

Western Colorado University
Gunnison, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2025 and 2024

REPORT NUMBER 2538F-A



Legislative Audit Committee

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Contractor	Hinkle & Company, PC



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Business Advisors

The Members of the Legislative Audit Committee
and 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, 2025. 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. We were also engaged to conduct testing on the University's state funding student financial aid program as required by Section 23-3.3-102(8), C.R.S. 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 12, 2025

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WESTERN COLORADO UNIVERSITY

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WESTERN COLORADO UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2025 and 2024

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, 2025. 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 December 2025.

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, 2025. 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.
- Perform audit work to evaluate the University's progress in implementing prior audit findings and recommendations.
- Review the University's exhibits required by the State Controller in support of the statewide financial statements. Also, review all adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final year-end closing.
- Perform a financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions of the University's State-Funded Student Financial Assistance Programs, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.

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, 2025 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, 2025.

WESTERN COLORADO UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2025 and 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.

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 were no findings or recommendations resulting from the audit work completed for fiscal year ended June 30, 2025.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2024 included one finding and recommendation. The finding has been implemented during the year ended June 30, 2025. 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 COLORADO UNIVERSITY
DISCRIPTION of WESTERN COLORADO UNIVERSITY (*Unaudited*)
As of and for the years ended June 30, 2025 and 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:

	2025	2024	2023
Resident Students	1,656.5	1,718.7	1,705.6
Nonresident Students	538.3	554.3	565.9
Total Students	2,194.8	2,273.0	2,271.5
Faculty FTEs	185.7	162.0	165.5
Staff FTEs	215.8	244.2	239.2
Total Staff and Faculty FTEs	401.5	406.2	404.7

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 2024

Recommendation 2024-001		
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 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.		Implemented



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Independent Auditor's Report

To the Members of the Legislative Audit Committee
and 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 years ended June 30, 2025 and 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, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the 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, 2025 and 2024, 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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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 of Colorado 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, 2025 and 2024, 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 Schedules of Revenue and Expenses for Enterprise Revenue Bonds (the Schedule) for the years ended June 30, 2025 and 2024 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 12, 2025, 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.

Hick & Company, PC

Englewood, Colorado
December 12, 2025



WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 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, 2025 and 2024, with comparative information presented for the year ended June 30, 2023. 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 Universities* (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, 2025 and 2024). 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.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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, 2025 and 2024. 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 decreased by \$2.3 million during the fiscal year ended June 30, 2025, from \$174.9 million at June 30, 2024, to \$172.6 million at June 30, 2025. The decrease in financial net position is related primarily to the spend down of our restricted fund balance. The University received a substantial restricted gift in prior years related to the Rady School of Computer Science and Engineering and are using the remaining funds to support this school. 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

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

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 current assets of \$34.1 million (2025), \$32.1 million (2024), and \$32.9 million (2023) were sufficient to cover current liabilities of \$11.7 million (2025), \$11.4 million (2024), and \$9.9 million (2023). The current ratio of 2.92 (2025), 2.81 (2024), and 3.32 (2023) demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations.

The operating loss of \$7.4 million (2025) relates to increased depreciation directly related to the new Mountaineer Bowl and an increase in student service expenses specifically in work study funding, as well as 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 \$7.7 million (2024) relates to strategic investments across campus including additional support for the recent enterprise resource planning (ERP) implementation, and the spend down of restricted fund balance.

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, 2025, 2024, and 2023			
(in thousands)			
	2025	2024	2023
Assets			
Current Assets	\$ 34,108	\$ 32,099	\$ 32,898
Noncurrent Assets	253,551	248,677	206,501
<i>Total Assets</i>	<u>287,659</u>	<u>280,776</u>	<u>239,399</u>
<i>Total Deferred Outflows</i>	<u>4,062</u>	<u>5,704</u>	<u>5,935</u>
Liabilities			
Current Liabilities	11,670	11,425	9,905
Noncurrent Liabilities	106,916	99,755	100,567
<i>Total Liabilities</i>	<u>118,586</u>	<u>111,180</u>	<u>110,472</u>
<i>Total Deferred Inflows</i>	<u>504</u>	<u>366</u>	<u>489</u>
Net Position			
Net investment in capital assets	162,244	161,523	117,432
Restricted	20,927	22,675	25,214
Unrestricted			
General unrestricted	6,433	7,591	8,541
Effect of GASB 68 and GASB 75 on			
unrestricted net position (see Notes G & H)	(17,129)	(17,132)	(17,215)
Designated by the Board	156	277	401
<i>Total Net Position</i>	<u>\$ 172,631</u>	<u>\$ 174,934</u>	<u>\$ 134,373</u>

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

At June 30, the University's total assets were \$287.7 million (2025), \$280.8 million (2024), and \$239.4 million (2023). The largest asset category is the \$238.5 million (2025), \$241.6 million (2024), and \$197.6 million (2023) in capital assets, net of depreciation, which includes land, buildings, equipment, library holdings, construction in progress, and certain right-to-use assets.

Cash and cash equivalents (bank deposits, pooled cash with the State Treasurer, and highly liquid investments) comprised \$23.3 million (2025), \$23.3 million (2024), and \$26.6 million (2023) 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 \$1.9 million (2025), \$2.0 million (2024), and \$2.3 million (2023) 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 \$2.2 million (2025), \$3.7 million (2024), and \$3.7 million (2023). Pension and other postemployment benefit related deferred inflows were \$0.5 million (2025), \$0.4 million (2024), and \$0.5 million (2023). 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 \$86.6 million (2025), \$77.0 million (2024), and \$79.8 million (2023) represent 73.0 percent (2025), 69.2 percent (2024), and 72.2 percent (2023) of the University's total liabilities of \$118.6 million (2025), \$111.2 million (2024), and \$110.5 million (2023). The University's debt is discussed in detail in Note E. The increase in bonds payable in fiscal year 2025 was due to the issuance of bonds to fund the construction of the faculty and staff housing project, while the decrease in bonds payable in fiscal year 2024 primarily relates to the payment of bond principal during the year. The current portion of bonds payable is \$2.8 million (2025), \$2.8 million (2024), and \$2.7 million (2023).

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 \$18.8 million (2025), \$20.4 million (2024), and \$20.4 million (2023) represent 15.9 percent (2025), 18.4 percent (2024), and 18.4 percent (2023) 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 \$162.2 million (2025), \$161.5 million (2024), and \$117.4 million (2023) in net investment in capital assets. In addition, \$20.9 million (2025), \$22.7 million (2024), and \$25.2 million (2023) is externally restricted for specific purposes and (\$10.5) million (2025), (\$9.3) million (2024), and (\$8.3) million (2023) 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 (2025), \$17.1 million (2024), and \$17.2 million (2023). Excluding that impact, unrestricted net position is \$6.6 million (2025), \$7.9 million (2024), and \$8.9 million (2023). The following table reconciles total net position excluding the impact of GASB 68 and GASB 75.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

Reconciliation of Net Position, excluding the impact of GASB 68 & GASB 75
June 30, 2025, 2024, and 2023
(in thousands)

	2025	2024	2023
Net Position (GAAP Basis)	\$ 172,631	\$ 174,934	\$ 134,373
Add back:			
GASB 68 Impact – Pension	16,748	16,628	16,610
GASB 75 Impact – OPEB	381	504	605
Net Position, excluding the impact of GASB 68 & GASB 75	<u>\$ 189,760</u>	<u>\$ 192,066</u>	<u>\$ 151,588</u>

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 2025 decreased 2.3 percent from fiscal year 2024. Student-share undergraduate tuition rates increased by 2.5 percent for residents and 3.5 percent for non-residents in 2025. The reason for the overall decrease in tuition and fees is due to an increase in the portion of tuition from continuing education programs, which has a lower tuition rate than traditional programs. The portion of tuition revenue related to College Opportunity Fund stipends decreased by \$234,402 in fiscal year 2025. Gross tuition and fee revenue for fiscal year 2024 increased 5.2 percent from fiscal year 2023. Tuition and fee related scholarship allowances of \$14.5 million (2025), \$13.6 million (2024), and \$12.9 million (2023) were relatively stable over the last three years; the increase in fiscal year 2025 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, 2025 was \$25.7 million, a \$1.9 million decrease from 2024. Net tuition and fee revenue for the year ending June 30, 2024 was \$27.6 million, a \$1.4 million increase from 2023.

The net operating loss of \$7.4 million in fiscal year 2025 compares to an operating loss of \$7.7 million in 2024 and operating loss of \$6.5 million in fiscal year 2023. 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 decreased by \$2.3 million in fiscal year 2025 and increased by \$40.6 million in fiscal year 2024. In 2025, the decrease can be primarily attributed to the planned spend down of restricted fund balance. In 2024, the increase can be primarily attributed to capital gifts and state capital support of \$48.5 million.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

Condensed Statements of Revenue, Expenses, and Changes in Net Position
June 30, 2025, 2024, and 2023

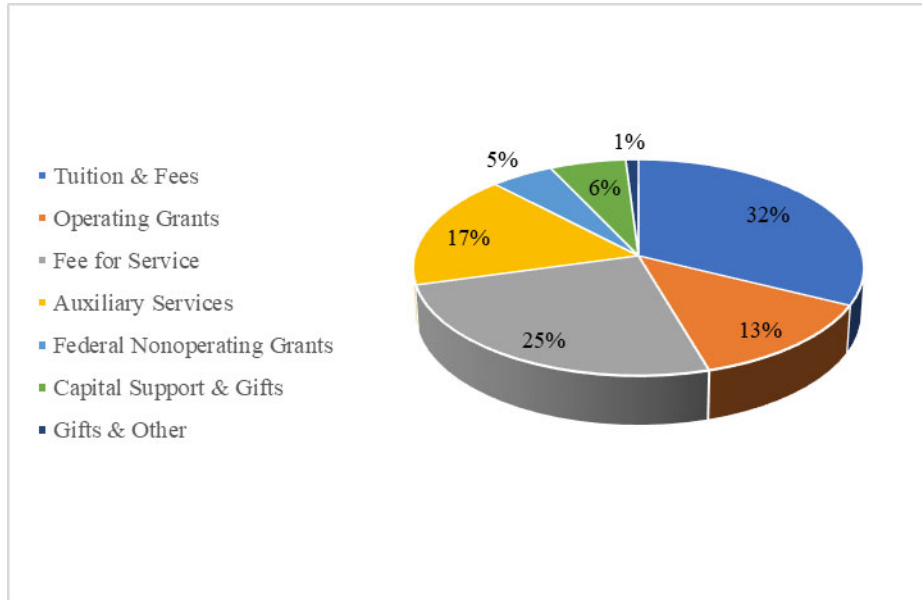
	(in thousands)		
	2025	2024	2023
Operating Revenue			
Tuition and fees, net	\$ 25,652	\$ 27,552	\$ 26,195
Federal, state, and private grants and contracts	10,363	9,595	7,589
Fee for service revenue	20,106	15,374	13,903
Sales and services of auxiliary enterprises, net	13,901	13,689	13,451
Other operating revenue	677	607	497
Total Operating Revenue	<u>70,699</u>	<u>66,817</u>	<u>61,635</u>
Operating Expenses			
Instruction	27,605	27,595	24,953
Academic support	3,665	3,839	4,193
Student services	8,203	6,916	6,871
Institutional support	7,940	7,662	6,403
Operation and maintenance of plant	4,343	4,322	4,616
Auxiliary enterprises	14,546	14,110	13,348
Depreciation	9,700	8,225	6,398
Other	2,110	1,889	1,363
Total Operating Expenses	<u>78,112</u>	<u>74,558</u>	<u>68,145</u>
Net Operating Loss	<u>(7,413)</u>	<u>(7,741)</u>	<u>(6,510)</u>
Nonoperating Revenue (Expenses)			
Federal Pell grants and interest subsidy	3,891	3,357	3,195
Federal coronavirus relief funding and higher education emergency relief funding	-	-	1
Other private gifts	-	-	-
Investment and interest income (loss)	606	1,117	309
Interest expense on capital debt	(4,564)	(4,688)	(4,725)
Other nonoperating revenues (expenses)	(26)	(31)	150
Net Nonoperating Income (Loss)	<u>(93)</u>	<u>(245)</u>	<u>(1,070)</u>
Income (Loss) before Capital Contributions	<u>(7,506)</u>	<u>(7,986)</u>	<u>(7,580)</u>
Capital Contributions and Gifts			
State capital support and other capital gifts	5,203	48,547	4,855
Increase (Decrease) in Net Position	<u>(2,303)</u>	<u>40,561</u>	<u>(2,725)</u>
Net Position:			
Net Position, beginning of year	<u>174,934</u>	<u>134,373</u>	<u>137,098</u>
Net Position, end of year	<u>\$ 172,631</u>	<u>\$ 174,934</u>	<u>\$ 134,373</u>

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

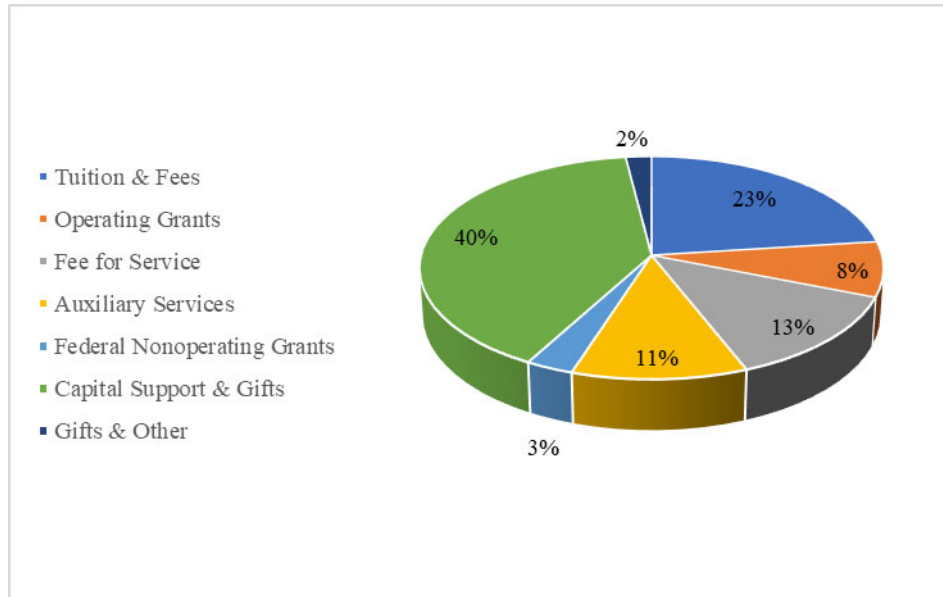
Revenue by Source

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 2025



Operating, Nonoperating, and Capital Revenues – Fiscal Year 2024



WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

Capital Assets

At June 30, 2025, the University had \$238.5 million invested in capital assets, net of accumulated depreciation of \$131.3 million. At June 30, 2024, the University had \$241.6 million invested in capital assets, net of accumulated depreciation of \$122.0 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, 2025	June 30, 2024	June 30, 2023
Land and Improvements	\$ 6,498	\$ 4,408	\$ 4,408
Construction in Progress	4,438	243	3,722
Land Improvements, Net	10,286	10,868	7,359
Buildings and Improvements, Net	203,203	209,701	173,120
Furniture, Equipment and Software, Net	4,175	4,588	4,129
Right to use – SBITA & Lease, net	9,821	11,695	4,738
Library Materials, Net	119	127	139
Total	<u>\$ 238,540</u>	<u>\$ 241,630</u>	<u>\$ 197,615</u>

The following significant capital projects were in progress at June 30, 2025 (in thousands):

Petroleum Geology Program Renovation	\$ 2,399
Reconditioning Natatorium	\$ 514
Boiler Replacement	\$ 1,481
Crawford Hall Renovation	\$ 44

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

Petroleum Geology Program Renovation	\$ 160
Reconditioning Natatorium	\$ 83

Bond Debt

At June 30, 2025, the University had \$86.6 million in debt outstanding, an increase of \$9.6 million from the debt outstanding of \$77.0 million as of June 30, 2024 related primarily to issuing new bonds to fund the Faculty and Staff Housing Project during the fiscal year. 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. The table below summarizes the amounts by type of debt.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

Outstanding Bond Debt at Year-End (in thousands)

	June 30, 2025	June 30, 2024	June 30, 2023
Auxiliary Revenue Bonds	\$ 70,955	\$ 73,626	\$ 76,182
Direct Borrowing Bonds	15,655	3,330	3,600
Total	<u>\$ 86,610</u>	<u>\$ 76,956</u>	<u>\$ 79,782</u>

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 2026, the University was appropriated \$25 million in state operating support, which represents a 0.5 percent increase from the prior year. 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.

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 2026: \$1.4 million to increase the campus' electrical capacity. 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 2025 was 2,333, which represented a 2.6 percent increase from fiscal year 2024. Enrollment is a significant driver of University revenues and the University has enacted a number of initiatives to increase enrollment and retain students. The University increased touchpoints with prospective students, including individualized messaging from members of the admissions staff, faculty members in departments where students showed interest, and members of the senior leadership team. As a direct result of these efforts, the University expects enrollment in fiscal year 2026 to increase by approximately 3 percent (based on preliminary fall enrollments).

In response to increased inflationary pressures, the University increased undergraduate tuition and fee rates by 2.3 percent for residents and 2.5 percent for non-residents for fiscal year 2026. 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.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

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 in 2025, the University began developing a comprehensive compensation plan with the assistance of a third-party consultant. The results of the compensation plan were communicated to campus during the fall semester of Fiscal Year 2026. One of the first steps of the implementation was bringing faculty and staff who were below the range minimum up to the minimum salary as of July 1, 2025. The University intends to continue to move forward with the compensation plan recommendations on an annual basis as revenue allows. The university expects to receive the results of the consultant's analysis at the end of fiscal year 2025. 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

The University began to increase its debt burden significantly roughly a decade ago in order to improve and maintain facilities. The effect of this effort is still reflective in the financial statement in Fiscal Year 2025. To fund a faculty and staff housing project, the University issued a \$12,605,000 bond in fiscal year 2025. In fiscal year 2025, the University paid \$7.2 million in debt service (prior to application of the University's federal interest subsidy of approximately \$1.2 million). In fiscal year 2026, this amount will increase by \$465,000 to account for the first interest payments on the newly issued debt, with the increase offset by the 2011A bonds being fully paid off. Debt service in fiscal year 2026 will be \$7.5 million. The University's current annual debt service requirements are expected to maintain at approximately \$7.5 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 prior debt service burden, and revenue from the new faculty and staff housing project will be used to meet debt service related to that project. 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. In fiscal year 2025 the University spent \$0.1 million from the reserve, bringing the reserve balance to \$4.4 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 2023, 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.

WESTERN COLORADO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Years Ended June 30, 2025 and 2024

Elevate Western Campaign

Fiscal year 2025 marked the completion of the sixth year of the Elevate Western Campaign, a seven-year comprehensive campaign designed to complement the \$80 million gift that established the Paul M. Rady School of Computer Science and Engineering. Due to the campaign's remarkable success, particularly in advancing the Build Our Competitive Edge pillar through the build of the Mountaineer Bowl at the Rady Family Sports Complex, the overall goal was increased from \$80 million to \$100 million.

As of June 30, 2025, Western has raised an extraordinary \$96.5 million solely from the campaign. In addition to completing Mountaineer Bowl, this total includes major gifts to name the Clark Family School of Environment and Sustainability, the largest estate commitment in the University's history, and a \$2 million gift to supplement the \$45 million state funding request supporting the renovation of the Leslie J. Savage Library. Since the campaign's launch, more than 95 new scholarships have been created. In fiscal year 2025 alone, Western's Foundation provided \$2.2 million in scholarship funding to the University, an increase of \$1 million since the start of the campaign.

Looking ahead to the seventh and final year of the campaign, fundraising efforts will focus on the new and emerging, including Biomedical and Aerospace Engineering within the Paul M. Rady School of Computer Science and Engineering, the new Nursing degrees, and launch of the Gunnison Valley Promise, a scholarship offering free tuition to Gunnison School District graduates, regardless of financial need.

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

STATEMENTS OF NET POSITION

As of June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 23,273,036	\$ 23,321,568
Investments	143,163	130,138
Student accounts receivable, net	2,363,067	2,288,018
Other accounts receivable	3,161,905	3,496,434
Pledge receivable	2,222,670	2,100,000
Student loans receivable, net	443	2,073
Inventories	383,664	319,407
Other current assets	2,560,174	441,338
<i>Total Current Assets</i>	<u>34,108,122</u>	<u>32,098,976</u>
Noncurrent Assets		
Restricted Cash	10,315,416	-
Pledge receivable	4,692,189	7,037,529
Student loans receivable, net	4,217	9,634
<i>Total Noncapital Noncurrent Assets</i>	<u>15,011,822</u>	<u>7,047,163</u>
Nondepreciable Capital Assets		
Land	4,593,736	2,503,736
Land improvements	1,904,083	1,904,083
Construction in progress	4,438,245	243,034
<i>Total Nondepreciable Capital Assets</i>	<u>10,936,064</u>	<u>4,650,853</u>
Depreciable Capital Assets, Net		
Land improvements, less accumulated depreciation of \$1,523,128 (2025) and \$941,525 (2024)	10,286,261	10,867,864
Buildings and improvements, less accumulated depreciation of \$114,626,433 (2025) and \$108,128,603 (2024)	203,202,667	209,700,497
Furniture, equipment and software, less accumulated depreciation of \$5,606,151 (2025) and \$5,039,836 (2024)	4,175,051	4,588,342
Right to use - Subscription-based IT arrangements, less accumulated amortization of \$2,749,447 (2025) and \$1,492,831 (2024)	9,153,083	10,587,403
Right to use - Leases, less accumulated amortization of \$771,961 (2025) and \$332,114 (2024)	667,545	1,107,392
Library materials, less accumulated depreciation of \$6,064,220 (2025) and \$6,034,526 (2024)	118,811	127,490
<i>Total Depreciable Capital Assets, Net</i>	<u>227,603,418</u>	<u>236,978,988</u>
<i>Total Noncurrent Assets</i>	<u>253,551,304</u>	<u>248,677,004</u>
Total Assets	<u>287,659,426</u>	<u>280,775,980</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refundings	1,860,405	2,044,113
Pension related (See Note G)	2,098,487	3,532,545
Other postemployment benefit related (See Note H)	103,170	127,502
<i>Total Deferred Outflows</i>	<u>\$ 4,062,062</u>	<u>\$ 5,704,160</u>

See accompanying notes.

WESTERN COLORADO UNIVERSITY

STATEMENTS OF NET POSITION

As of June 30, 2025 and 2024

	2025	2024
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 978,277	\$ 835,977
Accrued liabilities	2,603,386	2,488,056
Unearned revenue	2,667,337	3,134,461
Student deposits	1,299,216	802,188
Bonds payable, current portion	2,790,000	2,810,000
IT subscription liability, current portion	640,724	748,739
Lease liability, current portion	451,154	431,801
Compensated absence liabilities, current portion	240,409	173,657
<i>Total Current Liabilities</i>	<u>11,670,503</u>	<u>11,424,879</u>
Noncurrent Liabilities		
Bonds payable	83,819,592	74,146,291
IT subscription liability	2,801,839	3,304,720
Lease liability	257,861	709,016
Compensated absence liabilities	1,210,178	1,169,490
Net pension liability (See Note G)	18,525,091	19,970,773
Net other postemployment benefit liability (See Note H)	301,679	455,102
<i>Total Noncurrent Liabilities</i>	<u>106,916,240</u>	<u>99,755,392</u>
Total Liabilities	<u>118,586,743</u>	<u>111,180,271</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (See Note G)	321,252	189,121
Other postemployment benefit related (See Note H)	182,530	176,639
<i>Total Deferred Inflows</i>	<u>503,782</u>	<u>365,760</u>
NET POSITION		
Net investment in capital assets	162,243,716	161,523,388
Restricted for:		
Loans	11,817	38,469
Debt service	12,615,804	12,342,863
Other	8,299,398	10,293,277
Unrestricted	(10,539,772)	(9,263,888)
Total Net Position	<u>\$ 172,630,963</u>	<u>\$ 174,934,109</u>

See accompanying notes.

WESTERN COLORADO UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue		
Tuition and fees, including \$33,704,371 (2024) and \$32,745,095 (2023)		
pledged for bonds	\$ 40,188,187	\$ 41,130,969
Less: scholarship allowances	<u>(14,536,514)</u>	<u>(13,578,692)</u>
<i>Net Tuition and Fees</i>	25,651,673	27,552,277
Federal, state, and private grants and contracts, including \$45,127 (2024)		
and \$76,040 (2023) pledged for bonds	10,363,076	9,594,740
Fee for service revenue	20,106,496	15,373,435
Sales and services of auxiliary enterprises, including \$12,486,477 (2024)		
and \$12,219,948 (2023) pledged for bonds	15,009,538	14,301,125
Less: scholarship allowances	<u>(1,108,987)</u>	<u>(611,783)</u>
<i>Net Sales and Services of Auxiliary Enterprises</i>	13,900,551	13,689,342
Other operating revenue, including \$0 (2024) and \$17,422 (2023)		
pledged for bonds	676,891	606,907
<i>Total Operating Revenue</i>	<u>70,698,687</u>	<u>66,816,701</u>
Operating Expenses		
Instruction	27,604,548	27,594,958
Research	1,409,134	1,137,330
Public service	11,126	23,191
Academic support	3,665,348	3,838,452
Student services	8,203,394	6,916,212
Institutional support	7,940,360	7,661,924
Operation and maintenance of plant	4,342,565	4,321,406
Scholarships and fellowships	689,371	728,685
Auxiliary enterprises	14,546,489	14,110,207
Depreciation and amortization	9,699,863	8,225,205
<i>Total Operating Expenses</i>	<u>78,112,198</u>	<u>74,557,570</u>
<i>Operating Loss</i>	<u>(7,413,511)</u>	<u>(7,740,869)</u>
Nonoperating Revenue (Expenses)		
Federal Pell grants	2,743,597	2,218,106
Federal interest subsidy, including \$1,139,128 (2024)		
and \$1,146,405 (2023) pledged for bonds	1,147,807	1,139,128
Other private gifts	-	-
Investment and interest income, including \$160,468 (2024)		
and \$337,426 (2023) pledged for bonds	605,859	1,117,337
State support for pensions	146,391	32,055
Interest expense on capital debt, leases, and subscription-based IT arrangements	(4,564,259)	(4,688,265)
Other nonoperating expenses	<u>(172,306)</u>	<u>(63,050)</u>
<i>Net Nonoperating Revenue (Expenses)</i>	<u>(92,911)</u>	<u>(244,689)</u>
<i>Loss Before Capital Contributions</i>	(7,506,422)	(7,985,558)
Capital Contributions		
State capital support, including Federal pass-through support	3,113,277	4,639,479
Other capital gifts	<u>2,090,000</u>	<u>43,906,945</u>
<i>Increase (Decrease) in Net Position</i>	(2,303,145)	40,560,866
Net Position - beginning of year	174,934,109	134,373,243
Net Position - end of year	<u>\$ 172,630,964</u>	<u>\$ 174,934,109</u>

See accompanying notes.

WESTERN COLORADO UNIVERSITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Cash Received		
Tuition and fees	\$ 25,515,224	\$ 27,760,286
Sales of services	33,337,652	27,160,955
Sales of product	594,346	661,367
Grants, contracts, and gifts	8,659,863	7,707,558
Student loans collected	6,499	17,479
Other operating receipts	669,454	552,352
Cash Payments		
Payments to or for employees	(43,153,937)	(40,553,633)
Payments to suppliers	(24,893,165)	(23,048,196)
Scholarships disbursed	(810,865)	(728,076)
<i>Net Cash Used for Operating Activities</i>	<u>(74,929)</u>	<u>(469,908)</u>
Cash Flows from Noncapital Financing Activities		
Grants, gifts, and contracts	6,723,698	5,167,251
Other agency inflows (outflows)	73,465	(180,920)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>6,797,163</u>	<u>4,986,331</u>
Cash Flows from Capital and Related Financing Activities		
State capital support	3,113,277	4,604,405
Capital gifts and grants	-	-
Disposal of capital assets	-	-
Proceeds from bond issuance	12,605,000	-
Acquisition or construction of capital assets	(4,261,313)	(5,527,547)
Principal paid on capital debt, leases, and subscription-based IT arrangements	(4,002,951)	(3,460,509)
Interest on capital debt, leases, and subscription-based IT arrangements	(4,503,083)	(4,568,302)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>2,950,930</u>	<u>(8,951,953)</u>
Cash Flows from Investing Activities		
Investment earnings	593,720	1,117,337
<i>Net Cash Provided by Investing Activities</i>	<u>593,720</u>	<u>1,117,337</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>10,266,884</u>	<u>(3,318,193)</u>
Cash and Cash Equivalents - beginning of year	<u>23,321,568</u>	<u>26,639,761</u>
Cash and Cash Equivalents - end of year	<u>\$ 33,588,452</u>	<u>\$ 23,321,568</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating loss	\$ (7,413,511)	\$ (7,740,869)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation & amortization	9,699,863	8,225,205
Provision for uncollectible accounts	356,851	73,842
Compensated absences adjustment	107,440	213,713
Non-cash pension & OPEB expense (See Notes G & H)	143,696	(50,889)
Changes in assets and liabilities:		
Receivables	(529,787)	(2,173,389)
Inventories	(64,256)	(15,351)
Other assets	(2,118,836)	(306,189)
Student loans	6,160	17,256
Accounts payable	34,692	61,407
Accrued liabilities	95,958	389,040
Unearned revenue	(394,623)	836,316
Deposits held for others	-	-
Other reconciling items	1,424	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ (74,929)</u>	<u>\$ (469,908)</u>
Noncash Investing, Capital, and Financing Activities		
Unrealized (gain) loss on investments	\$ (13,025)	\$ -
Amortization of deferred bond refunding loss	183,709	234,531
Amortization of bond discount (premium)	(141,699)	(140,570)
Recognition of right to use assets - leases & subscription-based IT arrangements	(177,704)	3,290,141
Capital gifts	2,090,000	43,906,945
Loss on disposal of capital assets	-	40,298
State support for pensions	146,390	32,055

See accompanying notes.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 434,393	\$ 221,038
Accounts receivable	109,472	51,066
Estates in process of liquidation	4,407,427	-
Promises to give, net	3,771,695	2,834,285
Marketable securities	38,236,195	34,053,572
Derivative investments	5,420,337	4,876,750
Other assets	926,376	1,390,722
Property and equipment, net	<u>1,273,718</u>	<u>1,429,419</u>
TOTAL ASSETS	<u>\$ 54,579,613</u>	<u>\$ 44,856,852</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 208,067	\$ 518,764
Accrued compensated absences	21,038	-
Notes payable	78,612	78,612
Liabilities under charitable gift annuities	<u>22,733</u>	<u>495,961</u>
TOTAL LIABILITIES	<u>330,450</u>	<u>1,093,337</u>
NET ASSETS		
Without donor restrictions		
Undesignated	<u>2,946,255</u>	<u>1,474,669</u>
With donor restrictions		
Perpetual in nature	6,585,958	7,837,713
Purpose restrictions	40,945,255	31,616,848
Time-restricted for future period	3,771,695	2,834,285
	<u>51,302,908</u>	<u>42,288,846</u>
TOTAL NET ASSETS	<u>54,249,163</u>	<u>43,763,515</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,579,613</u>	<u>\$ 44,856,852</u>

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contribution of cash and other financial assets	\$ 584,552	\$11,489,156	\$ 12,073,708
Fundraising revenue	-	100,699	100,699
Contribution of nonfinancial assets	2,299,986	1,306,801	3,606,787
Net investment return	567,443	4,026,856	4,594,299
Service agreement income - Western Colorado University	270,000	-	270,000
Royalties	-	35,528	35,528
Loss on write down of assets	(67,271)	-	(67,271)
Reclassification of net assets	350,871	(350,871)	-
Net assets released from restrictions	<u>7,594,107</u>	<u>(7,594,107)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>11,599,688</u>	<u>9,014,062</u>	<u>20,613,750</u>
EXPENSES			
Program expenses	9,274,008	-	9,274,008
Management and general	472,925	-	472,925
Fundraising	<u>381,169</u>	<u>-</u>	<u>381,169</u>
TOTAL EXPENSES	<u>10,128,102</u>	<u>-</u>	<u>10,128,102</u>
CHANGES IN NET ASSETS	1,471,586	9,014,062	10,485,648
NET ASSETS - BEGINNING OF YEAR	<u>1,474,669</u>	<u>42,288,846</u>	<u>43,763,515</u>
NET ASSETS - ENDING OF YEAR	<u>\$ 2,946,255</u>	<u>\$51,302,908</u>	<u>\$ 54,249,163</u>

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contribution of cash and other 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	<u>6,789,648</u>	<u>(6,789,648)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>8,712,313</u>	<u>3,245,355</u>	<u>11,957,668</u>
EXPENSES			
Program expenses	6,283,319	-	6,283,319
Management and general	369,117	-	369,117
Fundraising	<u>394,933</u>	<u>-</u>	<u>394,933</u>
TOTAL EXPENSES	<u>7,047,369</u>	<u>-</u>	<u>7,047,369</u>
CHANGES IN NET ASSETS	1,664,944	3,245,355	4,910,299
NET ASSETS - BEGINNING OF YEAR	<u>(199,275)</u>	<u>39,052,491</u>	<u>38,853,216</u>
NET ASSETS - ENDING OF YEAR	<u>\$ 1,465,669</u>	<u>\$42,297,846</u>	<u>\$ 43,763,515</u>

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	<u>Program</u> <u>Expenses</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
In-kind expenses	\$ 3,396,801	\$ 14,000	\$ -	\$ 3,410,801
Scholarships	2,249,403	-	-	2,249,403
Personnel costs	1,076,351	312,205	208,193	1,596,749
Capital equipment and software	956,811	53,094	-	1,009,905
Supplies and equipment	460,119	-	-	460,119
Travel	432,354	-	11,786	444,140
Official functions	141,317	-	17,345	158,662
Direct cost of fundraising	143,975	-	-	143,975
Professional fees	92,747	19,043	-	111,790
Bad debt expense	-	-	100,678	100,678
Dues, registrations, memberships	88,602	3,780	-	92,382
Advertising / marketing	82,333	-	-	82,333
Annuity disbursements	71,830	-	-	71,830
Other fundraising expenses	-	-	33,128	33,128
Bank and credit card fees	-	32,257	-	32,257
Miscellaneous	29,123	991	-	30,114
Insurance	12,501	14,887	-	27,388
Depreciation expense	23,152	-	-	23,152
Maintenance	14,323	-	-	14,323
Board of directors' expenses	-	12,721	-	12,721
Office supplies	-	9,947	-	9,947
Publication costs	-	-	7,795	7,795
Property taxes	2,266	-	-	2,266
Director's expense	-	-	2,244	2,244
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 9,274,008</u>	<u>\$ 472,925</u>	<u>\$ 381,169</u>	<u>\$ 10,128,102</u>

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

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

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 10,485,648	\$ 4,910,299
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	23,152	27,604
Bad debt expense (recovery)	100,678	30,784
Collections of contributions restricted to endowments	(606,432)	(4,000)
Net realized and unrealized (gains) and losses on investments	(3,339,370)	(4,085,678)
Net realized and unrealized (gains) and losses on derivatives	(543,587)	(846,725)
Write-down of assets to net realizable value	67,271	-
Realized (gain) loss on sale/disposal of assets	-	773
(Increase) decrease in value of life insurance policy	397,075	(27,797)
Donation of land to University	132,549	-
Capitalized contribution of non-financial asset	-	(500,000)
Receipt of estates in process of liquidation	(4,407,427)	-
Net change in split interest liabilities	(473,228)	(22,290)
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	(58,406)	71,760
(Increase) decrease in promises to give	(1,038,088)	91,442
(Decrease) increase in accounts payable	(310,697)	333,779
(Decrease) increase in accrued liabilities	21,038	-
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>450,176</u>	<u>(20,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating investments	(3,998,523)	(33,633,016)
Proceeds from sales and maturities of marketable investments	3,155,270	33,523,794
NET CASH USED FOR INVESTING ACTIVITIES	<u>(843,253)</u>	<u>(109,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes receivable	-	78,612
Collections of contributions restricted to endowments	606,432	4,000
NET CASH FROM FINANCING ACTIVITIES	<u>606,432</u>	<u>82,612</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	213,355	(46,659)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>221,038</u>	<u>267,697</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 434,393</u>	<u>\$ 221,038</u>

The accompanying notes are an integral part of these statements.

WESTERN COLORADO UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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 refer to Note K for additional discussion.

WESTERN COLORADO UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

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 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.

WESTERN COLORADO UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

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.

WESTERN COLORADO UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

- 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, 2025 and 2024 were \$15,645,501 and \$14,190,475.

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.

WESTERN COLORADO UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

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 2025 or 2024.

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.

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:

	2025	2024
Cash on hand	\$ 87,954	\$ 50,490
Cash in local banks	1,015,609	4,802,452
	<u>\$ 1,103,563</u>	<u>\$ 4,852,942</u>

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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, 2025 and 2024, the University had cash on deposit with the State Treasurer of \$22,169,473 and \$18,425,757 which represented approximately 0.13 percent and 0.09 percent of the total \$15,918.2 million and \$18,095.0 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2025, the Pool's resources included \$39.1 million of cash on hand and \$15,879.1 million of investments. As of June 30, 2024, the Pool's resources included \$38.5 million of cash on hand and \$18,056.6 million of investments. The University issued private bonds in order to fund the Faculty and Staff Housing Project. The remainder of the proceeds from this issuance at June 30, 2025 was \$10,315,416 and is maintained in a separate bank account from the rest of the University funds.

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, 2025.

Investments

At June 30, 2025 and 2024, the University has an investment of \$143,163 and \$130,138 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:

	Gross	Allowance for	Net
	Receivable	Uncollectible	Receivable
		Amounts	
<u>2025</u>			
Student accounts receivable	\$ 3,385,263	\$ (1,022,196)	\$ 2,363,067
Other accounts receivable	3,161,905	-	3,161,905
Pledge receivable	2,222,670	-	2,222,670
Student loans receivable	6,160	(5,717)	443
Noncurrent pledge receivable	4,692,189	-	4,692,189
Noncurrent student loans receivable	58,639	(54,422)	4,217

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<u>2024</u>	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

At June 30, accrued liabilities balances were as follows:

	<u>2025</u>	<u>2024</u>
Accrued payroll and benefits	\$ 1,830,187	\$ 1,736,523
Retainage payable	-	-
Accrued interest payable	630,054	610,888
Other	143,145	140,645
<i>Total Accrued Liabilities</i>	<u>\$ 2,603,386</u>	<u>\$ 2,488,056</u>

NOTE D – CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the years ended June 30, 2025 and 2024.

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2025</u>
Nondepreciable Capital Assets				
Land	\$ 2,503,736	\$ 2,090,000	\$ -	\$ 4,593,736
Land improvements	1,904,083	-	-	1,904,083
Construction in progress	243,034	4,195,211	-	4,438,245
<i>Total Nondepreciable Capital Assets</i>	<u>4,650,853</u>	<u>6,285,211</u>	<u>-</u>	<u>10,936,064</u>

Depreciable Capital Assets				
Land improvements	11,809,389	-	-	11,809,389
Buildings and improvements	317,829,100	-	-	317,829,100
Furniture and equipment	9,628,178	153,025	-	9,781,203
Right to use: Subscription-based IT	12,080,234	150,254	(327,959)	11,902,529
Right to use: Lease	1,439,506	-	-	1,439,506
Library materials	6,162,016	21,015	-	6,183,031
<i>Total Depreciable Capital Assets</i>	<u>358,948,423</u>	<u>324,294</u>	<u>(327,959)</u>	<u>358,944,758</u>

Less: Accumulated depreciation/amortization				
Land improvements	(941,525)	(581,603)	-	(1,523,128)
Buildings and improvements	(108,128,603)	(6,497,830)	-	(114,626,433)
Furniture and equipment	(5,039,836)	(566,315)	-	(5,606,151)
Right to use: Subscription-based IT	(1,492,831)	(1,584,575)	327,959	(2,749,447)
Right to use: Lease	(332,114)	(439,847)	-	(771,961)

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Library materials	(6,034,526)	(29,693)	-	(6,064,219)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(121,969,435)</u>	<u>(9,699,864)</u>	<u>327,959</u>	<u>(131,341,340)</u>
<i>Net Depreciable Capital Assets</i>	<u>\$ 236,978,988</u>	<u>\$ (9,375,570)</u>	<u>\$ -</u>	<u>\$ 227,603,418</u>
	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
<i>Total Nondepreciable Capital Assets</i>	<u>\$ 8,129,524</u>	<u>\$ 4,322,677</u>	<u>\$ (7,801,348)</u>	<u>\$ 4,650,853</u>
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
<i>Total Depreciable Capital Assets</i>	<u>303,270,154</u>	<u>47,957,518</u>	<u>7,720,751</u>	<u>358,948,423</u>
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)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(113,784,529)</u>	<u>(8,225,205)</u>	<u>40,299</u>	<u>(121,969,435)</u>
<i>Net Depreciable Capital Assets</i>	<u>\$ 189,485,625</u>	<u>\$ 39,732,313</u>	<u>\$ 7,761,050</u>	<u>\$ 236,978,988</u>

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

	2025	2024
Land	\$ 1,180,676	\$ 1,313,225
Buildings and improvements	1,108,583	1,108,583
Furniture and equipment	105,360	105,360
	2,394,619	2,527,168
Less: Accumulated depreciation	(1,120,901)	(1,097,749)
	<u>\$ 1,273,718</u>	<u>\$ 1,429,419</u>

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NOTE E – NONCURRENT LIABILITIES

The University's noncurrent liability activity for the years ended June 30, 2025 and 2024 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within One Year
Debt					
Bonds	\$ 71,485,000	\$ -	\$ 2,530,000	\$ 68,955,000	\$ 2,500,000
Bond Premium	2,141,291	-	141,699	1,999,592	-
Direct Borrowing	<u>3,330,000</u>	<u>12,605,000</u>	<u>280,000</u>	<u>15,655,000</u>	<u>290,000</u>
	76,956,291	12,605,000	2,951,699	86,609,592	2,790,000
Other Liabilities					
Compensated Absences	1,343,147	325,888	218,448	1,450,587	240,409
IT Subscription	4,053,459	150,235	761,131	3,442,563	640,724
Lease	1,140,817	-	431,802	709,015	451,154
OPEB Liability, net	455,102	-	153,423	301,679	-
Pension Liability, net	<u>19,970,773</u>	<u>-</u>	<u>1,445,682</u>	<u>18,525,091</u>	<u>-</u>
	26,963,298	476,123	3,010,486	24,428,935	1,332,287
<i>Total Noncurrent Liabilities</i>	<u>\$ 103,919,589</u>	<u>\$ 13,081,123</u>	<u>\$ 5,962,185</u>	<u>\$ 111,038,527</u>	<u>\$ 4,122,287</u>

	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	<u>3,600,000</u>	<u>-</u>	<u>270,000</u>	<u>3,330,000</u>	<u>280,000</u>
	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	<u>19,915,731</u>	<u>55,042</u>	<u>-</u>	<u>19,970,773</u>	<u>-</u>
	24,191,050	3,732,552	960,304	26,963,298	1,354,197
<i>Total Noncurrent Liabilities</i>	<u>\$ 103,972,911</u>	<u>\$ 3,732,552</u>	<u>\$ 3,785,874</u>	<u>\$ 103,919,589</u>	<u>\$ 4,164,197</u>

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, 2025 and 2024, the outstanding principal on the 2010B bonds was \$48,020,000.

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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, 2025 and 2024, the outstanding principal on the 2010C bonds was \$445,000 and \$660,000.

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, 2025 and 2024, the outstanding principal on the 2011A bonds was \$0 and \$755,000.

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, 2025 and 2024, the outstanding principal on the 2016 bonds was \$20,490,000 and \$22,050,000.

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, 2025 and 2024, the outstanding principal on the 2019 bonds was \$3,050,000 and \$3,330,000.

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On May 28, 2025, the University issued \$12,605,000 in Institutional Enterprise Revenue Bonds, Series 2025 with an interest rate of 3.83%. The bonds begin maturing on May 15, 2027 and continue in increasing amounts through May 15, 2055. The bonds are collateralized by a pledge of net Institutional Enterprise Revenues plus 100% of net tuition revenues derived from charges to students for general instruction. The proceeds of the 2025 bonds were used to fund the construction of a faculty and staff housing complex.

At June 30, 2025, debt principal and interest requirements to maturity are as follows:

Year Ending June 30	Bonds		Direct Borrowing	
	Principal	Interest	Principal	Interest
2026	2,500,000	4,148,944	290,000	578,493
2027	2,750,000	4,020,758	545,000	585,167
2028	2,645,000	3,851,500	570,000	564,654
2029	2,760,000	3,701,000	590,000	543,201
2030	2,875,000	3,543,800	610,000	520,994
2031-2035	16,330,000	15,129,750	3,020,000	2,236,897
2036-2040	19,080,000	10,350,700	1,850,000	1,784,780
2041-2045	20,015,000	4,328,100	2,230,000	1,401,780
2046-2050	-	-	2,700,000	940,265
2051-2055	-	-	3,250,000	383,000
<i>Total Debt Service</i>	<u>\$ 68,955,000</u>	<u>\$ 49,074,552</u>	<u>\$ 15,655,000</u>	<u>\$ 9,539,231</u>

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, 2025, 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 December 2026, one in June 2029, one in June 2030, one in June 2031, and two in July 2031.

At June 30, 2025, IT subscription liability principal and interest requirements to term expiration are as follows:

Year Ending June 30	Principal	Interest
2026	\$ 640,724	\$ 61,500
2027	565,175	50,854
2028	575,689	40,340
2029	586,447	29,582
2030	547,457	18,572
2031-2035	527,071	8,958
<i>Total</i>	<u>\$ 3,442,563</u>	<u>\$ 209,806</u>

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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, 2025, 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, 2025, lease liability principal and interest requirements to term expiration are as follows:

Year Ending June 30	Principal	Interest
2026	\$ 451,154	\$ 18,946
2027	257,861	6,664
<i>Total</i>	<u>\$ 709,015</u>	<u>\$ 25,610</u>

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. This note was paid off in August 2025.

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, 2025 is \$1,450,587. In fiscal year 2025, expenses were increased by \$107,440 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, 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.

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.

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The University's contributions to the ORP for fiscal years ending June 30, 2025 and 2024 were \$2,329,706 and \$2,265,499. 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 report that can be obtained at copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. 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.

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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.

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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, 2023 through June 30, 2025 are summarized in the table below:

	January 1, 2025 to June 30, 2025	July 1, 2024 to December 31, 2024	January 1, 2024 to June 30, 2024	July 1, 2023 to December 31, 2023
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 Health 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	0.23%	0.21%	0.21%	0.17%
Total Employer Contribution Rate to the SDTF ¹	20.61%	20.59%	20.59%	20.55%

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 \$1,901,347 and \$1,663,231 for the years ended June 30, 2025 and 2024.

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

At June 30, 2025 and 2024, the University reported a liability of \$18,525,091 and \$19,970,773 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2024 for fiscal year 2025 and as of December 31, 2023 for fiscal year 2024, 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, 2024 and 2023. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2024 (for fiscal year 2025) and 2023 (for fiscal year 2024) relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At December 31, 2025 and 2024, the University's proportion was 0.1948 percent and 0.1975 percent.

For the years ended June 30, 2025 and 2024, the University recognized non-cash pension expense of \$266,898 and \$49,607. Additionally, in fiscal year 2025 and 2024, the University recognized non-cash revenue of \$146,391 and \$32,055 for support from the State as a nonemployer contributing entity.

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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	
	2025	2024	2025	2024
Difference between expected and actual experience in the measurement of the total pension liability	\$ 543,712	\$ 326,443	\$ -	\$ 106,044
Changes in assumptions or other inputs	-	-	143,646	-
Net difference between projected and actual earnings on pension plan investments	408,049	1,450,475	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	243,844	927,746	177,606	83,077
Employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	902,882	827,881	-	-
Total	<u>\$ 2,098,487</u>	<u>\$ 3,532,545</u>	<u>\$ 321,252</u>	<u>\$ 189,121</u>

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
2026	766,807
2027	1,001,589
2028	(641,326)
2029	(252,717)
2030	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2023 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

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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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
		Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older
Members other than Safety Officers	PubG-2010 Healthy Retiree	Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations were based on 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

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Salary increases, including wage inflation:

Members other than Safety Officers	2.70%-13.30%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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 January 3, 2025.

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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, and again at the Board's September 20, 2024, meeting to be effective January 1, 2025. 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	51.00%	5.0%
Fixed Income	23.00	2.6
Private Equity	10.00	7.6
Real Estate	10.00	4.1
Alternatives	6.00	5.2
<i>Total</i>	<u>100.00%</u>	

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,

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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.

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.

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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 2025 and 2024), 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 – 2025	\$ 24,683,361	\$ 18,525,091	\$ 13,337,603
Proportionate share of the net pension liability – 2024	\$ 26,101,782	\$ 19,970,773	\$ 14,815,431

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 copera.org/forms-resources/financial-reports-and-studies.

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 copera.org/forms-resources/financial-reports-and-studies.

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.

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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, 2023 through June 30, 2025 are summarized in the tables below:

	January 1, 2025 to June 30, 2025	July 1, 2024 to December 31, 2024	January 1, 2024 to June 30, 2024	July 1, 2023 to December 31, 2023
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	0.23%	0.21%	0.21%	0.17%
Total Employer Contribution Rate to the SDTF ¹	21.63%	21.61%	21.61%	21.57%

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/forms-resources/financial-reports-and-studies.

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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, 2025 and 2024, total payroll upon which the plan contributions were based was \$703,842 and \$535,668.

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/forms-resources/financial-reports-and-studies.

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.

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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.

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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 \$81,807 and \$75,599 for the years ended June 30, 2025 and 2024.

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

At June 30, 2025 and 2024, the University reported liabilities of \$301,679 and \$455,102 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024 for fiscal year 2025 and December 31, 2023 for fiscal year 2024, 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, 2024 and 2023. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2024 (for fiscal year 2025) and 2023 (for fiscal year 2024) relative to the total contributions of participating employers to the HCTF. At December 31, 2024 and 2023, the University's proportion was 0.0631 percent and 0.0638 percent.

For the years ended June 30, 2025 and 2024, the University recognized non-cash OPEB income of \$123,202 and \$100,495.

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	
	2025	2024	2025	2024
Difference between expected and actual experience in the measurement of the total OPEB liability	\$ -	\$ -	\$ 66,544	\$ 93,277
Changes in assumptions or other inputs	3,459	5,352	96,432	48,256
Net difference between projected and actual earnings on OPEB plan investments	1,023	14,075	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	56,424	69,756	19,555	35,106
Employer's contributions to the plan subsequent to the measurement date of the collective OPEB liability	42,265	38,319	-	-
Total	<u>\$ 103,170</u>	<u>\$ 127,502</u>	<u>\$ 182,530</u>	<u>\$ 176,639</u>

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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
2026	(44,127)
2027	(16,561)
2028	(26,092)
2029	(13,709)
2030	(11,993)
2031	(9,143)
Thereafter	-

Actuarial assumptions. The total OPEB liability in the December 31, 2023 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	16.00% in 2024, then 6.75 percent in 2025, gradually decreasing to 4.50 percent in 2034
MAPD PPO #2	105.00% in 2024, then 8.55 percent in 2025, gradually decreasing to 4.50 percent in 2034
Medicare Part A premiums	3.50 percent in 2024, gradually increasing to 4.50 percent in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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Each year the per capita health care costs are developed by plan option; currently based on 2024 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	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897	\$ 1,575
70	1,921	1,589	657	544	2,130	1,763
75	2,122	1,670	726	571	2,353	1,853

	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	\$ 6,536	\$ 5,429	\$ 4,241	\$ 3,523	\$ 7,063	\$ 5,866
70	7,341	6,073	4,764	3,941	7,933	6,563
75	8,110	6,385	5,262	4,143	8,763	6,900

The 2024 Medicare Part A premium is \$505 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.

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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. . PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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	MAPD PPO #2 (1)	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

(1) Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023 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 Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older

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Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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, 2023 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 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

HCTF State Division

Salary increases, including wage inflation: Members other than Safety Officers 2.70%-13.30%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded:

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(in Actual Dollars)

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

HCTF and DPS HCTF

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF and DPS HCTF using a headcount- weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

Pre-Retirement	Mortality Table	Adjustments, as applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages. Females: 85% of the rates prior to age 85/105% of the rates age 85 and older

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages. Females: 100% of the rates for all ages

Disabled	Mortality Table	Adjustments, as applicable
Members other than Safety Officers	PubNS-2010	Disabled Retiree 95% for all

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	30 Year Expected Geometric	
	Target Allocation	Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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 – 2025	\$ 293,551	\$ 301,679	\$ 310,877
Proportionate share of the net OPEB liability – 2024	\$ 442,040	\$ 455,102	\$ 469,311

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, 2024 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.

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- 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.
- As of the December 31, 2024, 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. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$20 and \$486, 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 2025 and 2024), 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 Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$293,551	\$301,679	\$310,877

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/forms-resources/financial-reports-and-studies.

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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:

		Sales and Services of Auxiliary Enterprises	
<u>2025</u>	<u>Tuition and Fees</u>		<u>Total</u>
Gross revenue	\$ 40,188,187	\$ 15,009,538	\$ 55,197,725
Scholarship allowances:			
Federal	(2,518,514)	(192,137)	(2,710,651)
State	(2,108,380)	(160,848)	(2,269,228)
Private	(2,092,173)	(159,611)	(2,251,784)
Institutional	(7,817,447)	(596,391)	(8,413,838)
<i>Total Scholarship Allowances</i>	<u>(14,536,514)</u>	<u>(1,108,987)</u>	<u>(15,645,501)</u>
	<i>Net Revenue</i>		
	<u>\$ 25,651,673</u>	<u>\$ 13,900,551</u>	<u>\$ 39,552,224</u>

		Sales and Services of Auxiliary Enterprises	
<u>2024</u>	<u>Tuition and Fees</u>		<u>Total</u>
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)
<i>Total Scholarship Allowances</i>	<u>(13,578,692)</u>	<u>(611,783)</u>	<u>(14,190,475)</u>
	<i>Net Revenue</i>		
	<u>\$ 27,552,277</u>	<u>\$ 13,689,342</u>	<u>\$ 41,241,619</u>

NOTE K – WESTERN COLORADO UNIVERSITY FOUNDATION

Foundation Investments

The Foundation's short-term investments are stated at fair value. At June 30, 2025 and 2024, the Foundation had investments with a cost of \$34,659,836 and \$33,608,809 and a fair value of \$43,656,532 and \$38,930,322.

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

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 896,880	\$ 664,483
Net realized gains (losses)	207,772	846,725
Net unrealized gains (losses)	3,675,185	4,085,679
Investment expenses	(185,538)	(121,283)
Net investment earnings (loss)	<u>\$ 4,594,299</u>	<u>\$ 5,475,604</u>

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

	2025	2024
Without donor restrictions	\$ 567,443	\$ 787,058
With donor restrictions	4,026,856	4,688,546
Net investment earnings	<u>\$ 4,594,299</u>	<u>\$ 5,475,604</u>

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, 2025 and June 30, 2024:

	Fair Value as of June 30, 2025	Fair Value as of June 30, 2024
Cash & Cash Equivalents	\$ 497,147	\$ 831,298
Fixed Income	531,172	702,401
Equities	33,385,041	30,587,207
Other	9,243,172	6,809,416
Total Investments	<u>\$ 43,656,532</u>	<u>\$ 38,930,322</u>

Foundation Endowment

At June 30, 2025, the Foundation's endowment consists of approximately 86 individual funds established by donors to provide annual funding for a variety of purposes. Quasi-endowment funds fluctuate with actual earnings, additional contributions, and expenses. Quasi-endowments are not included in the endowments. At June 30, 2025 and 2024 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, 2025 and 2024, 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

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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, 2025, there were no funds with deficits. At June 30, 2024, there were approximately nine funds underwater with that deficit totaling \$333,377.

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, 2025 and 2024 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, 2025 and 2024 was \$318,549 and \$465,496.

Endowment net asset composition as of June 30, 2025 and 2024 is as follows:

	2025	2024
Endowment Net Assets – Beginning	\$ 9,479,865	\$ 8,835,417
Contributions	626,251	14,494
Investment Income, net of fees	857,988	1,175,367
Net Assets Released from Restrictions:		
Amounts Appropriated for Expenditure	(147,225)	(276,255)
Change in Designation by Donor to		
Quasi-endowment	(1,574,605)	(269,158)
Endowment Net Assets – Ending	<u>\$ 9,242,274</u>	<u>\$ 9,479,865</u>

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Promises to Give

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

	2025	2024
Resilience Studies Consortium	\$ 1,750,000	\$ -
Restricted for Geiman Scholars	1,504,154	1,654,154
Restricted for the Locke Accounting Scholarship for Women	952,000	1,035,000
Restricted for School of Business Career Advancement	500,267	600,267
Restricted for the Mountaineer Bowl Events Center	263,669	456,444
Restricted for scholarships or other purposes	687,746	498,413
Less: allowance for uncollectible contributions receivable	<u>(282,892)</u>	<u>(212,214)</u>
Gross unconditional promises to give	5,374,944	4,032,064
Less: unamortized discount	<u>(1,603,249)</u>	<u>(1,197,779)</u>
Net unconditional promises to give	<u>\$ 3,771,695</u>	<u>\$ 2,834,285</u>
Receivable in less than one year	\$ 1,063,542	\$ 384,893
Receivable in one to five years	1,562,600	1,698,133
Receivable after five years	<u>1,145,553</u>	<u>751,259</u>
Total	<u>\$ 3,771,695</u>	<u>\$ 2,834,285</u>

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, 2025 and 2024, funds newly appropriated to the University for the College Opportunity Fund (COF) and Fee for Service were \$24,942,246 and \$20,443,587. 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, 2025 and 2024, the University was appropriated \$0 and \$652,978 of indirect non-capital American Rescue Plan (ARP) Act funding by the State. In the fiscal years ended June 30, 2025 and June 30, 2024 the University carried over \$168,544 and \$779,404 of indirect non-capital ARP Act funding from prior fiscal years. In the fiscal years ended June 30, 2025 and 2024, the University expended \$70,606 and \$633,793 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, 2025 and 2024, the University was newly appropriated \$0 and \$6,852,444 in capital appropriations, indirect capital ARP Act funding, and certificates of participation funding. Additionally, for the fiscal years ended June 30, 2025 and 2024, the University carried over \$10,390,058 and \$4,421,432 in capital appropriations from prior fiscal years. Actual appropriated capital revenue earned totaled \$3,113,277 (2025) and \$4,639,479 (2024), which was equal to actual appropriated expenditures.

The Long Appropriations Bill also includes an appropriation related to undergraduate tuition. In fiscal year 2025, the University had \$22,115,671 in appropriations related to undergraduate tuition. The University recognized \$21,301,309 in appropriated revenue and \$21,301,309 in appropriated expenses. 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.

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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

A total of three financial relief packages were passed in 2020 and 2021 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
	<u>\$ 3,444,271</u>	<u>\$ 4,547,594</u>

The State of Colorado is allocating portions of its ARP Act funding to support higher education. In the fiscal years ended June 30, 2025 and 2024, the State allocated \$0.0 million and \$0.7 million, respectively, of new ARP Act funding to the University to support various higher education initiatives. Of those funds, the University expended \$0.1 million and \$0.6 million in the fiscal years ended June 30, 2025 and 2024. Of these awards, \$0.1 million was available as of June 30, 2025 for use in future fiscal years.

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, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
University's proportion of the net pension liability	0.1948%	0.1974%	0.1832%	0.1780%	0.1734%
University's proportionate share of the net pension liability	\$ 18,525,091	\$ 19,970,773	\$ 19,915,731	\$ 13,125,559	\$ 16,444,652
University's covered payroll	\$ 8,674,992	\$ 8,135,393	\$ 6,914,942	\$ 6,459,485	\$ 6,220,039
University's proportionate share of the net pension liability as a percentage of its covered payroll	213.55%	245.48%	288.01%	203.20%	264.38%
Plan fiduciary net position as a percentage of the total pension liability	67.44%	64.37%	60.63%	73.05%	65.34%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
University's proportion of the net pension liability	0.1821%	0.1917%	0.1951%	0.1860%	0.1950%
University's proportionate share of the net pension liability	\$ 17,667,532	\$ 21,811,916	\$ 39,047,629	\$ 34,158,370	\$ 20,538,558
University's covered payroll	\$ 6,137,241	\$ 6,139,091	\$ 6,037,120	\$ 5,573,306	\$ 5,692,536
University's proportionate share of the net pension liability as a percentage of its covered payroll	287.87%	355.30%	646.79%	612.89%	360.80%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.11%	43.20%	42.60%	56.10%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 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 THE PERA DEFINED BENEFIT PENSION PLAN
For the Years Ended June 30, 2025

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 1,754,956	\$ 1,631,176	\$ 1,319,302	\$ 1,241,573	\$ 1,079,161
Contributions in relation to the contractually required contribution	\$ (1,754,956)	\$ (1,631,176)	\$ (1,319,302)	\$ (1,241,573)	\$ (1,079,161)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 8,756,359	\$ 8,447,606	\$ 6,980,410	\$ 6,423,103	\$ 5,959,315
Contributions as a percentage of covered payroll	20.04%	19.31%	18.90%	19.33%	18.11%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,107,587	\$ 1,133,491	\$ 1,082,140	\$ 1,030,617	\$ 947,246
Contributions in relation to the contractually required contribution	\$ (1,107,587)	\$ (1,133,491)	\$ (1,082,140)	\$ (1,030,617)	\$ (947,246)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 6,166,613	\$ 6,262,882	\$ 5,978,573	\$ 5,835,267	\$ 5,657,695
Contributions as a percentage of covered payroll	17.96%	18.10%	18.10%	17.66%	16.74%

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, 2025

	2025	2024	2023	2022
University's proportion of the net other postemployment benefit liability	0.0631%	0.0637%	0.0571%	0.0558%
University's proportionate share of the net other postemployment benefit liability	\$ 301,679	\$ 455,102	\$ 466,240	\$ 480,850
University's covered payroll	\$ 7,614,580	\$ 7,046,258	\$ 5,794,687	\$ 5,337,579
University's proportionate share of the net other postemployment benefit liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	59.83%	46.16%	38.57%	39.40%
	2021	2020	2019	2018
University's proportion of the net other postemployment benefit liability	0.0557%	0.0595%	0.0646%	0.0662%
University's proportionate share of the net other postemployment benefit liability	\$ 528,935	\$ 669,330	\$ 878,480	\$ 860,775
University's covered payroll	\$ 5,147,523	\$ 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	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	32.78%	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, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2025, 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, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 81,807	\$ 75,599	\$ 60,143	\$ 57,714
Contributions in relation to the contractually required contribution	\$ (81,807)	\$ (75,599)	\$ (60,143)	\$ (57,714)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 7,738,096	\$ 7,411,652	\$ 5,896,375	\$ 5,669,183
Contributions as a percentage of covered payroll	1.06%	1.02%	1.02%	1.02%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 49,885	\$ 53,419	\$ 56,664	\$ 54,104
Contributions in relation to the contractually required contribution	\$ (49,885)	\$ (53,419)	\$ (56,664)	\$ (54,104)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 4,890,679	\$ 5,239,321	\$ 5,555,341	\$ 5,304,305
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

STATE OF COLORADO
Western Colorado University

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY

Changes effective for the December 31 measurement period for the following years ended:

2025

- Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023
 - There were no changes made to the plan provisions.
- Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2024 Changes in Assumptions or Other Inputs Since 2023
 - Salary scale assumptions were altered to better reflect actual experience.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
 - The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
 - The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.
 - SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

2024

- There were no changes made to the plan provisions.

2023

- 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.

2022

- There were no changes made to actuarial methods or assumptions for pension compared to prior year.

STATE OF COLORADO
Western Colorado University

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY (Continued)

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- The annual increase cap decreased from 1.25% to 1.00%.

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with 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 assumptions were changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to 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 beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows: o Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019. o Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to the lesser of 1.25%.

2018

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.
- The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 2.00% to 0.00% through 2019 and 1.5% compounded annually thereafter.

2017

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

STATE OF COLORADO
Western Colorado University

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY (Continued)

2016

- The investment return 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 expense, to 4.85% per year, net of investment expense.
- 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, RP-2014 Health 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%.

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

2025

- Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023
 - As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.
- Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2024 Changes in Assumptions or Other Inputs Since 2023
 - Salary scale assumptions were altered to better reflect actual experience.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
 - The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
 - Participation rates were reduced.
 - MAPD premium costs are no longer age graded.

STATE OF COLORADO
Western Colorado University

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 AND 2024

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disables, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40 percent to 0.45 percent.
- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

2023

- There were no changes made to the actuarial methods or assumptions.

2022

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

2021

- Medicare Part A premium increased from \$458 to \$471 per month.
- 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.

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with 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.

STATE OF COLORADO
Western Colorado University

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 AND 2024

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to 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 beneficiary mortality assumptions were 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.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.

2018

- There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017

- The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

Supplemental Information

WESTERN COLORADO UNIVERSITY
SUPPLEMENTAL INFORMATION
SCHEDULES OF REVENUE AND EXPENSES
FOR ENTERPRISE REVENUE BONDS
For Years Ended June 30, 2025 and 2024

	2025	2024
REVENUE		
University Service Fees	\$ 3,334,663	\$ 3,621,380
Extended Studies and Graduate Programs Tuition and Fees	7,072,649	7,330,483
Education and General Fund Tuition	22,239,798	22,752,508
Federal Interest Subsidy	1,147,807	1,139,128
Bookstore Sales	571,966	661,913
Rental Income	6,434,266	6,383,841
Food Service Income	4,149,332	4,138,777
Sales/Service Auxiliaries	1,716,884	1,347,073
Interest Income	168,255	160,468
<i>Total Revenues</i>	<u>46,835,620</u>	<u>47,535,571</u>
EXPENSES		
Employee Compensation	2,618,233	2,000,432
Costs of Goods Sold	433,732	446,045
Utilities	887,100	839,602
Rental	4,254	2,556
Contract Food	2,543,172	2,432,688
Travel	153,926	180,854
Supplies	643,594	458,956
Purchased Services	5,225,747	6,091,994
Financial Aid	731,642	608,707
Administrative Cost Allowance	2,895,948	2,448,580
Furniture and Equipment	24,494	50,746
Other Operating Expenses	110,334	161,889
<i>Total Expenses</i>	<u>16,272,176</u>	<u>15,723,049</u>
<i>Net Operating Revenue</i>	<u>30,563,444</u>	<u>31,812,522</u>
TRANSFERS		
Mandatory Transfers	98,722	104,248
Non-mandatory Transfers	(1,081,339)	(2,389,727)
<i>Total Transfers</i>	<u>(982,617)</u>	<u>(2,285,479)</u>
<i>Net Revenue</i>	<u>\$ 29,580,827</u>	<u>\$ 29,527,043</u>
DEBT SERVICE CHARGE		
Net Operating Revenue	\$ 30,563,444	\$ 31,812,522
Bond Principal and Interest	(7,201,719)	(7,195,229)
<i>Excess of Net Operating Revenue Over Debt Service</i>	<u>\$ 23,361,725</u>	<u>\$ 24,617,293</u>
<i>Debt Service Coverage Ratio</i>	4.24	4.42



**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, 2025, 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 12, 2025. 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.

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.

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Frisco, CO
Tulsa, OK

Denver Office:

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TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Internal Control over Financial Reporting (Continued)

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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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.

Englewood, Colorado
December 12, 2025

Hick & Company, PC



LEGISLATIVE AUDIT COMMITTEE COMMUNICATIONS



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, 2025, and have issued our report thereon dated December 12, 2025. 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 May 5, 2025. 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, 2024 and 2023 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, 2024 and 2023 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2024 and 2023.
- 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, 2024 and 2023 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, 2024 and 2023 relative to the total contributions made to the HCTF by participating employers for the calendar years ending December 31, 2024 and 2023.
- 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. Recording of accounts payable invoices for construction in progress for \$743,120.

Prior-period Uncorrected Misstatements

1. 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.)

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 12, 2025.

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.

Hick & Company, PC

Englewood, Colorado
December 12, 2025



**STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
SECTION**

WESTERN COLORADO UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
For the year ended June 30, 2025

Introduction

Western Colorado University (the University) is a state-supported institution of higher education located in Alamosa, Colorado.

The financial and compliance examination of the various state-funded financial assistance programs at the University for the year ended June 30, 2025, was directed toward the objectives and criteria set forth in the Colorado Handbook for State-Funded Student Assistance Programs, issued by the Colorado Department of Higher Education (CDHE). The State-Funded Student Assistance Programs policies are approved by the Colorado Commission on Higher Education (CCHE). The State student financial assistance programs were examined simultaneously with the University's federal financial aid programs for the year ended June 30, 2025.

State-Funded Student Assistance Programs

The various State-funded student assistance programs at the University included the Colorado Work Study Program, the Colorado Graduate Grant Program, and the Colorado Student Grant Program.

The State-funded assistance awards made by the University totaled approximately \$2,120,727 for the year ended June 30, 2025.

The Director of Financial Aid is responsible for administration of the programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the University's federal and state financial aid programs. The University Controller is responsible for the program's financial management, general ledger accounting, payments, and collections.

During the audit period, the University obtained authorizations to award approximately \$1,828,625 under the Colorado Student Grant Program, \$257,300 under the Colorado Work Study Program, and \$34,802 under the Colorado Graduate Grant Program.



Independent Auditor's Report on the Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Financial Assistance Programs

Members of the Legislative Audit Committee
Denver, Colorado

Report on the Audit of the Statement

Opinion

We have audited the accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Financial Assistance Programs (the Statement) for Western Colorado University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2025, and the related notes related to the Statement.

In our opinion, the Statement referred to above presents fairly, in all material respects, the respective appropriations, expenditures, transfers and revisions of the State-Funded Student Financial Assistance programs of the University for the year ended June 30, 2025, in accordance with the format as set forth in the *2024-25 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University described in Note A to the Statement.

Basis for Opinion

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement 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 opinion.

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Emphasis of Matter

As described in Note A to the Statement, the Statement prepared by the University was prepared in accordance with the *2024-25 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by CDHE, and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study programs which is on the accrual basis, and does not present certain transactions that would be included in the statement of state-funded student financial assistance programs if it was presented on the accrual basis of accounting, as prescribed by generally accepted accounting principles. Accordingly, the accompanying Statement is not intended to, and does not present the financial position, changes in financial position, or cash flows of the University 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 Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial format as set forth in the *2024-25 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University described in Note A to the Statement and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 Statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, 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 Statement.



- 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 Statement.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 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 the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the University's Board of Trustees, and management of the University, the CDHE, and the Colorado Commission on Higher Education and is not intended to be, and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

Hick & Company, PC

Englewood, Colorado
December 12, 2025

State of Colorado
Western Colorado University
State-Funded Student Financial Assistance Programs
Statement of Appropriations, Expenditures, Transfers, and Reversions
Year Ended June 30, 2025

	Total State-Funded Student Assistance	Colorado Student Grant	Colorado Graduate Grant	Colorado Work-Study
Appropriations:				
Original	\$ 2,120,727	\$ 1,828,625	\$ 34,802	\$ 257,300
Supplemental	-	-	-	-
Transfers	-	-	-	-
	<u>2,120,727</u>	<u>1,828,625</u>	<u>34,802</u>	<u>257,300</u>
Other Funding				
Sources	-	-		
Total	<u>2,120,727</u>	<u>1,828,625</u>	<u>34,802</u>	<u>257,300</u>
Expenditures	<u>2,120,727</u>	<u>1,828,625</u>	<u>34,802</u>	<u>257,300</u>
Reversions to State				
General Fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

WESTERN COLORADO UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE
PROGRAMS NOTES TO STATEMENT OF APPROPRIATIONS,
EXPENDITURES, TRANSFERS, AND REVERSIONS

Note A Summary of Significant Accounting Policies

Basis of Presentation

Western Colorado University (the University) is governed by the University's Board of Trustees.

The accompanying statement of appropriations, expenditures, transfers, and reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as set forth in the 2024-25 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid issued by the Colorado Department of Higher Education (CDHE) and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the Board of Trustees of the University. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the University, it is not intended to and does not present either the financial position or changes in financial position of the University in conformity with generally accepted accounting principles in the United States of America.

Basis of Accounting

The University's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and Business Officers in its revised publication *Financial Accounting and Reporting Manual*.

All student aid is expensed on a cash basis except for the Colorado Work Study (CWS) Program. The CWS is on the accrual basis in that the expense is recognized when the student earns their wages from employment positions funded by CWS.



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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Statement of Appropriations, Expenditures,
Transfers, and Reversions of the State of Colorado State-Funded
Student Assistance Programs Performed in Accordance with
Government Auditing Standard**

Members of the Legislative Audit Committee
Denver, Colorado

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 Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs (the Statement) of Western Colorado University (the University), and institution of higher education of the State of Colorado, as of and for the year ended June 30, 2025, and the related notes of the Statement, and have issued our report thereon dated December 12, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered the University's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Statement, 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.

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, internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Statement is 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 Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
December 12, 2025

