



UNIVERSITY of  
**NORTHERN COLORADO**

2013 Annual Financial Report



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# UNIVERSITY *of* NORTHERN COLORADO

## *Message from President Norton*

The University of Northern Colorado remains committed to its mission as a public university. We provide opportunities for students to earn high-quality degrees that prepare them for work, life and responsible citizenship; at the same time, we are committed to fiscal transparency and accountability.

UNC is uniquely positioned among Colorado's public research universities to provide transformative education through the intersection of our academic programs, research and community relationships. We offer students opportunities not only to explore a breadth of academic disciplines, but also to apply what they learn by engaging with our community. For example, many work with faculty on basic research and then translate their findings into action in settings such as schools and hospitals—a process that has a profound and positive effect on our students as well as our community. In fact, much of this work addresses state and national priorities such as nursing, math and science teaching, and special education; and many of these students remain in Colorado and make significant contributions to our economy and workforce.

A UNC education is the catalyst for a lifetime of learning. Our graduates are prepared not only with the baseline of knowledge in their chosen fields, but also with the ability to discover, create and incorporate new ideas into their thinking as they set out into the world. Many of our graduates are the first in their family to go to college. UNC is a critical access point for students whose educational opportunities historically have been limited by socio-economic status or other demographics, and we are committed to finding sustainable ways to educate these students even as the state funding landscape changes.

We are actively engaged in state policy, planning and funding discussions and continue to make the case for state investment in higher education. At the same time, we are responding to the imperative that public universities and colleges be more entrepreneurial. As we make our own way amid unprecedented and continuing change, we are pursuing growth in revenue-generating activities that support our mission and focusing on long-term fiscal sustainability in all that we do.

As we continue moving forward in the coming year, your interest and support are greatly appreciated.

Sincerely,



*The accompanying financial statements of the University of Northern Colorado for the year ended June 30, 2013, were prepared by 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 judgment. Other financial information in the annual financial 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.*



*Michelle F. Quinn  
Senior Vice President  
for Finance and Administration  
and Chief Financial Officer*



A Professional Corporation of  
Certified Public Accountants

## Independent Auditors' Report

Members of the Legislative Audit Committee:

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of the University of Northern Colorado (the University) and its discretely presented component unit, collectively an institution of higher education of the State of Colorado, as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Northern Colorado Foundation, Incorporated (the Foundation) which is the University's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us. Our opinion insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the University of Northern Colorado and its discretely presented component unit as of June 30, 2013 and 2012, and their respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis Matter**

As discussed in Note 1, the financial statements of the University of Northern Colorado, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matter**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.*

November 15, 2013

Anderson & Whitney, PC  
5801 West 11<sup>th</sup> Street, Suite 300  
Greeley, Colorado 80634-4813  
(970) 352-7990  
FAX (970) 352-1855

## Overview

### Management Discussion and Analysis

We are pleased to present this financial discussion and analysis of the University of Northern Colorado (the University or UNC). It is intended to make the University's financial statements easier to understand and to communicate its financial situation in an open and accountable manner. It provides an objective analysis of the University's financial position and results of operations as of and for the fiscal years ended June 30, 2013, and 2012, respectively, with comparative information for fiscal year 2011. University management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

The presented information relates to the financial activities of the University, a public comprehensive baccalaureate and specialized graduate research university, and focuses on the financial condition and results of operations as a whole. The financial statements for the University of Northern Colorado Foundation, Incorporated, a legally separate organization whose operations benefit the University, is discretely presented within the University's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the University.

### Understanding the Financial Statements

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

- ***Independent Auditors' Report*** presents an unqualified opinion prepared by the University's auditors (an independent certified public accounting firm, Anderson & Whitney, P.C.) on the fairness, in all material respects, of the University and its discretely presented component units' respective financial position.
- ***Statement of Net Position*** presents the assets, liabilities, and net position of the University at a point in time (June 30, 2013 and 2012). Its purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations; evaluating how much the University owes to vendors, investors, and lending institutions; and understanding the University's net position and its availability for expenditure by the University.
- ***Statement of Revenues, Expenses and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time (the years ended June 30, 2013 and 2012). Its purpose is to assess the University's operating results.
- ***Statement of Cash Flows*** presents University cash receipts and payments during a period of time (the years ended June 30, 2013 and 2012). Its purpose is to assess the University's ability to generate net cash flows and meet its payment obligations as they come due.
- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found. We suggest that you combine this financial analysis with relevant nonfinancial indicators to assess the overall health of the University. Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition, and campus safety.



## Financial Highlights

Selected financial highlights for the fiscal year ended June 30, 2013, include:

- University assets total \$353.2 million with liabilities of \$179.6 million, resulting in a net position of \$173.6 million. Of this amount, \$21.2 million, or 12%, is restricted for purposes for which the donor, grantor, or other external party intended and \$102.6 million, or 59%, is related to investments in capital assets. The remaining \$49.8 million, or 29%, is unrestricted and may be used to meet the University's ongoing obligations.
- The largest single factor impacting net position is the decrease of \$3.7 million in net investments in capital assets. This is primarily because depreciation for fiscal year 2013 was greater than the additions to capital assets. There was also an offsetting shift of \$3.0 million between expendable auxiliary expenditures and unrestricted net position. This was primarily because the University utilized \$2.6 million of auxiliary capital reserves to fund fiscal year 2014 capital projects, which includes addressing deferred maintenance. As a result, these resources were moved from the restricted expendable classification to the unrestricted classification on the Statement of Net Position.
- Total operating revenues of \$182.3 million, less total operating expenses of \$194.4 million, resulted in a net operating loss of \$12.1 million. This operating loss was partially offset by net nonoperating revenues of \$7.9 million and other changes of \$0.2 million, resulting in a \$4.0 million decrease in net position.

## Statement of Net Position

The Statement of Net Position is a financial snapshot of the University at June 30, 2013. This statement was previously called the Statement of Net Assets, prior to the implementation of Governmental Accounting Standards Board Statement No. 63. It presents the fiscal resources of the University (assets), the claims against those resources (liabilities), and the residual available for future operations (net position). Assets and liabilities are classified by liquidity as either current or noncurrent. Net Position is classified by the ways in which it may be used for future operations. The Statement of Net Position presents information on all of the University's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the strength of the financial position of the University. The tables and charts related to the Statement of Net Position that follow have been restated, for comparative purposes, to include the Arlington Park apartments for fiscal year 2011. The University purchased Arlington Park on July 1, 2011. Prior to the purchase, Arlington Park was discretely presented as a component unit of the University.

<b>Condensed Statement of Net Position</b> <b>as of June 30,</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Assets</b>			
Current Assets	\$ 92,449,966	\$ 94,641,152	\$ 80,446,890
Capital	251,524,258	255,541,478	264,724,483
Other Noncurrent Assets	9,246,636	9,784,664	11,605,844
Total Assets	<u>353,220,860</u>	<u>359,967,294</u>	<u>356,777,217</u>
<b>Liabilities</b>			
Current Liabilities	29,439,314	31,588,956	25,451,468
Bonds/Notes Payable, Noncurrent	141,552,896	145,274,808	153,497,393
Other Noncurrent Liabilities	8,579,810	5,501,913	5,658,031
Total Liabilities	<u>179,572,020</u>	<u>182,365,677</u>	<u>184,606,892</u>
<b>Net Assets</b>			
Net Investment in Capital Assets	102,661,696	106,384,411	110,212,458
Restricted - Nonexpendable	307,555	307,555	307,555
Restricted - Expendable	20,894,091	24,260,277	22,052,091
Unrestricted	49,785,498	46,649,374	39,598,221
Total Net Assets	<u>\$ 173,648,840</u>	<u>\$ 177,601,617</u>	<u>\$ 172,170,325</u>

## Assets

### Current Assets

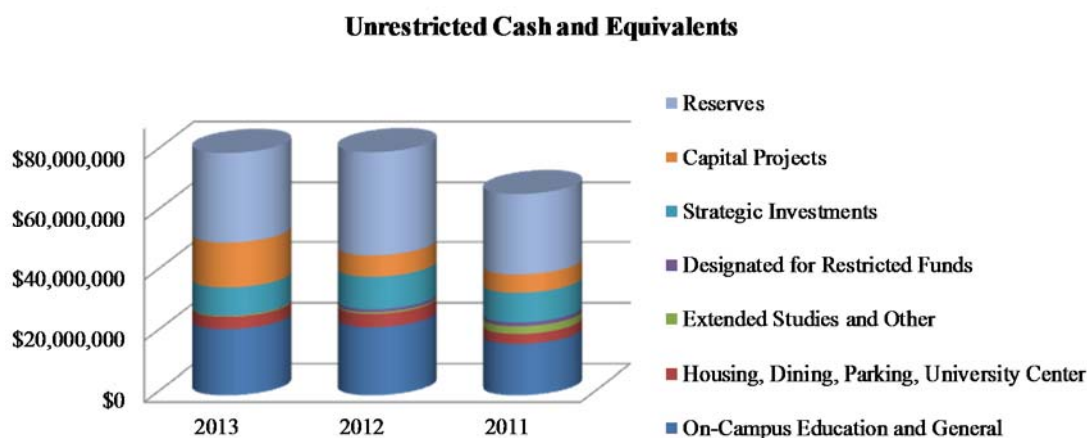
The most significant change in current assets is the change in restricted cash and cash equivalents held with trustee. This cash was drawn down from \$3.2 million in fiscal year 2012 to \$0.5 million in fiscal year 2013 to purchase the west campus generator, which is now included in the financial statements as a capital lease.

Unrestricted cash and cash equivalents and capital assets are the largest portions of the University's total assets.

Unrestricted cash and cash equivalents at June 30, 2013, 2012, and 2011 comprise 22.6%, 22.3%, and 18.6% of the University's total assets and total \$79.9, \$80.2, and \$66.3 million, respectively. The majority of the cash is held by the state treasury and is comprised of general, self-supported, restricted, agency, and other cash funds. Cash and cash equivalents decreased \$0.3 million during fiscal year 2013 and increased \$13.9 and \$9.0 million during fiscal years 2012 and 2011, respectively.

In fiscal 2013 management utilized reserves to invest in capital projects, which includes addressing deferred maintenance. Each year the University invests approximately \$2.6 million in strategic investments. The remaining amount for strategic investments in the table below is from cash balances that have been redirected to fund activities identified in UNC's nine core strategic plans. The strategic investment cash will be spent over several years. The University also holds \$750,000 in restricted cash for bond covenants as a noncurrent asset in reserves. The following table indicates the expected uses of unrestricted cash and cash equivalents.

<b>Unrestricted Cash and Cash Equivalents as of June 30,</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Operating			
On-Campus Education and General	\$ 21,552,142	\$ 22,179,897	\$ 16,698,532
Housing, Dining, Parking, University Center	4,083,652	4,416,211	3,267,183
Extended Studies and Other	387,388	539,809	2,523,979
Designated for Restricted Funds	60,190	942,169	1,272,614
Strategic Investments	9,165,522	10,708,407	9,740,993
Capital Projects	14,793,010	7,038,391	6,033,735
Reserves	29,848,805	34,355,697	26,789,230
Total Cash and Equivalents	<u>\$ 79,890,709</u>	<u>\$ 80,180,581</u>	<u>\$ 66,326,266</u>



Student accounts receivable is the second largest current asset and presented net of allowance for doubtful accounts. Net student accounts receivable as of June 30, 2013, 2012, and 2011 are \$7.2, \$6.4, and \$5.7 million, respectively. The net student accounts receivable increases of \$0.8, \$0.7, and \$0.1 million, or 13.1%, 12.7%, and 2.0% over the previous three fiscal years, were a result of increased costs of attendance and the impact of the economy on families' abilities to support educational expenses.

All other categories of current assets combined, which includes other receivables, inventories, loans to students, and other assets, remained essentially the same amount between fiscal 2012 and fiscal 2013.

The largest asset in this group is other receivables, which consists primarily of amounts due to the University from reimbursable grants and contracts. The majority of these are federal, state, or UNC Foundation agreements that have a very high probability of collection. The University spends the money first and then bills the sponsoring agency for reimbursement. Other receivables were \$2.7 million in fiscal 2013, \$2.8 million in fiscal 2012, and \$2.5 million in fiscal 2011.

## Capital Assets

Capital assets are defined as any asset used in operations with an initial useful life extending beyond one year. The University's single largest fiscal resource is its campus facilities. As of June 30, 2013, capital assets, net of \$230.1 million accumulated depreciation, totaled \$251.5 million. This is a \$4.0 million decrease from fiscal year 2012, when capital assets, net of \$216.3 million accumulated depreciation, totaled \$255.5 million. Capital assets, net of \$201.6 million accumulated depreciation, totaled \$264.7 million at June 30, 2011. The capital assets decrease of \$13.2 million from fiscal year 2011 to 2013 is primarily because depreciation expense has been greater than additions for the past two fiscal years.

In fiscal year 2013 there were \$2.0 million of construction projects completed and reclassified from construction in progress to the appropriate asset categories. These capitalized projects consisted of card access system upgrades, signage upgrades, elevator renovations and door replacements in various buildings, classrooms and residence hall renovations, and landscape improvements. Building improvements, equipment, and other capital purchases of \$10.3 million, consisting of instructional equipment, facilities maintenance and operational equipment, information technology equipment, athletics equipment, copier/printers, and library collections increased capital assets. Depreciation expense of \$16.3 million decreased capital assets. In fiscal year 2012, the capitalization of the west campus housing project and depreciation expense of \$16.1 million had the most significant impact on this asset category. In fiscal year 2013 equipment was increased by the capitalization of the lease/purchase of the voice over internet protocol equipment, improved data back-up equipment, and the purchase of various scientific and other instructional equipment totaling \$3.2 million. Numerous construction projects were initiated in fiscal year 2013 and UNC ended the year with \$7.5 million in construction in progress.

A summary of the capital asset balances is reflected in the following table. Additional information on additions, disposals, and transfers of capital assets can be found in Note 6.

<b>Capital Assets Net of Accumulated Depreciation</b> <b>as of June 30,</b>						
	<b>2013</b>		<b>2012</b>		<b>2011</b>	
Land and Improvements	\$ 25,152,778	10.0%	\$ 25,717,269	10.1%	\$ 26,590,110	10.0%
Buildings and Improvements	202,350,178	80.4%	212,926,135	83.2%	218,399,477	82.5%
Construction In Progress	7,475,411	3.0%	1,948,028	0.8%	4,470,547	1.7%
Library Books	7,744,094	3.1%	7,876,189	3.1%	8,188,602	3.1%
Equipment	7,251,452	2.9%	5,523,512	2.2%	5,525,402	2.1%
Art and Historical Treasures	1,550,345	0.6%	1,550,345	0.6%	1,550,345	0.6%
Total Capital Assets	<u>\$ 251,524,258</u>	<u>100.0%</u>	<u>\$ 255,541,478</u>	<u>100.0%</u>	<u>\$ 264,724,483</u>	<u>100.0%</u>



## **Other Noncurrent Assets**

Other noncurrent assets consist of loans to students, restricted cash and investments, and other items such as surety deposits and unamortized bond issue costs. All of these items combined were essentially the same from fiscal year 2012 to fiscal year 2013. Loans to students, the largest portion, are primarily Perkins loans and are managed, under the appropriate federal guidelines, through a third party loan processor. Loans to students, net of allowance for doubtful accounts, that are due after June 30, 2014, totaled \$6.4, \$6.8, and \$7.2 million, at June 30, 2013, 2012, and 2011, respectively.

## **Liabilities**

### **Non-Debt Related Liabilities**

The University's non-debt obligations and commitments arising from past events that are expected to result in an outflow of resources include amounts owed to vendors, personnel commitments, and deferred revenue. Note 7 provides more detailed information for current liabilities expected to be paid within one year and noncurrent liabilities expected to be paid after one year.

Accounts payable and accrued liabilities of \$15.1 million are the most significant non-debt related liabilities and increased \$0.4 million in fiscal year 2013. The largest portion of this liability is \$11.4 million of payroll earned in June 2013, which is payable to employees on July 1, 2013; therefore, it is an accrued liability at fiscal year-end each year.

Deferred revenues of \$7.8 million include tuition and fees and certain auxiliary revenues received by June 30, 2013, but are for services to be provided in fiscal year 2014. It also includes revenues received from grant and contract sponsors and the UNC Foundation that have not yet been earned. These amounts will be recognized as revenue in future periods after all conditions have been satisfied. Deferred revenue decreased an insignificant amount of \$48,000 and the change is primarily related to summer tuition and other activities.

Compensated absences are an estimate of the amount payable to employees in the future for their vested rights under the various leave and retirement programs. This estimate is based on personnel policies that define vacation and sick leave to which the employees may be entitled (see Note 1). The liability for compensated absences for fiscal years 2012 and 2011 was consistent at \$4.2 million, but the estimate was increased to \$4.5 million in fiscal year 2013.

### **University Debt**

The single largest liability for the University is outstanding bonds payable. The \$3.6 million decrease in bonds payable is the most significant change in University debt between fiscal years 2012 and 2013. This decrease is in accordance with the established debt repayment schedule. In July 2011, the University issued \$41.7 million in bonds for the purpose of currently refunding \$46.0 million of then-outstanding Series 2001 Auxiliary Revenue Refunding and Improvement bonds. The outstanding balance related to this issuance is now \$39.1 million. Also in July 2011, the University issued \$21.1 million in variable rate demand bonds for the purpose of currently refunding \$23.0 million of then-outstanding Colorado Educational and Cultural Facilities Authority, Student Housing Revenue Bonds (Arlington Park LLC Student Housing Facility Bonds), Series LLC 2001A bonds. The outstanding balance related to this issuance is now \$20.1 million.

The University has an underlying rating of 'A1' by Moody's and 'A' by Standard and Poor's, both with stable outlooks. The 2005 and 2008 bond issuances were insured with ratings of 'Aaa' by Moody's and 'AAA' by Standard and Poor's. The 2011A fixed rate bonds have an enhanced rating of 'Aa2' by Moody's and an enhanced rating of 'AA' by Standard and Poor's, based on the University's participation in the Colorado Higher Education State Aid Intercept Program. The 2011B variable rate demand bonds are not rated and are held solely by Wells Fargo.

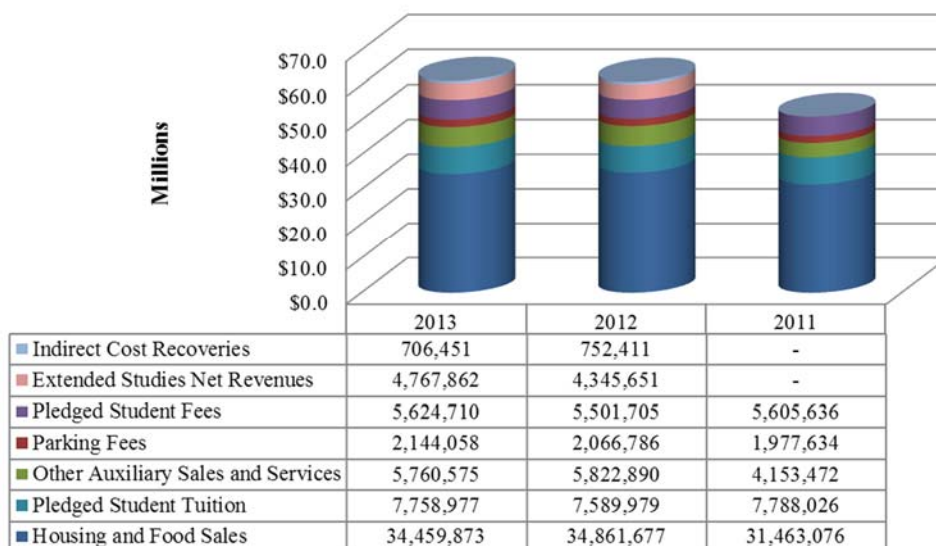
A detailed schedule of all outstanding bond debt by issue is included in Note 8 to the financial statements. A summary of University debt is shown in the following table:

<b>Summary of Debt Outstanding</b>			
<b>as of June 30,</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Revenue Bonds	\$ 145,167,896	\$ 148,794,808	\$ 156,722,393
Note Payable	-	3,185,910	-
Capital Lease Obligations	5,680,697	1,959,300	2,419,331
	150,848,593	153,940,018	159,141,724
Less Current Portion	(4,944,286)	(7,146,458)	(3,813,065)
Long-Term Debt	<u>\$ 145,904,307</u>	<u>\$ 146,793,560</u>	<u>\$ 155,328,659</u>

The bond debt payments are made from pledged revenues comprised of auxiliary housing, food service, parking and other sales, plus identified pledged student fee, extended campus net revenues, and student tuition revenues. A detailed schedule of actual and estimated revenues and expenses is included in the Other Budget, Financial, and Enrollment Data section of the annual financial report.

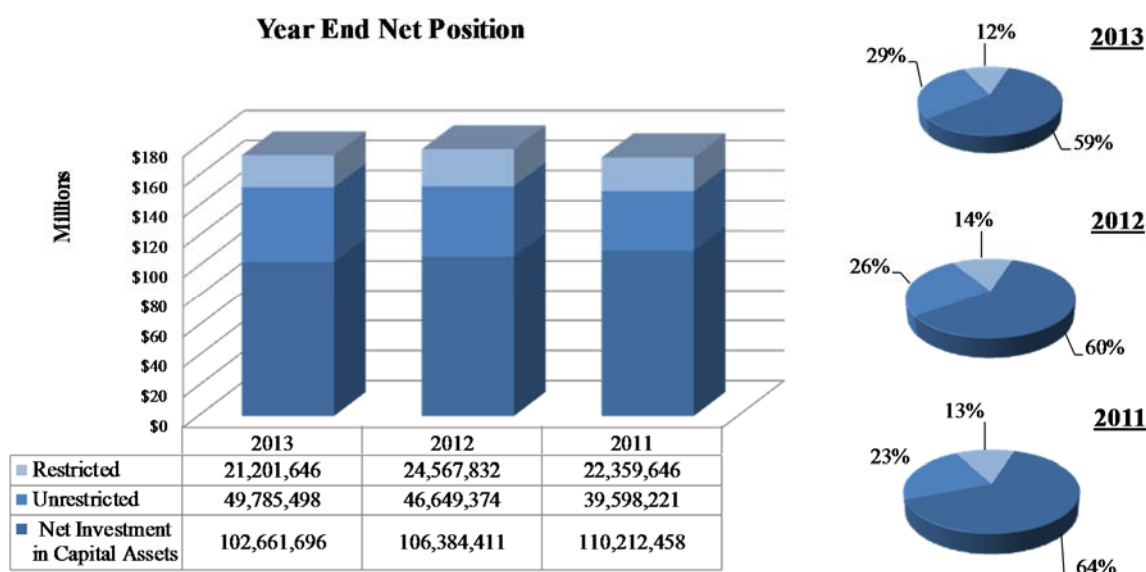
The note payable in fiscal year 2012 was for the west campus generator and was converted to a capital lease payable in fiscal year 2013.

### Restricted Auxiliary Pledged Revenues



## Net Position

Total net position decreased by \$4.0 million during fiscal year 2013 and increased \$5.4, and \$6.3 million during fiscal years 2012 and 2011, with ending balances of \$173.6, \$177.6, and \$172.2 million, respectively. The three year change in net position from the beginning balance of \$165.9 million in fiscal year 2011 to the ending balance of \$173.6 million in fiscal year 2013 is \$7.8 million and represents 1.4% of total operating revenues for this period. Operating revenues were \$182.4, \$180.4, and \$176.9 million, respectively.



The composition of the University's net asset portfolio has shifted from a lower proportion of capital assets net of debt to a higher proportion of unrestricted net position. This was the result of a slowdown in major construction activity on campus and a deliberate decision to build unrestricted reserves to smooth the impact of declining state funding for higher education. However, in the next fiscal year there will be a shift back to net investment in capital assets because management has allocated significant resources to capital projects, primarily to address deferred maintenance on campus.

Restricted net position decreased \$3.4 million from fiscal 2012 to fiscal 2013 primarily because \$2.6 million in capital reserves previously classified as restricted expendable were utilized for capital projects and the resources were reclassified as unrestricted.

The University's net position may have restrictions imposed by external parties, such as donors, or it may be invested in capital assets (property, plant, and equipment). To help understand the nature of the University's net position, net position is classified into the following categories:

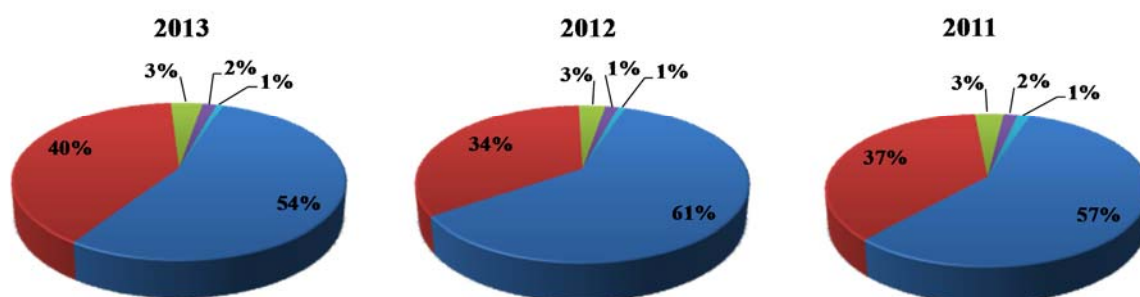
**Net Investment In Capital Assets** – The University's largest class of net position is its capital assets, net of related debt, which comprises 59%, 60%, and 64% of the University's net position for fiscal years 2013, 2012, and 2011, respectively. This net asset balance equals the cumulative amount expended for capital assets, less the outstanding debt incurred to finance those capital assets and the capital assets' related accumulated depreciation.

These net capital assets represent the University's net investment in campus facilities and equipment necessary to fulfill academic, student housing and food service, athletics, and other purposes.

**Restricted Nonexpendable** – The University's restricted nonexpendable net position is comprised of endowment funds for which the donor has required that the original principal be set aside for perpetual investment. The University's restricted nonexpendable net position has remained at \$0.3 million for the last three fiscal years and includes only those endowment funds that cannot be legally transferred to the University of Northern Colorado Foundation, Inc. (the Foundation). The majority of the endowment assets benefiting the University are held by the Foundation, which is a discretely presented component unit in the financial statements.

**Restricted Expendable** – The University's restricted expendable net position is comprised of resources that may be fully expended but only for specific purposes identified by the donor or entity originally providing the funds. The majority of the restricted expendable net position category consists of revolving Perkins loan funds, net auxiliary revenues pledged to outstanding bond debt, and restricted bond reserves. A very small portion of net position identified as restricted expendable is generated from investment earnings on restricted nonexpendable endowment net position described above. Allowable expenditures for these funds are scholarships and other academic support expenditures.

## Restricted Expendable Net Position

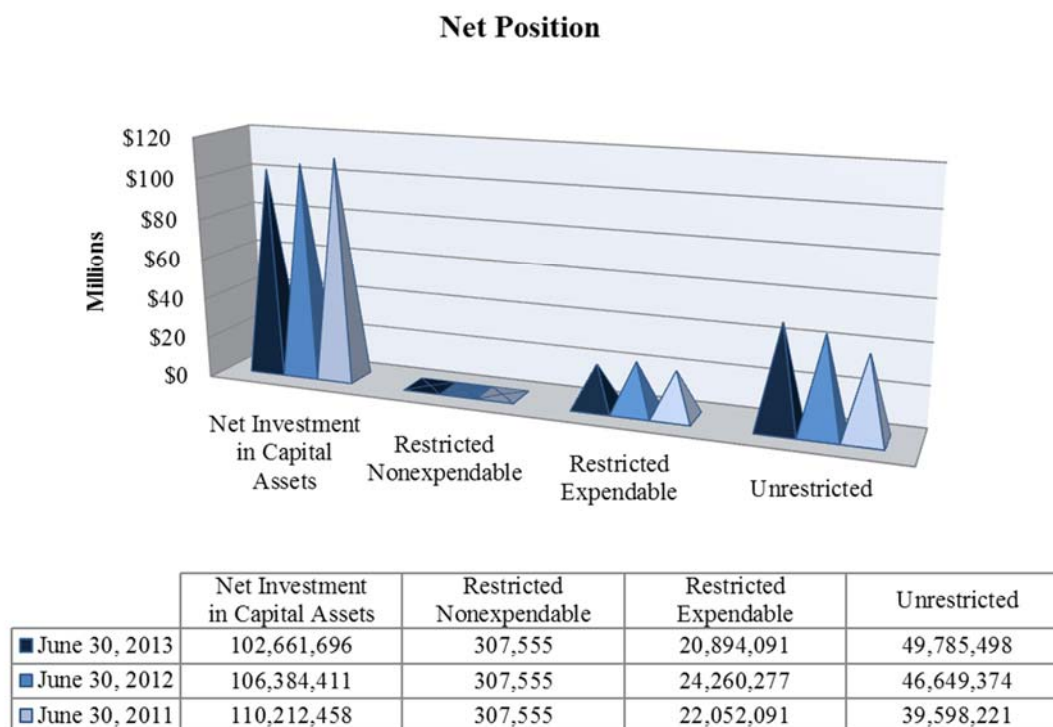


	2013	2012	2011
Auxiliary Pledged to Debt	11,358,524	14,679,233	12,529,235
Revolving Student Loan Funds	8,295,465	8,267,823	8,093,189
Bond Reserve	750,000	750,000	750,000
Scholarships	332,611	360,394	370,775
Other	157,491	202,827	308,892

The University's restricted expendable net position at June 30, 2013, 2012, and 2011 was \$20.9, \$24.3, and \$22.1 million, respectively.



**Unrestricted** - Unrestricted net position is usually available for spending for any lawful purpose under the full discretion of management. However, the University may place some limitations on future use by designating unrestricted net position for certain purposes during the annual budget process. Unrestricted net position of \$49.8 million includes departmental operating funds, inventory, self-funded operation working capital, and reserves.



## Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the financial activity of the University over the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods. A key component of this statement is the differentiation between operating and nonoperating activities. The tables and charts related to the Statement of Revenue, Expenses, and Changes in Net Position that follow have been restated, for comparative purposes, to include Arlington Park for fiscal year 2011 because it was purchased from the UNC Foundation Student Housing LLC on July 1, 2011.

Operating revenues are earned by providing goods and services to the various customers and constituencies of the University. Operating expenses are paid to acquire or produce goods and services necessary to carry out the mission of the University for which the University earns operating revenues.

Nonoperating revenues include investment income, state appropriations, federal funds received from the State Fiscal Stabilization program, Pell grant revenue, and gains or losses on the disposal of assets. These revenues are not earned from the sale of goods and services and, therefore, are considered nonoperating.

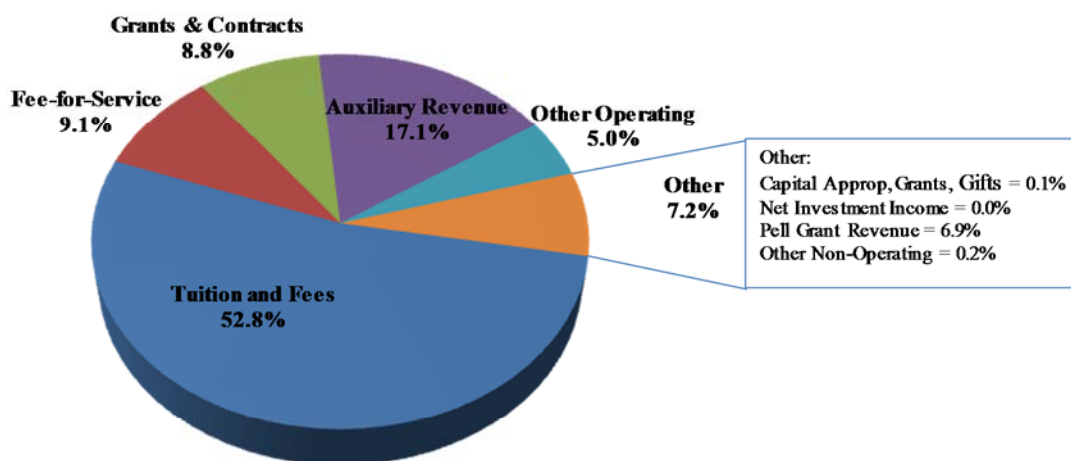
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30,**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues</b>			
Net Tuition and Fees	\$ 103,803,210	\$ 100,834,940	\$ 92,698,542
Fee-for-Service	17,915,857	18,116,714	23,809,625
Grants and Contracts	17,222,531	17,343,578	17,999,479
Auxiliary	33,642,896	34,698,245	33,135,666
Other	9,803,557	9,384,852	9,229,875
Total Operating Revenues	<u>182,388,051</u>	<u>180,378,329</u>	<u>176,873,187</u>
<b>Operating Expenses</b>			
Education and General	151,404,933	142,880,121	138,889,319
Auxiliary	26,761,610	26,361,509	26,235,666
Depreciation	16,279,574	16,041,668	16,085,532
Total Operating Expenses	<u>194,446,117</u>	<u>185,283,298</u>	<u>181,210,517</u>
<b>Operating Loss</b>	<u>(12,058,066)</u>	<u>(4,904,969)</u>	<u>(4,337,330)</u>
<b>Nonoperating Revenues &amp; Expenses</b>			
Federal Grant and Contracts - Pell	13,638,482	12,990,167	13,285,570
Other Nonoperating Revenue	276,643	1,564,580	3,071,605
Other Nonoperating Expenses	(6,010,802)	(6,264,975)	(7,851,762)
<b>Gain (Loss) before Other Items</b>	<u>(4,153,743)</u>	<u>3,384,803</u>	<u>4,168,083</u>
Capital Appropriations and Contributor	207,288	5,630	2,125,498
Capital Grants and Gifts	-	2,053,248	-
Loss on Disposal of Assets	(6,322)	(12,389)	(7,517)
<b>Increase (Decrease) in Net Position</b>	<u>(3,952,777)</u>	<u>5,431,292</u>	<u>6,286,064</u>
<b>Net Position- Beginning of Year</b>	<u>177,601,617</u>	<u>172,170,325</u>	<u>165,884,261</u>
<b>Net Position- End of Year</b>	<u><u>\$ 173,648,840</u></u>	<u><u>\$ 177,601,617</u></u>	<u><u>\$ 172,170,325</u></u>

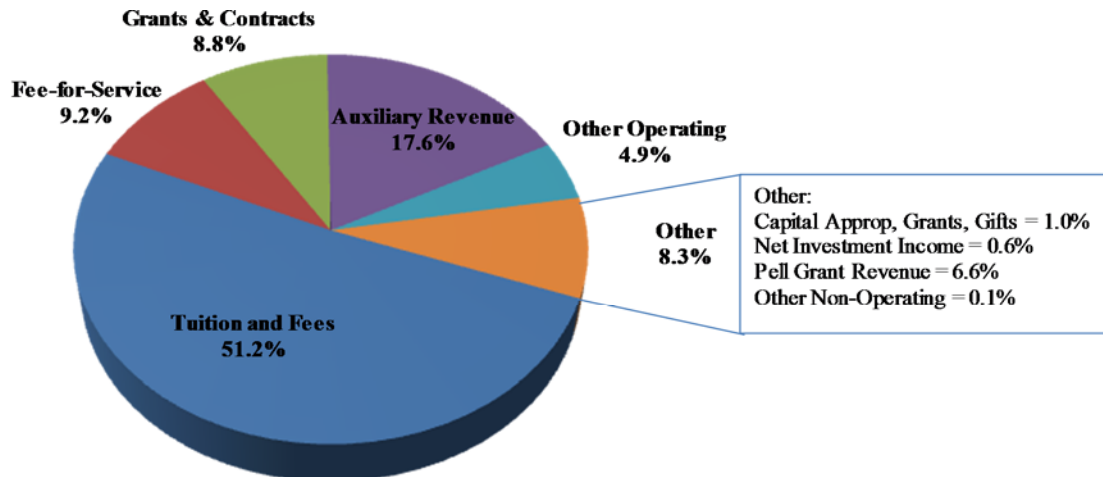
## Total Revenues

Total University revenues of \$196.5, \$197.0, and \$195.4 million in fiscal years 2013, 2012, and 2011, respectively, consist of operating revenue, Pell grants, other nonoperating revenue, capital appropriations and contributions, and capital grants and gifts. Total revenues decreased \$0.5 million, or -.24%, between fiscal years 2012 and 2013 and increased \$1.6 million, or 0.8%, between fiscal years 2011 and 2012.

## Total Revenue 2013



## Total Revenue 2012



## Operating Revenues

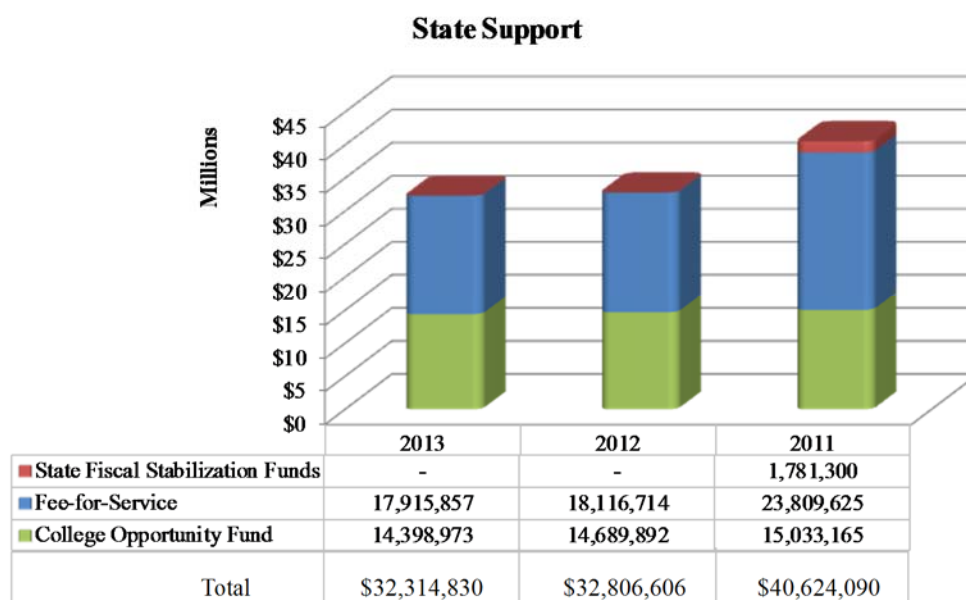
Operating revenue for fiscal years 2013, 2012, and 2011 of \$182.4, \$180.4, and \$178.0 million, respectively, is derived from tuition and fees, auxiliary activity, grants and contracts, state fee-for-service, and other operating revenues. The proportion of this category of revenue to total revenue has remained very close over the past two fiscal years.

Tuition and fee revenues increased \$3.0 million between fiscal years 2012 and 2013 as a result of tuition increases. Tuition and fees, the University's largest source of revenue, is shown net of \$17.9, \$16.0, and \$16.0 million in scholarship allowances for fiscal years 2013, 2012, and 2011, respectively. Auxiliary revenue for fiscal years 2013, 2012, and 2011 is net of \$5.2, \$4.8, and \$5.0 million in scholarship allowances, respectively. Scholarship allowances are those portions of the University's tuition and fees which are paid by other revenues, primarily federal and state grants for financial aid, and also general institutional scholarships.

During fiscal years 2013, 2012, and 2011, the Colorado Department of Higher Education (CDHE) provided the University \$32.3, \$32.8, and \$40.6 million, respectively, in College Opportunity Fund (COF), Fee-for-Service (FFS), and State Fiscal Stabilization Funds (SFSF). COF is included in tuition revenue and FFS has its own line on the financial statements. COF and FFS are both classified as operating revenue. The SFSF is classified as nonoperating revenue. SFSF revenues have not been received by the University since fiscal year 2011.

- The College Opportunity Fund provides a stipend to qualified undergraduate students. The students use the stipend to pay a portion of their tuition. The COF stipend provided to students was constant at \$62 per credit hour for fiscal years 2013, 2012, and 2011. In fiscal years 2013, 2012, and 2011, the University applied \$14.4, \$14.7, and \$15.0 million of COF stipends against student tuition bills, respectively. This amount is included in tuition revenues.
- State FFS contract revenue helps support graduate and specialized undergraduate education services. These funds are in addition to tuition paid by students. During fiscal years 2013, 2012, and 2011 CDHE provided the University \$17.9, \$18.1, and \$23.8 million, respectively.
- State Fiscal Stabilization Funds, provided through the American Recovery and Reinvestment Act (ARRA), were granted to the Office of the Governor for use in fiscal years 2009 through 2011. The University received \$1.8 million in fiscal year 2011. These funds are classified as nonoperating revenue but are included in this section to demonstrate the total University support from the state of Colorado.

The total amount of COF, FFS, and SFSF support has decreased \$8.3 million since fiscal year 2011.





Auxiliary revenues decreased \$1.1 million between 2012 and 2013 and increased \$1.3 million between 2011 and 2012. Increases in housing and food service contract rates and higher student housing occupancy were the primary sources of the increase in fiscal year 2012. However, a drop in occupancy from 91.8% in fiscal year 2012 to 86.2% in fiscal year 2013 created the revenue decrease in fiscal year 2013. Auxiliary revenue is a major source of support for the University's debt service payments. A detailed schedule of actual and estimated revenues and expenses for debt service is included in the Other Budget, Financial, and Enrollment Data section of the annual financial report.

Other operating revenues include the memorandum of understanding support agreement from the Foundation, athletic camp fees, accounts receivable service charges, Bear Logic computer sales, and various other charges for services. This revenue has remained consistent at \$9.5 to \$9.8 million over the three-year period. The increase in fiscal 2013 is additional rebate revenue from the electrical company under a contract that utilizes the west campus generator during peak times to reduce UNC's load.

## Grants and Contracts Revenue

At June 30, 2013, 2012, and 2011, Grants and Contracts Revenue comprise \$30.8, \$30.3, and \$31.3 million or 15.7%, 15.4%, and 16% of the University's total revenues, respectively. Grants and Contracts Revenue is categorized as restricted grants and contracts, which is made up of sponsored programs and UNC Foundation support, and certain financial aid that is received by the University from federal, state, and other sponsors in the form of grants to students. The financial aid reported as revenue is based on generally accepted accounting principles for proper financial statement recognition and is not a comprehensive measure of financial aid awards. It does not include amounts received from third parties, institutional support, loans or other support provided to students.

<b>Grants and Contracts Revenue</b> <b>For the Year Ended June 30,</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Federal Grants	\$ 7,768,098	\$ 7,619,971	\$ 7,648,178
State and Local Grants	138,429	94,691	66,917
UNC Foundation	4,114,515	3,968,965	3,858,954
Other Private Grants	219,429	211,850	170,683
<b>Total Restricted Grants and Contracts</b>	<b>12,240,471</b>	<b>11,895,477</b>	<b>11,744,732</b>
Federal Financial Aid	630,551	765,919	1,082,902
Federal Pell Financial Aid	13,638,482	12,990,167	13,285,570
State and Non-Gov't Financial Aid	4,331,509	4,024,405	4,543,445
UNC Foundation	20,000	657,778	628,401
<b>Total Financial Aid</b>	<b>18,620,542</b>	<b>18,438,269</b>	<b>19,540,318</b>
<b>Total Grants and Contract Revenue</b>	<b>\$ 30,861,013</b>	<b>\$ 30,333,746</b>	<b>\$ 31,285,050</b>

## **Restricted Grants and Contracts**

For fiscal year 2013, total restricted grants and contracts revenue in the amount of \$12.3 million comprised 39.7% of the total grants and contracts revenue. The primary sources of funding for restricted grants and contracts are from the federal government and the UNC Foundation.

In fiscal year 2013, federal funding for restricted grants and contracts makes up \$7.8 million, or 25.2%, of the total restricted grants and contracts revenue. Federal funding increased \$0.1 million, or 1.9%, from fiscal year 2012 to fiscal year 2013. Federal revenue comes from the U.S. Department of Education (\$3.3 million), the National Science Foundation (\$2.4 million), the U.S. Department of Health and Human Services (\$0.5 million), and other federal sources (\$1.6 million).

UNC Foundation funds are generally donated for grants, program support and scholarships. Grants and program support are included in the top portion of the Grants and Contracts Revenue table and as shown, have grown from \$3.9 million to \$4.1 million over the past two fiscal years as a result of management's strategic focus on long-term fundraising and effective utilization of resources contributed by donors to the University.

State, local, and private funding in restricted grants and contracts was \$0.4 million, or 2.9%, of the total restricted grants and contracts revenue in fiscal year 2013 and increased \$51,317, or 16.7%, from fiscal year 2012 to fiscal year 2013. State, local and private grants do not provide a significant source of restricted grants and contracts revenue.

## **Financial Aid**

For fiscal year 2013, total financial aid is 60.3% of the total grants and contracts revenue, or 16.1% when excluding federal Pell grants of \$13.6 million. Federal Pell grant financial aid is considered nonoperating revenue, but is included in this analysis of all grants and contracts revenue.

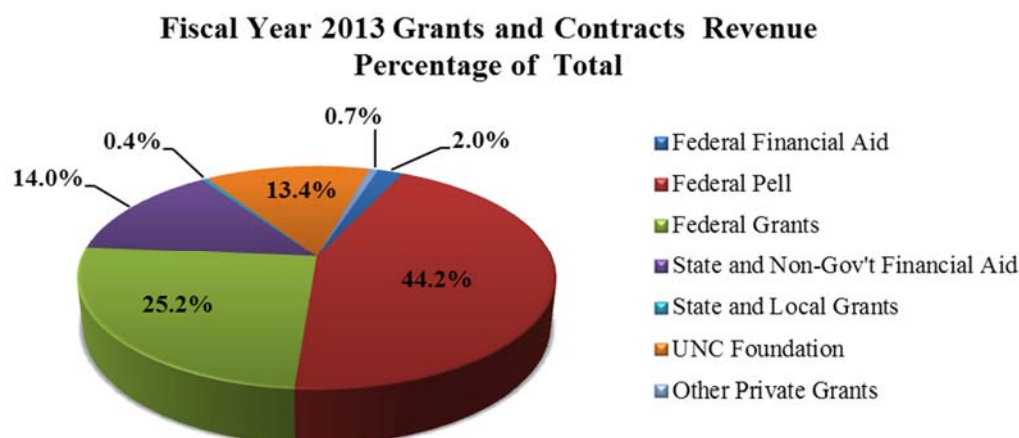
The Federal Pell grant program is awarded to eligible students based on financial need, but other criteria are considered. All students who are eligible for the Pell grant are awarded the money. The University is not limited to a certain amount of Pell grant awards in an academic or fiscal year. The variance in Pell grant revenue from academic year to academic year is based on changes in the eligibility of our students and federal legislation (the federal government cut Pell funding for the summer semester 2012). Pell awards were \$13.6, \$13.0, and \$13.3 million in fiscal years 2013, 2012, and 2011 respectively.

The UNC Foundation financial aid in the Grants and Contract Revenue chart represents annual donations that are intended for athletic scholarships. During the fiscal year 2013 financial planning process, University management made a decision to invest the donations, allowable by donor agreement, at the Foundation for fiscal year 2013 and fund athletic scholarships out of institutional resources. This is why the table reflects a decline from \$0.7 million in fiscal year 2012 to \$20,000 in fiscal year 2013. The University plans to raise scholarship funds in one year and utilize those donations for awards to students in the following year; therefore the UNC Foundation financial aid will be approximately \$0.6 million again in fiscal year 2014.

The other significant changes in grants and contracts revenue include the changes in federal and state funding for financial aid. Federal non-Pell financial aid has declined since fiscal year 2011 because the Colorado Commission on Higher Education did not award the Special Leveraging Educational Assistance Partnership (SLEAP) or Colorado Leveraging Educational Assistance Partnership (CLEAP) grants in fiscal year 2012 or 2013. These grants, although issued by Colorado, contained a federal component, and their elimination by the federal government reduced financial aid by \$0.3 million since fiscal year 2011.

In addition to those two grants, the Federal Academic Competitive Grant and National Science and Math Access to Retain Talent (SMART) were eliminated in federal budget cuts and UNC's last year of funding was fiscal year 2011. This reduced financial aid by another \$0.3 million.

State financial aid has fluctuated from \$4.5 million in fiscal year 2011 to \$4.0 million in fiscal year 2012, and it increased 7.6% to \$4.3 million in fiscal year 2013. These annual amounts are based on state appropriations and the allocation models used to distribute resources within the state university system.



## Operating Expenses

For fiscal year 2013, total expenses of \$200.5 million included operating expenses of \$194.4 million and interest expenses and other losses of \$6.1 million. Operating expenses increased from fiscal year 2012 by \$9.2 million, or 5.0%.

### Natural Classification

<b>Operating Expenses by Natural Classification</b>						
<b>For the Year Ended June 30,</b>						
	<b>2013</b>		<b>2012</b>		<b>2011</b>	
Personnel Costs	\$122,543,976	63.0%	\$ 114,704,535	61.9%	\$ 112,894,916	62.3%
Cost of Goods Sold	5,210,668	2.7%	5,467,052	3.0%	4,905,775	2.7%
Other Current Expenses	50,411,899	25.9%	49,070,043	26.5%	47,324,294	26.1%
Depreciation	16,279,574	8.4%	16,041,668	8.6%	16,085,532	8.8%
Total Operating Expenses	<u>\$194,446,117</u>	<u>100.0%</u>	<u>\$ 185,283,298</u>	<u>100.0%</u>	<u>\$ 181,210,517</u>	<u>100.0%</u>

Natural classification is a method of grouping expenses according to the type of costs that are incurred. The classifications tell what was purchased rather than why an expense was incurred. Personnel costs are the University's largest expense and increased \$7.8 million.

The largest portion of cost of goods sold expense in the University is in auxiliary services. It decreased \$0.2 million in relation to the \$1.0 million decline in auxiliary revenue. Other current expenditures represent all other operating expense, which includes supplies, purchased services, utilities, and travel. It increased \$1.4 million, or 2.7%, from fiscal year 2012 to 2013, and \$1.7 million, or 3.7%, from fiscal year 2011 to 2012.

Depreciation increased \$0.2 million, or 1.5%, in the past year as a result of capitalizing more depreciable assets.

<b>Wages and Benefits</b> <b>For the Year Ended June 30,</b>				
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Chg</b>
Faculty	\$ 39,996,664	\$ 37,362,634	\$ 2,634,030	7.0%
Administrative	23,342,016	21,368,197	1,973,819	9.2%
Graduate and Teaching Assistants	9,387,362	8,798,099	589,263	6.7%
Classified	18,882,299	18,649,236	233,063	1.2%
Student	5,971,453	6,062,553	(91,100)	-1.5%
Other	1,250,975	1,448,886	(197,911)	-13.7%
Fringe Benefits	23,713,207	21,014,930	2,698,277	12.8%
Total Wages and Benefits	<u>\$ 122,543,976</u>	<u>\$ 114,704,535</u>	<u>\$ 7,839,441</u>	<u>6.8%</u>

The University did not award salary increases to employees for fiscal years 2010, 2011 and 2012, and refrained from hiring personnel, other than critical positions, during a portion of that three-year time period. The increases in personnel costs in those years were primarily from graduate tuition waivers and employee benefits.

In fiscal year 2013 the University gave base building increases to faculty and exempt employees and a non-base building performance incentive payment for classified personnel and began to recruit positions that had been previously placed on hold. University of Northern Colorado is embarking on a five-year compensation plan to move the average salaries to 90% of the average salaries of institutions identified as UNC's peer group. In fiscal 2013, management planned a 3% one-time performance incentive payment for classified staff who met performance expectations, a 3% maintenance-of-effort increase for faculty and administrative employees who met performance expectations, and a 2% pool of funds for faculty and administrative personnel to address parity and equity. In addition, graduate stipends were also increased 3%, and adjunct faculty contracts were increased 2%.

Included in the graduate and teaching costs are tuition waivers for graduate students and room and board waivers for resident assistants in the residence halls. These amounts increase annually with graduate tuition and room and board rate increases.

The increase in fringe benefits is primarily due to the changes in contributions to the PERA retirement plan, as well as retirement contributions to both PERA and ORP on higher salary levels. In fiscal year 2013 the university resumed contribution of the full 10.15% of the employer portion of the PERA retirement plan. In fiscal years 2011 and 2012 the state legislature passed a bill to shift 2.5% of the employer basic PERA contribution to the employee, reducing the university's contribution to 7.65%. This provision expired on July 1, 2012. The AED and SAED percentages have increased from 2.2% and 1.5% in fiscal 2011 to 3.4% and 3.0%, respectively, by the end of fiscal 2013. More information related to PERA is in Note 10: Defined Benefit Pension Plan and Note 11: Other PERA Retirement Plans.



## Functional Classification

<b>Operating Expenses by Functional Classification</b>						
<b>For the Year Ended June 30,</b>						
	<b>2013</b>		<b>2012</b>		<b>2011</b>	
Instruction	\$ 72,014,268	37.0%	\$ 67,604,674	36.5%	\$ 64,539,577	35.6%
Research	2,623,764	1.3%	2,490,339	1.3%	2,999,559	1.7%
Public Service	1,987,222	1.0%	2,117,438	1.1%	2,017,375	1.1%
Academic Support	20,133,142	10.4%	18,572,469	10.0%	19,379,617	10.7%
Student Services	22,584,357	11.6%	22,037,795	11.9%	21,516,197	11.9%
Institutional Support	10,441,919	5.4%	8,470,634	4.6%	8,202,970	4.5%
Operation of Plant	9,916,575	5.1%	9,286,508	5.0%	8,514,133	4.7%
Scholarships and Fellowships	11,703,686	6.0%	12,300,264	6.6%	11,719,891	6.5%
Auxiliary Operating Expenditures	26,761,610	13.8%	26,361,509	14.2%	26,235,666	14.6%
Depreciation	16,279,574	8.4%	16,041,668	8.7%	16,085,532	8.9%
Total Operating Expenses	<u>\$194,446,117</u>	<u>100.0%</u>	<u>\$185,283,298</u>	<u>100.0%</u>	<u>\$181,210,517</u>	<u>100.0%</u>

Functional classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classifications tell why an expense was incurred rather than what was purchased. There were increases in most of the functional categories. The most significant increases were in instruction, academic support, and institutional support. Of the \$9.2 million increase in total operating expenses, \$7.8 million is attributable to increases in wages and benefits, which are reflected throughout all of the functional categories. The remaining \$1.4 million increase is a combination of a cost of goods sold decrease of \$0.2 million, other current expenses increase of \$1.4 million and an increase of depreciation expense of \$0.2 million, which are also distributed throughout the functional classifications.

A matrix in Note 14, which compares natural and functional expense classifications, provides more information on operating expenses.

## **Nonoperating Revenues and Expenses**

The nonoperating financial statement line item titled “Federal grant and contract revenue – Pell” is the largest portion of nonoperating revenue. The University received \$0.6 million more in fiscal year 2013 than in fiscal year 2012. The amount of Pell revenue is based on student need and several other factors set by the federal government. The University financial aid office works with all eligible students to help them determine if they qualify for this aid.

The University’s other nonoperating revenues are made up of investment income and activities that are not earned from the sale of goods and services. In fiscal year 2013 investment loss of \$81,481 is primarily from a \$1.1 million decrease in the fair market value of our share of the investments held by the State Treasurer for University operations. In fiscal year 2011 the State Fiscal Stabilization Funds provided through the American Recovery and Reinvestment Act of 2009 ended and there were no funds reported for this in fiscal years 2013 or 2012.

In fiscal year 2011 the University refinanced bonds at more favorable interest rates than the prior issues, and has since realized significant decreases in interest expense on capital debt. Cash payments for interest on capital debt, which includes bonds and a small amount for capital lease interest payments, were \$7.8 million in fiscal year 2011, and they were reduced to \$7.0 million in fiscal year 2012. In fiscal year 2013, because of low interest rates on the Series 2011B variable rate revenue bonds, cash payments for interest were \$6.1 million.

The interest on capital related debt in the Statement of Revenues, Expenses and Changes in Net Position is slightly different than what is reflected on the Statement of Cash Flows. The Statement of Cash Flows represents the cash payments, and the Statement of Revenues, Expenses and Changes in Net Position includes both the cash payments and the non-cash amortization transactions related to the bond refunding.

## Other Changes

There were no significant items in other changes in fiscal 2013. In fiscal year 2012 the University received a capital gift of \$2.1 million from the UNC Foundation, which was used for refunding of the 2001A auxiliary revenue bonds. In fiscal year 2011 the university had capital appropriations and contributions (mostly from the state certificates of participation) of \$2.1 million.

## Economic Outlook

The University's financial (or economic) position is impacted by legislation and funding from the state legislature. The September 2013 Legislative Council revenue estimates were positive. State general fund revenue is forecasted to be 6.5% higher in 2013-14 than in 2012-13, and they are anticipating 6.8% growth in fiscal year 2014-15 and 5.3% in fiscal year 2015-16. Legislative Council is forecasting a budget surplus for the current year; however with historical flooding in Colorado in September 2013, it is unlikely that any budget surpluses will be allocated to higher education. Positive forecasts and budget surpluses provide a more optimistic outlook for the near term cuts in higher education funding. The University was allocated a \$1.3 million increase in state support for fiscal year 2013-14. University management still anticipates modest changes in state support in the near term.

### Tuition Discounting

<u>Fiscal Year</u>	<u>Discount Percent</u>
2014	25.0%
2013	23.9%
2012	22.2%
2011	22.4%
2010	24.7%

As the national economy continues toward a slow recovery, the University continues to examine its tuition pricing and discounting policies. As a result, the University has increased the institutional financial aid budget to fill the gaps in declining federal and state financial aid and to continue to support students experiencing economic challenges. Since fiscal year 2008-09, the University increased internally funded scholarships from \$10.3 million to forecasted expenditures of \$19.9 million for fiscal year 2013-14. These investments in our students have increased the institutional discounting rate from 17.3% to 25%. The discount rate is calculated using student share of graduate and undergraduate tuition (not including accounting related adjustments for scholarship allowance or summer proration) divided by the institutionally funded scholarships and graduate tuition waivers. The institutionally funded scholarships are primarily from tuition and other operating revenues and are not funded through other outside sources or our foundation. Pricing, discounting and finding the optimal enrollment for the institution will be a continued focus as we move into a future of uncertainty in higher education funding.

<b>Student Enrollment*</b>				
<b>Fall Final (for Fiscal Year)</b>	<b>Under Graduate</b>	<b>Graduate</b>	<b>Total</b>	<b>Percent Change</b>
Fall 12 (FY13)	10,318	2,752	13,070	0.25%
Fall 11 (FY12)	10,414	2,624	13,038	0.06%
Fall 10 (FY11)	10,464	2,566	13,030	2.51%
Fall 09 (FY10)	10,290	2,421	12,711	1.70%
Fall 08 (FY09)	10,109	2,389	12,498	-1.61%
* Student headcount				

The University experienced enrollment growth in fall 2009 and fall 2010 but it has remained constant in fall 2011 and fall 2012. Undergraduate enrollment is expected to decline for fall 2013 based on census information. The University's strategic enrollment strategy is focused on targeting the optimal size enrollment for the institution so we can continue to deliver a transformational education to our students in a fiscally sustainable manner.

The University continues to implement changes in the way it operates and has developed a Strategic Framework which includes nine core plans for Student Support Services, Research, Scholarship and Creative Works, Community and Civic Engagement, Compensation Identity, Academic Portfolio, Equity and Diversity, Sustainability, Internationalization, and Enrollment Plan and Pricing Strategy. Through these plans and support plans for Staffing, Marketing, Facilities, Information Technology, and Fundraising, the University continues to align our financial resources with our strategic priorities of building exemplary academic programs, advancing our research focus, and building ever-stronger community relationships.

For additional information regarding this report please contact:

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# FINANCIAL STATEMENTS



## STATEMENT OF NET POSITION

as of June 30, 2013

	University of Northern Colorado	University of Northern Colorado Foundation, Inc.
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 79,890,709	\$ 1,436,723
Restricted cash and cash equivalents with trustee	494,825	—
Student accounts receivable, net of allowance of \$6,530,925	7,212,570	—
Pledges receivable, net	—	2,396,341
Other receivables	2,699,623	193,728
Investments	—	28,126,713
Inventories	1,118,782	—
Loans to students, net	410,966	—
Other assets	622,491	190,250
Total Current Assets	92,449,966	32,343,755
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	750,000	—
Restricted investments	641,628	—
Pledges receivable, net	—	3,451,918
Loans to students, net	6,433,679	—
Other noncurrent assets	1,421,329	—
Investments permanently restricted for endowment	—	70,733,014
Capital assets, net	251,524,258	1,044,054
Total Noncurrent Assets	260,770,894	75,228,986
<b>TOTAL ASSETS</b>	353,220,860	107,572,741
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	15,123,425	1,231,018
Deferred revenue	7,808,363	—
Bonds/notes payable, current portion	3,615,000	—
Capital leases payable, current portion	1,329,286	—
Funds held for the University of Northern Colorado	—	667,737
Other current liabilities	1,563,240	—
Total Current Liabilities	29,439,314	1,898,755
<b>Noncurrent Liabilities</b>		
Bonds/notes payable	141,552,896	—
Capital leases payable	4,351,411	—
Other long-term liabilities	142,000	—
Annuity obligations	—	150,762
Compensated absence liabilities	4,086,399	—
Total Noncurrent Liabilities	150,132,706	150,762
<b>TOTAL LIABILITIES</b>	179,572,020	2,049,517
<b>NET POSITION</b>		
Net Investment in capital assets	102,661,696	1,044,054
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	36,536,362
Academic support	1,400	—
Other	—	34,196,652
Expendable		
Auxiliary expenditures	11,358,524	—
Scholarships and fellowships	332,611	5,060,353
Loans	8,295,465	—
Bond reserve	750,000	—
Other	157,491	15,949,350
Unrestricted	49,785,498	12,736,453
<b>TOTAL NET POSITION</b>	\$ 173,648,840	\$ 105,523,224

See notes to the financial statements

## STATEMENT OF NET POSITION

as of June 30, 2012

	University of Northern Colorado	University of Northern Colorado Foundation, Inc.
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 80,180,581	\$ 2,580,491
Restricted cash and cash equivalents with trustee	3,228,808	—
Student accounts receivable, net of allowance of \$5,301,770	6,377,234	—
Pledges receivable, net	—	551,255
Other receivables	2,842,607	268,777
Investments	—	26,736,014
Inventories	1,187,651	—
Loans to students, net	411,238	—
Other assets	413,033	109,437
Total Current Assets	94,641,152	30,245,974
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	750,000	—
Restricted investments	669,348	—
Pledges receivable, net	—	354,368
Loans to students, net	6,772,338	—
Other noncurrent assets	1,592,978	—
Investments permanently restricted for endowment	—	63,734,695
Capital assets, net	255,541,478	1,071,591
Total Noncurrent Assets	265,326,142	65,160,654
<b>TOTAL ASSETS</b>	359,967,294	95,406,628
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	14,739,650	1,282,436
Deferred revenue	7,856,365	—
Bonds/notes payable, current portion	6,705,910	—
Capital leases payable, current portion	440,548	—
Funds held for the University of Northern Colorado	—	674,576
Other current liabilities	1,846,483	—
Total Current Liabilities	31,588,956	1,957,012
<b>Noncurrent Liabilities</b>		
Bonds/notes payable	145,274,808	—
Capital leases payable	1,518,752	—
Other long-term liabilities	192,000	—
Annuity obligations	—	169,504
Compensated absence liabilities	3,791,161	—
Total Noncurrent Liabilities	150,776,721	169,504
<b>TOTAL LIABILITIES</b>	182,365,677	2,126,516
<b>NET POSITION</b>		
Net Investment in capital assets	106,384,411	1,071,591
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	32,207,947
Academic support	1,400	—
Other	—	31,526,748
Expendable		
Auxiliary expenditures	14,679,233	—
Scholarships and fellowships	360,394	5,267,247
Loans	8,267,823	—
Bond reserve	750,000	—
Other	202,827	10,376,684
Unrestricted	46,649,374	12,829,895
<b>TOTAL NET POSITION</b>	\$ 177,601,617	\$ 93,280,112

See notes to the financial statements

# FINANCIAL STATEMENTS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the Year Ended June 30, 2013

	University of Northern Colorado	University of Northern Colorado Foundation, Inc.
<b>Operating Revenues</b>		
Student tuition and fees, net	\$ 103,803,210	\$ —
Contributions	—	12,237,663
Contributed services	—	131,250
Federal grants and contracts	8,398,649	—
State and local grants and contracts	4,469,938	—
State fee-for-service	17,915,857	—
Nongovernmental grants and contracts	4,353,944	—
Sales and services of educational activities	384,826	—
Auxiliary operating revenue	33,642,896	—
Interest and dividends	—	2,351,007
Net realized and unrealized gain	—	6,251,757
Other operating revenue	9,418,731	688,100
Total Operating Revenues	182,388,051	21,659,777
<b>Operating Expenses</b>		
Educational and general		
Instruction	72,014,268	—
Research	2,623,764	—
Public service	1,987,222	—
Academic support	20,133,142	—
Student services	22,584,357	—
Institutional support	10,441,919	—
Operation of plant	9,916,575	—
Scholarships and fellowships	11,703,686	—
Program	—	6,964,885
Management and general	—	855,859
Fundraising	—	1,570,546
Pledged receivable write off	—	23,375
Auxiliary operating expenditures	26,761,610	—
Depreciation and amortization	16,279,574	—
Total Operating Expenses	194,446,117	9,416,665
<b>Operating Income (Loss)</b>	(12,058,066)	12,243,112
<b>Nonoperating Revenues (Expenses)</b>		
Investment income, net of investment expense	(81,481)	—
State fiscal stabilization fund	—	—
Interest on capital asset related debt	(6,010,802)	—
Federal grants and contracts revenue	13,638,482	—
Other nonoperating revenue	358,124	—
Net Nonoperating Revenues (Expenses)	7,904,323	—
<b>Income (Loss) Before Other Revenues (Expenses), Gains (Losses)</b>	(4,153,743)	12,243,112
Capital appropriations	207,288	—
Capital contribution - certificates of participation	—	—
Capital grants and gifts	—	—
Loss on disposal of capital assets	(6,322)	—
<b>Total Other Changes</b>	200,966	—
<b>Increase (Decrease) in Net Position</b>	(3,952,777)	12,243,112
<b>Net Position, Beginning of Year</b>	177,601,617	93,280,112
<b>Net Position, End of Year</b>	\$ 173,648,840	\$ 105,523,224

See notes to the financial statements

# FINANCIAL STATEMENTS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the Year Ended June 30, 2012, as restated

	University of Northern Colorado	University of Northern Colorado Foundation, Inc.
<b>Operating Revenues</b>		
Student tuition and fees, net	\$ 100,834,940	\$ —
Contributions	—	4,819,769
Contributed services	—	46,484
Federal grants and contracts	8,385,890	—
State and local grants and contracts	4,119,096	—
State fee-for-service	18,116,714	—
Nongovernmental grants and contracts	4,838,592	—
Sales and services of educational activities	412,884	—
Auxiliary operating revenue	34,698,245	—
Interest and dividends	—	2,425,120
Net realized and unrealized loss	—	(1,226,077)
Other operating revenue	8,971,968	597,128
Total Operating Revenues	180,378,329	6,662,424
<b>Operating Expenses</b>		
Educational and general		
Instruction	67,604,674	—
Research	2,490,339	—
Public service	2,117,438	—
Academic support	18,572,469	—
Student services	22,037,795	—
Institutional support	8,470,634	—
Operation of plant	9,286,508	—
Scholarships and fellowships	12,300,264	—
Program	—	9,357,324
Management and general	—	884,006
Fundraising	—	1,558,018
Pledged receivable write off	—	129,525
Auxiliary operating expenditures	26,361,509	—
Depreciation and amortization	16,041,668	—
Total Operating Expenses	185,283,298	11,928,873
<b>Operating Income (Loss)</b>	(4,904,969)	(5,266,449)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income, net of investment expense	1,282,577	—
State fiscal stabilization fund	—	—
Interest on capital asset related debt	(6,264,975)	—
Federal grants and contracts revenue	12,990,167	—
Other nonoperating revenue	282,003	—
Net Nonoperating Revenues (Expenses)	8,289,772	—
<b>Income (Loss) Before Other Revenues (Expenses), Gains (Losses)</b>	3,384,803	(5,266,499)
Capital appropriations	5,630	—
Capital contribution - certificates of participation	—	—
Capital grants and gifts	2,053,248	—
Loss on disposal of capital assets	(12,389)	—
<b>Total Other Changes</b>	2,046,489	—
<b>Increase (Decrease) in Net Position</b>	5,431,292	(5,266,499)
<b>Net Position, Beginning of Year</b>	172,170,325	98,546,561
<b>Net Position, End of Year</b>	\$ 177,601,617	\$ 93,280,112

See notes to the financial statements

**STATEMENT OF CASH FLOWS***for the Years Ended June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Operating Activities</b>		
Cash received		
Tuition and fees	\$ 96,645,670	\$ 101,588,535
Colorado State Fee-for-Service	17,915,857	18,116,714
Sales and services of educational activities	362,541	489,623
Sales and services of auxiliary activities	33,855,148	34,250,325
Grants and contracts	8,659,029	7,606,588
Federal financial aid	612,206	747,984
State financial aid	4,331,509	4,024,405
UNC Foundation grants	447,290	1,008,287
UNC Foundation gifts	3,687,225	3,618,456
Other receipts	15,548,989	9,090,724
Student loans collected	1,129,418	1,209,454
Cash payments		
Payments to/for employees	(122,463,568)	(113,541,999)
Payments to suppliers	(43,362,969)	(40,838,820)
Scholarships disbursed	(11,703,686)	(12,300,264)
Student loans disbursed	(957,364)	(797,753)
Net cash provided by operating activities	<u>4,707,295</u>	<u>14,272,259</u>
<b>Noncapital Financing Activities</b>		
State fiscal stabilization nonoperating funds	-	-
Federal grant and contract – Pell	13,638,482	12,990,167
Other nonoperating revenues-rental, lease, other	421,773	2,398,900
Agency inflows – campus organizations and scholarships	12,826,579	12,200,233
Agency outflows – campus organizations and scholarships	(13,392,800)	(12,000,203)
Agency loan inflows – student loans	80,341,495	84,280,831
Agency loan outflows – student loans	(80,341,495)	(84,280,831)
Net cash provided by noncapital financing activities	<u>13,494,034</u>	<u>15,589,097</u>
<b>Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(12,065,443)	(6,866,042)
Proceeds from restricted note payable	1,819,650	3,185,911
Proceeds from 2011A refinancing bonds issued	0	44,701,186
Proceeds from 2011B refinancing bonds issued	0	21,130,000
Bond refinancing costs paid	0	(282,951)
Principal refinanced 2001 UNC bonds	0	(46,040,000)
Principal refinanced 2001A Student Housing LLC bonds	0	(22,975,000)
Principal paid on bonds payable	(3,520,000)	(3,010,000)
Principal paid on capital leases	(1,280,893)	(459,247)
Interest paid on capital debt	(6,124,736)	(7,024,935)
Net cash used by capital and related financing activities	<u>(21,171,421)</u>	<u>(17,641,078)</u>
<b>Investing Activities</b>		
Investment earnings	(53,763)	1,292,937
Net cash provided by investing activities	<u>(53,763)</u>	<u>1,292,937</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(3,023,855)</u>	<u>13,513,215</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>84,159,389</u>	<u>70,646,174</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 81,135,534</u>	<u>\$ 84,159,389</u>

*See notes to the financial statements*



## STATEMENT OF CASH FLOWS

for the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Reconciliation of Net Operating Revenues (Expenses) to</b>		
<b>Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ (12,058,066)	\$ (4,904,969)
Depreciation and amortization expense	16,279,574	16,041,668
Student loan cancellations	113,070	114,044
<b>Changes in operating assets and liabilities</b>		
Student accounts receivable, net	(622,465)	(836,116)
Other receivables, net	194,946	(314,878)
Loans to students, net	225,862	361,358
Inventories	68,870	(11,151)
Other current assets	(109,457)	265,885
Accounts payable	572,243	846,312
Accrued payroll	(180,569)	1,209,433
Deferred revenues	(40,002)	1,315,487
Other liabilities	(22,209)	181,839
Accrued compensated absences	285,498	3,347
Net cash provided by operating activities	<u>\$ 4,707,295</u>	<u>\$ 14,272,259</u>
<b>Reconciliation of Cash and Cash Equivalents to the</b>		
<b>Statement of Net Position</b>		
Cash and cash equivalents	\$ 79,890,709	\$ 80,180,581
Restricted cash with trustee	494,825	3,228,808
Restricted cash and cash equivalents	750,000	750,000
Total cash and cash equivalents	<u>\$ 81,135,534</u>	<u>\$ 84,159,389</u>
<b>Supplemental Cash Flows Information</b>		
Capital assets financed by state capital contribution	\$ 207,288	\$ 5,630
Loss on disposal of assets	\$ 6,322	\$ 389

See notes to the financial statements

## **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

### **Nature of Operations and Governance**

The University of Northern Colorado (the University or UNC) is a public institution of higher education with a broad general curriculum, as well as preparation for selected professions within the fields of business, education, health services, music, and related areas; and pre-professions such as pre-law, pre-medicine, and others. The University is an institution of the state of Colorado with operations funded largely through student tuition, fees, and the State of Colorado College Opportunity Fund. As an institution of the state of Colorado, the University's operations and activities are funded in part through fee-for-service contracts with the state.

The University also engages in research, offers student financial aid, and provides other services which are funded through grants and contracts, including grants from the University of Northern Colorado Foundation, Incorporated (the Foundation).

The Board of Trustees is the governing body of the University and is comprised of seven members appointed by the Governor plus one faculty member elected by the faculty and one student member elected by the student body.

### **Reporting Entity and Component Units**

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 that 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.

The financial statements present the University (primary government) and its discretely presented component unit in accordance with generally accepted accounting principles in the United States of America. The component unit is included in the University's reporting entity because of the significance of its operational and financial relationships with the University, in accordance with Statement No. 39 of the Governmental Accounting Standards Board (GASB), *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement 14*. Financial statements of the discretely presented component unit can be obtained from its administrative office. The University has the University of Northern Colorado Foundation, Incorporated as a discretely presented component unit.

### **The University of Northern Colorado Foundation, Incorporated**

The University of Northern Colorado Foundation, Incorporated (the Foundation), is a legally separate, tax-exempt component unit of the University, incorporated under Article 40, Title 7 of the Colorado Revised Statutes of 1973. The Foundation was established in February 1966 to promote the welfare, development, and growth of the University and also to permit the Foundation to engage in activities as may be beyond the scope of the Board of Trustees of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

## **Restatement**

The fiscal year 2011 Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and associated notes to the financial statements have been restated to reflect the July 1, 2011, University purchase and dissolution of the University of Northern Colorado Foundation Student Housing LLC I in accordance with the Governmental Accounting Standards Board Statement 62 paragraphs 71 and 86. This had the effect of reducing the University's previously reported net position by \$4,000,053. Although the financial statement presentation includes the fiscal 2013 and 2012 Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, comparative information for fiscal year 2011 is included in the Management Discussion and Analysis.

The fiscal year 2012 Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows and associated notes to the financial statement have been restated to reflect compliance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis*, footnote 41, which states that proprietary fund revenues should be reported net of discounts and allowances. University of Northern Colorado and all other Colorado higher education institutions implemented compliance with this in fiscal year 2013 by reclassifying bad debt expense to contra-revenue. Fiscal year 2012 has been restated accordingly for comparative purposes.

## **Basis of Accounting and Presentation**

The basic financial statements of the University have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues from exchange transactions are recognized when earned and expenses from exchange transactions are recorded when an obligation is incurred. All significant intra-agency transactions are eliminated. The University prepares its financial statements as a business-type activity in conformity with all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting for these differences.

## **Unrestricted Cash and Cash Equivalents**

For purposes of reporting cash flows, the University defines cash and cash equivalents as cash on hand, demand deposit accounts with financial institutions, pooled cash with the State Treasurer, and all highly liquid investments with original maturities of three months or less. As of June 30, 2013, and 2012, cash equivalents consisted primarily of funds invested through the State Treasurer's cash management program.

## **Restricted Cash and Cash Equivalents**

Assets are reported as restricted when restrictions on asset use change the nature or normal understanding of the availability of the assets. For the University, restricted cash and cash equivalents include amounts restricted by bond covenants.

## **Restricted Cash and Cash Equivalents with Trustee**

Cash is reported as held in trust when a third party retains the money in a fiduciary capacity, whether as a trustee, agent, escrow agent, or otherwise, for a short period of time.

## **Investments and Investment Income**

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of interest and dividend income plus the current year change in unrealized gain (loss) on the fair value of investments. The University's investments generally include direct obligations of the U.S. government and its agencies, money market funds, mutual funds and guaranteed investment contracts. Endowments are pooled to the extent possible under gift agreements. The Foundation manages certain endowments for the University in accordance with its investment policy.

The classification of investments as current or noncurrent is based on the underlying nature and restricted use of the asset. Current investments are those without restrictions imposed by third-parties that can be used to pay current obligations of the University. Noncurrent investments include restricted investments and those investments designated to be used for long-term obligations.

## **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 includes 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 grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

## **Inventories**

Inventories consisting of computer products, books, food, and other consumable supplies are carried at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) basis.

## **Loans to Students**

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$2,209,918 and \$2,251,803 at June 30, 2013, and 2012, respectively.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation if acquired by gift. The University's capitalization policy includes items with a value of \$5,000 or more and an estimated useful life greater than one year.

Renovations to buildings and other improvements that significantly increase the value and extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to expenses. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. The University capitalizes interest costs as a component of construction in progress. Total interest capitalized is presented in the following table:

<b>University Interest Capitalized and Expensed</b>	<b>2013</b>	<b>2012</b>
Total interest expense incurred on borrowings for projects	\$ -	\$ -
Interest expense capitalized related to self-funded projects	48,244	47,565
Interest expense capitalized related to state certificates of participation	-	-
Interest income from investment of bond proceeds for projects	-	-
Net interest cost capitalized	<u>\$ 48,244</u>	<u>\$ 47,565</u>
Interest capitalized	\$ 48,244	\$ 47,565
Interest charged to expense	6,015,775	6,281,196
Total interest incurred	<u>\$ 6,064,019</u>	<u>\$ 6,328,761</u>

The University has capitalized collections, such as works of art and historical artifacts. The nature of certain collections is such that the value and usefulness of the collection does not change over time. These collections have not been depreciated in the University's financial statements.

Assets under capital leases are recorded at the present value of the future minimum lease payments and amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset being leased. Such amortization is included as depreciation expense in the accompanying financial statements.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 years for buildings and improvements, 20 years for land improvements, 3 years for software, 10 years for library books, and 3–10 years for equipment and vehicles. Depreciation expense is not allocated among functional categories.

### **Capital Lease Liabilities**

Capital leases consist of various lease-purchase contracts and other lease agreements. Such contracts provide that any commitments beyond the current year are contingent upon funds being budgeted for such purposes by the Board of Trustees. It is reasonably assured that such leases will be renewed in the normal course of business and therefore are treated as non-cancelable for financial reporting purposes.

### **Deferred Revenues**

The University prorates the summer session revenues on a fifty percent split between two fiscal years. Tuition, fees and certain auxiliary revenues received before June 30, but determined by this proration to be earned in the following year, are recorded as deferred revenues. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

### **Classification of Revenues**

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

**Operating Revenues** – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises; (3) contracts and grants for research activities; and (4) interest on student loans.



**Nonoperating Revenues** – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis*, such as state appropriations and investment income.

Pell grants of \$13,638,482 and \$12,990,167 at June 30, 2013, and 2012, respectively, are recorded as nonoperating revenue as defined by the 2007 amendment of the *GASB Comprehensive Implementation Guide* regarding nonoperating presentation of Pell grants (Question 7.72.10).

### **Tax-Exempt Status and Income Taxes**

As a Colorado state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, any income unrelated to the exempt purpose of the University is subject to tax under Section 511(a)(2)(B) of the Internal Revenue Code.

The University had no income tax liability related to income generated from activities unrelated to the University's exempt purposes as of June 30, 2013, or 2012.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates. Significant estimates have been made regarding compensated absences expenses, scholarship allowances and accounts receivable bad debt allowances as described below.

### **Compensated Absences Accrued Liability**

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Vacation and sick leave benefits taken as paid time off are recognized as an expense when the time off occurs. Accrued compensated absences liabilities are recognized based upon estimated cash payments due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems of the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. Vacation accruals are paid in full upon separation; whereas, only a portion of sick leave is paid upon specific types of separation, such as retirement.

Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the financial statement date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

### **Scholarship Discounts and Allowances**

Student tuition, fee revenues, and certain other revenues from students are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third-parties making payments on behalf of the students.

Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded scholarship allowances. The scholarship allowances on tuition and fees and housing were approximately \$23.0 million and \$20.7 million for the years ended June 30, 2013, and 2012, respectively.

### Bad Debt Allowance

Bad debt expense and an allowance against receivables are estimated based upon the age of the receivables and historical collection rates.

## Note 2: Cash and Cash Equivalents

### Unrestricted Cash and Cash Equivalents

For operating purposes, the University holds unrestricted cash and cash equivalent deposits in several bank accounts at a U.S. financial institution. The University also maintains unrestricted cash on hand for petty cash and change fund daily operating purposes.

Unrestricted Cash and Cash Equivalents	2013	2012
Cash on hand	\$ 45,445	\$ 48,095
Cash with U.S. financial institutions	803,212	851,819
Cash with Colorado State Treasurer	78,910,716	78,193,013
Unrealized gain (loss) – cash with State Treasurer	131,336	1,087,654
Total unrestricted cash and cash equivalents	<u>\$ 79,890,709</u>	<u>\$ 80,180,581</u>

The University deposits its unrestricted cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2013, the University had cash on deposit with the State Treasurer of \$78.9 million, which represented approximately 1.09 percent of the total \$7,262.8 million fair value of deposits in the State Treasurer's Pool (Pool).

For financial reporting purposes all of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at fiscal year end. On the basis of the University's participation in the Pool, the University reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Investments in the Treasurer's Pool are exposed to custodial credit risk if the securities are uninsured, are not registered in the state's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the state's name. As of June 30, 2013, none of the investments in the State Treasurer's Pool are subject to custodial credit risk.

### Restricted Cash and Cash Equivalents

The University holds restricted cash of \$750,000 with the state treasury to meet required bond covenants related to the auxiliary revenue refunding and improvement bonds.

### Custodial Credit Risk – Cash and Cash Equivalents

Custodial credit risk for cash and cash equivalents exists when, in the event of the failure of a depository financial institution, the University may be unable to recover deposits or recover collateral securities that are in the possession of an outside party. Under GASB 40, *Deposit and Investment Risk Disclosures*, deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance and the deposits are (a) uncollateralized or (b) collateralized, with securities held by the pledging financial institution or the pledging financial institution's trust department or agent, but not in the depositor-government's name. To manage custodial credit risk, unrestricted cash and cash equivalents with the state treasury and U.S. financial institutions are made in accordance with University policy and state law, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102% of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under the PDPA are considered to be collateralized with securities held by the pledging institution in the University's name. As of June 30, 2013, and 2012, all of the cash and cash equivalents held by the State Treasurer and U.S. financial institutions are therefore not subject to custodial credit risk. The treasurer's pool was not subject to foreign currency risk or concentration of credit risk in fiscal year 2013. Additional information on investments of the state treasurer's pool may be obtained in the state's Comprehensive Annual Financial Report for the year ended June 30, 2013.

### Restricted Cash and Cash Equivalents with Trustee

At June 30, 2013, the University holds \$494,825 of current restricted cash with a trustee, Sovereign Bank. These funds are in a short term escrow account to pay for capital equipment that is being financed. The funds held in trust at Sovereign Bank on June 30, 2013, are uninsured and uncollateralized.

## Note 3: Investments

The University's investments on June 30, 2013, are certain endowments held at the Foundation and are restricted by the donors. These investments are subject to Colorado Revised Statutes Title 15, Article 1, Part 11 "Uniform Prudent Management of Institutional Funds" or UPMIFA.

Fair value of investments held at June 30, 2013, and 2012, are detailed in the following table:

Investment Types	2013	2012	Maturity
Fixed Income U.S. Government Obligations	\$ 536,714	\$ 579,370	1-5 years
Fixed Income U.S. Government Obligations	50,678	76,869	Less than 1 year
Money Market Funds	54,236	13,109	Less than 1 year
Total University Restricted Investments	<u>\$ 641,628</u>	<u>\$ 669,348</u>	

## **Custodial Credit Risk – Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Therefore, exposure arises if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent, but not in the University's name. The University does not have a formal investment policy regarding custodial credit risk.

The balances of the University's investments are endowment funds managed by the Foundation according to the custodial agreement between the University and the Foundation approved on December 14, 1988. These securities are held in the Foundation's name as agent of the University and are not subject to custodial credit risk.

## **Interest Rate Risk – Investments**

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. Interest rate risk applies only to debt investments. Interest rate risk can be managed by managing the duration to effective maturity and/or the weighted-average maturity of the investments. The duration method uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The weighted-average maturity method measures the time to maturity in years weighted to reflect the dollar size of the individual investments within an investment type.

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The duration to effective maturity and weighted-average maturity of each investment type held by the University is identified in the investment risk schedule.

## **Credit Quality Risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk applies only to debt investments. Mutual funds and certain other investments are not categorized as to credit quality risk because ownership is not evidenced by a security. This risk is assessed by national rating agencies, which assign a credit quality rating for many investments.

State law limits investments in securities, at the time of purchase, to securities with the top two ratings issued by nationally recognized statistical rating organizations. The University does not have a formal policy related to investment credit quality risk that would further limit its investment choices. All of the University's investments have a Moody's rating of Aaa or better and a Standard & Poor's rating of AA+ or better. Credit quality risk is not available for the Foundation.

Maturities and credit ratings for the University's investments held at June 30, 2013, and 2012, are detailed below:

2013				
Maturities and Credit Ratings by Investment Type	Fair Value	Duration to Maturity	Weighted- Average Maturity	S & P Credit Rating
The University				
U.S. Government Obligations	\$ 587,392	2.47 yrs	2.61 yrs	AA+
Money Market Funds	<u>54,236</u>	N/A	N/A	N/A
Total Investments as of June 30	<u>\$ 641,628</u>			

2012				
Maturities and Credit Ratings by Investment Type	Fair Value	Duration to Maturity	Weighted- Average Maturity	S & P Credit Rating
The University				
U.S. Government Obligations	\$ 656,239	2.72 yrs	2.91 yrs	AA+
Money Market Funds	<u>13,109</u>	N/A	N/A	N/A
Total Investments as of June 30	<u>\$ 669,348</u>			

The UNC Foundation's investments held at June 30, 2013, and 2012, are detailed below:

Investment Types	2013	2012
The Foundation		
Cash and cash equivalents	\$ 2,150,177	\$ 1,665,592
Equities	41,276,793	35,039,921
Fixed income	22,869,354	29,184,079
Alternative investments	13,574,314	8,389,762
Other	<u>18,989,089</u>	<u>16,191,355</u>
Total Foundation Investments	<u>\$ 98,859,727</u>	<u>\$ 90,470,709</u>



## Note 4: Accounts, Contributions and Loans Receivable

Accounts and loans receivable are shown, net of allowances for doubtful accounts, in the accompanying Statement of Net Position. Net receivables at June 30 are detailed below:

Accounts, Contributions and Loans Receivable	2013	2012
Student accounts receivable – current	\$ 13,743,495	\$ 11,679,004
Allowance for doubtful accounts	(6,530,925)	(5,301,770)
Subtotal student accounts receivable – net	7,212,570	6,377,234
Student loans receivable – current	1,721,749	1,807,972
Allowance for doubtful accounts	(1,310,783)	(1,396,734)
Subtotal current student loans receivable – net	410,966	411,238
Student loans receivable – noncurrent	7,332,814	7,627,407
Allowance for doubtful accounts	(899,135)	(855,069)
Subtotal noncurrent student loans receivable – net	6,433,679	6,772,338
Other receivables – current		
Sponsored programs – federal grants receivable	853,245	996,266
Sponsored programs – nonfederal grants receivable	21,539	40,238
Student loans program – federal loans receivable	167,172	167,172
Accounts receivable related party – the Foundation	941,309	1,235,396
Other accounts receivable	716,358	403,535
Subtotal other receivables – current	2,699,623	2,842,607
Total University accounts, loans & other receivables	\$ 16,756,838	\$ 16,403,417

### Related Party Receivable

Gifts and grants receivable from the Foundation to the University were approximately \$941,309 and \$1,235,396 as of June 30, 2013, and 2012, respectively.

### Foundation Contributions and Pledges Receivable

Foundation gifts of cash and other assets received without donor stipulations are reported as unrestricted contributions. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted contributions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows discounted by using a risk-free interest rate. An allowance for uncollectible contributions is established by Foundation management based on management's analysis of specific pledge receivables.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

## Note 5: Other Assets

Inventories and other current and noncurrent assets are shown in the accompanying Statement of Net Position as of June 30 and are detailed below:

Other Assets	2013	2012
The University		
Inventories for supply use	\$ 866,647	\$ 938,031
Inventories for resale	252,135	249,620
Total inventories	<u>\$ 1,118,782</u>	<u>\$ 1,187,651</u>
Prepaid expenses	\$ 550,842	\$ 341,384
Current portion bond issuance costs	71,649	71,649
Total other current assets	<u>\$ 622,491</u>	<u>\$ 413,033</u>
Athletics conference surety deposit	\$ -	\$ 100,000
Noncurrent portion bond issuance costs	1,421,329	1,492,978
Total other noncurrent assets	<u>\$ 1,421,329</u>	<u>\$ 1,592,978</u>
The Foundation		
Prepaid expenses and other current assets	<u>\$ 190,250</u>	<u>\$ 109,437</u>

## Note 6: Capital Assets

The following is a summary of University capital asset activity as of June 30:

2013					
Capital Assets and Accumulated Depreciation	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Capital assets</b>					
Land	\$ 10,270,198	\$ -	\$ -	\$ -	\$ 10,270,198
Land improvements	20,577,273	-	-	349,724	20,926,997
Non-depreciable land improvements	4,264,026	-	-	-	4,264,026
Buildings and improvements	371,951,523	-	-	1,577,131	373,528,654
Equipment and vehicles	16,230,316	3,220,401	(628,859)	84,118	18,905,976
Software	2,990,525	28,043	-	-	3,018,568
Library materials	41,039,884	1,489,931	(1,876,056)	-	40,653,759
Non-depreciable art/historical	1,550,345	-	-	-	1,550,345
Leasehold improvements	1,059,732	-	-	-	1,059,732
Construction in progress	<u>1,948,028</u>	<u>7,538,356</u>	<u>-</u>	<u>(2,010,973)</u>	<u>7,475,411</u>
Total capital assets	<u>471,881,850</u>	<u>12,276,731</u>	<u>(2,504,915)</u>	<u>-</u>	<u>481,653,666</u>
<b>Less accumulated depreciation</b>					
Land improvements	9,781,014	857,782	-	-	10,638,796
Buildings and improvements	159,025,388	12,153,088	-	-	171,178,476
Equipment and vehicles	10,909,387	1,479,088	(614,482)	-	11,773,993
Software	2,787,942	111,157	-	-	2,899,099
Library materials	33,163,695	1,622,026	(1,876,056)	-	32,909,665
Leasehold improvements	<u>672,946</u>	<u>56,433</u>	<u>-</u>	<u>-</u>	<u>729,379</u>
Total accumulated depreciation	<u>216,340,372</u>	<u>16,279,574</u>	<u>(2,490,538)</u>	<u>-</u>	<u>230,129,408</u>
<b>Net capital assets</b>	<u>\$ 255,541,478</u>	<u>\$ (4,002,843)</u>	<u>\$ (14,377)</u>	<u>\$ -</u>	<u>\$ 251,524,258</u>

2012					
Capital Assets and Accumulated Depreciation	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Capital assets</b>					
Land	\$ 10,270,198	\$ -	\$ -	\$ -	\$ 10,270,198
Land improvements	20,545,438	-	-	31,835	20,577,273
Non-depreciable land improvements	4,264,026	-	-	-	4,264,026
Buildings and improvements	365,465,640	2,375,392	-	4,110,491	371,951,523
Equipment and vehicles	15,183,499	1,405,595	(358,778)	-	16,230,316
Software	2,840,604	149,921	-	-	2,990,525
Library materials	40,722,586	1,325,337	(1,008,039)	-	41,039,884
Non-depreciable art/historical	1,550,345	-	-	-	1,550,345
Leasehold improvements	1,059,732	-	-	-	1,059,732
Construction in progress	<u>4,470,547</u>	<u>1,619,807</u>	<u>-</u>	<u>(4,142,326)</u>	<u>1,948,028</u>
Total capital assets	<u>466,372,615</u>	<u>6,876,052</u>	<u>(1,366,817)</u>	<u>-</u>	<u>471,881,850</u>
<b>Less accumulated depreciation</b>					
Land improvements	8,932,771	848,243	-	-	9,781,014
Buildings and improvements	147,066,163	11,959,225	-	-	159,025,388
Equipment and vehicles	9,855,326	1,395,450	(341,389)	-	10,909,387
Software	2,643,375	144,567	-	-	2,787,942
Library materials	32,533,984	1,637,750	(1,008,039)	-	33,163,695
Leasehold improvements	<u>616,513</u>	<u>56,433</u>	<u>-</u>	<u>-</u>	<u>672,946</u>
Total accumulated depreciation	<u>201,648,132</u>	<u>16,041,668</u>	<u>(1,349,428)</u>	<u>-</u>	<u>216,340,372</u>
<b>Net capital assets</b>	<u>\$ 264,724,483</u>	<u>\$ (9,165,616)</u>	<u>\$ (17,389)</u>	<u>\$ -</u>	<u>\$ 255,541,478</u>

The following is a summary of Foundation capital asset activity for the years ended June 30:

<b>Foundation Capital Assets</b>	<b>2013</b>	<b>2012</b>
Capital assets		
Buildings and improvements	\$ 1,226,998	\$ 1,228,500
Equipment and vehicles	240,157	219,739
Total capital assets	1,467,155	1,448,239
Less accumulated depreciation	(423,101)	(376,648)
Net capital assets	\$ 1,044,054	\$ 1,071,591

## Note 7: Liabilities and Deferred Revenues

The following is a summary of liabilities as of June 30:

<b>The University Liabilities and Deferred Revenues</b>	<b>2013</b>	<b>2012</b>
Accounts payable and accrued liabilities		
Accounts payable	\$ 2,911,388	\$ 2,219,104
Accrued salaries and benefits	11,438,382	11,868,977
Accrued interest expense	483,785	490,806
Other accrued liabilities	289,870	160,763
Total accounts payable and accrued liabilities	15,123,425	14,739,650
Current deferred revenue		
Unearned revenue – summer tuition and other activities	7,049,818	7,192,698
Unearned revenue – restricted grants and contracts	185,375	84,744
Unearned revenue – foundation contract	-	520,923
Current portion unearned auxiliary and housing	565,170	50,000
Current portion unearned broadband lease	8,000	8,000
Total current deferred revenue	7,808,363	7,856,365
Other current liabilities		
Deposits held	720,300	737,063
Current insurance liability	102,324	56,654
Deposits held in custody for agency funds	356,823	659,232
Current portion of compensated absences liability	383,793	393,534
Subtotal other current liabilities	1,563,240	1,846,483
Other noncurrent liabilities		
Long-term deposit liabilities held	30,000	30,000
Long-term unearned revenue broadband lease	12,000	12,000
Long-term unearned revenue auxiliary and housing	100,000	150,000
Noncurrent compensated absences liability	4,086,399	3,791,161
Subtotal other noncurrent long-term liabilities	4,228,399	3,983,161
Bonds, capital leases and notes payable		
Current notes payable	-	3,185,910
Current bonds and capital leases	4,944,286	3,960,548
Noncurrent bonds, capital leases	145,904,307	146,793,560
Total bonds, capital leases and notes payable	150,848,593	153,940,018
Total liabilities – the University	\$ 179,572,020	\$ 182,365,677

**The Foundation – Liabilities and Deferred Revenues**

The following is a summary of Foundation liabilities as of June 30:

<b>The Foundation Liabilities and Deferred Revenues</b>	<b>2013</b>	<b>2012</b>
Accounts payable and accrued liabilities	\$1,231,018	\$1,282,436
Deferred revenue	-	-
Funds held for the University	667,737	674,576
Long-term debt	-	-
Annuity obligations	150,762	169,504
Total Liabilities	<u>\$2,049,517</u>	<u>\$2,126,516</u>

**Charitable Gift Annuity Obligations**

The Foundation has entered into several charitable gift annuity contracts. These contracts require the Foundation to make fixed payments to the beneficiaries over their lifetimes. Under a charitable gift annuity contract, the assets received by the Foundation are not held in trust separately from other investments of the Foundation. On the date each charitable gift annuity was established, the Foundation recorded a contribution equal to the difference between the amount transferred from the donor and the present value of the future cash flows expected to be paid to the specified beneficiaries, using a discount rate equal to the then current Applicable Federal Rate. At the end of these contracts, the majority of these assets are to be endowed and are included in permanently restricted net position as follows at June 30:

<b>Charitable Gift and Annuity Contracts</b>	<b>2013</b>	<b>2012</b>
Assets held under gift annuity contracts	\$ 220,509	\$ 279,775
Less associated liabilities	<u>(150,762)</u>	<u>(169,504)</u>
Present value of assets held under contract	<u>\$ 69,747</u>	<u>\$ 110,271</u>

## Note 8: Bonds, Capital Leases and Notes Payable

### Bonds, Capital Leases and Notes Payable

The following table provides a summary of Bonds, Capital Leases and Notes Payable liabilities as of June 30:

Bonds, Capital Leases and Notes Payable Summary	Interest Rates	Final Maturity	Balance 2013	Balance 2012
Fixed Rate - Auxiliary Revenue Bonds	2.00%-5.375%	2040	\$ 125,807,679	\$ 128,913,900
Variable Rate - Institutional Enterprise Revenue Bonds (2011B)	0.836%	2036	19,360,217	19,880,908
Capital Leases Payable	1.49%-6.02%	2017	5,680,697	1,959,300
Note Payable	1.49%	2012	-	3,185,910
Total Bonds, Capital Leases and Notes Payable			<u>\$ 150,848,593</u>	<u>\$ 153,940,018</u>

The interest rate on the Series 2011B variable rate demand bonds is calculated monthly based on 70% of the one month London Interbank Offered Rate (LIBOR) that is published two business days prior to the reset date plus a spread factor of 0.70. The interest rate on the Series 2011B as of June 30, 2013, was 0.836%. The 2011B bond issue documents utilize a projected annual interest rate of 3.5%.

### Changes in Bonds, Capital Leases and Notes Payable

The tables below present the summary of changes in bonds, notes and capital leases payable for the years ended June 30, 2013, and 2012.

2013					
Changes in Bonds, Capital Leases and Notes Payable	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds Payable	\$ 145,560,000	\$ -	\$ 3,520,000	\$ 142,040,000	\$ 3,615,000
Plus unamortized premiums	6,320,218	-	292,918	6,027,300	-
Less unamortized discounts	-	-	-	-	-
Less unamortized deferred amount	3,085,410	-	186,006	2,899,404	-
Total revenue bonds payable	148,794,808	-	3,626,912	145,167,896	3,615,000
Capital leases payable	1,959,300	5,002,290	1,280,893	5,680,697	1,329,286
Notes payable	3,185,910	-	3,185,910	-	-
Total Bonds, Capital Leases and Notes Payable	<u>\$ 153,940,018</u>	<u>\$ 5,002,290</u>	<u>\$ 8,093,715</u>	<u>\$ 150,848,593</u>	<u>\$ 4,944,286</u>

2012					
Changes in Bonds, Capital Leases and Notes Payable	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds Payable	\$ 154,765,000	\$ 64,650,000	\$ 73,855,000	\$ 145,560,000	\$ 3,520,000
Plus unamortized premiums	3,601,950	3,011,186	292,918	6,320,218	-
Less unamortized discounts	487,027	-	487,027	-	-
Less unamortized deferred loss	1,157,530	3,099,166	1,171,286	3,085,410	-
Total revenue bonds payable	156,722,393	64,562,020	72,489,605	148,794,808	3,520,000
Capital leases payable	2,419,331	2,156,259	2,616,290	1,959,300	440,548
Notes payable	-	3,185,910	-	3,185,910	3,185,910
Total Bonds, Capital Leases and Notes Payable	<u>\$ 159,141,724</u>	<u>\$ 69,904,189</u>	<u>\$ 75,105,895</u>	<u>\$ 153,940,018</u>	<u>\$ 7,146,458</u>



## Revenue and Refunding Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2013, and 2012, is detailed in the table "Revenue Bond Detail". The University's fixed rate revenue bonds are payable semi-annually (Series 2005, 2008, 2011A). The University's variable rate demand bonds are payable annually (Series 2011B). The bonds are not secured by any encumbrance mortgage, or other pledge of property, except pledged revenues.

Bond provisions require the University to maintain compliance with certain rate covenants related to the bonds. The master enterprise bond resolution authorizing the issuance of institutional enterprise revenue bonds, and adopted by the University's Board of Trustees, specifies debt service coverage requirements. The debt service coverage provisions require net pledged revenues to be equal to the combined principal and interest payments of the revenue bonds due during any subsequent fiscal year for the life of the associated revenue bonds. These debt service requirements are detailed in the table "Revenue Bonds Future Minimum Payments."

The master enterprise bond resolution also includes a covenant which provides that during the period in which the bonds are outstanding and subject to applicable law, the University will continue to impose such fees and charges as are included within the gross revenue and will continue the present operation and use of the University's facilities. The University will continue to maintain reasonable fees, rental rates, and other charges for the use of all facilities and for services rendered by the University and will return annually gross revenues sufficient to pay all amounts required with respect to prior bond obligations; to pay operation and maintenance expenses; to pay the annual debt service requirements of the bonds and any parity obligations payable from net revenues. The University believes it is in compliance with all existing pledged revenue requirement of its outstanding bonds.

The 2005 and 2008 Bonds payable are secured by a first lien, but not necessarily an exclusive first lien, derived from 10 percent of gross general fund tuition revenues, net student fee revenues, and net auxiliary facility system revenues. The 2011A and 2011B bonds are also secured by a pledge of the revenues derived from net extended studies revenues and gross facility and administrative indirect cost recoveries. The University has pledged these revenues through 2040 to repay \$142,040,000 in auxiliary revenue bonds. As of June 30, 2013, and 2012, total pledged revenue and the associated debt service coverage are summarized in the table below:

<b>Net Pledged Revenue Available for Revenue Bond Debt Service</b>	<b>2013</b>	<b>2012</b>
Gross auxiliary facility and student fee revenues	\$ 47,989,215	\$ 48,253,059
Less auxiliary facility and student fee operating expenses	<u>30,745,424</u>	<u>29,984,891</u>
Net auxiliary and student fee facility revenue	17,243,791	18,268,168
Other pledged tuition and revenue		
10% of tuition revenue	7,758,977	7,589,979
Indirect cost recoveries	706,451	752,411
Extended campus net revenue	<u>4,767,862</u>	<u>4,345,651</u>
Subtotal other pledged tuition and revenue	<u>3,233,290</u>	<u>12,688,041</u>
<b>Total Net Pledged Revenue</b>	<b><u>\$ 30,477,081</u></b>	<b><u>\$ 30,956,209</u></b>
Net prior bonds debt service (2001, 2005, 2008 bonds)	5,750,756	5,742,631
2011A and B bond debt service	<u>4,398,469</u>	<u>3,764,822</u>
<b>Total Net Debt Service</b>	<b><u>\$ 10,149,225</u></b>	<b><u>\$ 9,507,453</u></b>
Prior debt service coverage (2001, 2005, 2008 bonds)	4.35 x	4.50 x
2011A and B bond debt service coverage	5.62 x	6.70 x
Total net debt service as a percentage of gross auxiliary facilities and student fee revenues	21.1%	19.7%
Total net debt service as a percentage of total net pledged revenues	33.3%	30.7%

## **Refunding Revenue Bond Activity**

On July 1, 2011, the University issued at par \$41,690,000 Series 2011A Auxiliary Facilities System Revenue Refunding Bonds for the purpose of currently refunding \$46,040,000 of then outstanding Series 2001 Auxiliary Revenue Refunding and Improvement bonds. The Series 2011A bonds bear fixed interest rates of 2.00% to 5.00%, payable semiannually. Principal maturities began June 1, 2012, and continue through June 1, 2031. The current refunding resulted in a decrease in payments to service the new debt versus the old debt of \$9,319,293, an economic gain of \$4,539,354, and a deferred loss of \$1,795,767. The deferred loss is being amortized as an adjustment to interest expense over the remaining life of the new debt.

On July 1, 2011, the University issued at par \$21,130,000 Series 2011B Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds for the purpose of currently refunding \$22,975,000 of then outstanding Series 2001A Colorado Educational and Cultural Facilities Authority, Student Housing LLC I, Revenue Bonds (Arlington Park). Principal maturities will begin June 1, 2013, and continue through June 1, 2036. The current refunding resulted in a decrease in payments to service the new debt versus the old debt of \$8,848,340, an economic gain of \$3,954,295, and a deferred loss of \$1,303,399. The deferred loss is being amortized as an adjustment to interest expense over the remaining life of the new debt.

	Original Issuance	Outstanding Balance 2013	Outstanding Balance 2012
<b><u>Fixed Rate Revenue Bonds</u></b>			
<b>Series 2001</b>			
3.0%-5.5%, Auxiliary Revenue Refunding and Improvement bonds, issued July 31, 2001, in the original amount of \$50,000,000, and maturing in varying amounts through June 1, 2031. These bonds were refunded on July 1, 2011.	\$50,000,000	\$ -	\$ -
<b>Series 2001A</b>			
3.375% to 5.375% Colorado Educational and Cultural Facilities Authority, Student Housing Revenue Bonds (Arlington Park LLC Student Housing Facility Bonds), Series LLC 2001A. Issued August 15, 2001 in the original amount of \$24,145,000 and maturing in varying amounts through July 1, 2037. These bonds were current refunded with a redemption date of August 1, 2011 by the Series 2011B Variable rate demand institutional enterprise revenue bonds issued July 1, 2011.	24,145,000	-	-
<b>Series 2005</b>			
3.25%-5.00%, Auxiliary Revenue Refunding and Improvement bonds, issued July 28, 2005, in the original amount of \$85,000,000, and maturing in varying amounts through June 1, 2040.	85,000,000	76,950,000	78,310,000
<b>Series 2008</b>			
3.25%-5.00%, Auxiliary Revenue Refunding bonds, issued May 22, 2008, in the original amount of \$9,145,000, and maturing in varying amounts through June 1, 2024.	9,145,000	5,485,000	5,815,000
<b>Series 2011A</b>			
2.00%-5.00% Auxiliary Facilities System Revenue Refunding Bonds. Issued July 1, 2011 in the original amount of \$41,690,000 and maturing in varying amounts through June 1, 2031.	41,690,000	39,050,000	40,305,000
Total Fixed Rate Revenue Bonds	209,980,000	121,485,000	124,430,000
Add unamortized premium		6,027,299	6,320,218
Less unamortized discount		-	-
Less deferred amount on refunding		1,704,620	1,836,318
<b>Total Outstanding Fixed Rate Revenue Bonds Payable</b>	<b>\$ -</b>	<b>\$125,807,679</b>	<b>\$128,913,900</b>
<b><u>Variable Rate Revenue Bonds</u></b>			
<b>Series 2011B</b>			
Variable rate demand institutional enterprise revenue refunding bonds. Issued July 1, 2011 in the original amount of \$21,130,000 and maturing June 1, 2036. These bonds are held by Wells Fargo NA and the demand begins July 1, 2014. These bonds refunded all of the outstanding Colorado Educational and Cultural Facilities Authority, Student Housing LLC Revenue Bonds (Arlington Park)	\$21,130,000	\$20,555,000	\$21,130,000
Add unamortized premium		-	-
Less unamortized discount		-	-
Less deferred amount on refunding		1,194,783	1,249,092
<b>Total Outstanding Variable Rate Revenue Bonds</b>	<b>\$ -</b>	<b>\$19,360,217</b>	<b>\$19,880,908</b>
Total bonds before premium, discount and deferred amounts	\$231,110,000	\$142,040,000	\$145,560,000
Add total unamortized premium		6,027,299	6,320,218
Less unamortized discount		-	-
Less deferred amount on refunding		2,899,403	3,085,410
<b>Total Outstanding Revenue Bonds Payable</b>	<b>\$ -</b>	<b>\$145,167,896</b>	<b>\$148,794,808</b>

### Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2013, are reported in the “Combined Fixed and Variable Rate Bond Debt Service Requirements Table” below:

Fixed Rate Bonds Debt Service Requirements		
Year Ending June 30	Principal	Interest
2014	\$ 3,020,000	\$ 5,805,425
2015	3,240,000	5,672,225
2016	3,345,000	5,570,487
2017	3,495,000	5,424,213
2018	3,645,000	5,270,575
2019-2023	20,820,000	23,756,769
2024-2028	26,350,000	18,240,219
2029-2033	26,765,000	11,328,156
2034-2038	21,640,000	5,461,000
2039-2041	9,165,000	693,000
Total	\$ 121,485,000	\$ 87,222,069

Variable Rate Bonds Debt Service Requirements		
Year Ending June 30	Principal	Interest
2014	\$ 595,000	\$ 171,840
2015	615,000	166,866
2016	640,000	161,724
2017	660,000	156,374
2018	685,000	150,856
2019-2023	3,805,000	664,202
2024-2028	4,510,000	493,825
2029-2033	5,360,000	291,513
2034-2038	3,685,000	62,324
2039-2041	-	-
Total	\$ 20,555,000	\$ 2,319,524

The University calculates the interest for the 2011B variable rate bonds using a rate of 0.836 percent in effect on June 30, 2013, the financial statement date. The stated interest rate is 3.5 percent.

Combined Fixed and Variable Rate Bond Debt Service Requirements			
Year Ending June 30	Principal	Interest	Total
2014	\$ 3,615,000	\$ 5,977,265	\$ 9,592,265
2015	3,855,000	5,839,091	9,694,091
2016	3,985,000	5,732,212	9,717,212
2017	4,155,000	5,580,586	9,735,586
2018	4,330,000	5,421,431	9,751,431
2018-2023	24,625,000	24,420,971	49,045,971
2024-2028	30,860,000	18,734,044	49,594,044
2029-2033	32,125,000	11,619,669	43,744,669
2034-2038	25,325,000	5,523,324	30,848,324
2039-2041	9,165,000	693,000	9,858,000
Total	\$ 142,040,000	\$ 89,541,593	\$ 231,581,593

### Capital Lease Obligations

Assets under capital leases at June 30, 2013, and 2012, include equipment totaling \$7,269,099 and \$8,424,956, respectively. These agreements provide that any obligations payable after the current fiscal year are contingent upon funds for that purpose being available.

The University debt service payments, including interest, required for these capital leases payable as of June 30, 2013, are detailed below:

### Capital Lease Minimum Payments

Fiscal Years Ending June 30,	Lease Payments
2014	\$ 1,412,257
2015	1,408,118
2016	1,336,818
2017	1,180,322
2018	547,358
2019-2023	-
Total minimum lease payments	5,884,873
Less amount representing interest	(204,176)
Amount representing principal for future minimum lease payments	\$ <u>5,680,697</u>

## Note 9: Operating Leases

The University leases property and equipment under operating leases expiring in various years through 2021. Rental expense under these agreements for the years ended June 30, 2013, and 2012, was \$862,266 and \$835,845, respectively. The University's future minimum lease payments under non-cancelable operating leases as of June 30, 2013, are detailed below:

Fiscal Years Ending June 30,	Lease Payments
2014	\$ 931,245
2015	821,756
2016	315,674
2017	312,771
2018	312,070
2019-2023	477,476
	\$ <u>3,170,992</u>

## Note 10: Defined Benefit Pension Plan

### Plan Description

A significant number of the University'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 Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the PERA Board of Trustees.

Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

Non-higher education employees hired by the State after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the State Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005, and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with any years of service.
- Hired between January 1, 2007, and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011, age and service requirements increase to those required for members hired between January 1, 2007, and December 31, 2010.
- Hired between January 1, 2011, and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.
- Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:
  - Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
  - Hired between January 1, 2007, and December 31, 2010 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.
  - Age plus years of service requirements increase to 85 for members with less than five years of service credit as of January 1, 2011.



- Hired between January 1, 2011, and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as 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 and limited to a 15 percent increase between periods. For retirements after January 1, 2009, or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually in July after one year of retirement based on the member's original hire date as follows:

- Hired before July 1, 2007 – the lesser of 2 percent or the average of the monthly Consumer Price Index increases.
- Hired on or after January 1, 2007 – the lesser of 2 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)
- The upper limits on benefits increase by one-quarter percentage point each year when the funded ratio of PERA equals or exceeds 103 percent and declines by one-quarter percentage point when the funded ratio drops below 90 percent after having exceeded 103 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

Members who are 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 eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse, then financially dependent parents, beneficiaries, or the member's estate may be entitled to a survivor's benefit.

### **Funding Policy**

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is 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.

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. Effective July 1, 2012, the temporary contribution rate increase of 2.5 percent for members in the State and Judicial Divisions to replace the 2.5 percent reduction in employer contributions effective for fiscal years 2011 and 2012 expired.

- From July 1, 2012, to December 31, 2012, the State contributed 15.65 percent (The state contributed 18.35 percent for state troopers and 17.36 percent for the Judicial Branch) of the employee's salary.
- From January 1, 2013, through June 30, 2013, the State contributed 16.55 percent (The state contributed 19.25 percent for state troopers and 17.36 percent for the Judicial Branch). During all of fiscal year 2013, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2012, the division of PERA in which the State participates has a funded ratio of 59.2 percent and a 53 year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly higher at 60.2 percent.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The University's contributions to PERA and/or the state defined contribution plan for the fiscal years ending June 30, 2013, 2012, and 2011 were \$5,542,755, \$4,402,762, and \$4,233,731, respectively. These contributions met the contribution requirement for each year.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which takes effect in fiscal year 2015 and revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

The University provides certain employees with pension benefits through the State's multiple-employer cost-sharing Public Employees' Retirement Association (PERA) defined benefit retirement program.

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the University, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability will negatively impact the University's future unrestricted net position. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

## Note 11: Other PERA Retirement Plans

### Defined Contribution Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. At July 1, 2009, the State's administrative functions for the defined contribution plan were transferred to PERA. New member contributions to the plan vest from 50 percent to 100 percent evenly over 5 years. Participants in the plan are required to contribute 8 percent (10 percent for state troopers) of their salary. The temporary contribution rate increase to 10.5 percent (12.5 percent for State Troopers) effective in fiscal years 2011 and 2012 expired on July 1, 2012. At December 31, 2012, the plan had 4,362 participants.

### Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2012, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of \$17,000. The reduction for the 8 percent PERA contribution reflects the expiration of the temporary contribution rate increase to 10.5 percent effective in fiscal years 2011 and 2012. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional \$5,500 contribution in 2012, for total contributions of \$22,500. Contributions and earnings are tax deferred. At December 31, 2012, the plan had 17,469 participants.

### Voluntary Tax-Deferred Retirement Plans

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 403(b) or 401(a) plans.

## Note 12: University Retirement Plans

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 of service credit with PERA at the date of hire.

The ORP is a defined contribution plan with three vendors: Citistreet, TIAA-CREF, and VALIC. These vendors provide a range of investment accounts for participants. For fiscal years 2013 and 2012, the employee contributed 8 percent and the University contributed 11.5 percent. The University's contribution to the ORP for the years ending June 30, 2013, 2012, and 2011 was \$5,377,642 and \$4,974,845, and \$4,909,503 of salary, respectively. All contributions are immediately invested in the employee's account. Normal retirement age for the ORP is 65. 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.

The University provides a 403(b) deferred compensation plan to the University President. The Board of Trustees approved a contribution of \$46,000 for fiscal year 2012 and \$54,500 in fiscal year 2013. The contribution to be paid in fiscal year 2014 is expected to be \$54,500.

## **Note 13: Post-Retirement Healthcare and Life Insurance Benefits**

### **Health Care Plan**

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; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 10, *Defined Benefit Pension Plan, Funding Policy*. Beginning July 1, 2004, state agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. The University contributed \$351,143, \$354,062, and \$366,326 as required by statute in fiscal years 2013, 2012, and 2011, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2012, there were 51,666 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2012, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.43 billion, a funded ratio of 16.5 percent, and a 66-year amortization period.

### **Colorado Higher Education Insurance Benefits Alliance (CHEIBA)**

Retired faculty and exempt-administrative staff are eligible to participate in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA is a cost-sharing multiple-employer insurance purchasing pool which allows for post-employment health coverage until the retiree is eligible for Medicare. CHEIBA Trust members include: Adams State University, Auraria Higher Education Center, Colorado School of Mines, Colorado State University – Pueblo, Colorado State University System and Colorado State University - Global Campus, Fort Lewis College, Metropolitan State University of Denver, University of Northern Colorado, and Western State Colorado University.

As of June 30, 2013, there were 17 participants utilizing post-retirement coverage from the trust membership, of which 7 are from the University.

CHEIBA financial statements are prepared under accounting principles generally accepted in the United States using the accrual basis of accounting, following governmental accounting standards for a business type activity. The financial statements can be obtained by contacting the University's human resource services department at 970-351-2718. Contributions are recognized in the period due.

Benefits and refunds are recognized and paid when due according to the participating plans. The fair value of CHEIBA's investments is based on quoted market prices from national securities exchanges.

There are no long-term contracts for contributions to the plan. Participating schools can withdraw their position in the plan with at least one year's notice to the CHEIBA board.

## Note 14: Operating Expenses by Function Compared with Operating Expenses by Natural Classification

For the Year Ended June 30, 2013

	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships	Utilities	Travel	Depreciation	Total
Instruction	\$ 64,778,739	\$ 116,604	\$ 5,975,091	\$ -	\$ -	\$1,143,834	\$ -	\$72,014,268
Research	1,455,350	444	654,772	-	-	513,198	-	2,623,764
Public Service	1,192,338	245,584	492,394	-	-	56,906	-	1,987,222
Academic Support	13,566,770	65,560	6,317,173	-	-	183,639	-	20,133,142
Student Services	14,525,698	207,725	5,457,095	-	275,167	2,118,672	-	22,584,357
Institutional Support	6,076,146	181,944	4,064,728	-	-	119,101	-	10,441,919
Operation of Plant	5,855,465	-	1,277,468	-	2,780,431	3,211	-	9,916,575
Scholarships	-	-	-	11,703,686	-	-	-	11,703,686
Auxiliary	15,093,470	4,392,807	4,455,619	-	2,796,834	22,880	-	26,761,610
Depreciation	-	-	-	-	-	-	16,279,574	16,279,574
Total Expenses	\$122,543,976	\$ 5,210,668	\$ 28,694,340	\$ 11,703,686	\$ 5,852,432	\$ 4,161,441	\$16,279,574	\$194,446,117

For the Year Ended June 30, 2012

	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships	Utilities	Travel	Depreciation	Total
Instruction	\$60,589,858	\$126,617	\$5,683,504	\$ -	\$ -	\$1,204,695	\$ -	\$67,604,674
Research	1,366,598	658	625,631	-	-	497,452	-	2,490,339
Public Service	1,102,149	401,774	577,352	-	-	36,163	-	2,117,438
Academic Support	12,458,062	93,797	5,821,191	-	-	199,419	-	18,572,469
Student Services	13,862,288	190,473	5,775,248	-	276,024	1,933,762	-	22,037,795
Institutional Support	5,615,578	202,943	2,545,439	-	646	106,028	-	8,470,634
Operation of Plant	5,387,884	-	1,017,176	-	2,880,756	692	-	9,286,508
Scholarships	-	-	-	12,300,264	-	-	-	12,300,264
Auxiliary	14,322,118	4,450,790	4,889,471	-	2,679,746	19,384	-	26,361,509
Depreciation	-	-	-	-	-	-	16,041,668	16,041,668
Total Expenses	\$114,704,535	\$5,467,052	\$26,935,012	\$12,300,264	\$5,837,172	\$3,997,595	\$16,041,668	\$185,283,298



### Summary of Wages and Benefits

Wages and Benefits	2013		2012	
Faculty	\$ 39,996,664	32.6%	\$ 37,362,634	32.6%
Administrative	23,342,016	19.0%	21,368,197	18.5%
Graduate and Teaching Assistants	9,387,362	7.7%	8,798,099	7.7%
Classified	18,882,299	15.4%	18,649,236	16.3%
Student	5,971,453	4.9%	6,062,553	5.3%
Other	1,250,975	1.0%	1,448,886	1.3%
Fringe Benefits	23,713,207	19.4%	21,014,930	18.3%
Total Wages and Benefits	<u>\$ 122,543,976</u>	<u>100.0%</u>	<u>\$ 114,704,535</u>	<u>100.0%</u>

## Note 15: Legislative Appropriations

### Appropriated Funds

The Colorado State Legislature establishes spending authority to the University in its annual Long Appropriations Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund. In prior years, the annual appropriations bill included certain cash revenues from the student share of tuition and fees.

For the years ended June 30, 2013, and 2012, appropriated expenditures were within the authorized spending authority. For the years ended June 30, 2013, and 2012, the University had a total appropriation of \$32,314,830 and \$32,806,606, respectively.

For years ended June 30, 2013, and 2012, the University's appropriated funds consisted of \$14,398,973 and \$14,689,892, respectively, received from students who qualified for stipends from the College Opportunity Fund and \$17,915,857 and \$18,116,714, respectively, as Fee-for-Service contract revenue. All other revenues and expenses reported by the University represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues, and other revenue sources.

### Capital Construction State Appropriations

Capital construction state appropriations are recognized only to the extent of current expenditures of \$207,288. At June 30, 2013, there were unexpended capital construction state appropriations of \$1,701,412. State appropriations for capital construction include University cash funded projects and controlled maintenance.

#### *University Cash Funded Appropriated Projects*

During the 2009 regular session of the Colorado General Assembly, Senate Bill 09-290 was passed. This bill changed the statutes that affected higher education capital construction. It provided greater flexibility and changed the way higher education capital construction is approved and recorded for state budgeting. During the transition in implementing this bill, it was determined that projects previously appropriated under the prior statutory rules would continue to follow those rules and would continue to be recorded on the state's budget as appropriated cash projects. There were no university cash-funded projects in fiscal year 2013.

## *Controlled Maintenance*

The University incurs approved expenditures for various controlled maintenance projects. At June 30, 2013, the University has one project, a chiller replacement, which is classified as controlled maintenance. As of June 30, 2013, there are current expenditures of \$207,288 and unexpended appropriation of \$1,701,412 for this project.

## **Note 16: Commitments and Contingencies**

### **Government Grants**

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

### **Collateral for State Treasury Certificates of Participation**

On November 6, 2008, the state treasury entered into a lease purchase agreement under which a trustee issued \$230,845,000 of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008. The University's Butler-Hancock interior renovation project was funded with \$11,591,235 from the lease purchase agreement as a state appropriation and Parsons Hall was provided as collateral.

## **Note 17: Risk Management**

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

- General liability covered by Philadelphia for \$3,000,000 with no deductible.
- Professional liability covered by Philadelphia for \$3,000,000 with a \$25,000 deductible.
- Automobile liability covered by Philadelphia for \$1,000,000 with no deductible.
- Errors and omissions covered by RSUI Group, Inc. for \$3,000,000 with a \$25,000 deductible.
- Employment practices liability covered by RSUI Group, Inc. for \$3,000,000 with a \$25,000 deductible.
- Workers compensation covered by Pinnacol Assurance for \$500,000/\$500,000/\$500,000 with a \$1,000 deductible.
- Umbrella liability covered by Philadelphia for \$2,000,000 with a self-insured retention of \$10,000.
- Fidelity (employee dishonesty) covered by Philadelphia for \$1,000,000 with a \$5,000 deductible.
- Other property covered by Midwestern Higher Education Compact for \$500,000,000 with a \$25,000 deductible.

The University became fully insured through several insurance companies in 2006 and is covered by insurance for everything above its reserve and deductible. The coverage in fiscal year 2012 is consistent with previous years and there have been no significant reductions in coverage. There have been no settlements exceeding coverage. The University uses a fringe benefit and risk management fund to pay expenses related to workers compensation and other liability insurance. The University's liability on June 30, 2013, and 2012, was \$101,317 and \$56,653, respectively.

### **Note 18: Other Disclosures**

#### **Multi-Year Employment Contracts**

During 2013, the University maintained four multi-year employment contracts for coaches. The intent of the multi-year terms (four years) is to allow the coaches sufficient time to recruit and build successful athletic teams. These contracts are subject to termination for just cause and fund availability.



OTHER BUDGET,  
FINANCIAL AND ENROLLMENT  
DATA

	Budget FY 2013	Budget FY 2014	Change
<b>REVENUE</b>			
Resident Tuition	\$ 59,639,982	\$ 60,880,821	\$ 1,240,839
Non-Resident Tuition	16,048,781	16,072,385	23,604
Other Tuition-WUE/WICHE	4,539,736	5,811,831	1,272,095
Extended Studies Tuition	12,522,391	12,624,631	102,240
COF Stipend	14,971,140	15,177,600	206,460
Fee For Service	16,885,955	18,460,540	1,574,585
Academic Fees	5,425,328	5,592,820	167,492
Student Fees	10,749,928	10,921,070	171,142
Other Fees	74,600	83,900	9,300
Restricted Gifts for Operations	3,205,741	4,770,330	1,564,589
Room and Board	31,764,483	32,815,708	1,051,225
Other Auxiliary Services Revenue	9,070,541	7,579,646	(1,490,895)
Restricted Grant F&A Recovery	881,000	781,000	(100,000)
Foundation Unrestricted Other Revenue	2,073,439	1,700,000	(373,439)
Other Revenue	7,708,271	7,329,733	(378,538)
Net NonOperating Revenue	1,537,547	1,918,833	381,286
<b>TOTAL REVENUE</b>	<b>\$ 197,098,863</b>	<b>\$ 202,520,848</b>	<b>\$ 5,421,985</b>
<b>EXPENSES AND TRANSFERS</b>			
<b>Personnel Expenses</b>			
Faculty Salaries	\$ 37,946,200	\$ 42,623,938	\$ 4,677,738
Exempt Salaries	21,388,877	23,588,582	2,199,705
Grad Assistants TA/GA/GRA Salaries	4,083,426	4,227,609	144,183
TA/GA/GRA/RA Tuition, Room & Board Waivers	4,910,870	5,195,637	284,767
Classified Salaries	19,963,356	19,514,994	(448,362)
Student Wages	4,929,173	5,078,585	149,412
Other Wages/Compensation	968,539	897,455	(71,084)
Fringe Benefits	23,403,935	24,100,000	696,065
<b>Subtotal Personnel Expenses</b>	<b>\$ 117,594,376</b>	<b>\$ 125,226,800</b>	<b>\$ 7,632,424</b>
<b>Non-Personnel Expenses</b>			
Cost of Sales	\$ 5,329,160	\$ 6,329,786	\$ 1,000,626
Other Current Expenses	7,895,559	9,632,823	1,737,264
Purchased Services	11,266,963	9,778,427	(1,488,536)
Supplies	6,101,062	5,302,410	(798,652)
Scholarships	18,959,842	17,954,800	(1,005,042)
Utilities	5,638,048	5,750,817	112,769
Travel	3,394,521	4,018,326	623,805
Capital	2,218,141	2,044,601	(173,540)
<b>Subtotal Non-Personnel Expenses</b>	<b>\$ 60,803,296</b>	<b>\$ 60,811,990</b>	<b>\$ 8,694</b>
<b>Transfers</b>			
Mandatory Transfer Out-Bond Debt	\$ 10,149,226	\$ 9,606,126	\$ (543,100)
Mandatory Transfer Out-Cap Lease Pmt	1,393,100	1,412,256	19,156
NonMandatory Transfer Out- Capital Projects	-	918,600	918,600
NonMandatory Transfer Out-Strategic Investments	2,659,278	2,596,603	(62,675)
NonMandatory Transfer Out-Capital Reserves	7,016,957	7,089,316	72,359
<b>Subtotal Transfers</b>	<b>\$ 21,218,561</b>	<b>\$ 21,622,901</b>	<b>\$ 404,340</b>
<b>TOTAL EXPENSES/TRANSFERS</b>	<b>\$ 199,616,233</b>	<b>\$ 207,661,691</b>	<b>\$ 8,045,458</b>
<b>REVENUE LESS EXPENSES/TRANSFERS</b>	<b>\$ (2,517,370)</b>	<b>\$ (5,140,843)</b>	<b>\$ (2,623,473)</b>



# ACTUAL, BUDGETED AND PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE

	Actual <sup>7</sup> FY 2011	Actual FY 2012	Actual FY 2013	Budget <sup>8</sup> FY2014	Projected <sup>8</sup> FY2015
<b>Operating Revenues</b>					
Housing and Food Contracts <sup>1,9</sup>	29,529,264	32,767,193	31,956,915	32,815,708	32,815,708
Short Term Room and Board <sup>9</sup>	1,933,812	2,094,484	2,502,958	2,735,164	2,817,219
Student Fees <sup>10</sup>	5,605,636	5,501,705	5,624,710	5,707,312	5,818,033
Parking Fees	1,977,634	2,066,786	2,144,058	2,045,516	2,045,516
Other Auxiliary Sales and Services	3,860,688	5,513,561	5,636,864	4,292,493	4,323,335
Grant and Gift Revenues	-	-	-	-	-
Other Auxiliary Investment Revenues	292,784	309,329	123,711	150,000	150,000
<b>Gross Revenues</b>	<b>43,199,818</b>	<b>48,253,058</b>	<b>47,989,216</b>	<b>47,746,192</b>	<b>47,969,812</b>
<b>Operating Expenses</b>					
Cost of Sales	4,318,459	6,211,648	6,362,220	6,050,355	6,292,369
Personal Services <sup>11</sup>	10,782,574	10,830,835	11,043,666	12,306,599	12,921,929
Other General Expenses	9,059,443	9,824,817	10,212,130	10,057,017	10,057,017
Utilities	2,893,067	2,919,540	3,030,631	2,960,262	2,960,262
Travel and Subsistence	48,144	40,268	32,824	95,547	95,547
Capital Outlay, Operations	43,480	157,783	63,952	66,000	66,000
<b>Total Operating Expenses</b>	<b>27,145,167</b>	<b>29,984,891</b>	<b>30,745,424</b>	<b>31,535,780</b>	<b>32,393,124</b>
<b>Net Auxiliary and Student Fee Facility Revenues</b>	<b>16,054,651</b>	<b>18,268,167</b>	<b>17,243,791</b>	<b>16,210,413</b>	<b>15,576,688</b>
10% of Tuition Revenues <sup>2, 12</sup>	7,788,026	7,589,979	7,758,977	8,055,764	8,243,092
<b>Other Net Revenues</b>					
Indirect Cost Recoveries <sup>3</sup>	-	752,411	706,451	750,000	750,000
Extended Studies Net Revenues	-	4,345,651	4,767,862	4,459,447	4,595,174
<b>Other Pledged Tuition and Revenues</b>	<b>7,788,026</b>	<b>12,688,041</b>	<b>13,233,289</b>	<b>13,265,211</b>	<b>13,588,266</b>
<b>Total Net Pledged Revenues</b>	<b>\$ 23,842,677</b>	<b>\$ 30,956,208</b>	<b>\$ 30,477,081</b>	<b>\$ 29,475,623</b>	<b>\$ 29,164,953</b>
<b>Debt Service</b>					
Prior Bond Debt Service <sup>4</sup>	9,296,441	5,742,631	5,750,756	5,736,606	5,819,806
Less: Debt Service paid from interest revenues	-	-	-	-	-
<b>Subtotal Net Prior Bonds Debt Service</b>	<b>9,296,441</b>	<b>5,742,631</b>	<b>5,750,756</b>	<b>5,736,606</b>	<b>5,819,806</b>
Series 2011A Debt Service	-	3,086,901	3,083,919	3,088,819	3,092,419
Series 2011B Debt Service <sup>5</sup>	-	677,921	1,314,550	1,314,425	1,313,600
<b>Subtotal 2011A and B Bond Debt service</b>	<b>-</b>	<b>3,764,822</b>	<b>4,398,469</b>	<b>4,403,244</b>	<b>4,406,019</b>
<b>Total Net Debt Service</b>	<b>9,296,441</b>	<b>9,507,453</b>	<b>10,149,225</b>	<b>10,139,850</b>	<b>10,225,825</b>
<b>Prior Debt Service Coverage (1998, 2001, 2005, 2008 Bonds)</b>	<b>2.56 x</b>	<b>4.5 x</b>	<b>4.35 x</b>	<b>4.23 x</b>	<b>4.09 x</b>
<b>2011A and B Bond Debt Service coverage<sup>6</sup></b>		<b>6.7 x</b>	<b>5.62 x</b>	<b>5.39 x</b>	<b>5.3 x</b>

<sup>1</sup> FY 2012 Actual Operating Revenues & Operating Expenses includes revenues & expenses derived from the Arlington Apartment complex acquired July 1, 2011.

<sup>2</sup> FY 2008 through FY 2011 pledged Tuition Revenues includes 10% of both regular & extended studies tuition. FY2012 & future years include only General Fund tuition. Extended studies net revenues are pledged separately.

<sup>3</sup> Indirect Cost Recoveries are also commonly referred to as Grant Facilities & Administrative Costs.

<sup>4</sup> Includes the Series 2001 Bonds, Series 2005 Bonds and Series 2008 Bonds.

The Series 2001 Bonds were refinanced with the Series 2011A bonds on July 1, 2011.

This refinancing is reflected in the FY2012 Actual, FY2013 Actual, FY2014 Budget, and FY2015 Projected.

<sup>5</sup> The Series 2011B Bonds are variable rate bonds and debt service is estimated assuming a 3.5% interest rate.

<sup>6</sup> Calculation assumes 1.00x coverage of the Prior Bonds Debt Service as a first charge on Net Prior Bonds Debt Service

<sup>7</sup> FY11 Actuals were restated from prior year reporting to account for the purchase of the Arlington Park Student LLC and pledged Recreation Center Outdoor Pursuits student fee activities.

<sup>8</sup> FY 2014 Budget and FY 2015 Projected include the following assumptions:

<sup>9</sup> 2.7% Room and board increase and 9.3% short term room and board increase in FY14.

No increase for room and board and a 3% increase in short term room and board in FY15.

<sup>10</sup> 1.50% increase in student fees for FY 14 and a 1.9% increase for FY15.

<sup>11</sup> 11.4% Personnel increase in FY14 and a 5% increase in FY15.

<sup>12</sup> Tuition is projected to increase at approximately 3.8% for FY14 and a 2.3% increase in tuition for FY15.

This select information regarding the related operations of the University is provided in conjunction with the actual, budgeted, and projected net revenues available for debt service table on the previous page.

### University Housing and Dining Facilities

The University provides economical and convenient housing accommodations for more than 3,000 students, including undergraduate, graduate and students with families. All residence halls and apartments are managed by professional staff members who are trained to provide support to students and encourage a successful academic experience at the University.

<b>Student Housing Utilization</b>		
<u>Fiscal Year</u>	<u>Design Capacity</u>	<u>Utilization Rate</u>
2008-09	3,030	87.8%
2009-10	3,135	93.6%
2010-11	3,118	95.6%
2011-12	3,113	96.1%
2012-13	3,109	86.2%

Room and board revenues for the fiscal years 2008-09 through 2012-13 are summarized below.

<b>Room and Board Rates and Revenues (in dollars)</b>					
<u>Fiscal Year</u>	<u>Low Room Rate<sup>1</sup></u>	<u>High Room Rate<sup>1</sup></u>	<u>University Apartments</u>	<u>19-Meal Plan</u>	<u>Total Revenue</u>
2008-09	1,832	2,270	700/month	2,060	23,268,026
2009-10	1,975	2,510	700/month	2,210	27,923,423
2010-11	2,094	2,757	700/month	2,366	29,529,264
2011-12	2,385	2,885	700/month	2,490	32,767,193
2012-13	2,457	2,972	700/month	2,565	31,956,915

<sup>1</sup> Room rates vary depending upon the room style and amenities. The lowest and highest rates are reflected to provide a range for the semester. Single occupancy in a room carries an additional charge of approximately \$250 for a small room and \$500 for a large room.

Housing & dining facilities also generate revenue from summer conferences and youth camps as well as other special events. The table below displays the short-term revenues from these events.

<b>Short-Term Room and Board Revenues (in dollars)</b>	
<u>Fiscal Year</u>	<u>Total Revenue</u>
2008-09	1,640,165
2009-10	1,770,052
2010-11	1,933,812
2011-12	2,094,484
2012-13	2,502,958

## Student Activity Fee

The University establishes a mandatory student activity fee that is assessed on all credits up to a maximum of ten credits per semester for all students. A portion of the revenue from this mandatory student fee is pledged as part of Gross Revenues to the operation, maintenance, programming, and debt service associated with the Facilities. These Facilities consist of the University Center, the Campus Recreation Center, the Sports and Recreation Complex, the Student Health Center, and the Counseling Center. The following table depicts the total student activity fee as well as the pledged portion of the fee. The fee amounts below do not include technology, library, or other fees.

### Student Activity Fee (in dollars)

<u>Fiscal Year</u>	<u>Academic Year Fee</u>	<u>Overall Student Fee Budget</u>	<u>Total Pledged Student Fees</u>	<u>Student Services <sup>1</sup></u>	<u>Debt Service <sup>1</sup></u>	<u>Facility Operations <sup>1</sup></u>	<u>Repair and Renovations <sup>1</sup></u>
2008-09	738	7,668,000	4,193,446	477,909	1,931,513	1,784,024	-0- <sup>2</sup>
2009-10	820	8,303,437	4,688,765	508,734	1,935,758	1,920,011	324,262
2010-11	972	10,014,741	5,605,636	1,253,575	2,020,261	1,994,892	336,908
2011-12	972	9,977,513	5,501,705	1,253,576	1,718,330	1,994,890	534,909
2012-13	1,010	10,409,928	5,624,710	1,290,272	1,706,491	2,045,354	582,593

<sup>1</sup> Component of Total Pledged Student Fees.

<sup>2</sup> Repair and Renovation budgets were suspended for FY2008-09 due to an enrollment dip.

## Parking Fees

The University has 38 parking lots at its Greeley, Colorado campus, with over 5,900 parking spaces. Total annual parking revenues for the last five fiscal years are presented in the table below.

### Parking Permits and Fines Revenues (in dollars)

<u>Fiscal Year</u>	<u>Permit Basic Fee</u>	<u>Total Revenue</u>
2008-09	210	1,852,231
2009-10	210	1,858,630
2010-11	230	1,977,634
2011-12	255	2,066,786
2012-13	255	2,144,058

## Other Auxiliary Sales and Services

A variety of other revenue streams are generated by the operations of residence halls, dining halls, the University Center, the Campus Recreation Center, the Sports and Recreation Complex, the Student Health Center, and the Counseling Center. These include catering, cash foods sales, retail operations, leases, space rental, recreation class fees, health care charges, counseling session charges, and campus vending sales.

### Other Auxiliary Sales and Services Revenues (in dollars)

<u>Fiscal Year</u>	<u>Revenue</u>
2008-09	3,634,833
2009-10	3,181,977
2010-11	3,860,688
2011-12	5,513,561
2012-13	5,636,864

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

<b>Fall Final</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Fiscal Year / Academic Fall-Spring</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-2013</b>
<b>ENROLLMENT</b>					
<b>HEADCOUNT</b>					
<b>Total Headcount</b>	12,498	12,711	13,030	13,038	13,070
% Change	-1.6%	1.7%	2.5%	0.1%	0.2%
<b>Undergraduate Headcount</b>	10,109	10,290	10,464	10,414	10,318
% Change	-2.9%	1.8%	3.5%	-0.5%	-0.9%
% Undergraduate Headcount	80.9%	81.0%	80.3%	79.9%	78.9%
<b>Full-Time Undergraduate Headcount</b>	8,709	9,018	9,198	9,293	9,119
% Change	-9.1%	3.5%	2.0%	1.0%	-1.9%
% Full-Time Undergraduate Headcount	86.2%	87.6%	87.9%	89.2%	88.4%
<b>Part-Time Undergraduate Headcount</b>	1,400	1,272	1,266	1,121	1,199
% Change	66.7%	-9.1%	-0.5%	-11.5%	7.0%
% Part-Time Undergraduate Headcount	13.8%	12.4%	12.1%	10.8%	11.6%
<b>Graduate Headcount</b>	2,389	2,421	2,566	2,624	2,752
% Change	4.5%	1.3%	6.0%	2.3%	4.9%
% Graduate Headcount	19.1%	19.0%	19.7%	20.1%	21.1%
<b>Non-Traditional Headcount (Extended Campus)</b>	1,535	1,485	1,754	1,706	1,820
% Change	16.7%	-3.3%	18.1%	-2.7%	6.7%
<b>FTE</b>					
<b>Total FTE</b>	10,051	10,264	10,502	10,524	10,398
% Change	-3.2%	2.1%	2.3%	0.2%	-1.2%
<b>Undergraduate FTE</b>	8,989	9,156	9,286	9,333	9,206
% Change	-4.0%	1.9%	1.4%	0.5%	-1.4%
% Undergraduate FTE	89.4%	89.2%	88.4%	88.7%	88.5%
<b>Graduate FTE</b>	1,061	1,108	1,216	1,191	1,192
% Change	3.9%	4.4%	9.7%	-2.1%	0.1%
% Graduate FTE	10.6%	10.8%	11.6%	11.3%	11.5%
<b>Non-Traditional FTE (Extended Campus)</b>	576	649	803	741	664
% Change	24.0%	12.8%	23.8%	-7.7%	-10.4%
<b>CREDIT HOURS *</b>					
<b>Total Annual Credit Hours</b>	317,959	327,214	334,313	335,081	332,547
% Change	-5.4%	2.9%	2.2%	0.2%	-0.8%
<b>Credit Hours by Residency</b>					
Main Campus - Resident	259,594	268,978	271,593	269,162	262,556
Main Campus - Nonresident	31,231	33,334	31,865	33,963	36,802
Extended Campus	27,134	24,902	30,855	31,983	33,189
<b>Credit Hours by Term</b>					
Fall	150,759	153,963	157,536	157,860	155,969
Interim	-	1,740	1,816	1,594	1,662
Spring	138,088	141,581	143,422	143,983	142,903
Summer	29,112	29,930	31,539	31,664	32,013
<b>Credit Hours by Class</b>					
Undergraduate	275,611	283,594	289,144	289,868	286,432
Graduate	42,348	43,620	45,169	45,213	46,115

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

<b>Fall Final</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Fiscal Year / Academic Fall-Spring</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>ADMISSIONS</b>					
<b>NEW FRESHMEN ADMISSIONS</b>					
<b>Freshman Applicants</b>	5,609	6,136	6,420	6,654	6,762
% Change	-8.5%	9.4%	4.6%	3.6%	1.6%
<b>Freshman Acceptances</b>	5,189	5,661	5,653	5,949	6,066
% Accepted (selectivity)	92.5%	92.3%	88.1%	89.4%	89.7%
<b>Freshman Matriculants</b>	2,083	2,351	2,260	2,274	2,178
% Matriculated	40.1%	41.5%	40.0%	38.2%	35.9%
<b>Yield (Matriculants/Applicants)</b>	37.1%	38.3%	35.2%	34.2%	32.2%
% In-State Students	87.6%	90.5%	90.9%	89.5%	89.2%
<b>NEW GRADUATE STUDENTS ADMISSIONS</b>					
<b>Graduate Applicants</b>	1,481	1,736	1,906	2,583	2,445
% Change	-9.2%	17.2%	9.8%	35.5%	-5.3%
<b>Graduate Acceptances</b>	1,139	1,303	1,178	1,461	1,380
% Accepted	76.9%	75.1%	61.8%	56.6%	56.4%
<b>Graduate Matriculants</b>	818	969	855	992	882
% Matriculated	71.8%	74.4%	72.6%	67.9%	63.9%
<b>Yield (Matriculants/Applicants)</b>	55.2%	55.8%	44.9%	38.4%	36.1%
% In-State Students	74.6%	78.4%	70.2%	68.1%	67.7%
<b>NEW TRANSFER STUDENTS ADMISSIONS</b>					
<b>Transfer Applicants</b>	1,128	1,136	1,469	1,373	1,397
% Change	-3.4%	0.7%	29.3%	20.9%	-4.9%
<b>Transfer Acceptances</b>	1,101	1,092	1,404	1,330	1,272
% Accepted (selectivity)	97.6%	96.1%	95.6%	96.9%	91.1%
<b>Transfer Matriculants</b>	648	699	830	817	753
% Matriculated	58.9%	64.0%	59.1%	61.4%	59.2%
<b>Yield (Matriculants/Applicants)</b>	57.4%	61.5%	56.5%	59.5%	53.9%
% In-State Students	81.6%	89.3%	83.1%	84.6%	82.3%
<b>NEW FRESHMAN STUDENT QUALITY INDICATORS</b>					
SAT Scores	1,051	1,064	1,051	1,053	1,052
ACT Scores	22.3	22.5	22.4	22.2	22.2
% Freshmen in Top 25% H.S.	33%	33%	38%	38%	35%
<b>NEW FRESHMAN RETENTION AND GRADUATION RATES</b>					
<b>Cohort Year</b>	2008 to 2009	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013
Retention Rate (fresh to soph year)	68.4%	69.2%	69.9%	66.5%	66.2%
<b>Cohort Year</b>	2005	2006	2007	2008	2009
Graduation Rate (within 4 years)	25.0%	26.5%	26.6%	26.9%	26.6%
<b>Cohort Year</b>	2004	2005	2006	2007	2008
Graduation Rate (within 5 years)	43.3%	42.4%	42.3%	42.7%	42.7%
<b>Cohort Year</b>	2003	2004	2005	2006	2007
Graduation Rate (within 6 years)	49.3%	46.4%	45.6%	44.8%	44.8%

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

<b>Fall Final</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Fiscal Year / Academic Fall-Spring</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>STUDENT CHARGES - UNDERGRADUATE</b>					
<b>Tuition - Resident</b>	\$3,942	\$4,296	\$4,680	\$5,300	\$5,464
% Change	9.5%	9.0%	8.9%	13.2%	3.1%
<b>Tuition - Nonresident</b>	\$13,344	\$14,544	\$15,864	\$16,822	\$16,988
% Change	9.6%	9.0%	9.1%	6.0%	1.0%
<b>Room &amp; Board (19 meals)</b>	\$7,784	\$8,370	\$8,920	\$9,750	\$10,043
% Change	6.0%	7.5%	6.6%	9.3%	3.0%
<b>Required Fees &amp; Charges*</b>	\$975	\$1,155	\$1,317	\$1,323	\$1,373
% Change	36.7%	18.5%	14.0%	0.5%	3.8%
<b>Total Costs Charged - Resident</b>	\$12,701	\$13,821	\$14,917	\$16,373	\$16,880
% Change	9.0%	8.8%	7.9%	9.8%	3.1%
<b>Total Costs Charged - Nonresident</b>	\$22,103	\$24,069	\$26,101	\$27,895	\$28,404
% Change	9.2%	8.9%	8.4%	6.9%	1.8%
* This includes student activity fee, technology fee (beginning in FY09) and library fee (beginning in FY10)					
<b>TUITION CHARGES - GRADUATE</b>					
<b>Tuition Master's Low - Resident</b>	\$4,370	\$4,833	\$5,562	\$6,390	\$7,668
% Change	9.5%	10.6%	15.1%	14.9%	20.0%
<b>Tuition Master's High - Resident</b>	\$4,370	\$5,801	\$6,678	\$8,010	\$9,216
% Change	9.5%	32.7%	15.1%	19.9%	15.1%
<b>Tuition Doctoral Low - Resident</b>	\$4,370	\$5,639	\$6,498	\$8,190	\$8,190
% Change	9.5%	29.0%	15.2%	26.0%	0.0%
<b>Tuition Doctoral High - Resident</b>	\$4,370	\$6,768	\$7,794	\$8,964	\$10,044
% Change	9.5%	54.9%	15.2%	15.0%	12.0%
<b>Tuition Master's Low - Nonresident</b>	\$12,366	\$12,339	\$14,202	\$16,326	\$13,860
% Change	9.7%	-0.2%	15.1%	15.0%	-15.1%
<b>Tuition Master's High - Nonresident</b>	\$12,366	\$13,307	\$15,300	\$17,604	\$18,810
% Change	9.7%	7.6%	15.0%	15.1%	6.9%
<b>Tuition Doctoral Low - Nonresident</b>	\$12,366	\$14,396	\$16,560	\$19,278	\$19,278
% Change	9.7%	16.4%	15.0%	16.4%	0.0%
<b>Tuition Doctoral High - Nonresident</b>	\$12,366	\$15,525	\$17,856	\$19,638	\$20,754
% Change	9.7%	25.5%	15.0%	10.0%	5.7%
*Academic year amount (based on 9 credit hours per semester). In FY09-10 a tiered pricing structure was adopted & the high and low are presented.					
<b>FACULTY DATA - FALL CENSUS</b>					
Total Faculty	675	705	715	683	737
Full-Time Faculty	482	491	498	492	483
Part-Time Faculty	193	214	217	191	254
Student to Faculty Ratio*	23.1	19.0	19.2	20.0	20.0
* [(Full-Time Students + 1/3 Part-Time Students) / (Full-Time Faculty + 1/3 Part-Time Faculty)]					



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