaries	7,144,838	7,919,126	2,472,613			771	17,537,348
Depreciation				9,528,353			9,528,353
TOTAL	\$ 89,099,525	\$ 19,317,838	\$ 8,337,512	\$ 9,528,353	\$ 317,136	\$ 26,946	\$ 126,627,310

NOTES TO FINANCIAL STATEMENTS

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 years ended June 30, 2003 and 2002, appropriated expenditures were within the authorized spending authority. The University had a total appropriation of \$77,027,449 and \$80,788,593 respectively. Actual appropriated revenues earned totaled \$69,409,986 and \$79,284,065. Actual appropriated expenditures and transfers totaled \$69,654,320 and \$79,179,942. The net decrease in appropriated fund balance was \$244,334 and \$104,123.

Capital Construction State Appropriations

Capital Construction State Appropriations are recognized only to the extent of current expenditures of \$10,475,643. At June 30, 2003, there were unexpended Capital Construction State Appropriations of \$11,682,561.

Controlled Maintenance Projects

The Colorado Department of Personnel and Administration makes expenditures on behalf of the University for various controlled maintenance projects. There were three completed controlled maintenance projects added to the University for the year ended June 30, 2003. These projects included the repair and replacement of campus building roofs, the replacement of deteriorated stairs/walkways and the ceiling repair of Frasier Hall Theater.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2003 are summarized as follows:

Statement of Financial Position		Statement of Activities		
		Unrestricted	Temporarily Restricted	Permanently Restricted
Total Assets	\$82,651,630			
Total Liabilities	\$ 2,023,700	Total Revenues	\$ 2,506,341	\$(6,446,768)
Total Net Assets	<u>\$80,627,930</u>	Total Expenses	<u>\$ 0</u>	<u>\$ 0</u>



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

Notes payable to the Foundation were issued in the amount of \$28,146 during February 2003 with an interest rate of 5.25 percent and maturity date of January 15, 2007. The notes payable balance as of June 30, 2003 is \$27,239.

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, 2003 are \$691,950. During fiscal year 2003, the Board paid an administrative fee of \$6,818 to the Foundation.

STATE APPROPRIATED BUDGET REQUEST SUMMARY MANDATED ITEMS, UNIVERSITY PRIORITIES AND BUDGET REDUCTIONS

Base Budget	\$ 78,177,515
New Revenue	
General Fund 2002-03 Recision	\$ (4,999,972)
General Fund 2003-04 Recision	(6,220,968)
Academic Program Fees	21,957
Tuition	2,772,733
Adjust Interest Income	(150,000)
Sub-Total New Revenue	\$ (8,576,250)
Other Resources	
Finance and Administration	\$ (1,166,634)
President	(459,799)
Provost	(4,471,704)
University Affairs	(109,214)
Board of Trustees	(35,500)
Administrative Overhead Adjustment	(855,400)
Excess General Fund Contingency	(928,163)
Adjust Challenge Recovery	37,000
SEP Recovery	(31,737)
Salary Savings	(94,115)
Sub-Total Other Resources	\$ (8,115,266)
External Mandates/University Priorities	
Urban Education New Cohort	\$ 30,000
Insurance/Risk Management	120,000
Academic Program Fees	21,957
Need Based Scholarships	301,000
Sub-Total Ext Mandates/University Priorities	\$ 472,957
Compensation	
Fringe Benefit Adjustment	\$ (1,064,087)
Faculty Promotions	37,206
GA/TA Tuition Increase	92,940
Sub-Total Compensation	\$ (933,941)
Total State Appropriated Fund Budget Proposal	\$ 69,601,265

ACTUAL AND PROJECTED REVENUES AND EXPENDITURES*

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

	Actual FY 2000-01	Actual FY 2001-02 (4)	Actual FY 2002-03 (4)
OPERATING REVENUES:			
Housing and Food Contracts	\$ 15,008,670	\$ 16,238,039	\$ 17,232,675
Bookstore Sales (4)	5,179,941	0	0
Short Term Room and Board	1,078,793	956,626	1,074,648
Student Fees	2,977,683	3,259,926	3,334,075
Parking Fees	1,057,281	1,289,919	1,427,216
Other Auxiliary Sales and Services	4,121,335	5,632,376	4,878,225
Gross Revenues	\$ 29,423,703	\$ 27,376,886	\$ 27,919,839
EXPENDITURES: (4)			
Cost of Sales	\$ 5,880,702	\$ 2,938,398	\$ 2,624,485
Personal Services	8,089,111	7,949,823	8,475,527
Other Current Expenses	5,214,090	6,099,204	5,767,718
Utilities	1,938,135	2,008,080	2,071,600
Travel and Subsistence	18,399	31,889	33,353
Capital Outlay, Operations	139,547	112,183	67,702
Current Expenses	\$ 21,279,984	\$ 19,139,577	\$ 19,040,385
NET REVENUES:	\$ 8,143,719	\$ 8,237,309	\$ 8,879,454
TRANSFERS:			
(or available for transfer)			(5)
Debt Service	\$ 3,653,663	\$ 4,193,980	\$ 4,193,980
Capital Maintenance	3,728,400	3,293,226	3,293,226
Administrative Overhead	761,656	750,103	750,103
Total Transfers	\$ 8,143,719	\$ 8,237,309	\$ 8,237,309
NET REVENUE/DEBT SERVICE	2.23	1.96	2.12

*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 2003-04 (4)	Estimated FY 2004-05	Estimated FY 2005-06	Estimated FY 2006-07	Estimated FY 2007-08	
\$ 17,784,852	\$ 18,407,322	\$ 19,051,578	\$ 19,718,383	\$ 20,408,526	(1)
0	0	0	0	0	(1)
1,124,879	1,164,250	1,204,999	1,247,174	1,290,825	(1)
3,382,337	3,559,232	3,670,570	3,785,474	3,861,762	(1)
1,538,935	1,719,935	1,900,935	1,948,458	1,997,169	(3)
4,579,537	4,715,026	4,853,902	4,996,249	5,142,155	(1)
\$ 28,410,540	\$ 29,565,765	\$ 30,681,984	\$ 31,695,738	\$ 32,700,437	
\$ 2,738,312	\$	\$ 2,876,939	\$ 2,948,862	\$ 3,022,583	(1)
9,254,029	2,806,770	9,930,285	10,426,800	10,948,139	(2)
7,048,160	9,457,414	7,394,187	7,573,688	7,757,656	(1)
2,317,804	7,219,046	2,435,143	2,496,021	2,558,422	(1)
70,005	2,375,749	100,000	100,000	101,500	(1)
115,224	100,000	197,500	197,500	197,500	(1)
\$ 21,543,534	197,500	\$ 22,934,054	\$ 23,742,871	\$ 24,585,800	
	\$ 22,156,479				
\$ 6,867,006		\$ 7,747,930	\$ 7,952,867	\$ 8,114,637	
	\$ 7,409,286				
\$ 4,190,828		\$ 4,192,944	\$ 4,194,195	\$ 4,191,660	(3)
	\$ 4,190,954				
1,395,790		2,127,279	2,281,794	2,395,264	
1,280,388	1,845,918	1,427,707	1,476,878	1,527,713	(2)
\$ 6,867,006	1,372,414	\$ 7,747,930	\$ 7,952,867	\$ 8,114,637	
	\$ 7,409,286				
1.64	1.77	1.85	1.90	1.94	

AUXILIARY SERVICES

BUDGET REQUEST SUMMARY - FY 2003-2004

REVENUE, EXPENSE, TRANSFERS:

<i>Revenue</i>	(1) (2) 2001-2002 Actual	(2) 2002-2003 Approved Budget	2003-2004 Operating Changes	2003-2004 Requested Budget
Revenue	\$ 22,968,837	\$ 22,912,028	\$ 1,157,106	\$ 24,069,134
Less: Cost of Sales	2,839,807	2,509,403	120,208	2,629,611
<i>Adjusted Gross Revenue</i>	\$ 20,129,030	\$ 20,402,625	\$ 1,036,898	\$ 21,439,523
<i>Expense</i>				
Total Professional Services	\$ 804,234	\$ 1,007,030	\$ 102,244	\$ 1,109,274
Total Support Services	5,471,664	6,239,624	(80,757)	6,158,867
Total Personnel	6,275,898	7,246,654	21,487	7,268,141
Total OCE and Travel	7,421,604	8,435,317	920,244	9,355,561
Total Capital Outlay	103,814	112,724	0	112,724
<i>Total Expenses</i>	\$ 13,801,316	\$ 15,794,695	\$ 941,731	\$ 16,736,426
<i>Adjusted Gross Revenue Over/(Under) Expense</i>	\$ 6,327,714	\$ 4,607,930	\$ 95,167	\$ 4,703,097
<i>Mandatory Transfers</i>				
*Debt Service	2,640,831	3,135,071	51,772	3,186,843
<i>Non-Mandatory Transfers</i>				
**Facility Use Charge	1,326,230	1,442,000	74,254	1,516,254
<i>Total Transfers</i>	\$ 3,967,061	\$ 4,577,071	\$ 126,026	\$ 4,703,097
<i>Balance</i>	\$ 2,360,653	\$ 30,859	\$ (30,859)	\$ 0

*Based on Pledged Net Revenue.

** Based on square feet occupied.

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

(2) Restated to show Student Fees Separated from the Auxiliary Services Operations

INSTITUTIONAL INFORMATION

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 15 professional librarians, 55 executive, administrative, or managerial staff, 175 full-time clerical and technical staff, 188 custodial, service and maintenance staff, 236 other professional support services staff and 269 teaching, research and graduate assistants.

<u>FULL TIME TEACHING FACULTY</u>			
	<u>Total</u>	<u>Doctorate</u>	<u>Tenured</u>
Full Professors	184	173	182
Associate Professors	79	69	68
Assistant Professors	90	73	0
Instructors/Lecturers	57	17	0
TOTAL	410	332	250

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 1997, 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>
2003	42.0%	N/A
2002	39.5%	70.4%
2001	40.9%	68.0%
2000	38.9%	69.2%
1999	41.2%	69.5%
1998	39.7%	67.5%
1997	40.5%	67.2%

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>		<u>Fees*</u>
2002-03	\$2,290	\$2,708	\$10,584	\$11,268	\$661
2001-02	\$2,155	\$2,549	\$9,825	\$10,459	\$687
2000-01	\$2,072	\$2,451	\$9,357	\$9,961	\$710
1999-00	\$2,014	\$2,382	\$8,997	\$9,578	\$740
1998-99	\$1,967	\$2,327	\$8,997	\$9,578	\$577
1997-98	\$1,942	\$2,298	\$8,710	\$9,272	\$564

*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 1997 through 2002.

<u>STATE APPROPRIATIONS</u>		
<u>Fiscal Year</u>	<u>State Appropriations</u>	<u>Percent of Revenues</u>
FY ended 6/30/03	\$36,974,939	26.39%
FY ended 6/30/02	\$42,352,302	25.56%
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%

TABLE 4

STUDENT HOUSING OCCUPANCY

Recent Student housing occupancy is summarized in Table 5 for academic years 1997-98 through 2002-03.

<u>STUDENT HOUSING OCCUPANCY</u>		
<u>Academic Year</u>	<u>Design Capacity</u>	<u>Occupancy Rate</u>
2002-03	3,029	94.89%
2001-02	3,029	95.12%
2000-01	3,056	90.56%
1999-00	3,023	99.08%
1998-99	2,930	102.44%
1997-98	2,924	97.50%

TABLE 5

FALL 2003 FACT BOOK

New Freshman Trends
Fall 1999 - Fall 2003

	Fall 1999	Fall 2000	Fall 2001	Fall 2002	Fall 2003
Applicants	6,964	6,901	6,709	6,961	7,172
Admits	5,662	5,479	5,229	5,002	5,063
% Accepted	81.3%	79.4%	77.9%	71.9%	70.6%
Enrolled	2,330	2,133	2,140	1,974	2,128
% Yield	41.2%	38.9%	40.9%	39.5%	42.0%

GENDER

Male	908	881	816	701	791
Female	1,422	1,252	1,324	1,273	1,337

ETHNICITY

Native American	12	14	15	10	25
African American	44	43	36	37	48
Asian American	102	92	72	82	69
Hispanic	212	148	131	121	155
Total Minorities	370	297	254	250	297
White	1,922	1,767	1,769	1,652	1,753
International	1	3	4	3	4
Uncoded	37	66	113	69	74
Total Non-Minorities	1,960	1,836	1,886	1,724	1,831

RESIDENCY

Residents	2,007	1,875	1,845	1,738	1,880
Non-Residents	323	258	295	236	248

AGE

Less than 18	120	127	103	115	111
18	1,875	1,705	1,725	1,589	1,725
19	295	250	248	215	229
20-24	40	34	40	28	38
Total Traditional	2,330	2,116	2,116	1,947	2,103
Total Non-Traditional (25+)	0	17	24	27	25

COLLEGE

Arts & Sciences	709	808	824	731	782
Education	N/A	N/A	N/A	4	18
Monfort College of Business	228	190	162	174	155
Health & Human Services	215	194	196	225	277
Performing & Visual Arts	262	256	266	235	221
Undeclared	916	685	692	605	675

AVERAGES

CCHE Index	99.0	99.2	100.3	101.16	102.1
ACT - Composite	21.7	21.8	22.1	22.5	22.4
SAT - Combined	1021	1024	1041	1046	1048
High School GPA	3.19	3.20	3.23	3.25	3.32
High School Rank	63.0	62.2	62.8	62.5	63.3

FALL 2003 FACT BOOK

New Transfers Trends
Fall 1999 - Fall 2003

	Fall 1999	Fall 2000	Fall 2001	Fall 2002	Fall 2003
Applicants	1,952	1,846	1,975	1,996	2,159
Admits	1,478	1,400	1,511	1,478	1,585
% Accepted	75.7%	75.8%	76.5%	75.2%	73.4%
Enrolled	836	822	868	846	953
% Yield	56.6%	58.7%	57.4%	57.2%	60.1%

GENDER

Male	367	311	317	350	398
Female	469	511	551	496	555

ETHNICITY

Native American	5	7	11	11	14
African American	20	28	23	25	29
Asian American	16	22	21	16	19
Hispanic	76	76	52	77	86
Total Minorities	117	133	107	129	148
White	677	650	697	662	740
International	11	6	17	3	5
Uncoded	31	33	47	52	60
Total Non-Minorities	719	689	761	717	805

RESIDENCY

Residents	700	702	728	744	831
Non-Residents	136	120	140	102	122

AGE

Less than 19	21	12	26	17	24
19	226	187	201	200	229
20	248	216	214	215	222
21	101	115	114	123	137
22-24	102	125	126	121	142
Total Traditional	698	655	681	676	754
Total Non-Traditional (25+)	138	167	187	170	199

COLLEGE

Arts & Sciences	317	379	409	352	432
Education	N/A	N/A	N/A	10	11
Monfort College of Business	89	89	80	77	73
Health & Human Services	152	144	143	140	190
Performing & Visual Arts	78	46	81	75	55
Undeclared	200	164	155	192	192

AVERAGES

Transfer GPA	2.95	2.88	2.95	2.93	2.92
Transfer Hours	41.9	42.1	41.7	38.5	41.1
Age	22.2	23.1	23.0	23.1	23.1

FALL 2003 FACT BOOK

New Graduate Student Trends
Fall 1999 - Fall 2003

	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03
Applicants	1,915	1,819	1,808	1,825	2,019
Admits	1,436	1,374	1,364	1,422	1,476
% Accepted	75.0%	75.5%	75.4%	77.9%	73.1%
Enrolled	951	900	899	972	1,023
% Yield	66.2%	65.5%	65.9%	68.4%	69.3%

DEGREE LEVEL

Licensure	81	93	79	113	65
Master's	759	676	681	728	824
Specialist	15	38	43	53	38
Doctoral	96	93	96	78	96

GENDER

Male	268	245	252	269	269
Female	683	655	647	703	754

ETHNICITY

Native American	12	8	5	8	14
African American	13	13	12	10	18
Asian American	19	16	15	14	17
Hispanic	51	49	46	40	38
Total Minorities	95	86	78	72	87
White	805	755	750	784	814
International	34	36	45	37	43
Uncoded	17	23	26	79	79
Total Non-Minorities	856	814	821	900	1,023

RESIDENCY

Residents	738	706	694	793	814
Non-Residents	213	194	205	179	209

COLLEGE

Arts & Sciences	114	88	93	92	114
Education	553	546	551	627	681
Health & Human Sciences	214	201	197	202	164
Performing & Visual Arts	50	59	57	43	57
Graduate Interdisciplinary	20	6	1	8	7

FALL 2003 FACT BOOK

Total Enrollment Trends
Fall 1999 - Fall 2003

Total Enrollment	Fall 1999 11,058	Fall 2000 11,039	Fall 2001 10,983	Fall 2002 10,982	Fall 2003 11,380
CLASSIFICATION					
Freshman	3,484	3,384	3,239	3,075	3,242
Sophomores	2,014	2,025	2,036	1,989	1,973
Juniors	1,840	1,917	1,991	2,005	2,013
Seniors	2,179	2,133	2,169	2,289	2,365
Total Undergraduates	9,517	9,459	9,435	9,358	9,593
Undeclared	140	189	175	168	198
Teacher Licensure	72	69	82	91	128
Master's	924	915	908	985	1,047
Specialist	30	37	33	34	36
Doctoral	293	273	270	266	302
Total Graduate Students	1,459	1,483	1,468	1,544	1,711
Non-Degree	82	97	80	80	76
GENDER					
Male	4,381	4,342	4,278	4,187	4,320
Female	6,677	6,697	6,705	6,795	7,060
ETHNICITY					
Native American	65	59	71	70	94
African American	231	230	216	211	229
Asian American	490	466	419	395	359
Hispanic	864	851	788	774	807
Total Minorities	1,650	1,606	1,494	1,450	1,489
White	9,126	9,069	8,962	8,971	9,232
International	137	142	157	134	123
Uncoded	145	222	370	427	536
Total Non-Minorities	9,408	9,433	9,489	9,532	9,891
COLLEGE					
Arts & Sciences	4,356	4,548	4,766	4,806	4,905
Monfort College of Business	1,324	1,335	1,302	1,174	1,069
Education	690	700	717	816	1,001
Health & Human Services	1,670	1,635	1,593	1,670	1,772
Performing & Visual Arts	1,082	1,097	1,151	1,127	1,100
Graduate Interdisciplinary	12	5	4	7	20
Undeclared	1,924	1,719	1,450	1,382	1,513
RESIDENCY					
Residents	9,624	9,662	9,637	9,711	10,153
Non-Residents	1,434	1,377	1,346	1,271	1,227
FTE STUDENTS					
Residents	8,377	8,446	8,396	8,765	8,782
Non-Residents	1,304	1,268	1,215	1,157	1,107
Total FTE Students	9,681	9,714	9,611	9,632	9,889

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