Western Colorado University
Gunnison, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2024 and 2023

HINKLE & COMPANY PC
Strategic Business Advisors

LEGISLATIVE AUDIT COMMITTEE

OFFICE OF THE STATE AUDITOR

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Hinkle & Company, PC	Contractor

REPORT NUMBER 2438F

HINKLE & COMPANY PC
Strategic Business Advisors

The Members of the Legislative Audit Committee
Western Colorado University Board of Trustees

We have completed the financial statement audit of Western Colorado University as of and for the year ended June 30, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions, and agencies of the state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

Hinkle & Company, PC

Englewood, Colorado
December 5, 2024

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WESTERN COLORADO UNIVERSITY
TABLE OF CONTENTS
June 30, 2024 and 2023

(Continued)

WESTERN COLORADO UNIVERSITY
TABLE OF CONTENTS
June 30, 2024 and 2023
(Continued)

WESTERN COLORADO UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2024 and 2023

Authority, Purpose, and Scope

The audit of Western Colorado University was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor of the State of Colorado to conduct audits of all state agencies and educational institutions. The Office of the State Auditor, under contract, engaged Hinkle & Company, PC, to conduct a financial and compliance audit of Western Colorado University (University) for the year ended June 30, 2024. Hinkle & Company, PC performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. We conducted our fieldwork from June through November 2024. Further, Hinkle & Company, PC did not audit the financial statements for the year ended June 30, 2023. Those financial statements were audited by other auditors who expressed an unmodified opinion on those statements on November 30, 2023.

The purpose and scope of the audit were to:

- Express an opinion on the financial statements of the University as of and for the year ended June 30, 2024. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.
- Review the University's exhibits required by the State Controller in support of the statewide financial statements. Also, review of all adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final year-end closing.

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2024 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports Summary

We expressed an unmodified opinion on the University's financial statements as of and for the years ended June 30, 2024.

Audit Opinion and Reports Summary (Continued)

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

We noted one matter involving the University's internal control over financial reporting and its operation that we consider to be a material weakness.

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Required Auditor Communications to the Legislative Audit Committee

The auditor is required to communicate to the Legislative Audit Committee certain matters related to the conduct of the audit and to ensure that the Legislative Audit Committee receives additional information regarding the scope and results of the audit that may assist the Legislative Audit Committee in overseeing the financial reporting and disclosure process for which management is responsible. These matters have been communicated to the Legislative Audit Committee in this report and include, among other items, that there were no significant difficulties encountered in performing the audit.

Summary of Findings and Recommendations

There is one finding and recommendation resulting from the audit work completed for fiscal year ended June 30, 2024, relating to the timeliness of the submission of exhibits within the required timeframe of the Office of the State Controller. A detailed description of the audit comment is contained in the findings and recommendations section of the report.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2023 included two findings and recommendations. The findings have been implemented during the year ended June 30, 2024. A detailed description of the progress on the audit comments and recommendations are contained in the disposition of prior year findings and recommendations section of the report.

WESTERN COLORDO UNIVERSITY

RECOMMENDATION LOCATOR

As of and for the years ended June 30, 2024 and 2023

RECOMMENDATION LOCATOR

All recommendations are addressed to the Western Colorado University Fiscal Year 2024

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
2024-001	5	Western Colorado University (University) should ensure all entries, including fiscal year end adjusting entries, are posted in a timely manner; and that its exhibits submitted to the Office of the State Controller are accurate, complete, and submitted by the established due dates. This should be accomplished by establishing and implementing procedures to supervise, review, and provide oversight of the Controller, as needed, throughout the fiscal year-end closing process, and providing the Controller with adequate interim timelines for completing the closing procedures.	Agree	June 2025

WESTERN COLORADO UNIVERSITY
DESCRIPTION OF WESTERN COLORADO UNIVERSITY
As of and for the years ended June 30, 2024

Western Colorado University

Founded in 1911 as Colorado State Normal School, Western Colorado University (the University) is Colorado's oldest college west of the Continental Divide. Originally planned as a preparatory college for teachers, the University remained a Normal School until 1923 when it was renamed Western State College. Western State College became Western State Colorado University on August 1, 2012, and Western Colorado University on July 1, 2019. The University's statutory mission, contained in Section 23-56-101, C.R.S., states that the University is a general baccalaureate institution with selective admission standards. The mission also states that the University shall offer undergraduate liberal arts and sciences and professional degree programs, basic skills courses, and a limited number of graduate programs. The University shall also serve as a regional education provider.

Effective July 1, 2003, Section 23-56-102, C.R.S. established the Board of Trustees (the Trustees) of the University to serve as the University's governing board. Nine of the eleven Trustees are members outside the University who are appointed by the Governor with the consent of the Senate. The remaining two members consist of a student, elected by the student body, and a faculty member, elected by full-time faculty. Both of these members are nonvoting members. The Trustees have full authority and responsibility for the control and governance of the University, including such areas as role and mission, academic programs, curriculum, admissions, finance, and personnel policies. To exercise their authority appropriately, the Trustees regularly establish policies designed to enable the University to perform its statutory functions in a rational and systematic manner. To assist them in meeting their responsibilities, the Trustees delegate to the President the authority to interpret and administer their policies in all areas of operations.

Full-time equivalent (FTE) students, faculty, and staff reported by the University for the last 3 fiscal years were as follows:

	2024	2023	2022
Resident Students	1,718.7	1,705.6	1,655.3
Nonresident Students	554.3	565.9	603.6
Total Students	2,273.0	2,271.5	2,258.9
Faculty FTEs	162.0	165.5	166.9
Staff FTEs	244.2	239.2	230.9
Total Staff and Faculty FTEs	406.2	404.7	397.8

2024-001: Timeliness of Financial Reporting

Western Colorado University's (University) accounting department is responsible for all of the University's financial accounting and reporting, including the accurate and timely entry and approval of financial transactions in the University's accounting system, preparation of the University's financial statements, and the preparation, review, and submission of exhibits to the Office of the State Controller (OSC).

On an annual basis, the OSC collects information from state departments and institutions of higher education through submitted exhibits to assist in the preparation of the State's financial statements and required note disclosures. The OSC provides due dates for submission of exhibits and financial statements in order to ensure that the OSC has complete and timely information necessary to prepare the State's financial statements by September 20 each year in accordance with state statute [Section 24-30-204(1), C.R.S].

Most of the exhibits report various components of the University's financial activities, such as cash and debt reporting, and, year-end reconciliations. These exhibits culminate in the submission of the University's Exhibit J, *Financial Statement Reconciliation,* and Exhibit I, *Letter of Certification*. These final two exhibits are generally submitted after all other exhibits are complete and submitted.

CORE and InfoAdvantage, CORE's reporting application, segment accounting transactions into accounting periods throughout the fiscal year. Periods 1 through 12 correspond to the months of the fiscal year (July through June, respectively), and sequentially numbered subsequent periods— Period 13 through Period 16—are used to record any required adjusting entries to correct errors or reclassify information as may be necessary to create the State's Financial Statements and Annual Financial Report. The OSC is statutorily responsible for ensuring that the State's accounting records are closed annually within 35 days of fiscal year end, which is the final date allowed for transactions to be posted by the departments and universities to Period 13, or the "close date." The following table shows the Fiscal Year 2024 closing periods and what each of those periods represents:

Office of the State Controller's Fiscal Year 2024 Closing Periods

	Period Close Date	Explanation of Closing Period
Period 13	August 5, 2024	Statutory close date and departments' and universities' closing period for final entry of adjustments without OSC's intervention.
Period 14	August 9, 2024	OSC's closing period for processing year-end recurring entries and adjustments (i.e. entries can only be made with OSC's review and approval).
Period 15	September 20, 2024	OSC's closing period for fiscal year-end Financial Statement presentation entries.
Period 16	Audit opinion date	OSC's final closing period occurring from the end of Period 15 through the audit opinion date.

Source: Office of the State Auditor analysis of Fiscal Year 2024 *Fiscal Procedures Manual* closing periods.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine whether the University had adequate internal controls in place and complied with the OSC's policies and procedures related to financial accounting and reporting processes, requirements, and timelines during Fiscal Year 2024.

As part of our audit testing, we reviewed the University's exhibits submitted to the OSC for Fiscal Year 2024 to determine whether the University's accounting staff prepared the exhibits in accordance with the OSC's *Fiscal Procedures Manual* (Manual) and the related instructions and whether the University submitted the exhibits by the required due dates.

How were the results of the audit work measured?

We measured the results of our audit work against the following:

The OSC's Manual, Chapter 1, Section 1.4, *Opening and Closing Calendar*, outlines the due dates for submission of the exhibits for Fiscal Year 2024. Specifically, the OSC required the University to submit the Exhibit J, *Financial Statement Reconciliation*, and the Exhibit I, *Letter of Certification* by August 26, 2024, subject to any extensions that may have been granted by the State Controller. For Fiscal Year 2024, the State Controller granted an extension for certain exhibits, including the Exhibits I, J, V1, and V2 to all institutions of higher education until September 9, 2024.

Section 24-30-204(3), C.R.S., requires that, "The official books of the state shall be closed no later than thirty-five days after the end of the fiscal year. As of this date, all adjusted revenue, expenditures, and expense accounts shall be closed into the state accounting system in order to divide the financial details of the state into comparable periods." The OSC's Fiscal Year 2024 closing date of August 5, 2024 aligned with this statutory requirement.

What problems did the audit work identify?

We determined that the University did not meet the OSC due dates for submitting its Fiscal Year 2024 exhibits. The source of the delay in the timely filling of the exhibits was the posting of approximately \$373.4 million of adjusting journal entries in Periods 14 through 16, between August 6th and October 22nd. Specifically, the University did not submit 16 out of 21 exhibits to the OSC by their due dates. Further, we determined that 10 exhibits had to be revised after they were initially submitted due to the University's identification of errors and booking of related correcting entries. The following is the list of exhibits that were submitted late or revised:

Exhibit Reference	Exhibit Name	Due Date	Submission Date	Days Late	Date of Resubmission
B	Reporting for Risk Financing and Related Insurance Issues	8/19/24	8/20/24	1 Day	10/24/24

C2	Schedule of Changes in Long-Term Liabilities Business Type Activities– Enterprise Funds	8/19/24	9/11/24	23 Days	10/24/24
D2	Schedule of Debt Service Requirements to Maturity Business Type Activities-Enterprise Funds	8/19/24	9/10/24	22 Days	N/A
E1	Schedule of Revenue Bond Coverage	8/19/24	9/19/24	31 Days	N/A
F2	Principal & Interest Requirements to Maturity Leases & SBITAs Business Type Activities– Enterprise Funds	8/19/24	9/11/24	31 Days	10/24/24
F3	State of Colorado as Lessee Leases & SBITAs – Other Disclosures	8/19/24	8/20/24	1 Day	10/24/24
I	Letter of Certification of Financial Accounting and Reporting Systems	9/9/24	10/24/24	45 Days	N/A
J1	Stand Alone Financial Statement Reconciliation for the Statement of Net Position	9/9/24	10/23/24	44 Days	N/A
J2	Stand Alone Financial Statement Reconciliation for the Statement of Revenue, Expenses, and Changes in Net Position	9/9/24	10/23/24	44 Days	N/A
K3	Schedule of Prior Year Audit Recommendation Status	7/26/24	7/26/24	0 Days	9/4/24
M	Custodial Credit Risk Related to Cash on Hand or Deposited with Financial Institutions	8/19/24	9/10/24	22 Days	10/24/24
O1	Related Party Transactions	8/19/24	8/20/24	1 Day	10/24/24
U2	Other Disclosures	8/19/24	8/20/24	1 Day	10/24/24
V1	Cash Flow Statement for Separately-Issued Financial Statements – Supplemental Information	9/9/24	10/08/24	29 Days	N/A
V2	Proprietary Fund Noncash Transactions & Capital Construction Encumbrances	9/9/24	10/08/24	29 Days	N/A
W2	Schedule of Changes in Capital Assets – Enterprise Funds	8/19/24	9/12/24	24 Days	10/24/24
W4	Changes in Right-to-Use Assets – Business Type Activities-Enterprise Funds	8/19/24	9/11/24	23 Days	10/24/24

Why did these problems occur?

The University did not have adequate internal controls in place to ensure that it was able to meet the OSC's deadlines for statewide reporting. Specifically, the University hired a new Controller during Fiscal Year 2024 and experienced staff turnover in some other accounting positions. Additionally, the University did not have procedures that required management to supervise, review, and provide oversight of the new Controller throughout the fiscal year-end closing process in order to ensure that the exhibits and financial statements were completed accurately and submitted to the OSC in a timely manner. Management also did not provide the new Controller with adequate interim timelines for completing the closing procedures. This resulted in the recording of several post-closing adjustments, which caused the exhibits to either be late or revised and the resubmission late to the OSC. While the OSC may allow the University to post adjusting entries subsequent to the State's closing of the books on August 5, 2024, the lateness in identifying and posting the entries directly resulted in the University's late submission of exhibits, financial reporting, and inaccuracies in previously submitted exhibits, causing the University to need to revise several exhibits in October 2024.

Why do these problems matter?

Without adequate internal controls in place over the fiscal year end closing process, the University cannot ensure the accurate and timely completion of its reported financial information and, ultimately, the State's financial statements. The University's late submission of the exhibits resulted in the OSC not having complete and accurate financial information for the September 20 financial statements and, ultimately, contributed to the delay in the OSC's final compilation of the State's Fiscal Year 2024 financial statements.

Classification of Finding: **Material Weakness**
This finding does not apply to a prior audit recommendation.

Recommendation

Western Colorado University (University) should ensure all entries, including fiscal year end adjusting entries, are posted in a timely manner; and that its exhibits submitted to the Office of the State Controller are accurate, complete, and submitted by the established due dates. This should be accomplished by establishing and implementing procedures to supervise, review, and provide oversight of the Controller, as needed, throughout the fiscal year-end closing process, and providing the Controller with adequate interim timelines for completing the closing procedures.

Western Colorado University Response

Agree
Implementation Date: June 2025

Western Colorado University will ensure all entries, including fiscal year end adjusting entries, are posted in a timely manner; and that its exhibits submitted to the Office of the State Controller are accurate, complete, and submitted by the established due dates. Additionally, management will provide greater supervision and review throughout the fiscal year-end closing process. The University believes the experience gained during the fiscal year ended June 30, 2024 close will improve the subsequent year end closes.

WESTERN COLORADO UNIVERSITY

DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 2023

Summary of Progress in Implementing Prior Year Audit Recommendations

Fiscal Year 2023

Recommendation 2023-01		
Western Colorado University (University) should improve Banner and Workday access management controls by: A. Implementing the recommendation noted in Part A of the confidential finding. B. Implementing the recommendation noted in Part B of the confidential finding.		Implemented
Recommendation 2023-02		
Western Colorado University (University) should improve its internal control over the University’s bank accounts by updating the University’s Internal Control procedure memo to specify a required timeframe shortly after month end for preparation and supervisory review of bank account reconciliation and ensuring that bank reconciliations are completed and reviewed within required timeframes.		Implemented

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

To the Members of the Legislative Audit Committee
Western Colorado University Board of Trustees

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity, and the discretely presented component unit of the Western Colorado University (the University), an institution of higher education, State of Colorado, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, and the discretely presented component unit of the University, an institution of higher education, State of Colorado, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Western Colorado University Foundation (the Foundation), discretely presented component unit, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the discretely presented component unit as of and for the years ended June 30, 2024 and 2023, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose reports have been furnished to us, and our opinions, insofar as they related to the amounts included for the Foundation, are based solely on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Prior Year Audited by Other Auditors
The financial statements of the University for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on November 30, 2023.

Emphasis of Matter
As discussed in Note 1, the financial statements of the University, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2024 and 2023, and the changes in its financial position, or, where applicable, its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Revenue and Expenses for Enterprise Revenue Bonds (the Schedule) for the years ended June 30, 2024 and 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information *(Continued)*

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Description of Western Colorado University but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Hinkle & Company, PC

Englewood, Colorado
December 5, 2024

This section of Western Colorado University's (the University) financial report presents management's discussion and analysis of the University's financial position and results of operations as of and for the years ended June 30, 2024 and 2023, with comparative information presented for the year ended June 30, 2022. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and notes.

Understanding the Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universitie*s (GASB 35), which amended GASB 34 to include public colleges and universities. Several significant changes in accounting and financial reporting standards were required such as recording depreciation on capital assets, allocating summer session revenues and expenses between fiscal years, presenting financial statements from an entity-wide perspective (all funds in aggregate), and producing cash flow statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63). GASB 63 defines the five elements that make up a statement of net position to include:

- Assets – resources with a present service capacity under University control.
- Deferred Outflows of Resources – consumption of net assets by the University that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisition of net assets by the University that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of net position.

The financial statements prescribed by GASB 35 as amended by GASB 63 (the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows) present financial information in a format more comparable to that used by for-profit colleges and universities. The statements are prepared under the accrual basis of accounting. Revenues and assets are recognized when service is provided, and expenses and liabilities are recognized when others provide the goods or service, regardless of when cash is exchanged.

A brief description of each of the components of the University's financial statements is provided as follows:

Statements of Net Position

The statements of net position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2024 and 2023). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, etc.; and a picture of net position and the availability of assets for expenditure by the University.

Statements of Revenues, Expenses, and Changes in Net Position
The statements of revenues, expenses, and changes in net position present the total revenues and expenses of the University for operating, nonoperating, and other capital related purposes during the fiscal years ended June 30, 2024 and 2023. Their purpose is to assess the University's operating and nonoperating activities.

Statements of Cash Flows
The statements of cash flows present cash receipts and payments of the University during the fiscal years ended June 30, 2024 and 2023. Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.

Notes to Financial Statements
The notes to the University's aforementioned statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows present additional information to support these financial statements. The purpose of the notes is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of certain financial statement items may be found.

Required Supplementary Information (RSI)
The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis as well as certain RSI required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) including the:

- Schedules of the University's Proportionate Share of the Net Pension Liability
- Schedules of University Contributions to PERA Defined Benefit Pension Plan
- Schedules of the University's Proportionate Share of the Net Other Postemployment Benefit Liability
- Schedules of University Contributions to PERA Defined Other Postemployment Benefit Plan

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management of the University has considered the criteria described in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* paragraph 47, and management of the University has determined that the Western Colorado University Foundation (the Foundation) meets the criteria to be included in the University's financial statements as a discretely presented component unit. The Foundation was incorporated on August 22, 1975 under the laws of the State of Colorado. The purpose of the Foundation is to aid, directly or indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions. A full copy of the Foundation's financial statements may be obtained from the Western Colorado University Foundation, 909 East Escalante Drive, P.O. Box 1264, Gunnison, CO 81230.

Financial Highlights

The University's financial net position increased by $40.6 million during the fiscal year ended June 30, 2024, from $134.4 million at June 30, 2023, to $174.9 million at June 30, 2024. The increase in financial net position is related primarily to a significant capital gift, the Mountaineer Bowl Events Complex, valued at $43.9 million. The University's financial net position decreased by $2.7 million during the fiscal year ended June 30, 2023, from $137.1 million at June 30, 2022, to $134.4 million at June 30, 2023. The decrease in financial net position is related primarily to increases in instruction expense, particularly for our Center for Learning and Innovation, outpacing revenues from tuition and fees.

The University's current assets of $32.1 million (2024), $32.9 million (2023), and $32.8 million (2022, As Restated) were sufficient to cover current liabilities of $11.4 million (2024), $9.9 million (2023), and $8.0 million (2022, As Restated). The current ratio of 2.81 (2024), 3.32 (2023), and 4.09 (2022) demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations.

The operating loss of $7.7 million (2024) relates to strategic investments across campus including additional support for the recent ERP implementation, and the spend down of restricted fund balance. In general, operating income is affected by the University's dependence on state appropriations for controlled maintenance and Federal Pell grants for operations. The financial reporting model classifies certain grants and contracts and capital state appropriations as nonoperating revenues. Additionally, State capital support does not cover the costs of all assets, nor the corresponding depreciation as those assets are expensed. The operating loss of $6.5 million (2023) primarily relates to the University's increase in expenses, primarily in instruction, particularly for our Center for Learning and Innovation.

Statements of Net Position

The table below illustrates the University's summary of net position. Over time, increases or decreases in net position (the difference between assets plus deferred outflows of resources minus liabilities and deferred inflows of resources) are one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities.

Condensed Statements of Net Position
June 30, 2024, 2023, and 2021
(in thousands)

	2024	2023	2022[1]
Assets			
Current Assets	$ 32,099	$ 32,898	$ 32,849
Noncurrent Assets	248,677	206,501	207,785
Total Assets	280,776	239,399	240,634
Total Deferred Outflows	5,704	5,935	4,004
Liabilities			
Current Liabilities	11,425	9,905	8,022
Noncurrent Liabilities	99,755	100,567	94,438
Total Liabilities	111,180	110,472	102,460
Total Deferred Inflows	366	489	5,080
Net Position			
Net investment in capital assets	161,523	117,432	116,267
Restricted	22,675	25,214	25,997
Unrestricted			
General unrestricted	7,591	8,541	11,511
Effect of GASB 68 and GASB 75 on unrestricted net position (see Notes G & H)	(17,132)	(17,215)	(17,196)
Designated by the Board	277	401	519
Total Net Position	$ 174,934	$ 134,373	$ 137,098

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

At June 30, the University's total assets were $280.8 million (2024), $239.4 million (2023), and $240.6 million (2022, As Restated). The largest asset category is the $241.6 million (2024), $197.6 million (2023), and $196.5 million (2022, As Restated) in capital assets, net of depreciation, which includes land, buildings, equipment, library holdings, construction in progress, and certain right-to-use assets. The large increase in the University's total assets from 2023 to 2024 is primarily related to a significant capital gift, the Mountaineer Bowl Events Complex.

Cash and cash equivalents (bank deposits, pooled cash with the State Treasurer, and highly liquid investments) comprised $23.3 million (2024), $26.6 million (2023), and $26.8 million (2022) of total assets.

GASB Statement No. 65 defines certain elements of the financial statements previously reported as assets or liabilities as deferred outflows or deferred inflows of resources. Assets and liabilities are resources and obligations with present service capacities and present obligations, while deferred outflows and inflows of resources are acquisitions and uses of net assets that relate to a future period. Unamortized book losses on certain bond refinancing transactions of $2.0 million (2024), $2.3 million (2023), and $2.5 million (2022) are recognized as deferred outflows. The University also has both deferred outflows and deferred inflows related to amounts recognized on its defined benefit pension plan and defined benefit other postemployment benefit plan in accordance with GASB 68 and GASB 75. Pension and other postemployment benefit related deferred outflows were $3.7 million (2024), $3.7 million (2023), and $1.5 million (2022). Pension and other postemployment benefit related deferred inflows were $0.4 million (2024), $0.5 million (2023), and $5.1 million (2022). See Notes G and H to the financial statements for additional information on the composition of the University's deferred outflows and deferred inflows related to pension and OPEB.

Bonds payable of $77.0 million (2024), $79.8 million (2023), and $82.5 million (2022) represent 69.2 percent (2024), 72.2 percent (2023), and 80.5 percent (2022) of the University's total liabilities of $111.2 million (2024), $110.5 million (2023), and $102.5 million (2022, As Restated). The University's debt is discussed in detail in Note E. The decrease in bonds payable in fiscal years 2024 and 2023 primarily relates to the payment of bond principal during the year. The current portion of bonds payable is $2.8 million (2024), $2.7 million (2023), and $2.6 million (2022).

The next largest component of liabilities relates to the University's recognition of its proportionate share of the unfunded pension and other postemployment benefit liabilities for the cost-sharing multiple-employer defined benefit plans administered by PERA, as discussed in Note G and H. The University's net pension and other postemployment liabilities of $20.4 million (2024), $20.4 million (2023), and $13.6 million (2022) represent 18.4 percent (2024), 18.4 percent (2023), and 13.3 percent (2022) of the University's total liabilities. Although the University is required to record this liability under GAAP, the University is under no obligation to fund the liability.

Net position consists of $161.5 million (2024), $117.4 million (2023), and $116.3 million (2022, As Restated) in net investment in capital assets. In addition, $22.7 million (2024), $25.2 million (2023), and $26.0 million (2022) is externally restricted for specific purposes and ($9.3) million (2024), ($8.3) million (2023), and ($5.2) million (2022, As Restated) is unrestricted. Unrestricted net position is significantly reduced by the recognition of the PERA unfunded pension and other postemployment benefit liabilities, with reductions to unrestricted net position of $17.1 million (2024), $17.2 million (2023), and $17.2 million (2022). Excluding that impact, unrestricted net position is $7.9 million (2024), $8.9 million (2023), and $12.0 million (2022, As Restated). The following table reconciles total net position excluding the impact of GASB 68 and GASB 75.

Reconciliation of Net Position, excluding the impact of GASB 68 & GASB 75
June 30, 2024, 2023, and 2022
(in thousands)

	2024	2023	2022[1]
Net Position (GAAP Basis)	$ 174,934	$ 134,373	$ 137,098
Add back:			
GASB 68 Impact – Pension	16,628	16,610	16,515
GASB 75 Impact – OPEB	504	605	680
Net Position, excluding the impact of GASB 68 & GASB 75	$ 192,066	$ 151,588	$ 154,293

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations during the year. Revenues are distinguished between operating revenues, nonoperating revenues, and revenues from capital contributions. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service and related support services to an individual or entity separate from the University. Nonoperating revenues and expenses are those other than operating and include, but are not limited to: funding received or receivable for Federal Pell grants awarded to students, Federal interest subsidies, grants received as a result of COVID-19 Federal relief funding, investment income and expenses, and interest expense on capital debt. Revenues from capital contributions and gifts consist of capital construction and controlled maintenance support from the State of Colorado and gifts of capital funding or assets from other donors.

Gross tuition and fee revenue for fiscal year 2024 increased 5.2 percent from fiscal year 2023. Student-share undergraduate tuition rates increased by 2.8 percent for residents and 4.1 percent for non-residents in 2024. The portion of tuition revenue related to College Opportunity Fund stipends increased by $0.6 million in fiscal year 2024. State-supported student FTE increased by 0.6 percent in fiscal year 2024. A large part of the tuition increase from 2023 to 2024 is related to tuition for the Center for Learning and Innovation, most of which is passed through to providers. Gross tuition and fee revenue for fiscal year 2023 increased 5.0 percent from fiscal year 2022. Tuition and fee related scholarship allowances of $13.6 million (2024), $12.9 million (2023), and $12.7 million (2022) were relatively stable over the last three years; the increase in fiscal year 2024 relates to an increase in institutional scholarships provided in a variety of programs. Scholarship allowances are defined as the financial aid awarded to students by the University that is used to pay University charges. The scholarship allowance is recognized as a direct reduction of revenue rather than an increase in financial aid expense. Net tuition and fee revenue for the year ending June 30, 2024 was $27.6 million, a $1.4 million increase from 2023. Net tuition and fee revenue for the year ending June 30, 2023 was $26.2 million, a $1.7 million increase from 2022.

The net operating loss of $7.7 million in fiscal year 2024 compares to an operating loss of $6.5 million in 2023 and operating loss of $1.9 million in fiscal year 2022. Net operating deficits are common in higher education since the financial reporting model classifies certain items, like Pell grant revenue, separately from operating revenues. Additionally, State capital support does not cover the costs of all assets, nor the corresponding depreciation as those assets are expensed. The University's net position increased by $40.6 million in fiscal year 2024 and decreased by $2.7 million in fiscal year 2023. In 2024, the increase can be primarily attributed to capital gifts and state capital support of $48.5 million. In 2023, growth in operating expenses outpaced growth in tuition and fees.

Condensed Statements of Revenue, Expenses, and Changes in Net Position
June 30, 2024, 2023, and 2022
(in thousands)

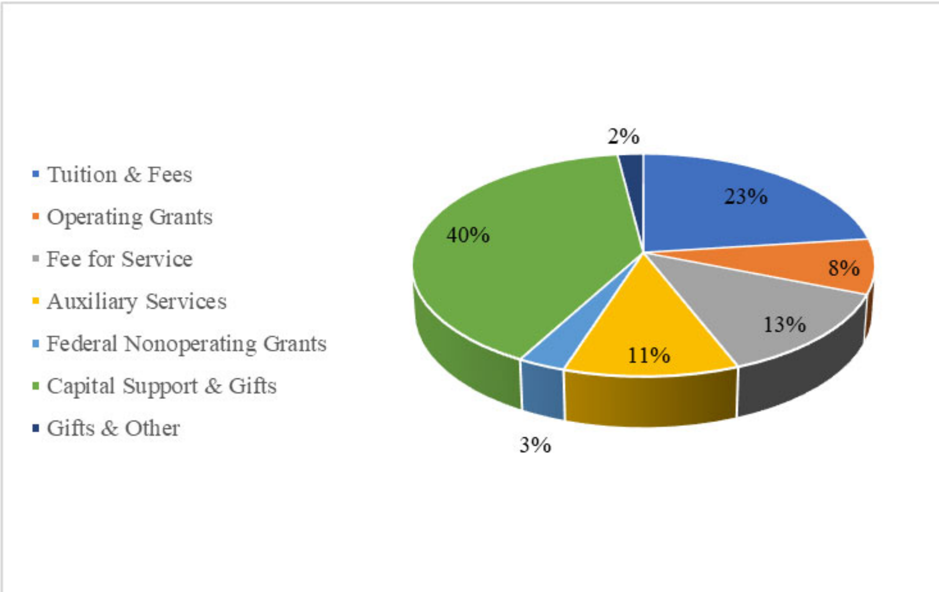
	2024	2023	2022[1]
Operating Revenue			
Tuition and fees, net	$ 27,552	$ 26,195	$ 24,479
Federal, state, and private grants and contracts	9,595	7,589	6,019
Fee for service revenue	15,374	13,903	12,684
Sales and services of auxiliary enterprises, net	13,689	13,451	12,611
Other operating revenue	607	497	376
Total Operating Revenue	66,817	61,635	56,169
Operating Expenses			
Instruction	27,595	24,953	20,120
Academic support	3,839	4,193	3,205
Student services	6,916	6,871	5,675
Institutional support	7,662	6,403	5,206
Operation and maintenance of plant	4,322	4,616	3,333
Auxiliary enterprises	14,110	13,348	11,704
Depreciation	8,225	6,398	5,692
Other	1,889	1,363	3,156
Total Operating Expenses	74,558	68,145	58,091
Net Operating Loss	(7,741)	(6,510)	(1,922)
Nonoperating Revenue (Expenses)			
Federal Pell grants and interest subsidy	3,357	3,195	3,241
Federal coronavirus relief funding and higher education emergency relief funding	-	1	4,147
Other private gifts	-	-	15,972
Investment and interest income (loss)	1,117	309	(1,011)
Interest expense on capital debt	(4,688)	(4,725)	(4,809)
Other nonoperating revenues (expenses)	(31)	150	27
Net Nonoperating Income (Loss)	(245)	(1,070)	17,567
Income (Loss) before Capital Contributions	(7,986)	(7,580)	15,645
Capital Contributions and Gifts			
State capital support and other capital gifts	48,547	4,855	59,911
Increase (Decrease) in Net Position	40,561	(2,725)	75,556
Net Position:			
Net Position, beginning of year	134,373	137,098	61,542
Net Position, end of year	$ 174,934	$ 134,373	$ 137,098

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements.*

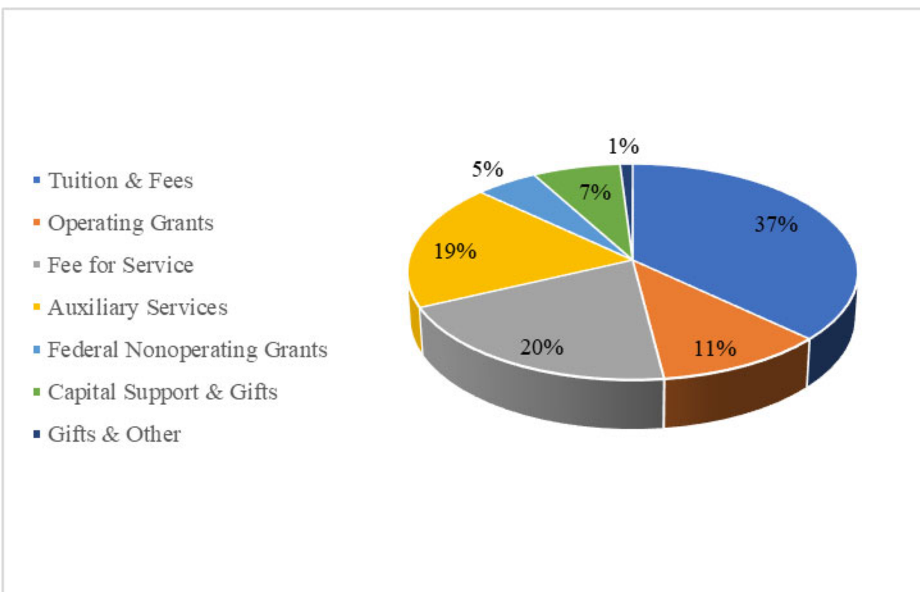
Revenue by Source

The following is a graphic illustration of total revenue by source for the University. Each major revenue component is displayed relative to its proportionate share of total revenues.

Operating, Nonoperating, and Capital Revenues – Fiscal Year 2024



Operating, Nonoperating, and Capital Revenues – Fiscal Year 2023



Capital Assets

At June 30, 2024, the University had $241.6 million invested in capital assets, net of accumulated depreciation and amortization of $122.0 million. At June 30, 2023, the University had $197.6 million invested in capital assets, net of accumulated depreciation of $113.8 million. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets. Details of capital asset balances are shown below.

Capital Assets, Net, at Year-End (in thousands)

	June 30, 2024	June 30, 2023	June 30, 2022[1]
Land and Improvements	$ 4,408	$ 4,408	$ 4,408
Construction in Progress	243	3,722	2,790
Land Improvements, Net	10,868	7,359	6,355
Buildings and Improvements, Net	209,701	173,120	178,141
Furniture, Equipment and Software, Net	4,588	4,129	4,403
Right to use – SBITA & Lease, net	11,695	4,738	219
Library Materials, Net	127	139	167
Total	$ 241,630	$ 197,615	$ 196,483

[1] Restated due to the implementation of GASB Statement No. 96, *Subscription-based information technology arrangements*.

The following significant capital projects were in progress at June 30, 2024 (in thousands):

Petroleum Geology Program Renovation	$ 160
Reconditioning Natatorium	$ 83

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

Digital Transformation Project – Phase 2	$ 3,327
Campus Lighting Updates	$ 269
Mears Roof Project	$ 83
HVAC System Upgrade	$ 43

Bond Debt

At June 30, 2024, the University had $77.0 million in debt outstanding, a decrease of $2.8 million from the debt outstanding of $79.8 million as of June 30, 2023 related primarily to principal paid during the fiscal year. At June 30, 2023, the University had $79.8 million in debt outstanding, a decrease of $2.7 million from the debt outstanding of $82.5 million as of June 30, 2022 related primarily to principal paid during the fiscal year. The table below summarizes the amounts by type of debt.

Outstanding Bond Debt at Year-End (in thousands)

	June 30, 2024	June 30, 2023	June 30, 2022
Auxiliary Revenue Bonds	$ 73,626	$ 76,182	$ 78,647
Direct Borrowing Bonds	3,330	3,600	3,860
Total	$ 76,956	$ 79,782	$ 82,507

Economic Outlook

The University's ability to carry out its mission, maintain and improve academic offerings, meet operational costs, and maintain facilities is influenced by a variety of factors. The largest drivers are state funding, enrollment and tuition revenues/rates, compensation costs, and debt service.

State Funding

State operating support comes in two forms: Fee for Service payments and Student Stipends funded by the College Opportunity Fund. For fiscal year 2025, the University was appropriated $24.9 million in state operating support, which represents a 22.4 percent increase from the prior year, the largest in Western's history. The funding model, first employed in 2022, allocates funding based on a variety of performance metrics and strategic priorities as identified by the State. In step 2 of the funding formula, performance is measured based on progress at the individual campus-level and because Western has seen growth or stability in key factors such as overall resident enrollment, graduation rates, and underrepresented student population growth, the University received the second highest percentage increase of step 2 funding compared with other universities. Additionally, funding was specifically allocated to the three rural governing boards in step one of the funding formula. When looking at overall funding increases, Western received the highest percentage increase.

State capital funding plays an important role in the University's ability to maintain its facilities and the University has been successful in recent years in receiving support for major projects and various controlled maintenance projects (e.g., information technology projects, heating system improvements, roof upgrades, boiler replacements, and storm water mitigation). The University received one capital appropriation for fiscal year 2025: $4.1 million to renovate Crawford Hall, which houses the education department. The University has submitted additional capital construction requests to address on-going deferred maintenance needs.

Enrollment and Tuition Revenues/Rates

Student FTE enrollment in fiscal year 2024 was 2,273, which represented a 0.1 percent increase from fiscal year 2023. Enrollment is a significant driver of University revenues and the University has enacted a number of initiatives to increase enrollment and retain students. Despite these efforts, the University expects undergraduate enrollment in fiscal year 2025 to decrease by approximately 2.6 percent (based on preliminary fall enrollments). Graduate enrollment is projected to decrease by similar amounts for fiscal year 2025.

In response to increased inflationary pressures, the University increased undergraduate tuition and fee rates by 2.5 percent for residents and 3.5 percent for non-residents for fiscal year 2025. In the last decade, with the general decline in State operating support for higher education, there has been a shift in the cost burden to students, both at the University and other Colorado public institutions. In spite of this, the University remains one of the best values in the State and the University will continue to control tuition increases and balance them with enhanced financial support for students.

Compensation Costs
Consistent with most institutions of higher education, the University spends over 60 percent of its education and general budget on salaries and benefits. Although the University spends the majority of its budget on personnel costs, University salaries have historically lagged peers in several categories. The University has prioritized salary enhancement as a goal and provided a 3.0 percent salary increase pool to faculty and administrators for fiscal year 2025. In addition, the University provided certain equity adjustments beyond the base increase, continuing the work that began in 2022 as a result of a comprehensive analysis completed by the University Salary Assessment Task Force. In 2024, the University began developing a comprehensive compensation plan with the assistance of a third-party consultant. The university expects to receive the results of the consultant's analysis by the end of calendar 2024, and will decide how to implement recommendations. Salary and benefits will continue to be a significant driver of operating budgets as the University strives for salary competitiveness and as benefit costs continue to increase. The University continues to work actively with benefit providers to control costs while still providing quality, competitive benefit packages for employees.

Debt Service
In order to improve and maintain facilities, the University increased its debt burden significantly roughly a decade ago. In fiscal year 2024, the University paid $7.2 million in debt service (prior to application of the University's federal interest subsidy of approximately $1.1 million) and has similar debt service requirements in fiscal year 2025. The University's current annual debt service requirements are expected to maintain at approximately $7 million over the next several years (without factoring in the University's federal interest subsidy). The University uses a combination of student fees and auxiliary revenues to meet its debt service burden. The University also maintains a debt service reserve, which can be used to meet debt service needs in the case of an unanticipated decrease in operating income. The University added $0.2 million to that reserve in fiscal year 2024, bringing the reserve balance to $4.5 million.

Historically, the University's bonds had been secured by a pledge of certain auxiliary revenues and ten percent of general fund tuition revenues (with that limit established in State statute). A recent Senate Bill, SB 22-121, allowed institutions of higher education to pledge up to 100 percent of tuition revenues as security for bonded debt, which is more consistent with industry norms. In July 2022, the Board of Trustees adopted a resolution increasing the University's pledge of tuition revenue on existing bonded debt from ten percent to 100 percent of general fund tuition revenues. The University believes the increased pledge of tuition will contribute to strengthening of its credit rating and position in the debt markets.

Strategic Planning
In fiscal year 2023, the University finalized creation of a new strategic plan, which the Board of Trustees approved at the June 2023 meeting. The major goals of the plan are 1) enriching the Western experience and improving wellbeing for students, faculty, and staff; 2) improving student affordability and access; 3) enhancing the quality and value of a Western education and degree; 4) ensuring financial strength and supporting enrollment growth. The goals are in alignment with the vision of the Board of Trustees and the University's new administration and consistent with the projected goals of the emerging statewide strategic plan for public higher education. Individual subgoals for each area have been developed and metrics were approved by the Board of Trustees at the December 2023 meeting.

Elevate Western Campaign

Fiscal year 2024 wrapped up the fifth year of the Elevate Western Campaign, a seven-year fundraising campaign for the University that will complement the $80 million gift received for the creation of the Paul M. Rady School of Computer Science and Engineering. The goal of the campaign is $80 million. As of June 30, 2024, Western exceeded our original goal and have now raised over $85 million. This has included major gifts to name the Clark Family School of Environment and Sustainability, to launch the Geiman Scholars program and the construction of the Mountaineer Bowl Events Complex. In addition, over 75 scholarships have been created since the launch of the campaign. In fiscal year 2025, having exceeded expectations for the Build of Competitive Edge and Promote Student Access and Success pillars, we will focus our efforts on fundraising for the unmet needs of the other campaign pillars - Engineer Colorado's Future and Foster Academic Excellence as well as push to launch the Gunnison Valley Promise, to offer free tuition to Gunnison school district graduates, regardless of their ability to pay.

Requests for Information

Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Controller's Office at Western Colorado University, Taylor Hall, Room 328, Gunnison, CO 81231.

Basic Financial Statements

WESTERN COLORADO UNIVERSITY

STATEMENT OF NET POSITION

As of June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 23,321,568	$ 26,639,761
Investments	130,138	130,138
Student accounts receivable, net	2,288,018	1,470,767
Other accounts receivable	3,496,434	2,115,323
Pledge receivable	2,100,000	2,100,000
Student loans receivable, net	2,073	2,766
Inventories	319,407	304,056
Other current assets	441,338	135,149
Total Current Assets	32,098,976	32,897,960
Noncurrent Assets		
Pledge receivable	7,037,529	8,862,596
Student loans receivable, net	9,634	23,652
Total Noncapital Noncurrent Assets	7,047,163	8,886,248
Nondepreciable Capital Assets		
Land	2,503,736	2,503,736
Land improvements	1,904,083	1,904,083
Construction in progress	243,034	3,721,705
Total Nondepreciable Capital Assets	4,650,853	8,129,524
Depreciable Capital Assets, Net		
Land improvements, less accumulated depreciation of $941,525 (2024) and $518,247 (2023)	10,867,864	7,358,871
Buildings and improvements, less accumulated depreciation of $108,128,603 (2024) and $102,342,638 (2023)	209,700,497	173,119,728
Furniture, equipment and software, less accumulated depreciation of $5,039,836 (2024) and $4,388,902 (2023)	4,588,342	4,129,558
Right to use - Subscription-based IT arrangements, less accumulated amortization of $1,492,831 (2024) and $533,195 (2023)	10,587,403	4,737,843
Right to use - Leases, less accumulated amortization of $332,114 (2024) and $0 (2023)	1,107,392	-
Library materials, less accumulated depreciation of $6,034,526 (2024) and $6,001,547 (2023)	127,490	139,625
Total Depreciable Capital Assets, Net	236,978,988	189,485,625
Total Noncurrent Assets	248,677,004	206,501,397
Total Assets	280,775,980	239,399,357
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refundings	2,044,113	2,278,644
Pension related (See Note 7)	3,532,545	3,577,388
Other postemployment benefit related (See Note 8)	127,502	78,699
Total Deferred Outflows	$ 5,704,160	$ 5,934,731

See accompanying notes.

WESTERN COLORADO UNIVERSITY

STATEMENT OF NET POSITION

As of June 30, 2024 and 2023

(Continued)

		2024	2023
LIABILITIES			
Current Liabilities			
Accounts payable		$ 835,977	$ 1,199,629
Accrued liabilities		2,488,056	2,086,437
Unearned revenue		3,134,461	2,298,145
Student deposits		802,188	915,074
Bonds payable, current portion		2,810,000	2,685,000
IT subscription liability, current portion		748,739	476,820
Lease liability, current portion		431,801	-
Compensated absence liabilities, current portion		173,657	243,545
	Total Current Liabilities	11,424,879	9,904,650
Noncurrent Liabilities			
Bonds payable		74,146,291	77,096,861
IT subscription liability		3,304,720	2,202,824
Lease liability		709,016	-
Compensated absence liabilities		1,169,490	885,890
Net pension liability (See Note 7)		19,970,773	19,915,731
Net other postemployment benefit liability (See Note 8)		455,102	466,240
	Total Noncurrent Liabilities	99,755,392	100,567,546
	Total Liabilities	111,180,271	110,472,196
DEFERRED INFLOWS OF RESOURCES			
Pension related (See Note 7)		189,121	271,455
Other postemployment benefit related (See Note 8)		176,639	217,194
	Total Deferred Inflows	365,760	488,649
NET POSITION			
Net investment in capital assets		161,523,388	117,432,288
Restricted for:			
Loans		38,469	64,201
Debt service		12,342,863	12,542,910
Other		10,293,277	12,607,012
Unrestricted		(9,263,888)	(8,273,168)
	Total Net Position	$ 174,934,109	$ 134,373,243

See accompanying notes.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenue		
Tuition and fees, including $33,704,371 (2024) and $32,745,095 (2023) pledged for bonds	**$ 41,130,969**	$ 39,084,256
Less: scholarship allowances	**(13,578,692)**	(12,889,553)
Net Tuition and Fees	**27,552,277**	26,194,703
Federal, state, and private grants and contracts, including $45,127 (2024) and $76,040 (2023) pledged for bonds	**9,594,740**	7,589,307
Fee for service revenue	**15,373,435**	13,903,228
Sales and services of auxiliary enterprises, including $12,486,477 (2024) and $12,219,948 (2023) pledged for bonds	**14,301,125**	14,009,397
Less: scholarship allowances	**(611,783)**	(558,918)
Net Sales and Services of Auxiliary Enterprises	**13,689,342**	13,450,479
Other operating revenue, including $0 (2024) and $17,422 (2023) pledged for bonds	**606,907**	497,294
Total Operating Revenue	**66,816,701**	61,635,011
Operating Expenses		
Instruction	**27,594,958**	24,952,573
Research	**1,137,330**	837,590
Public service	**23,191**	53,326
Academic support	**3,838,452**	4,192,668
Student services	**6,916,212**	6,871,367
Institutional support	**7,661,924**	6,403,367
Operation and maintenance of plant	**4,321,406**	4,615,776
Scholarships and fellowships	**728,685**	472,429
Auxiliary enterprises	**14,110,207**	13,348,062
Depreciation and amortization	**8,225,205**	6,397,708
Total Operating Expenses	**74,557,570**	68,144,866
Operating Loss	**(7,740,869)**	(6,509,855)
Nonoperating Revenue (Expenses)		
Federal Pell grants	**2,218,106**	2,048,794
Federal interest subsidy, including $1,139,128 (2024) and $1,146,405 (2023) pledged for bonds	**1,139,128**	1,146,405
Federal coronavirus relief funding and higher education emergency relief funding	**-**	750
Investment and interest income, including $160,468 (2024) and $337,426 (2023) pledged for bonds	**1,117,337**	308,854
State support for pensions	**32,055**	363,137
Interest expense on capital debt, leases, and subscription-based IT arrangements	**(4,688,265)**	(4,724,844)
Other nonoperating expenses	**(63,050)**	(212,756)
Net Nonoperating Revenue (Expenses)	**(244,689)**	(1,069,660)
Loss Before Capital Contributions	**(7,985,558)**	(7,579,515)
Capital Contributions		
State capital support, including Federal pass-through support	**4,639,479**	4,850,275
Other capital gifts	**43,906,945**	4,756
Increase (Decrease) in Net Position	**40,560,866**	(2,724,484)
Net Position - beginning of year	**134,373,243**	137,097,727
Net Position - end of year	**$ 174,934,109**	$ 134,373,243

See accompanying notes.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash Received		
Tuition and fees	**$ 27,760,286**	$ 25,850,230
Sales of services	**27,160,955**	26,736,190
Sales of product	**661,367**	552,886
Grants, contracts, and gifts	**7,707,558**	6,096,591
Student loans collected	**17,479**	28,202
Other operating receipts	**552,352**	420,303
Cash Payments		
Payments to or for employees	**(40,553,633)**	(36,004,512)
Payments to suppliers	**(23,048,196)**	(23,252,660)
Scholarships disbursed	**(728,076)**	(472,429)
Net Cash Used for Operating Activities	**(469,908)**	(45,199)
Cash Flows from Noncapital Financing Activities		
Grants, gifts, and contracts	**5,167,251**	6,275,095
Other agency inflows (outflows)	**(180,920)**	226,318
Net Cash Provided by Noncapital Financing Activities	**4,986,331**	6,501,413
Cash Flows from Capital and Related Financing Activities		
State capital support	**4,604,405**	4,850,275
Disposal of capital assets	**-**	5,000
Acquisition or construction of capital assets	**(5,527,547)**	(4,350,853)
Principal paid on capital debt, leases, and subscription-based IT arrangements	**(3,460,509)**	(2,778,997)
Interest on capital debt, leases, and subscription-based IT arrangements	**(4,568,302)**	(4,623,731)
Net Cash Used for Capital and Related Financing Activities	**(8,951,953)**	(6,898,306)
Cash Flows from Investing Activities		
Investment earnings	**1,117,337**	310,654
Net Cash Provided by Investing Activities	**1,117,337**	310,654
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,318,193)**	(131,438)
Cash and Cash Equivalents - beginning of year	**26,639,761**	26,771,199
Cash and Cash Equivalents - end of year	**$ 23,321,568**	$ 26,639,761

	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating loss	**$ (7,740,869)**	$ (6,509,855)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation & amortization	**8,225,205**	6,397,708
Provision for uncollectible accounts	**73,842**	82,513
Compensated absences adjustment	**213,713**	(27,066)
Non-cash pension & OPEB expense (See Notes 7 & 8)	**(50,889)**	382,112
Changes in assets and liabilities:		
Receivables	**(2,173,389)**	(1,259,726)
Inventories	**(15,351)**	(22,007)
Other assets	**(306,189)**	148,831
Student loans	**17,256**	26,123
Accounts payable	**61,407**	77,930
Accrued liabilities	**389,040**	(3,059)
Unearned revenue	**836,316**	661,297
Net Cash Provided by Operating Activities	**$ (469,908)**	$ (45,199)

	2024	2023
Noncash Investing, Capital, and Financing Activities		
Unrealized (gain) loss on investments	**$ -**	$ 1,800
Amortization of deferred bond refunding loss	**234,531**	234,531
Amortization of bond discount (premium)	**(140,570)**	(140,570)
Recognition of right to use assets - leases & subscription-based IT arrangements	**3,290,141**	2,651,914
Capital gifts	**43,906,945**	-
Loss on disposal of capital assets	**40,298**	102,485
State support for pensions	**32,055**	363,137

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2024 and 2023

		2024		2023
ASSETS				
Cash and cash equivalents	$	221,038	$	267,697
Accounts receivable		51,066		122,826
Promises to give, net		2,834,285		2,956,511
Marketable securities		34,053,572		30,026,272
Derivative investments		4,876,750		3,862,425
Other assets		1,390,722		1,362,925
Property and equipment, net		1,429,419		957,796
Total Current Assets	$	44,856,852	$	39,556,452
LIABILITIES				
Accounts payable		518,764		184,985
Notes payable		78,612		-
Liabilities under charitable gift annuities		495,961		518,251
Total Liabilities		1,093,337		703,236
NET ASSETS				
With donor restrictions				
Undesignated		1,474,669		(199,275)
With donor restrictions				
Perpetual in nature		7,837,713		8,835,417
Purpose restriction		31,616,848		27,260,563
Time-restricted for future period		2,834,285		2,956,511
		42,288,846		39,052,491
Total Net Assets		43,763,515		38,853,216
Total Liabilities and Net Assets	$	44,856,852	$	39,556,452

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contribution of cash and the financial assets	$ 292,414	$ 4,149,237	$ 4,441,651
Fundraising revenue	-	118,675	118,675
Contribution of nonfinancial assets	514,000	1,072,640	1,586,640
Net investment return	787,058	4,688,546	5,475,604
Service agreement income - Western Colorado University	270,000	-	270,000
Royalties	-	39,586	39,586
Miscellaneous income	25,472	40	25,512
Reclassification of net assets	33,721	(33,721)	-
Net assets released from restrictions	6,789,648	(6,789,648)	-
Total Revenue and Support	8,712,313	3,245,355	11,957,668
Expenses			
Program expenses	6,283,319	-	6,283,319
Management and general	369,117	-	369,117
Fundraising	394,933	-	394,933
Total Expenses	7,047,369	-	7,047,369
Change in Net Assets	1,673,944	3,236,355	4,910,299
Net Position - beginning of year	(199,275)	39,052,491	38,853,216
Net Position - end of year	$ 1,474,669	$ 42,288,846	$ 43,763,515

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contribution of cash and the financial assets	$ 191,458	$ 5,445,278	$ 5,636,736
Fundraising revenue	29,068	132,894	161,962
Contribution of nonfinancial assets	513,010	891,449	1,404,459
Net investment return	697,250	3,539,473	4,236,723
Service agreement income - Western Colorado University	270,000	-	270,000
Royalties	-	45,152	45,152
Reclassification of net assets	(425,103)	425,103	-
Net assets released from restrictions	4,891,554	(4,891,554)	-
Total Revenue and Support	6,167,237	5,587,795	11,755,032
Expenses			
Program expenses	4,235,033	-	4,235,033
Management and general	424,137	-	424,137
Fundraising	613,785	-	613,785
Total Expenses	5,272,955	-	5,272,955
Change in Net Assets	894,282	5,587,795	6,482,077
Net Position - beginning of year	(1,093,557)	33,464,696	32,371,139
Net Position - end of year	$ (199,275)	$ 39,052,491	$ 38,853,216

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended June 30, 2024

	Program Expenses	Management and General	Fundraising	Total
Total Expenses				
Personnel costs	$ 855,422	$ 202,047	$ 156,846	$ 1,214,315
Scholarships	1,678,417	-	-	1,678,417
In-Kind expenses	1,072,640	14,000	-	1,086,640
Supplies and equipment	594,040	-	-	594,040
Travel	590,177	-	-	590,177
Direct cost of fundraising	-	-	69,138	69,138
Official functions	157,150	-	6,514	163,664
Dues, registrations, memberships, subscriptions	106,441	7,469	-	113,910
Capital equipment and software	1,079,275	33,629	25,369	1,138,273
Bad debt expense	-	-	30,784	30,784
Professional fees	26,066	33,327	-	59,393
Other fundraising expenses	-	-	93,800	93,800
Annuity disbursements	87,049	-	-	87,049
Depreciation expense	-	27,604	-	27,604
Insurance	8,656	14,712	-	23,368
Advertising	6,137	-	-	6,137
Maintenance	14,631	-	-	14,631
Board of director's expenses	-	10,664	-	10,664
Administrative	-	13,939	-	13,939
Publication costs	-	-	8,391	8,391
Miscellaneous	3,195	1,550	-	4,745
Office supplies	-	10,176	-	10,176
Director's expense	-	-	4,091	4,091
Property taxes	4,023	-	-	4,023
Net Position - end of year	$ 6,283,319	$ 369,117	$ 394,933	$ 7,047,369

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended June 30, 2023

	Program Expenses	Management and General	Fundraising	Total
Total Expenses				
Personnel costs	$ 869,072	$ 283,501	$ 209,291	$ 1,361,864
Scholarships	1,256,561	-	-	1,256,561
In-Kind expenses	891,449	14,000	-	905,449
Supplies and equipment	415,222	-	-	415,222
Travel	395,143	-	-	395,143
Direct cost of fundraising	-	-	175,164	175,164
Official functions	116,975	-	-	116,975
Dues, registrations, memberships, subscriptions	116,151	135	-	116,286
Capital equipment and software	44,221	33,858	25,542	103,621
Bad debt expense	-	-	77,839	77,839
Professional fees	43,692	19,451	-	63,143
Prizes	-	-	60,588	60,588
Other fundraising expenses	-	-	50,348	50,348
Annuity disbursements	47,743	-	-	47,743
Depreciation expense	-	27,797	-	27,797
Insurance	3,043	16,981	-	20,024
Advertising	16,900	-	-	16,900
Board of director's expenses	-	14,958	-	14,958
Administrative	8,334	4,105	-	12,439
Publication costs	-	-	11,725	11,725
Miscellaneous	8,364	1,306	-	9,670
Office supplies	-	8,045	-	8,045
Director's expense	-	-	2,857	2,857
Property taxes	2,163	-	-	2,163
Capital campaign	-	-	431	431
Net Position - end of year	$ 4,235,033	$ 424,137	$ 613,785	$ 5,272,955

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Changes in net assets	$ 4,910,299	$ 6,482,077
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	27,604	27,797
Bad debt expense (recovery)	30,784	77,839
Collections of contributions restricted to endowments	(4,000)	(35,000)
Net realized and unrealized (gains) and losses on investments	(4,085,678)	(3,191,597)
Net realized and unrealized (gains) and losses on derivatives	(846,725)	(689,750)
Realized (gain) loss on sale/disposal of assets	773	2,058
(Increase) decrease in value of life insurance policy	(27,797)	(28,633)
Capitalized contribution of non-financial asset	(500,000)	(842,271)
Net change in split interest liabilities	(22,290)	334,005
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	71,760	(108,478)
(Increase) decrease in promises to give	91,442	(1,111,248)
(Decrease) increase in accounts payable	333,779	(71,408)
(Decrease) increase in accrued liabilities	-	(25,849)
Net cash from (used by) Operating Activities	(20,049)	819,542
Cash Flows From Investing Activities		
Purchase of operating investments	(33,633,016)	(8,653,964)
Purchase of derivatives	-	(1,250,000)
Proceeds from sales and maturities of marketable investments	33,523,794	7,735,055
Proceeds from sales of derivatives	-	400,000
Net cash from (used by) Investing Activities	(109,222)	(1,768,909)
Cash Flows From Financing Activities		
Proceeds from notes receivable	78,612	-
Collections of contributions restricted to endowments	4,000	35,000
Net cash from (used by) Financing Activities	82,612	35,000
Net change in cash and cash equivalents	(46,659)	(914,367)
Cash and cash equivalents - beginning of year	267,697	1,182,064
Cash and cash equivalents - end of year	$ 221,038	$ 267,697

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Western Colorado University (the University) is a public institution of higher education of the State of Colorado (the State). Operations are funded largely through student tuition and fees. As an institution of the State, the University's operations and activities are funded partially through fee-for-service contracts with the State.

Governance

Effective July 1, 2003, Colorado Revised Statute (C.R.S.) 23-56-102 established the Board of Trustees (the Trustees) of the University to serve as the University's governing board. Nine of the eleven Trustees are members outside the University who are appointed by the Governor with the consent of the Senate. The remaining two members consist of a student, elected by the student body, and a faculty member, elected by full-time faculty. Both of these members are nonvoting members. The Trustees have full authority and responsibility for the control and governance of the University, including such areas as role and mission, academic programs, curriculum, admissions, finance, and personnel policies. To exercise their authority appropriately, the Trustees regularly establish policies designed to enable the University to perform its statutory functions in a rational and systematic manner. To assist them in meeting their responsibilities, the Trustees delegate to the President the authority to interpret and administer their policies in all areas of operations.

Reporting Entity

The accompanying financial statements reflect the financial activities of the University for the fiscal years ended June 30, 2024 and 2023. The University is an institution of higher education of the State. Thus, for financial reporting purposes, the University is included as part of the State's primary government. A copy of the State's Annual Comprehensive Financial Report may be obtained from the Colorado Office of the State Controller (OSC), Department of Personnel and Administration (DPA), Denver, Colorado.

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management has determined that the Western Colorado University Foundation (the Foundation) meets the criteria to be included in the University's financial statements as a discretely presented component unit. The Foundation was incorporated on August 22, 1975 under the laws of the State. The purpose of the Foundation is to aid, directly or indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions. A full copy of the Foundation's financial statements may be obtained from the Western Colorado University Foundation, 909 East Escalante Drive, P.O. Box 1264, Gunnison, CO 81230.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB 61) and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* paragraph 47, (GASB 39) the discrete presentation of the Foundation's financial statements appears on separate pages from the University. The Foundation warrants inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the University. Please see Note K for additional discussion.

The financial statements of the Foundation are prepared on the accrual basis and follow the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Because the Foundation uses a different GAAP reporting model and following the GASB Statement No. 39 recommendation, its financial information is not presented on the same page as the University but is reported on separate pages after the University's financial statements. The separate financials include the statements of financial position, the statements of activities, the statements of functional expenses, and the statements of cash flows.

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, liabilities, deferred outflows of resources, and deferred inflows of resources and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For the purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the Colorado State Treasurer (the Treasurer) and all highly liquid investments with an original maturity of three months or less.

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

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

Pledge Receivable
Pledge receivable includes amounts due from a private donor. The University does not report pledges at a discounted value.

Student Loans Receivable
Student loans receivable consists of amounts due from students related to loans awarded to students through the Federal Perkins Loan program. The Federal Perkins Loan program ended on September 30, 2017 with final disbursements through June 30, 2018. Student loans receivable includes existing Perkins Loans, but not new Perkins Loans. The University records the current portion of the receivable as the amount of principal their third-party service provider has collected in the current year and this approximates the amount estimated to be collected in the following year. Student loans receivable are reported net of estimated uncollectible amounts. The University assumes that loan receivables over two years past due are 100 percent uncollectible for reporting purposes.

Inventories
Inventories consist primarily of bookstore inventory and consumable supplies and are stated at the lower of cost or market as determined by the FIFO (first-in, first-out) method. The valuation of the bookstore inventory is determined by the retail FIFO method which involves pricing items at current selling prices reduced to the lower of cost or market by the application of an average markup ratio.

Capital Assets
Capital assets are stated at cost at date of acquisition or fair market value at date of donation. The University capitalizes only those assets with an initial cost or fair market value greater than or equal to $5,000 for equipment. For renovations and improvements, the University capitalizes only those projects with a value of $50,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 10 to 70 years for buildings and building improvements, 3 to 10 years for equipment and library materials, and 10 to 100 years for depreciable land improvements. State capital construction revenues are recognized only to the extent of current expenditures. Controlled maintenance (corrective repairs or replacements to existing facilities) funded by the State is recorded as state appropriated revenue and the assets are recorded to the extent that expenditures qualify for capitalization.

Assets recorded under leases are recorded at the present value of future lease payments and are amortized over either the term of the lease or the estimated useful life of the asset, whichever period is shorter. Assets recorded under subscription-based IT arrangements are recorded at the present value of future subscription payments, including certain prepaid implementation costs, and are amortized over either the term of the subscription or the estimated useful life of the asset, whichever period is shorter.

Donated Software
The University receives certain software used in its academic programs as donations from software providers. These software providers sell their products to for-profit entities operating in the petroleum geology and geospatial analytics industries, but provide the software to higher education institutions as no-cost grants for academic use only over specified time periods. The University does not recognize a donation value for these software grants in its financial statements because there is no estimated fair value due to the fact that the use of the software is restricted and non-transferable.

Unearned Revenue
Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

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

Deferred Outflows of Resources and Deferred Inflows of Resources
GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of net position to include:

- Assets – resources with a present service capacity under University control.
- Deferred Outflows of Resources – consumption of net assets by the University that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the University that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of net position.

See Notes G and H for detail of the composition of the University's deferred outflows and deferred inflows related to pension and OPEB.

Classification of Revenue
The University has classified its revenues as either operating revenues, nonoperating revenues, or capital contributions according to the following criteria:

Operating Revenue – Operating revenue generally results from providing goods and services for instruction, public service or related support services to an individual or to an entity separate from the University such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) grant and contract revenues.

Nonoperating Revenue – Nonoperating revenue is that revenue which does not meet the definition of operating revenue. Nonoperating revenue includes Federal Pell grants, the Federal Build America Bond interest subsidy, grants received as a result of COVID-19 federal relief funding, and investment income.

Capital Contributions – Donations of capital assets and contributions to the University earmarked for capital asset acquisition are classified as capital contributions and are reported separately from operating and nonoperating revenues.

Scholarship Allowances
Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the differences 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 the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenue in the University's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the

University has recorded a scholarship allowance. The scholarship allowances on tuition, fees and housing for the years ended June 30, 2024 and 2023 were $14,190,475 and $13,448,471.

Net Position

The University's net position is classified as follows:

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

Restricted Net Position – Expendable – Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises, unless otherwise pledged or restricted. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. Certain net position is unrestricted but designated by the Trustees for specific purposes.

Net assets of the Foundation are classified based on the existence or absence of donor or grantor-imposed restrictions into two categories: net assets without donor restrictions and net assets with donor restrictions. Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by a donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Most of the Foundation's unconditional promises to give are due within the next five years.

Application of Restricted and Unrestricted Resources

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

Reconciliation to Other Reports

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

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code (IRC) and a similar provision of State law. However, the University is subject to income tax on any unrelated business taxable income. The University did not have any significant unrelated business taxable income in fiscal year 2024 or 2023.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the IRC and classified by the Internal Revenue Service (IRS) as other than a private foundation.

Adoption of New Accounting Standard
In the fiscal year ended June 30, 2023, the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 establishes accounting and financial reporting standards for measuring and recognizing assets, liabilities, and expenses for the University's subscription-based IT contracts. Additional information on these arrangements can be found in Notes D and F.

NOTE B – CASH AND INVESTMENTS

Cash on Hand and in Local Banks
At June 30, cash on hand and in local banks consisted of the following:

	2024	2023
Cash on hand	$ 50,490	$ 23,146
Cash in local banks	4,802,452	3,342,036
	$ 4,852,942	$ 3,365,182

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. To manage custodial credit risk, deposits with U.S. and foreign financial institutions are made in accordance with University and State policy, 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 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under PDPA are considered to be collateralized with securities held by the pledging institution in the University's name.

State Treasurer's Pooled Cash and Investments
The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2024 and 2023, the University had cash on deposit with the State Treasurer of $18,425,757 and $23,274,579 which represented approximately 0.09 percent and 0.12 percent of the total $18,095.0 million and $18,810.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2024, the Pool's resources included $38.5 million of cash on hand and $18,056.6 million of investments. As of June 30, 2023, the Pool's resources included $35.0 million of cash on hand and $18,775.8 million of investments.

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.

Additional information on investments of the State Treasurer's Pool may be obtained in the state's Annual Comprehensive Financial Report for the year ended June 30, 2024.

Investments
At June 30, 2024 and 2023, the University has an investment of $130,138 and $130,138, respectively, in U.S. Treasury STRIPS related to a bond sinking fund. This investment is carried at fair value based on quoted prices in active markets for identical assets.

NOTE C – RECEIVABLES AND ACCRUED LIABILITIES

At June 30, receivable balances were as follows:

2024	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 2,953,363	$ (665,345)	$ 2,288,018
Other accounts receivable	3,496,434	-	3,496,434
Pledge receivable	2,100,000	-	2,100,000
Student loans receivable	17,256	(15,183)	2,073
Noncurrent pledge receivable	7,037,529	-	7,037,529
Noncurrent student loans receivable	80,205	(70,571)	9,634

2023	Gross Receivable	Allowance for Uncollectible Amounts	Net Receivable
Student accounts receivable	$ 2,067,492	$ (596,725)	$ 1,470,767
Other accounts receivable	2,115,323	-	2,115,323
Pledge receivable	2,100,000	-	2,100,000
Student loans receivable	26,123	(23,357)	2,766
Noncurrent pledge receivable	8,862,596	-	8,862,596
Noncurrent student loans receivable	223,384	(199,732)	23,652

At June 30, accrued liabilities balances were as follows:

	2024	2023
Accrued payroll and benefits	$ 1,736,523	$ 1,343,092
Retainage payable	-	13,425
Accrued interest payable	610,888	584,885
Other	140,645	145,035
Total Accrued Liabilities	$ 2,488,056	$ 2,086,437

NOTE D – CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the years ended June 30, 2024 and 2023.

	Balance June 30, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	3,721,705	4,322,677	(7,801,348)	243,034
Total Nondepreciable Capital Assets	8,129,524	4,322,677	(7,801,348)	4,650,853
Depreciable Capital Assets				
Land improvements	7,877,118	2,400,726	1,531,545	11,809,389
Buildings and improvements	275,462,366	41,055,491	1,311,243	317,829,100
Furniture and equipment	8,518,460	1,190,315	(80,597)	9,628,178
Right to use: Subscription-based IT	5,271,038	1,850,636	4,958,560	12,080,234
Right to use: Lease	-	1,439,506	-	1,439,506
Library materials	6,141,172	20,844	-	6,162,016
Total Depreciable Capital Assets	303,270,154	47,957,518	7,720,751	358,948,423
Less: Accumulated depreciation/amortization				
Land improvements	(518,247)	(423,278)	-	(941,525)
Buildings and improvements	(102,342,638)	(5,785,965)	-	(108,128,603)
Furniture and equipment	(4,388,902)	(691,233)	40,299	(5,039,836)
Right to use: Subscription-based IT	(533,195)	(959,636)	-	(1,492,831)
Right to use: Lease	-	(332,114)	-	(332,114)
Library materials	(6,001,547)	(32,979)	-	(6,034,526)
Total Accumulated Depreciation/Amortization	(113,784,529)	(8,225,205)	40,299	(121,969,435)
Net Depreciable Capital Assets	$ 189,485,625	$ 39,732,313	$ 7,761,050	$ 236,978,988

	Balance June 30, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Nondepreciable Capital Assets				
Land	$ 2,503,736	$ -	$ -	$ 2,503,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	2,790,353	4,570,220	(3,638,868)	3,721,705
Total Nondepreciable Capital Assets	$ 7,198,172	$ 4,570,220	$ (3,638,868)	$ 8,129,524
Depreciable Capital Assets				
Land improvements	$ 7,132,440	$ -	$ 744,678	$ 7,877,118
Buildings and improvements	275,485,029	-	(22,663)	275,462,366
Furniture and equipment	8,156,248	406,015	(43,803)	8,518,460
Right to use: Subscription-based IT	327,959	2,651,914	2,291,165	5,271,038
Library materials	6,131,969	9,203	-	6,141,172

	Balance June 30, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Total Depreciable Capital Assets	297,233,645	3,067,132	2,969,377	303,270,154
Less: Accumulated depreciation/amortization				
Land improvements	(777,744)	(253,442)	512,939	(518,247)
Buildings and improvements	(97,344,282)	(5,021,019)	22,663	(102,342,638)
Furniture and equipment	(3,752,617)	(662,688)	26,403	(4,388,902)
Right to use: Subscription-based IT	(109,320)	(423,875)	-	(533,195)
Library materials	(5,964,863)	(36,684)	-	(6,001,547)
Total Accumulated Depreciation/Amortization	(107,948,826)	(6,397,708)	562,005	(113,784,529)
Net Depreciable Capital Assets	$ 189,284,819	$ (3,330,576)	$ 3,531,382	$ 189,485,625

Property and equipment for the Foundation consists of the following as of June 30:

	2024	2023
Land	$ 1,313,225	$ 813,225
Buildings and improvements	1,108,583	1,108,583
Furniture and equipment	105,360	106,713
	2,527,168	2,028,521
Less: Accumulated depreciation	(1,097,749)	(1,070,725)
	$ 1,429,419	$ 957,796

NOTE E – NONCURRENT LIABILITIES

The University's noncurrent liability activity for the years ended June 30, 2024 and 2023 was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due within One Year
Debt					
Bonds	$ 73,900,000	$ -	$ 2,415,000	$ 71,485,000	$ 2,530,000
Bond Premium	2,281,861	-	140,570	2,141,291	-
Direct Borrowing	3,600,000	-	270,000	3,330,000	280,000
	79,781,861	-	2,825,570	76,956,291	2,810,000
Other Liabilities					
Compensated Absences	1,129,435	387,369	173,657	1,343,147	173,657
IT Subscription	2,679,644	1,850,635	476,820	4,053,459	748,739
Lease	-	1,439,506	298,689	1,140,817	431,801
OPEB Liability, net	466,240	-	11,138	455,102	-
Pension Liability, net	19,915,731	55,042	-	19,970,773	-
	24,191,050	3,732,552	960,304	26,963,298	1,354,197
Total Noncurrent Liabilities	$ 103,972,911	$ 3,732,552	$ 3,785,874	$ 103,919,589	$ 4,164,197

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due within One Year
Debt					
Bonds	$ 76,225,000	$ -	$ 2,325,000	$ 73,900,000	$ 2,415,000
Bond Premium	2,422,432	-	140,571	2,281,861	-
Direct Borrowing	3,860,000	-	260,000	3,600,000	270,000
	82,507,432	-	2,725,571	79,781,861	2,685,000
Other Liabilities					
Compensated Absences	1,156,501	216,479	243,545	1,129,435	243,545
IT Subscription	221,726	2,651,914	193,996	2,679,644	476,820
OPEB Liability, net	480,850	-	14,610	466,240	-
Pension Liability, net	13,125,559	6,790,172	-	19,915,731	-
	14,984,636	9,658,565	452,151	24,191,050	720,365
Total Noncurrent Liabilities	$ 97,492,068	$ 9,658,565	$ 3,177,722	$ 103,972,911	$ 3,405,365

On June 29, 2010, the University issued $48,020,000 in Institutional Revenue Enterprise Bonds (Taxable Direct Payment Build America Bonds), Series 2010B with an interest rate of 7.0 percent offset by a Build America Bond Federal Direct Payment subsidy equal to 35.0 percent of the interest payable on the Series 2010B bonds. The 2010B bonds begin to mature on May 15, 2027 in increasing amounts through May 15, 2045. The bonds are to be paid from Institutional Enterprise Revenues. Series 2010B bonds along with Series 2010A bonds (fully matured in 2020) were used to finance a new student apartment complex and a new sports complex/field house. At June 30, 2024 and 2023, the outstanding principal on the 2010B bonds was $48,020,000.

On June 29, 2010, the University issued $1,635,000 in Institutional Enterprise Bonds (Taxable Direct Payment Qualified Energy Conservation Bonds), Series 2010C with an interest rate of 6.448 percent offset by a Qualified Energy Conservation Bond Federal Direct Payment subsidy equal to the lesser of 100.0 percent of the corresponding interest payable on the Qualified Energy Conservation Bond on the interest payment date and 70.0 percent of the amount of the interest which would have been payable on such interest payment date if such rate were determined at the applicable credit rate set by the United States Treasury and in effect on the first day on which there was a binding written contract for the sale of the bonds. The 2010C bonds began to mature on May 15, 2020 and continue to mature in increasing amounts through May 15, 2027. The bonds are to be paid from Institutional Enterprise Revenues. The Series 2010C bonds were used to finance energy improvements on campus. At June 30, 2024 and 2023, the outstanding principal on the 2010C bonds was $660,000 and $865,000.

On December 13, 2011, the University issued $6,180,000 in Institutional Enterprise Revenue Refunding Bonds (Tax Exempt) Series 2011A with an average interest rate of 3.228 percent and interest rates ranging from 2.75 percent to 3.625 percent. The 2011A bonds began to mature on May 15, 2019 and continue to mature in increasing amounts through May 15, 2025. The bonds are paid from Institutional Enterprise Revenues. The proceeds of the Series 2011A bonds plus the proceeds of the Series 2011B bonds (fully matured in 2019) and the Series 2003 bond debt service reserve fund were used to advance refund the Auxiliary Facilities System Refunding Bonds, Series 2003A and the Auxiliary Facilities System Improvement Bonds, Series 2003B. The Series 2011 bonds resulted in a cash flow savings of $318,617 and an economic loss of $1,321,383. At June 30, 2024 and 2023, the outstanding principal on the 2011A bonds was $755,000 and $1,770,000.

On September 29, 2016, the University issued $26,995,000 in Auxiliary Facility Revenue Refunding Bonds (Tax-Exempt) Series 2016 with an average interest rate of 3.688 percent. The 2016 bonds began maturing on May 15, 2017 and continue to mature in increasing amounts through May 15, 2039. Interest rates range from 2.0 percent on bonds that matured May 15, 2017 to 5.0 percent on bonds maturing May 15, 2021 through May 15, 2027. The 2016 bonds are collateralized by a pledge of net Institutional Enterprise Revenues. The proceeds of the Series 2016 Bonds were deposited in an irrevocable escrow account to provide for all future debt service payments on the Series 2009 Bonds (fully matured in 2019) and a portion of the Series 2010A Bonds. The 2016 advance refunding resulted in the recognition of a $3.0 million accounting loss, which will be recognized over the term of the debt, however, the University reduced its aggregate debt service payments by $4.7 million over the next 20 years and obtained an economic gain of $3.6 million. At June 30, 2024 and 2023, the outstanding principal on the 2016 bonds was $22,050,000 and $23,245,000.

On June 30, 2019, the Foundation transferred its ownership of the Borick Business Building and the University Center Condominium Unit Two to the University. The University recorded these assets at the Foundation's book value, including accumulated depreciation. In a related transaction, on January 11, 2019 the University issued $4,535,000 in Institutional Enterprise Revenue Refunding Bonds Series 2019 via a direct borrowing with an interest rate of 3.7 percent. The 2019 bonds began maturing on May 15, 2020 and continue in increasing amounts through January 11, 2034. The 2019 bonds are collateralized by a pledge of net Institutional Enterprise Revenues. The proceeds of the 2019 bonds were used to refund higher cost debt of the Foundation related to the University Center Condominium Unit Two and to acquire certain buildings owned by the Foundation. At June 30, 2024 and 2023, the outstanding principal on the 2019 bonds was $3,330,000 and $3,600,000.

At June 30, 2024, debt principal and interest requirements to maturity are as follows:

	Bonds		Direct Borrowing	
Year Ending June 30	Principal	Interest	Principal	Interest
2025	$ 2,530,000	$ 4,268,175	$ 280,000	$ 123,543
2026	2,500,000	4,148,944	290,000	113,155
2027	2,750,000	4,020,758	300,000	102,396
2028	2,645,000	3,851,500	315,000	91,266
2029	2,760,000	3,701,000	325,000	79,579
2030-2034	15,665,000	16,008,700	1,820,000	202,898
2035-2039	19,120,000	11,369,500	-	-
2040-2044	19,145,000	5,668,250	-	-
2045-2049	4,370,000	305,900	-	-
Total Debt Service	$ 71,485,000	$ 53,342,727	$ 3,330,000	$ 712,837

The University has six information technology contracts recognized as long-term subscription-based information technology arrangements under GASB 96. These contracts provide the University access to various higher education focused software, including a learning management system, an information management system, a donor relationship management system, the University's Enterprise Resource Planning system, the University's Student Information Services system, and a wireless network management software.

As of June 30, 2024, the subscription term has commenced all of these contracts and a related IT subscription liability has been recognized. The expiration dates on these contracts vary: one expires in June 2024, one in December 2026, one in June 2029, one in June 2031, and two in July 2031.

At June 30, 2024, IT subscription liability principal and interest requirements to term expiration are as follows:

Year Ending June 30	Principal	Interest
2025	$ 748,739	$ 67,206
2026	614,701	57,523
2027	538,401	47,628
2028	548,143	37,886
2029	558,106	27,923
2030-2034	1,045,369	26,689
Total	$ 4,053,459	$ 264,855

The University has one lease agreement recognized under GASB Statement No. 87, *Leases*. This lease provides the University access to 16 housing units, which the University then sub-leases to faculty and staff. The lease commencement dates vary, ranging from May 2023 to January 2024 and lasting between 36 and 42 months. The latest termination date is June 2027.

As of June 30, 2024, all lease terms have commenced and a related lease liability has been recognized. The sub-lease contracts last 12 months or fewer, and the related revenue is recognized based on the terms in the lease.

At June 30, 2024, lease liability principal and interest requirements to term expiration are as follows:

Year Ending June 30	Principal	Interest
2025	$ 431,801	$ 30,698
2026	451,155	18,946
2027	257,861	6,664
Total	$ 1,140,817	$ 56,308

Foundation Note Payable

The Foundation obtained a $240,000 line of credit with a local financial institution. The line of credit matures on October 12, 2027. The interest rate is Wall Street Prime plus 0.25 percent, which is currently at 8.5 percent. The first draw on the line of credit was made June 25, 2024. The balance outstanding at June 30, 2024 was $78,612.

NOTE F – COMPENSATED ABSENCE LIABILITY FOR ANNUAL, COMPENSATORY, AND SICK LEAVE

University employees may accrue annual and sick leave, based on length of service, and subject to certain limitations regarding the amount to be paid upon termination. Additionally, certain University employees are eligible for compensatory time off for overtime worked, subject to maximums after which the overtime is paid out. The estimated cost of compensated absences for which employees are vested for the year ended June 30, 2024 is $1,343,147. In fiscal year 2024, expenses were increased by $213,712 related to the increase in the estimated compensated absence liability. The estimated cost of compensated absences for which employees are vested for the year ended June 30, 2023 is $1,129,435. In fiscal year 2023, expenses were reduced by $27,066 related to the decrease in the estimated compensated absence liability.

NOTE G – EMPLOYEE PENSION PLANS

A. Optional Retirement Plan

On September 10, 1993, the Trustees adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff under the authority of Senate Bill 92-127. The implementation date was May 1, 1994; on that date, eligible employees were offered the choice of remaining in the pension plan administered by the Public Employees' Retirement Association of Colorado (PERA) or participating in the ORP. New faculty and administrative staff members, with appointments of 0.5 FTE and greater, are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREF, and VALIC, providing a range of investment accounts for participants. The University's contribution to the ORP is 11.4 percent of covered payroll, and contributions by employees are 8 percent of covered payroll.

The University's contributions to the ORP for fiscal years ending June 30, 2024 and 2023 were $2,265,499 and $2,011,711. These contributions were equal to the required contributions for each year. All ORP contributions are immediately invested in the employee's account. Normal retirement for the ORP is age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

Some exempt employees of the University have elected to continue as members with PERA; the rest participate in the ORP.

B. Colorado Public Employees' Retirement Association – Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the PERA Pension Plan

Plan description. Eligible employees of the University are provided with pensions through the SDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure, will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of the 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions: Eligible employees of the University and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Employee and employer contribution rates for the period of July 1, 2022 through June 30, 2024 are summarized in the table below:

	January 1, 2024 to June 30, 2024	July 1, 2023 to December 31, 2023	January 1, 2023 to June 30, 2023	July 1, 2022 to December 31, 2022
Employee Contribution Rate[1]	11.00%	11.00%	11.00%	11.00%
Employer Contribution Rate[1]	11.40%	11.40%	11.40%	11.40%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f) [1]	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF[1]	10.38%	10.38%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.21%	0.17%	0.17%	0.10%
Total Employer Contribution Rate to the SDTF[1]	20.59%	20.55%	20.55%	20.48%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $1,663,231 and $1,319,302 for the years ended June 30, 2024 and 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024 and 2023, the University reported a liability of $19,970,773 and $19,915,731 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2023 for fiscal year 2024 and as of December 31, 2022 for fiscal year 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation from the preceding December 31. Standard update procedures were used to roll-forward the total pension liability to December 31, 2023 and 2022. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2023 (for fiscal year 2024) and 2022 (for fiscal year 2023) relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At December 31, 2023 and 2022, the University's proportion was 0.1975 percent and 0.1832 percent.

For the years ended June 30, 2024 and 2023, the University recognized non-cash pension expense of $49,607 and $457,915. Additionally, in fiscal year 2024 and 2023, the University recognized non-cash revenue of $32,055 and $363,137 for support from the State as a non-employer contributing entity.

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2024	2023	2024	2023
Difference between expected and actual experience in the measurement of the total pension liability	$ 326,443	$ -	$ 106,044	$ 267,019
Changes in assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,450,475	2,531,957	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	927,746	427,178	83,077	4,436
Employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	827,881	618,253	-	-
Total	$ 3,532,545	$ 3,577,388	$ 189,121	$ 271,455

The amounts reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Amortization
2025	$759,829
2026	930,269
2027	1,219,369
2028	(393,924)
2029	-

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00 percent
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31,2023 measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the projection test described in GASB Statement No. 67, *Financial Reporting for Pension Plans*.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent (for both 2024 and 2023), as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net pension liability – 2024	$ 26,101,782	$ 19,970,773	$ 14,815,431
Proportionate share of the net pension liability – 2023	$ 25,459,944	$ 19,915,731	$ 15,251,997

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

C. PERA Voluntary Investment Program

Plan Description. Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings.

D. PERA Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description. Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy. All participating employees in the PERA DC Plan and the University are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2024 are summarized in the tables below:

	January 1, 2024 to June 30, 2024	July 1, 2023 to December 31, 2023	January 1, 2023 to June 30, 2023	July 1, 2022 to December 31, 2022
Employee Contribution Rate[1]	11.00%	11.00%	11.00%	11.00%
Employer Contribution Rate[1]	10.15%	10.15%	10.15%	10.15%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. Section 24-51-413	1.00%	1.00%	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. Section 24-51-401 and Section 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415[1]	0.21%	0.17%	0.17%	0.10%
Total Employer Contribution Rate to the SDTF[1]	21.61%	21.57%	21.57%	21.50%

[1] Contribution rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense.

E. PERA Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of the University may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the PERAPlus 457 Plan. That report can be obtained at copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions and investment earnings.

F. Student-Employees Defined Contribution Plan

Beginning in fiscal year 1993, in accordance with the provisions of CRS 24-54.6-101 through 106 and as provided in IRC 403(b), the State of Colorado Department of Higher Education established the Colorado Student-Employees Defined Contribution Pension Plan administered by TIAA-CREF. Student-employees not currently attending classes are required to participate. The plan requires a 7.50 percent employee contribution and no employer contribution. For the fiscal years ended June 30, 2024 and 2023, total payroll upon which the plan contributions were based was $535,668 and $526,309.

NOTE H – POSTEMPLOYMENT HEALTH CARE BENEFITS

Defined Benefit Other Postemployment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The University participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the University are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual report that can be obtained at copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. Section 24-51-1202 *et seq*. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were $75,599 and $60,143 for the years ended June 30, 2024 and 2023.

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

At June 30, 2024 and 2023, the University reported liabilities of $455,102 and $466,240 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023 for fiscal year 2024 and December 31, 2022 for fiscal year 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation from the preceding December 31. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023 and 2022. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2023 (for fiscal year 2024) and 2022 (for fiscal year 2023) relative to the total contributions of participating employers to the HCTF. At December 31, 2023 and 2022, the University's proportion was 0.0638 percent and 0.0571 percent.

For the years ended June 30, 2024 and 2023, the University recognized non-cash OPEB income of $100,495 and $75,803.

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2024	2023	2024	2023
Difference between expected and actual experience in the measurement of the total OPEB liability	$ -	$ 61	$ 93,277	$ 112,753
Changes in assumptions or other inputs	5,352	7,494	48,256	51,458
Net difference between projected and actual earnings on OPEB plan investments	14,075	28,477	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	69,756	14,361	35,106	52,983
Employer's contributions to the plan subsequent to the measurement date of the collective OPEB liability	38,319	28,306	-	-
Total	$ 127,502	$ 78,699	$ 176,639	$ 217,194

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amortization
2025	($62,857)
2026	(26,164)
2027	1,605
2028	(8,033)
2029	4,501
Thereafter	3,492

Actuarial assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 to 10.90 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans[1]	7.00 percent in 2023, gradually decreasing to 4.50 percent in 2033
Medicare Part A premiums	3.50 percent in 2023, gradually increasing to 4.50 percent in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

[1] UnitedHealthcare MAPD PPO Plans are zero percent for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions.

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

	MAPD PPO#1 with Medicare Part A (Retiree/Spouse)		MAPD PPO#2 with Medicare Part A (Retiree/Spouse)		MAPD HMO (Kaiser) with Medicare Part A (Retiree/Spouse)	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 1,692	$ 1,406	$ 579	$ 481	$ 1,913	$ 1,589
70	1,901	1,573	650	538	2,149	1,778
75	2,100	1,653	718	566	2,375	1,869

	MAPD PPO#1 without Medicare Part A (Retiree/Spouse)		MAPD PPO#2 without Medicare Part A (Retiree/Spouse)		MAPD HMO (Kaiser) without Medicare Part A (Retiree/Spouse)	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 6,469	$ 5,373	$ 4,198	$ 3,487	$ 6,719	$ 5,581
70	7,266	6,011	4,715	3,900	7,546	6,243
75	8,026	6,319	5,208	4,101	8,336	6,563

The 2023 Medicare Part A premium is $506 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%

Year	PERACare Medicare Plans	Medicare Part A Premiums
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds, as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022 actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022 valuation were based on the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability – 2024	$ 442,040	$ 455,102	$ 469,311
Proportionate share of the net OPEB liability – 2023	$ 453,043	$ 466,240	$ 480,599

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the projection test described in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- As of the December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023 and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent (for both 2024 and 2023), as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the net OPEB liability – 2024	$ 537,533	$ 455,102	$ 384,583
Proportionate share of the net OPEB liability – 2023	$ 540,510	$ 466,240	$ 402,715

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

NOTE I – RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss to property ($10,000 deductible) and from liability from accidents or acts of nature ($1,000 deductible). Such risks are managed through a policy with Hanover Insurance Company. Worker's compensation insurance is provided by Pinnacol Assurance ($500 deductible).

NOTE J – SCHOLARSHIP ALLOWANCE

Tuition, fee and auxiliary revenue and the related scholarship allowances for the years ended June 30 were as follows:

2024	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 41,130,969	$ 14,301,125	$ 55,432,094
Scholarship allowances:			
Federal	(2,576,888)	(116,101)	(2,692,989)
State	(1,864,732)	(84,015)	(1,948,747)
Private	(1,940,200)	(87,415)	(2,027,615)
Institutional	(7,196,872)	(324,252)	(7,521,124)
Total Scholarship Allowances	(13,578,692)	(611,783)	(14,190,475)
Net Revenue	$ 27,552,277	$ 13,689,342	$ 41,241,619

2023	Tuition and Fees	Sales and Services of Auxiliary Enterprises	Total
Gross revenue	$ 39,084,256	$ 14,009,397	$ 53,093,653
Scholarship allowances:			
Federal	(2,256,177)	(97,833)	(2,354,010)
State	(1,650,892)	(71,586)	(1,722,478)
Private	(1,889,914)	(81,951)	(1,971,865)
Institutional	(7,092,570)	(307,548)	(7,400,118)
Total Scholarship Allowances	(12,889,553)	(558,918)	(13,448,471)
Net Revenue	$ 26,194,703	$ 13,450,479	$ 39,645,182

NOTE K – WESTERN COLORADO UNIVERSITY FOUNDATION

Foundation Investments

The Foundation's short-term investments are stated at fair value. At June 30, 2024 and 2023, the Foundation had investments with a cost of $33,608,809 and $25,882,382 and a fair value of $38,930,322 and $33,888,697.

Investment returns are as follows for the years ended June 30:

	2024	2023
Interest and dividend income	$ 664,483	$ 471,652
Net realized gains (losses)	846,725	321,683
Net unrealized gains (losses)	4,085,679	3,559,664
Investment expenses	(121,283)	(116,276)
Net investment earnings (loss)	$ 5,475,604	$ 4,236,723

Investment earnings are reported as follows in the Statements of Activities for the years ended June 30:

	2024	2023
Without donor restrictions	$ 787,058	$ 697,250
With donor restrictions	4,688,546	3,539,473
Net investment earnings	$ 5,475,604	$ 4,236,723

All fair value measurements for the Foundation's assets were determined based on quoted prices in active markets for identical assets (Level 1) or using significant other observable inputs (Level 2) as of June 30, 2024 and June 30, 2023:

	Fair Value as of June 30, 2024	Fair Value as of June 30, 2023
Cash & Cash Equivalents	$ 831,298	$ 986,474
Fixed Income	702,401	4,160,801
Equities	30,587,207	22,683,640
Other	6,809,416	6,057,782
Total Investments	$ 38,930,322	$ 33,888,697

Foundation Endowment

At June 30, 2024, the Foundation's endowment consists of approximately 90 individual funds established by donors to provide annual funding for a variety of purposes. During the years ended June 30, 2023 the foundation implemented new software. At that time, all agreements were reviewed again for proper placement. Approximately 15 funds were moved from endowments to quasi-endowments at that time. The quasi-endowment funds will fluctuate with actual earnings, additional contributions, and expenses. Those funds will not be included in the endowments. At June 30, 2024 and 2023 the endowment is made up of projects with donor restrictions.

The Board of Directors of the Foundation (the Foundation Board) has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation Board considers the following factors in making a decision to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Due to past stock market fluctuations and continued funding to the University, the fair value of assets associated with certain individual donor-restricted endowment funds has fallen below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2024 the net deficit in the endowments had been eliminated. However, at June 30, 2024, there were approximately nine funds underwater with that deficit totaling $333,377. At June 30, 2023, there were approximately 26 funds underwater with that deficit totaling $595,125.

According to the spending policy, the Foundation is not obligated to allocate for spending a stated percentage of its endowment assets in any given year. However, in order to achieve both reasonable stability in budgeting and a reasonable balance between near-term and distant programmatic priorities, the Foundation Board has adopted the following spending policy:

The allocation for spending in any given fiscal year shall equal:

- 70 percent of the inflation rate (three-year trailing average), plus,
- 30 percent of the endowment's investment returns (three-year trailing average).

This rate shall be applied to the market value of the endowed account (three-year trailing average) not including gifts made in the current fiscal year (to allow these gifts to accrue earnings). The corridor (or parameters) of the distribution from year to year will be between 3.5 percent and 6.5 percent, with the caveat that the Foundation Board's distribution committee may, with all available information, have the discretion to adjust slightly the distribution rate for a given year depending on short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's Investment/Distribution Goal Statement. The only exception to this policy shall be for endowment distributions tied directly to a faculty member's salary, such as an endowed chair. In this case, every effort will be made to maintain these distributions at 5 percent. The spending allocation rate was 3.5 percent for "above water" endowment funds and 3 percent for "underwater" endowment funds for the years ended June 30, 2024 and 2023 for endowed funds supporting scholarships and programs and 5 percent for endowed funds associated with salaries as mentioned above.

The total endowment spending allocation distributed for the years ended June 30, 2024 and 2023 was $465,496 and $558,333.

Endowment net asset composition as of June 30, 2024 and 2023 is as follows:

	2024	2023
Endowment Net Assets – Beginning	$ 8,835,417	$ 9,021,836
Contributions	14,494	99,686
Investment Income, net of fees	1,175,367	1,089,448
Net Assets Released from Restrictions:		
Amounts Appropriated for Expenditure	(276,255)	(367,128)
Change in Designation by Donor to Quasi-endowment	(269,158)	(1,008,425)
Endowment Net Assets – Ending	$ 9,479,865	$ 8,835,417

Promises to Give
Unconditional promises to give at June 30 consisted of the following:

	2024	2023
Restricted for Geiman Scholars	$ 1,654,154	$ -
Restricted for the Locke Accounting Scholarship for Women	1,035,000	1,115,000
Restricted for the Mountaineer Bowl Events Center	456,444	703,109
Restricted for School of Business Career Advancement	600,267	800,135
Restricted for scholarships or other purposes	498,413	1,010,355
Less: allowance for uncollectible contributions receivable	(212,214)	(181,430)
Gross unconditional promises to give	4,032,064	3,447,169
Less: unamortized discount	(1,197,779)	(490,658)
Net unconditional promises to give	$ 2,834,285	$ 2,956,511
Receivable in less than one year	$ 384,893	$ 777,677
Receivable in one to five years	1,698,133	1,576,085
Receivable after five years	751,259	602,749
Total	$ 2,834,285	$ 2,956,511

NOTE L – LEGISLATIVE APPROPRIATION

Appropriated Funds
The Colorado Legislature establishes spending authority for the University in its annual Long Appropriations Bill. Appropriated funds include an amount from the State's General Fund, as well as certain cash funds. Cash funds include tuition and certain other revenue sources. For the years ended June 30, 2024 and 2023, funds newly appropriated to the University for the College Opportunity Fund (COF) and Fee for Service were $20,443,587 and $18,339,012. Actual appropriated revenue earned and expended for COF and Fee for Service in those years matches the University's appropriation. Additionally, in the fiscal years ended June 30, 2024 and 2023, the University was appropriated $652,978 and $532,621 of indirect non-capital ARP Act funding by the State. In the fiscal years ended June 30, 2024 and June 30, 2023 the University carried over $779,404 and $702,735 of indirect non-capital ARP Act funding from prior fiscal years. In the fiscal years ended June 30, 2024 and 2023, the University expended $633,793 and $414,487 of those funds. The remaining appropriation of $798,588 will be carried over to future fiscal years.

The University also receives appropriations for capital construction and controlled maintenance. In the years ended June 30, 2024 and 2023, the University was newly appropriated $6,852,444 and $7,010,142 in capital appropriations, indirect capital ARP Act funding, and certificates of participation funding. Additionally, for the fiscal years ended June 30, 2024 and 2023, the University carried over $4,421,432 and $2,292,388 in capital appropriations from prior fiscal years. Actual appropriated capital revenue earned totaled $4,639,479 (2024) and $4,850,275 (2023), which was equal to actual appropriated expenditures.

The Long Appropriations Bill also includes an appropriation related to undergraduate tuition. In fiscal year 2024, the University had $26,268,423 in appropriations related to undergraduate tuition. The University recognized $22,108,516 in appropriated revenue and $22,108,516 in appropriated expenses. In fiscal year 2023, the University had $22,606,338 in appropriations related to undergraduate tuition.

The University recognized $16,416,589 in appropriated revenue and $16,416,589 in appropriated expenses.

Non-Appropriated Funds
All other revenues and expenditures reported by the University represent non-appropriated funds and are excluded from the Long Appropriations Bill. Non-appropriated funds include student fees, certain grants and contracts, gifts, graduate programs, indirect cost recoveries, certain auxiliary revenues and other revenue sources.

NOTE M – COVID-19

The COVID-19 pandemic had a significant impact on the University's operations in the fiscal year ended June 30, 2022. A total of three financial relief packages were passed by the federal government which included specific assistance for higher education. Funds were provided for emergency financial aid grants to students and to the University to help alleviate the impacts of expenses related to COVID-19 mitigation and lost revenue due to the pandemic. Funding was provided via the following legislation:

- Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA Act)
- American Rescue Plan Act of 2021 (ARP Act).

The following table shows the total funds awarded to the University for emergency student grants and institutional support as a result of the three emergency relief acts:

	Student Grants	Institutional Support
CARES Act	$ 676,670	$ 676,669
CRRSA Act	676,670	1,813,183
ARP Act	2,090,931	2,057,742
	$ 3,444,271	$ 4,547,594

In fiscal year 2023, the final $750 of this higher education specific aid was expended.

In addition, the State of Colorado is allocating portions of its ARP Act funding to support higher education. In the fiscal years ended June 30, 2024 and 2023, the State allocated $0.7 million and $0.5 million of ARP Act funding to the University to support various higher education initiatives. Of those funds, the University expended $0.6 million and $0.4 million in the fiscal years ended June 30, 2024 and 2023. Of these awards, $0.8 million was available as of June 30, 2024 for use in future fiscal years. The State of Colorado is also allocating ARP Act funding for certain capital projects. In the fiscal year ended June 30, 2023, the State allocated $7.0 million of ARP Act funding for University capital projects. The University expended $3.0 million and $3.7 million of those funds in the years ended June 30, 2024 and June 30, 2023, respectively.

Required Supplementary Information

Pensions and Other Post Employment Benefits

These schedules are presented to illustrate the requirements to show information for ten years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended June 30, *

	2024	2023	2022	2021	2020
University's proportion of the net pension liability	0.1974%	0.1832%	0.1780%	0.1734%	0.1821%
University's proportionate share of the net pension liability	$ 19,970,773	$ 19,915,731	$ 13,125,559	$ 16,444,652	$ 17,667,532
University's covered payroll	$ 8,135,393	$ 6,914,942	$ 6,459,485	$ 6,220,039	$ 6,137,241
University's proportionate share of the net pension liability as a percentage of its covered payroll	245.48%	288.01%	203.20%	264.38%	287.87%
Plan fiduciary net position as a percentage of the total pension liability	64.37%	60.63%	73.05%	65.34%	62.24%

	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.1917%	0.1951%	0.1860%	0.1950%	0.2016%
University's proportionate share of the net pension liability	$ 21,811,916	$ 39,047,629	$ 34,158,370	$ 20,538,558	$ 18,959,603
University's covered payroll	$ 6,139,091	$ 6,037,120	$ 5,573,306	$ 5,692,536	$ 5,625,076
University's proportionate share of the net pension liability as a percentage of its covered payroll	355.30%	646.79%	612.89%	360.80%	337.06%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.60%	56.10%	56.84%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.*

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS
TO PERA DEFINED BENEFIT PENSION PLAN
For the Years Ended June 30, *

	2024	2023	2022	2021	2020
Contractually required contribution	$ 1,631,176	$ 1,319,302	$ 1,241,573	$ 1,079,161	$ 1,107,587
Contributions in relation to the contractually required contribution	$ (1,631,176)	$ (1,319,302)	$ (1,241,573)	$ (1,079,161)	$ (1,107,587)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 8,447,606	$ 6,980,410	$ 6,423,103	$ 5,959,315	$ 6,166,613
Contributions as a percentage of covered payroll	19.31%	18.90%	19.33%	18.11%	17.96%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,133,491	$ 1,082,140	$ 1,030,617	$ 947,246	$ 901,931
Contributions in relation to the contractually required contribution	$ (1,133,491)	$ (1,082,140)	$ (1,030,617)	$ (947,246)	$ (901,931)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 6,262,882	$ 5,978,573	$ 5,835,267	$ 5,657,695	$ 5,589,953
Contributions as a percentage of covered payroll	18.10%	18.10%	17.66%	16.74%	16.13%

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY

For the Years Ended June 30, *

	2024	2023	2022	2021
University's proportion of the net other postemployment benefit liability	0.0637%	0.0571%	0.0558%	0.0557%
University's proportionate share of the net other postemployment benefit liability	$ 455,102	$ 466,240	$ 480,850	$ 528,935
University's covered payroll	$ 7,046,258	$ 5,794,687	$ 5,337,579	$ 5,147,523
University's proportionate share of the net other postemployment benefit liability as a percentage of its covered payroll	6.46%	8.05%	9.01%	10.28%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	46.16%	38.57%	39.40%	32.78%

	2020	2019	2018
University's proportion of the net other postemployment benefit liability	0.0595%	0.0646%	0.0662%
University's proportionate share of the net other postemployment benefit liability	$ 669,330	$ 878,480	$ 860,775
University's covered payroll	$ 5,354,398	$ 5,460,327	$ 5,374,897
University's proportionate share of the net other postemployment benefit liability as a percentage of its covered payroll	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	24.49%	17.03%	17.53%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

WESTERN COLORADO UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS TO
PERA DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN
For the Years Ended June 30, *

	2024	2023	2022	2021
Contractually required contribution	$ 75,599	$ 60,143	$ 57,714	$ 49,885
Contributions in relation to the contractually required contribution	$ (75,599)	$ (60,143)	$ (57,714)	$ (49,885)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 7,411,652	$ 5,896,375	$ 5,669,183	$ 4,890,679
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

	2020	2019	2018
Contractually required contribution	$ 53,419	$ 56,664	$ 54,104
Contributions in relation to the contractually required contribution	$ (53,419)	$ (56,664)	$ (54,104)
Contribution deficiency (excess)	$ -	$ -	$ -
University's covered payroll	$ 5,239,321	$ 5,555,341	$ 5,304,305
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net Pension Liability

Changes in plan provisions for the December 31, 2023 measurement period affecting trends in actuarial information are as follows:

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purpose of determining their service retirement eligibility.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

There were no changes made to actuarial methods or assumptions for the December 31, 2023 measurement period for the pension plan compared to the prior year.

There were no changes made to actuarial methods or assumptions for the December 31, 2022 measurement period for the pension plan compared to the prior year.

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

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

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

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

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

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

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

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

There were no changes made to actuarial methods or assumptions for the December 31, 2014 measurement period for the pension plan compared to the prior year.

Changes in assumptions or other inputs effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

Changes in plan provisions for the December 31, 2023 measurement period affecting trends in actuarial information are as follows:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

There were no changes in assumptions or other inputs effective for the December 31, 2023 measurement period for OPEB.

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

- The timing of the retirement decrement was adjusted to middle-of-year.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

Supplemental Information

WESTERN COLORADO UNIVERSITY
SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
FOR ENTERPRISE REVENUE BONDS
For Years Ended June 30, 2024 and 2023

	2024 [1]	2023 [1]
REVENUE		
University Service Fees	**$ 3,621,380**	$ 3,674,681
Extended Studies and Graduate Programs Tuition and Fees	**7,330,483**	11,842,194
Education and General Fund Tuition	**22,752,508**	17,241,589
Federal Interest Subsidy	**1,139,128**	1,146,405
Bookstore Sales	**661,913**	629,302
Rental Income	**6,383,841**	6,437,765
Food Service Income	**4,138,777**	3,939,356
Sales/Service Auxiliaries	**1,347,073**	1,293,618
Interest Income	**160,468**	337,426
Total Revenues	**47,535,571**	46,542,336
EXPENSES		
Employee Compensation	**2,000,432**	5,978,066
Costs of Goods Sold	**446,045**	428,269
Utilities	**839,602**	917,913
Rental	**2,556**	5,489
Contract Food	**2,432,688**	2,271,175
Travel	**180,854**	373,942
Supplies	**458,956**	255,536
Purchased Services	**6,091,994**	5,660,810
Financial Aid	**608,707**	1,125,054
Administrative Cost Allowance	**2,448,580**	3,054,289
Furniture and Equipment	**50,746**	75,588
Other Operating Expenses	**161,889**	142,422
Total Expenses	**15,723,049**	20,288,553
Net Operating Revenue	**31,812,522**	26,253,783
TRANSFERS		
Mandatory Transfers	**104,248**	109,640
Non-mandatory Transfers	**(2,389,727)**	(477,097)
Total Transfers	**(2,285,479)**	(367,457)
Net Revenue	**$ 29,527,043**	$ 25,886,326
DEBT SERVICE CHARGE		
Net Operating Revenue	**31,812,522**	26,253,783
Bond Principal and Interest	**(7,195,229)**	(7,206,871)
Excess of Net Operating Revenue Over Debt Service	**24,617,293**	19,046,912
Debt Service Coverage Ratio	**4.42**	3.64

[1] In the fiscal year ended June 30, 2024, the University's Graduate Programs moved to the Education and General Fund. As such, 100% of the tuition for Graduate Programs is now pledged for debt service. In prior years, the *net revenues* (net of expenses) of Graduate Programs were pledged for debt service. The fiscal year ended June 30, 2023 was not updated for comparative purposes.

See accompanying notes.

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Legislative Audit Committee
Western Colorado University Board of Trustees

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Western Colorado University (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 5, 2024. Our report includes a reference to other auditors who audited the financial statements of Western Colorado University Foundation, discretely presented component unit of the University, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that were reported on separately by those auditors. The financial statements of the discretely presented component units, Western Colorado University Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a deficiency in internal control, that we consider to be significant deficiency. We identified certain deficiencies in internal control, described in the accompanying Auditor's Findings and Recommendations section as items 2024-001 that we consider to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to the Recommendation
Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the findings and recommendation section of this report. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Company, PC

Englewood, Colorado
December 5, 2024

Legislative Audit Committee Communications

HINKLE & COMPANY PC
Strategic Business Advisors

Legislative Audit Committee Communications

The Members of the Legislative Audit Committee
Western Colorado University Board of Trustees

We have audited the financial statements of the business-type activities of Western Colorado University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2024, and have issued our report thereon dated December 5, 2024. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Western Colorado University Foundation (the Foundation), discretely presented component units of the University, and the Foundation's financial statements were not audited in accordance with Government Auditing Standards. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note A to the financial statements. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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The most sensitive estimates affecting the University's financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the University's proportionate share of the net pension liability as of December 31, 2023 and 2022 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note G to the University's financial statements. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years ending December 31, 2023 and 2022 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2023 and 2022.
- Management's estimate of the net Other Post-Employment Benefits (OPEB) liability is based on the estimate of the University's proportionate share of the net OPEB liability as of December 31, 2023 and 2022 of the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA, as described in Note H to the University's financial statements. The University's proportion of the HCTF's net OPEB liability was based on the University's contributions to the HCTF for the calendar years ending December 31, 2023 and 2022 relative to the total contributions made to the HCTF by participating employers for the calendar years ending December 31, 2023 and 2022.
- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit
We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Some adjustments proposed were not recorded because their effect is not currently considered material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Uncorrected audit misstatements pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included in the attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-year financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Current Period Uncorrected Misstatements

1. Write-off uncollectable accounts receivable during FY 2024 instead of FY 2023 for $143,389. (This is the carry over effect of the prior year's uncorrected misstatement.)
2. Expenses recorded in FY 2023 instead of FY 2024 (provided by University) for $207,000. (This is the carry over effect of the prior year's uncorrected misstatement.)
3. Recording effect of GASB 87 lease receivable (provided by University) for $263,704, with a $4,667 impact on the Net Change in Net Position and $26,943 impact on the ending Net Position. (This is a continuation of the prior year's uncorrected misstatement.)

Prior-period Uncorrected Misstatements

1. Overstatement of accounts receivable and deferred revenue related to grants form setup and conversion issues (provided by University) for $257,834.
2. Write-off of uncollectable accounts receivable for $143,389.
3. Prepaid expenses recorded in FY 2023 as expense instead of FY 2024 (provided by University) for $207,000.
4. Recording effect of GASB 87 lease receivable (provided by University) for $322,612, with a $9,155 impact on the Net Change in Net Position and $22,275 impact on the ending Net Position.

Corrected Misstatements

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no corrected adjustments identified as a result of our audit procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund– a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of University contributions to the State Division Trust Fund– a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of the University's proportionate share of the net other post-employment benefit liability and the schedule of University Contributions to the PERA Defined Other Post-Employment Benefit Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of the Legislative Audit Committee, Office of the State Auditor of the State of Colorado, Board of Trustees, and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Hinkle & Company, PC

Englewood, Colorado
December 5, 2024

Western Colorado University
Schedule of Uncorrected Misstatements
For the Year Ended June 30, 2024

Account	Description	Debit	Credit
PAJE #401	To write-off uncollectible accounts receivable		
3000	Net Position	143,389	
7700	Other Operating Expenses		143,389
		143,389	143,389
PAJE #402	University provided passed adjustment journal entry for expenses recorded in 2023, that should be recorded in 2024		
7200	Professional Services Expenses	207,000	
3000	Net Position		207,000
		207,000	207,000
PAJE #403	To record effect of GASB 87 (Provided by University)		
MA 59	Lease Receivable	263,704	
MA 63	Interest Receivable	521	
3000	Net Position (Fund Balance)		22,276
5515	Investment and Interest Income		6,898
MA 60	Deferred Inflow - Leases		237,282
MA 61	Lease Revenue	2,231	
		266,456	266,456
	Total effect on Ending Net Position - Debit (Credit)	26,943	
	Total effet on Change in Net Position - Debit (Credit)	58,944	