

2006-2007 Annual Report



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UNIVERSITY of NORTHERN COLORADO *Message from President Norton*

Annually reporting the University of Northern Colorado's finances is in keeping with our commitment to being a public university—one that not only prepares public servants, helps build a strong northern Colorado community and economy and transforms lives through education, but also is transparent and accountable.

During fiscal year 2007, UNC was an active participant in state-level discussions about higher education policy and long-term funding. In June, the Colorado Department of Higher Education convened a higher education funding summit, and our discussions about funding alternatives, allocation models and performance metrics are ongoing.

This fiscal year, for the second year in a row, UNC received an increase in state funding. Last fiscal year (FY06), following voter approval of Referendum C to create a temporary timeout from TABOR budget limitations, state support for UNC increased for the first time in three years. That 4.7 percent increase was followed by a 7.9 percent this fiscal year. Nonetheless, UNC's state funding remains lower than in fiscal year 2004, and as a result our dependence on student tuition continues to increase.

We continue to build on our historic expertise in education. We remain a leader in helping address the nation's critical nursing shortage with our doctoral nursing education program. Through our College of Performing and Visual Arts, we prepare more public school arts teachers than any higher education institution in the state or region. And since becoming the first and only business college to earn the prestigious Malcolm Baldrige National Quality Award, faculty members and deans from the Monfort College of Business have been invited to make dozens of presentations across the national and around the globe.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the University of Northern Colorado for the year ended June 30, 2007, were prepared by the management in conformity with generally accepted accounting principles.

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

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

Randal L. Haack
Senior Vice President
for Finance and Administration
and Chief Financial Officer

Michelle F. Quinn
Associate Vice President of Finance

Independent Accountants' Report on Financial Statements and Supplementary Information

Members of the Legislative Audit Committee:

We have audited the accompanying basic financial statements of the University of Northern Colorado (the University or UNC) and its discretely presented component units, collectively, a component unit of the State of Colorado, as of and for the years ended June 30, 2007 and 2006 as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Northern Colorado Foundation, Incorporated (the Foundation) or the University of Northern Colorado Foundation Student Housing LLC I (the LLC), which collectively comprise the University's discretely presented component units. Those statements were audited by other accountants whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the Foundation and the LLC, is based solely on the reports of the other accountants.

We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation and the LLC, which were audited by other accountants, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other accountants, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component units, as of June 30, 2007 and 2006, and their respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2007, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

November 19, 2007

BKD, LLP

Overview

This section presents management’s discussion and analysis of the financial operating results of the University of Northern Colorado (the University or UNC), a public comprehensive baccalaureate and specialized graduate research university, for the fiscal year ending June 30, 2007 with prior year data for comparative purposes. The statements focus on the financial condition and results of operations for the University as a whole. The financial statements for the University of Northern Colorado Foundation, Incorporated and the University of Northern Colorado Student Housing LLC I (the LLC) – legally separate organizations whose operations benefit the University – are discretely presented within UNC’s financial statements. Unless otherwise noted, the information and financial data included in management’s discussion and analysis relate solely to the University. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting changes and currently known facts. The financial statements, footnotes and this discussion are the responsibility of management.

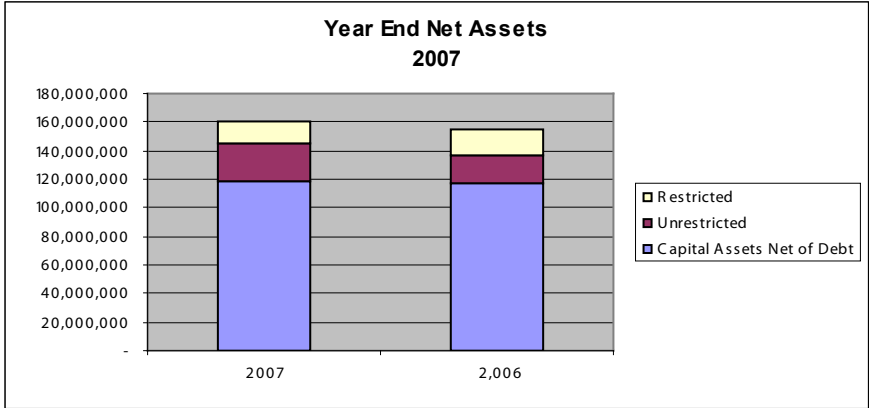
The statements are comprised of: the Statement of Net Assets; the Statement of Revenue, Expenses and Changes in Net Assets; and the Statement of Cash Flows. In addition, UNC’s financial report includes note disclosures and is prefaced by this Management Discussion and Analysis (MD&A). The MD&A is required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

Financial Highlights

The net assets of the University increased by \$6.3 million to \$161.1 million during the fiscal year ended June 30, 2007. The largest increase is in unrestricted net assets due to positive operating income.

Selected financial highlights for the fiscal year ending June 30, 2007 include:

- University assets total \$337.7 million with liabilities of \$176.6 million resulting in net assets of \$161.1 million.
- Capital assets of \$201.0 million comprise 60% of University assets.
- Total revenue in 2007 was \$153.3 million including \$144.4 million of Operating Revenue which includes College Opportunity Fund stipends and State Fee-for-Service contract revenue. Total revenue in 2006 was \$141.4 million including \$137.8 million of Operating Revenue.
- Operating Expenses for 2007 and 2006 totaled \$143.4 million and \$141.5 million, respectively.



Statement of Net Assets

The Statement of Net Assets is a financial snapshot of the University of Northern Colorado at June 30, 2007. It presents the fiscal resources of the University (assets), the claims against those resources (liabilities) and the residual available for future operations (net assets). Assets and liabilities are classified by liquidity as either current or non-current. Net assets are classified by the ways in which they may be used for future operations.

University of Northern Colorado Condensed Statement of Net Assets At June 30			
	2007	2006	2005
Assets			
Current Assets	\$ 61,374,255	\$ 55,505,811	\$ 54,941,752
Capital Assets	201,023,064	182,220,879	179,467,768
Other Noncurrent Assets	75,286,387	92,310,548	9,616,626
Total Assets	\$ 337,683,706	\$ 330,037,238	\$ 244,026,146
Liabilities			
Current Liabilities	\$ 25,631,854	\$ 23,147,234	\$ 20,056,947
Bonds/Notes Payable	140,651,092	142,301,092	57,058,594
Other Noncurrent Liabilities	10,317,877	9,823,105	8,745,912
Total Liabilities	\$ 176,600,823	\$ 175,271,431	\$ 85,861,453
Net Assets			
Invested in Capital Assets net of Related Debt	\$ 118,272,373	\$ 116,643,360	\$ 116,921,377
Restricted - Nonexpendable	315,553	307,555	307,555
Restricted - Expendable	16,204,979	17,604,788	21,398,187
Unrestricted	26,289,978	20,210,104	19,537,574
Total Net Assets	\$ 161,082,883	\$ 154,765,807	\$ 158,164,693

Liquid Assets

Unrestricted cash and cash equivalents (\$51.4 million) comprise 15.2% of the University’s assets. The current ratio (current assets over current liabilities) is 2.4, which is the same as June 30, 2006.

Capital Assets

UNC’s single largest fiscal resource is its campus facility. As of June 30, 2007, capital assets net of \$153.1 million accumulated depreciation total \$201.0 million. This is an \$18.8 million increase from fiscal year 2006. Major additons include the Butler Hancock building and Jackson field and building improvements. The University has \$16.9 million in construction in progress as part of its capital assets. Significant continuing projects include water mains and west campus housing projects. As of June 30, 2006, capital assets net of \$140.8 million accumulated depreciation, totaled \$182.2 million. This was a \$2.7 million increase from fiscal year 2005. The University had \$9.9 million in construction in progress as part of its capital assets. Significant projects include bond funded sports and recreation facilities, state appropriated buried mains and auxiliary funded residence hall renovations.

Capital Assets Net of Accumulated Depreciation

	June 30, 2007		June 30, 2006		June 30, 2005	
Land and Improvements	\$ 25,260,995	12.6%	\$ 19,731,359	10.8%	\$ 19,365,823	10.8%
Buildings and Improve-ments	144,417,684	71.8%	139,421,608	76.5%	144,558,743	80.5%
Construction in Progress	16,912,456	8.4%	9,874,105	5.4%	2,786,047	1.6%
Library Books	8,217,848	4.1%	7,874,582	4.3%	7,554,352	4.2%
Equipment	5,371,451	2.7%	4,476,595	2.5%	4,360,173	2.4%
Art and Historical Treasures	842,360	0.4%	842,630	0.5%	842,630	0.5%
Total Capital Assets	\$201,023,064	100.0%	\$182,220,879	100.0%	\$ 179,467,768	100.0%

Other Noncurrent Assets

The noncurrent assets primarily consist of restricted investments and loans to students. Proceeds from the fiscal year 2006 bond issuance of \$85.0 million, described in the Long-term Debt section, resulted in \$82.3 million increase to restricted investments from fiscal year 2005 to 2006. As the bond proceeds are used the restricted investments have decreased \$17.1 million from fiscal year 2006 to 2007.

Liabilities

The University's commitments of resources include: amounts owed to vendors; leases of equipment; and deferred revenue. Deferred revenues include amounts received for tuition and fees and certain auxiliary activities received by June 30, 2007, but related to services to be provided in fiscal year 2008 and amounts received from grant and contract sponsors that have not yet been earned. Compensated absences (employee accrued vacation and sick leave) of \$3.5 million is another significant liability. The single largest liability, however, is outstanding bonds which totaled \$142.3 million at June 30, 2007, \$143.9 million at June 30, 2006, and \$58.1 million at June 30, 2005.

Bonds/Notes Payable (Long-term Debt)

In July 2001, UNC issued bonds totaling \$50.0 million par. These bonds advance refunded the previously issued 1997 bonds and provided funding for West Campus Dining improvements, Parking, and additional Auxiliary Facility Improvements. Ratings by Moody's Investor Service and Standard & Poor's, based on insured bonds, were Aaa and AAA respectively. The underlying ratings were A2 and A.

In July, 2005, the University issued an additional \$85.0 million in bonds with maturities from 2006 through 2040. Like the 2001 bonds, these were insured with ratings of Aaa by Moody's and AAA by Standard and Poor's. The underlying ratings remained unchanged with a stable outlook at the time of issuance.

Other outstanding bonds include 1998 issuance, which was for Auxiliary projects and the refunding of prior bonds.

Net Assets			
	June 30, 2007	June 30, 2006	June 30, 2005
Capital Assets Net of Related Debt	\$ 118,272,373	\$ 116,643,360	\$ 116,921,377
Unrestricted	26,289,978	20,210,104	19,537,574
Auxiliary	6,318,822	7,274,009	10,215,143
Student Loans	8,725,736	9,084,499	9,635,579
Bond Reserve	750,000	750,000	750,000
Non-expendable	315,553	307,555	307,555
Other Restricted	410,421	496,280	797,465
Total Net Assets	\$ 161,082,883	\$ 154,765,807	\$ 158,164,693

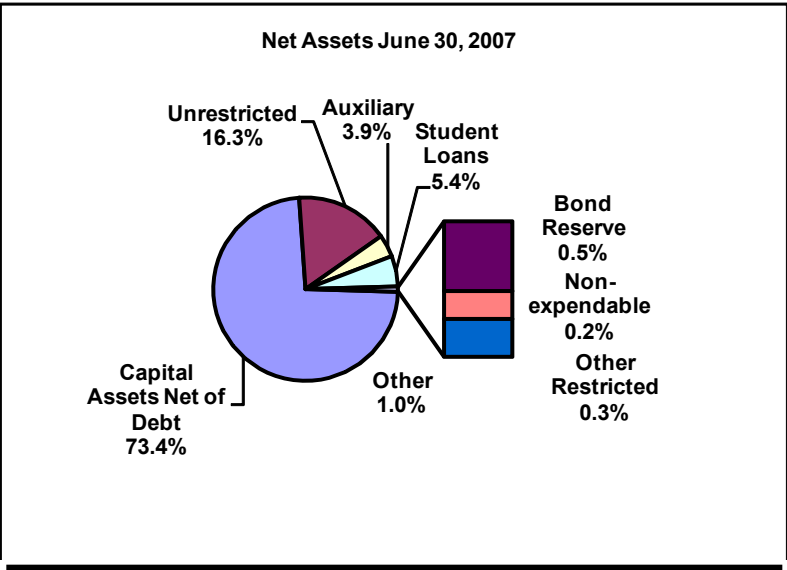
Net Assets
Net assets are the resources available for future operations, that is, assets reduced

by liabilities. The University's largest class of assets is its capital assets, net of related debt, which comprises 73.4%, 75.4% and 73.9% of UNC's net assets for fiscal years 2007, 2006, and 2005.

Unrestricted Net Assets of \$26.3 million includes: departmental operating funds, inventory, self-funded operation working capital, and reserves.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the financial activity of the University over the fiscal year. The focus is on Operating Revenues and Expenses.



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

	2007	2006	2005
Operating revenue			
Net Tuition and Fees	\$ 78,912,114	\$ 75,469,238	\$ 42,975,646
Fee for Services	15,345,095	14,016,078	--
Grants and Contracts	19,630,426	19,406,898	20,383,430
Auxiliary	25,681,389	24,920,551	30,201,148
Other	4,796,630	4,031,626	1,763,804
Total Operating Revenues	\$ 144,365,654	\$ 137,844,391	\$ 95,324,028
Operating Expenses			
Education and General	\$ 109,687,620	\$ 107,813,020	\$ 96,514,044
Auxiliary	20,944,465	21,742,407	19,908,514
Depreciation	12,776,240	11,984,452	11,092,760
Total Operating Expenses	\$ 143,408,325	\$ 141,539,879	\$ 127,515,318
Operating Gain (Loss)	\$ 957,329	\$ (3,695,488)	\$ (32,191,290)
Non-operating Revenues			
State Appropriations	--	--	\$ 33,590,906
Net Asset Adjustments	--	--	(817,809)
Other Nonoperating Revenues and Expenses	(256,880)	(772,334)	(955,988)
Gain (Loss) Before Other Revenues/Expenses	700,449	(4,467,822)	(374,181)
Capital Appropriations	5,593,925	1,290,484	410,080
Net Other Items	22,703	(221,548)	179,066
Increase (Decrease) in Net Assets	6,317,077	(3,398,886)	214,965
Net Assets - Beginning of Year	154,765,807	158,164,693	157,949,728
Net Assets - End of Year	\$ 161,082,884	\$ 154,765,807	\$ 158,164,693

MANAGEMENT DISCUSSION AND ANALYSIS

Total Revenues

In fiscal year 2007, revenue from all sources totals \$153.3 million with \$144.4 million of that being Operating Revenue. In fiscal year 2006 total revenue was \$142.0 million with \$137.8 million operating revenue. In fiscal year 2005, total revenue was \$131.8 million with \$95.3 million operating revenue and a \$33.6 million general fund appropriation.

In fiscal year 2006, the state of Colorado discontinued direct state appropriations to public institutions of higher education, including UNC. Instead, state funds are being used to support Colorado students in two ways. First, the College Opportunity Fund (COF) provides a stipend to eligible undergraduate residents. A total of \$22.6 and \$21.2 million in COF stipends was paid toward UNC student tuition in FY 2007 and 2006. Second, in FY 2007 and 2006 the state contracted with UNC for \$15.3 and \$14.0 million in educational service – primarily graduate student education. These funds are in addition to tuition paid by students.

Operating Revenues

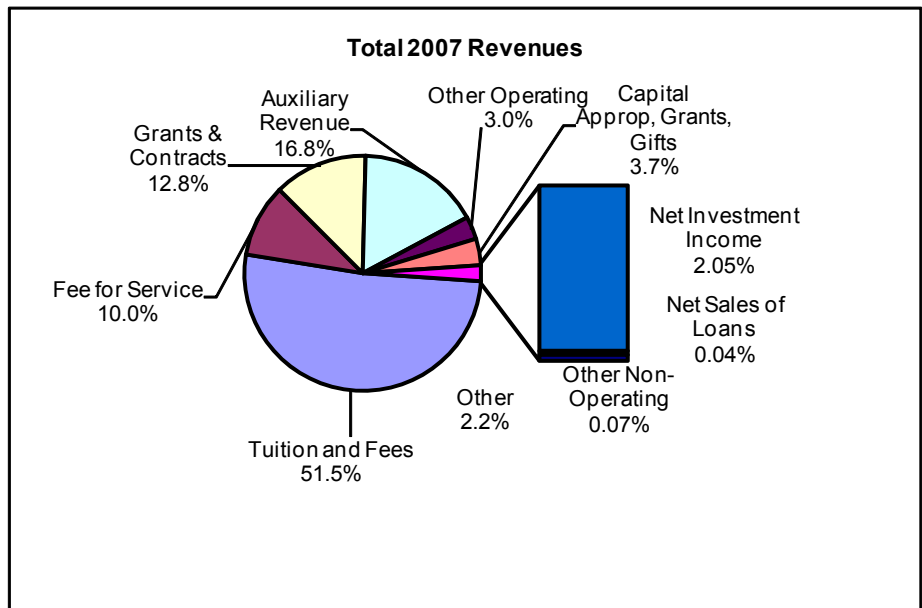
Operating revenue for fiscal year 2007, 2006, and 2005 of \$144.4, \$137.8 and \$95.3 million is derived from Tuition and Fees, Auxiliary Activity, Grants and Contracts, State-Fee-for-Service, and Other. In fiscal year 2005 State Appropriations, associate with Tuition and Fees of \$33.6 million is reported as nonoperating revenue and there was no State Fee-for-Service revenue.

Tuition and fees for fiscal years 2007, 2006 and 2005 are shown net of \$6.4, \$7.0 and \$6.7 million scholarship allowances. Auxiliary revenue for fiscal years 2007, 2006, and 2005 is net of \$2.0, \$2.2 and \$2.1 million in scholarship allowances. Scholarship allowances are those portions of UNC's tuition and fees, which are paid by other revenues, primarily federal and state grants for financial aid, but also general institutional scholarships.

About 54% of the Operating Grants and Contract Revenue is federal and state financial aid with an additional 29% coming from federal grants for research, training, etc.

Grants and Contracts Revenues

	June 30, 2007	June 30, 2006	June 30, 2005
Federal Financial Aid	\$ 6,115,046	\$ 5,926,843	\$ 6,173,513
State Financial Aid	4,526,564	4,141,896	4,319,367
	\$ 10,641,610	\$ 10,068,739	\$ 10,492,880
Federal Grants	5,728,569	5,965,608	6,548,796
State and Local Grants	408,570	148,674	59,185
UNC Foundation Grants	2,155,452	2,527,325	1,684,683
Other Grants	696,225	696,552	1,597,886
	\$ 19,630,426	\$ 19,406,898	\$ 20,383,430



MANAGEMENT DISCUSSION AND ANALYSIS

Expenses

Operating expenses for fiscal year 2007 of \$143.4 million and \$3.6 million in interest, contribute to total expenses of \$147.0 million.

Operating expenses have increased from fiscal 2006 by \$1.8 million primarily in Instruction, Scholarships and Depreciation. In fiscal year 2005 to 2006 the operating expenses increased by \$14 million with significant increases in instruction and scholarships and fellowships.

Operating Expense By Function

	2007		2006		2005	
Instruction	\$ 51,870,525	36.2%	\$ 50,786,114	35.9%	\$ 47,256,404	37.1%
Research	2,189,973	1.5	2,467,491	1.7%	2,755,929	2.2%
Public Service	1,767,130	1.2	1,511,545	1.1%	1,309,977	1.0%
Academic Support	13,248,964	9.3	12,687,079	9.0%	10,965,180	8.6%
Student Services	15,105,402	10.5	16,408,932	11.6%	15,143,766	11.9%
Institutional Support	9,659,058	6.7	7,759,832	5.4%	6,213,142	4.8%
Operation of Plant	7,540,297	5.3	8,946,819	6.3%	9,381,581	7.4%
Scholarships and Fellowships	8,306,271	5.8	7,245,208	5.1%	3,488,065	2.7%
Auxiliary Operating Expenditures	20,944,465	14.6	21,742,407	15.4%	19,908,515	15.6%
Depreciation	12,776,240	8.9	11,984,452	8.5%	11,092,759	8.7%
Total Operating Expenses	\$143,408,325	100.0%	\$ 141,539,879	100.0%	\$ 127,515,318	100.0%

The single largest category of expense across all University functions is personnel.

Operating Expenses by Natural Class

	2007		2006		2005	
Personnel Costs	\$ 90,790,174	63.3%	\$ 90,382,751	63.9%	\$ 82,818,727	64.9%
Cost of Goods Sold	8,989,034	6.3%	8,969,186	6.3%	8,873,157	7.0%
Other Operating Expenses	30,852,877	21.5%	30,203,490	21.3%	24,730,675	19.4%
Depreciation	12,776,240	8.9%	11,984,452	8.5%	11,092,759	8.7%
Total Operating Expenses	\$ 143,408,325	100.0%	\$ 141,539,879	100.0%	\$ 127,515,318	100.0%



Economic Outlook

Student Headcount Enrollment

Fall, Fiscal Year	Under- graduate	Graduate	Total	Percent Change
Fall 06 (FY 07)	11,037	2,638	13,675	0.96%
Fall 05 (FY 06)	11,223	2,584	13,807	3.56%
Fall 04 (FY 05)	10,893	2,439	13,332	(0.04%)
Fall 03 (FY 04)	10,704	2,634	13,338	

With Colorado’s implementation of the College Opportunity Fund and discontinuation of direct state ap- propriations, UNC’s finances are more immediately impacted by changes in enrollment.

Fiscal year 2007 headcount enrollment and credit hour produc- tion were down slightly from fiscal year 2006. Early fall 2007 (fiscal year 2008) enrollment statistics indicate an initial enroll- ment decline.

The University community is addressing enrollment from both short-term and long-term perspectives. The short-term focus is on building resident and non-resident applicant pools by pur- chasing student names and targeting areas of the greatest return based on market research currently being conducted.

Long-term strategy focuses on building relationships with prospective students earlier, building our image and improving retention.

Information about enrollment trends including retention, the composition of the student body, and appli- cations for admittance are critical to financial management of the University. An enrollment management team at UNC is working to define short-term enrollment goals and develop a strategic plan for enrollment management. This enrollment plan will be part of a larger academic plan that sets measurable goals for performance. This planning process is the foundation for effective financial planning and management.

Statewide funding for higher education continues to be a concern in Colorado. A recent study by the Na- tional Center for Higher Education Management Systems (NCHEMS) reflects the fact that Coloardo schools are funded on average at only 66% of their peers. The executive director of the Colorado Department of Higher Education is actively addressing this concern and convened a higher education summit in June 2007. Working groups have been established to address peer institution comparisons, metrics for produc- tivity and statewide funding alternatives. The results of these efforts will affect UNC's future tuition and fee revenue (through the COF stipend and Fee-for-Service revenue).

For additional information regarding this report please contact:

Office of the Associate Vice President of Finance
University of Northern Colorado
501 20th Street
Greeley, CO 80639
(970) 351-2124
www.unco.edu

Financial
Statements

STATEMENT OF NET ASSETS
June 30, 2007

	Component Units		
	UNIVERSITY OF NORTHERN COLORADO	University of Northern Colorado Foundation, Inc.	University of Northern Colorado Foundation Student Housing LLC I
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 51,380,618	\$ 1,831	\$ 171,070
Funds held in trust	--	--	1,482,800
Student accounts receivable, net \$2,281,314	4,120,891	--	--
Contributions receivable, net	--	672,546	--
Other receivables, net	2,776,739	571,635	--
Investments	--	57,415,484	1,282
Inventories	1,028,958	--	--
Loans to students, net	1,457,918	--	--
Other current assets	<u>609,131</u>	<u>94,509</u>	<u>27,355</u>
Total Current Assets	<u>61,374,255</u>	<u>58,756,005</u>	<u>1,682,507</u>
Noncurrent Assets			
Restricted cash and cash equivalents	750,000	--	--
Restricted investments	65,943,175	--	--
Contributions receivable, net	--	2,047,224	--
Loans to students, net	6,044,994	--	--
Other Noncurrent Assets	2,548,218	--	5,866,594
Other long-term investments	--	235,729	--
Investments Restricted for Endowment	--	48,373,168	--
Capital assets	<u>201,023,064</u>	<u>1,154,261</u>	<u>14,741,036</u>
Total Noncurrent Assets	<u>276,309,451</u>	<u>51,810,382</u>	<u>20,607,630</u>
TOTAL ASSETS	\$ <u>337,683,706</u>	\$ <u>110,566,387</u>	\$ <u>22,290,137</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$ 15,624,881	\$ 570,307	\$ 708,884
Deferred revenue	5,538,408	69,017	97,479
Bonds/notes payable, current portion	1,650,000	--	180,000
Capital leases payable, current portion	639,290	--	--
Funds held for the University of Northern Co	--	696,956	--
Other current liabilities	<u>2,179,275</u>	<u>--</u>	<u>--</u>
Total Current Liabilities	<u>25,631,854</u>	<u>\$1,336,280</u>	<u>986,363</u>
Noncurrent liabilities			
Bonds/notes payable	140,651,092	--	23,558,203
Capital leases payable	4,563,041	--	--
Other long term liabilities	2,607,651	--	--
Annuity obligations	--	163,868	--
Compensated absence liabilities	3,147,185	--	--
Total Noncurrent Liabilities	<u>150,968,969</u>	<u>163,868</u>	<u>23,558,203</u>
TOTAL LIABILITIES	<u>176,600,823</u>	<u>1,500,148</u>	<u>24,544,566</u>
Net Assets			
Invested in capital net of related debt	118,272,373	1,154,261	--
Restricted for:			
Nonexpendable purposes			
Scholarships/Fellowships	314,153	48,373,168	--
Academic Support	1,400	--	--
Expendable purposes			
Auxiliary expenditures	6,318,822	--	--
Scholarships/Fellowships	256,817	48,731,442	--
Loans	8,725,736	--	--
Bond Reserves	750,000	--	--
Other	153,604	--	--
Unrestricted	<u>26,289,978</u>	<u>10,807,368</u>	<u>(2,254,429)</u>
TOTAL NET ASSETS	\$ <u>161,082,883</u>	\$ <u>109,066,239</u>	\$ <u>(2,254,429)</u>
TOTAL NET ASSETS AND LIABILITIES	\$ <u>337,683,706</u>	\$ <u>110,566,387</u>	\$ <u>22,290,137</u>

* See accompanying notes to financial statements

STATEMENT OF NET ASSETS
June 30, 2006

	Component Units		
	UNIVERSITY OF NORTHERN COLORADO	University of Northern Colorado Foundation, Inc.	University of Northern Colorado Foundation Stu- dent Housing LLC I
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 46,607,122	\$ 2,034	\$ 161,594
Funds held in trust	--	--	1,750,604
Student accounts receivable, net	3,295,209	--	--
Contributions receivable, net	--	567,181	--
Other receivables, net	2,660,729	585,432	--
Investments	--	47,830,803	630
Inventories	875,507	--	--
Loans to students, net	1,642,445	--	--
Other current assets	<u>424,799</u>	<u>90,515</u>	<u>22,578</u>
Total Current Assets	<u>55,505,811</u>	<u>49,075,965</u>	<u>1,935,406</u>
Noncurrent Assets			
Restricted cash and cash equivalents	627,104	--	--
Restricted investments	83,021,606	--	--
Contributions receivable, net	--	312,256	--
Loans to students, net	6,050,196	--	--
Other Noncurrent Assets	2,611,642	--	5,557,558
Other long-term investments	--	215,784	--
Investments Restricted for endowment	--	46,344,952	--
Capital assets	<u>182,220,879</u>	<u>1,180,847</u>	<u>15,274,103</u>
Total Noncurrent Assets	<u>274,531,427</u>	<u>48,053,839</u>	<u>20,851,661</u>
TOTAL ASSETS	\$ <u>330,037,238</u>	\$ <u>97,129,804</u>	\$ <u>22,787,067</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$ 13,777,987	\$ 463,728	\$ 709,708
Deferred revenue	4,949,845	--	130,961
Bonds/notes payable, current portion	1,612,276	--	140,000
Capital leases payable, current portion	379,687	--	--
Funds held for the University of Northern Co	--	691,438	62,408
Other current liabilities	<u>2,427,439</u>	<u>--</u>	<u>--</u>
Total Current Liabilities	<u>23,147,234</u>	<u>1,155,166</u>	<u>1,043,077</u>
Noncurrent liabilities			
Bonds/notes payable	142,301,092	--	23,725,311
Capital leases payable	3,732,315	--	--
Other long term liabilities	3,421,039	--	--
Annuity obligations	--	172,859	--
Compensated absence liabilities	<u>2,669,751</u>	<u>--</u>	<u>--</u>
Total Noncurrent Liabilities	<u>152,124,197</u>	<u>172,859</u>	<u>23,725,311</u>
TOTAL LIABILITIES	<u>175,271,431</u>	<u>1,328,025</u>	<u>24,768,388</u>
Net Assets			
Invested in capital net of related debt	116,643,360	1,180,847	--
Restricted for:			
Nonexpendable purposes			
Scholarships/Fellowships	306,155	46,344,952	--
Academic Support	1,400	--	--
Expendable purposes	--		--
Auxiliary expenditures	7,274,009	--	--
Scholarships/Fellowships	256,817	38,373,891	--
Loans	9,084,499	--	--
Bond Reserves	750,000	--	--
Other	239,463	--	--
Unrestricted	<u>20,210,104</u>	<u>9,902,089</u>	<u>(1,981,321)</u>
TOTAL NET ASSETS	\$ <u>154,765,807</u>	\$ <u>95,801,779</u>	\$ <u>(1,981,321)</u>

* See accompanying notes to financial statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2007

	Component Units		
	UNIVERSITY OF NORTHERN COLORADO	University of Northern Colorado Foundation, Inc.	University of Northern Colorado Foundation Student Housing LLC I
OPERATING REVENUES			
Student tuition and fees, net of scholarships	\$ 78,912,114	--	--
Contributions	--	\$ 6,592,313	--
Contributed services	--	55,925	--
Rental income and fees	--	--	\$ 1,944,865
Federal grants and contracts	11,843,615	--	--
State fee for service	15,345,095	--	--
State and local grants and contracts	4,935,134	--	--
Nongovernmental grants and contracts	2,851,677	--	--
Sales and services of educational activities	444,967	--	--
Auxiliary operating revenue	25,681,389	--	--
Interest and dividends	--	3,060,542	--
Net realized and unrealized gains	--	11,118,801	--
Other operating revenue	<u>4,351,663</u>	<u>784,697</u>	<u>--</u>
Total Operating Revenue	\$ <u>144,365,654</u>	\$ <u>21,612,278</u>	\$ <u>1,944,865</u>
OPERATING EXPENSES			
Education and general			
Instruction	51,870,525	--	--
Research	2,189,973	--	--
Public service	1,767,130	--	--
Academic support	13,248,964	--	--
Student services	15,105,402	--	--
Institutional support	9,659,058	--	--
Operation of plant	7,540,297	--	--
Scholarships and fellowships	8,306,217	--	--
Program	--	6,007,090	--
Management and general	--	1,190,208	--
Fund raising	--	1,150,520	--
Auxiliary operating expenditures	20,944,465	--	--
Operating expenses	--	--	574,079
Ground lease with UNC	--	--	61,571
Depreciation and amortization	<u>12,776,240</u>	<u>--</u>	<u>593,693</u>
Total Operating Expenses	\$ <u>143,408,325</u>	\$ <u>8,347,818</u>	\$ <u>1,229,343</u>
Operating Income (Loss)	<u>957,329</u>	<u>13,264,460</u>	<u>715,522</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (net of investment expense)	3,147,428	--	198,040
Interest on capital asset related debt	(3,450,400)	--	(1,186,670)
Sale of loans, net of expenses	59,234	--	--
Interest expense on lending LOC	(119,405)	--	--
Other nonoperating revenue	<u>106,263</u>	<u>--</u>	<u>--</u>
Net Nonoperating Revenue (Expense)	(256,880)	--	(988,630)
Income (loss) before other revenues, (expenses) gains or (losses)	700,449	13,264,460	(273,108)
Capital appropriations	5,593,925	--	--
Capital grants and gifts	16,581	--	--
Loss on disposal of capital assets	<u>6,121</u>	<u>--</u>	<u>--</u>
Increase (Decrease) in Net Assets	<u>6,317,076</u>	<u>13,264,460</u>	<u>(273,108)</u>
Net Assets (Deficit) - Beginning of Period	<u>154,765,807</u>	<u>95,801,779</u>	<u>(1,981,321)</u>
Net Assets (Deficit) - End of Period	\$ <u>161,082,883</u>	\$ <u>109,066,239</u>	\$ <u>(2,254,429)</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2006

	Component Units		
	UNIVERSITY OF NORTHERN COLORADO	University of Northern Colorado Foundation, Inc.	University of Northern Colorado Foundation, Student Housing LLC I
OPERATING REVENUES			
Student tuition and fees, net of scholarships	\$ 75,469,238	\$ --	--
Contributions	--	3,614,050	--
Contributed services	--	259,417	--
Rental income and fees	--	--	\$ 1,963,213
Federal grants and contracts	11,892,451	--	--
State fee for service	14,016,078	--	--
State and local grants and contracts	4,290,570	--	--
Nongovernmental grants and contracts	3,223,877	--	--
Sales and services of educational activities	359,600	--	--
Auxiliary operating revenue	24,920,551	--	--
Interest and dividends	--	2,580,721	--
Net realized and unrealized gains	--	5,961,368	--
Other operating revenue	<u>3,672,026</u>	<u>1,534,561</u>	<u>--</u>
Total Operating Revenue	\$ <u>137,844,391</u>	\$ <u>13,950,117</u>	\$ <u>1,963,213</u>
OPERATING EXPENSES			
Education and general			
Instruction	50,786,114	--	--
Research	2,467,491	--	--
Public service	1,511,545	--	--
Academic support	12,687,079	--	--
Student services	16,408,932	--	--
Institutional support	7,759,832	--	--
Operation of plant	8,946,819	--	--
Scholarships and fellowships	7,245,208	--	--
Program	--	7,058,260	--
Management and general	--	1,139,226	--
Fund raising	--	828,187	--
Auxiliary operating expenditures	21,742,407	--	--
Operating expenses	--	--	629,517
Ground lease with UNC	--	--	61,571
Depreciation and amortization	<u>11,984,452</u>	<u>-----</u>	<u>591,883</u>
Total Operating Expenses	\$ <u>141,539,879</u>	\$ <u>9,025,673</u>	\$ <u>1,282,971</u>
Operating Income (Loss)	<u>(3,695,488)</u>	<u>4,924,444</u>	<u>680,242</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (net of investment expense)	1,510,942	--	167,390
Interest on capital asset related debt	(3,262,509)	--	(1,202,268)
Sale of loans, net of expenses	149,226	--	--
Interest expense on lending LOC	(82,824)	--	--
Other nonoperating revenue	<u>912,831</u>	<u>--</u>	<u>--</u>
Net Nonoperating Revenue (Expense)	(772,334)	--	(1,034,878)
Income (loss) before other revenues, (expenses) gains or (losses)	(4,467,822)	4,924,444	(354,636)
Capital appropriations	1,290,484	--	--
Capital grants and gifts	344,692	--	--
Gain on impairment - insurance proceeds	707,312	--	--
Loss on disposal of capital assets	<u>(1,273,552)</u>	<u>--</u>	<u>--</u>
Increase (Decrease) in Net Assets	<u>(3,398,886)</u>	<u>4,924,444</u>	<u>(354,636)</u>
Net Assets (Deficit) - Beginning of Period	<u>158,164,693</u>	<u>90,877,335</u>	<u>(1,626,685)</u>
Net Assets (Deficit) - End of Period	\$ <u>154,765,807</u>	\$ <u>95,801,779</u>	\$ <u>(1,981,321)</u>

STATEMENT OF CASH FLOWS

For the years ended June 30, 2007 and 2006

UNIVERSITY OF NORTHERN COLORADO

YEAR ENDED
JUNE 30, 2007

YEAR ENDED
JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received		
Tuition and fees	\$ 78,794,316	\$ 76,208,984
Colorado State fee for service	15,345,095	14,016,078
Sales of Services	25,914,485	25,386,478
Grants and Contracts	20,184,314	20,154,338
Student loans collected	3,497,764	2,044,093
Real property rental receipts	106,263	920,028
Other receipts	2,403,527	4,468,372
Cash Payments		
Payments to or for employees	(90,541,596)	(86,744,163)
Payments to suppliers	(30,126,803)	(31,531,325)
Scholarships disbursed	(9,174,903)	(7,326,250)
Student loans disbursed	<u>(4,153,156)</u>	<u>(1,616,101)</u>
Net cash provided (used) by operating activities	<u>12,249,306</u>	<u>15,980,532</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations, noncapital	--	--
Student loan (Agency) inflows	49,537,331	49,071,157
Student loan (Agency) outflows	(49,529,603)	(49,058,450)
Other agency inflows	648,906	684,643
Other agency outflows	<u>(525,248)</u>	<u>(841,144)</u>
Net cash Provided (used) by noncapital financing activities	<u>131,386</u>	<u>(143,794)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State appropriations, capital	5,593,925	1,290,484
Capital grants, contracts and gifts	16,583	344,692
Gain on impairment, insurance proceeds	83,456	623,755
Proceeds form capital debt	1,619,778	85,000,000
Proceeds from bond premium and discount	--	4,194,559
Expended for bond issuance	--	(1,274,462)
Acquisition and construction of capital assets	(31,271,962)	(15,036,217)
Disposal of capital assets	288,721	--
Principal paid on capital debt	(2,141,726)	(3,838,024)
Interest paid on capital debt	<u>(3,553,044)</u>	<u>(2,939,137)</u>
Net cash provided (used) by capital and related financing activities	<u>(29,364,268)</u>	<u>68,365,650</u>

CASH FLOWS FROM INVESTING

Investment earnings	3,210,286	1,229,095
Purchase of guaranteed investment contract	--	(86,198,293)
Proceeds from sale and maturity of investments	18,610,448	2,315,283
Net proceeds from sale of student loans	<u>59,234</u>	<u>66,402</u>
Net cash provided (used) by investing activities	<u>21,879,968</u>	<u>(82,587,513)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 4,896,392	\$ 1,614,875

Cash and Cash Equivalents, beginning of year **\$ 47,234,226** **\$ 45,619,351**

Cash and Cash Equivalents, end of year **\$ 52,130,618** **\$ 47,234,226**

STATEMENT OF CASH FLOWS

For the years ended June 30, 2006 and 2005

continued

UNIVERSITY OF NORTHERN COLORADO

YEAR ENDED
JUNE 30, 2007

YEAR ENDED
JUNE 30, 2006

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used in Operating Activities

Operating Gain/(Loss)	\$ 957,329	\$ (3,695,488)
Depreciation and amortization expense	12,856,427	11,984,452
Other revenues and additions	106,263	912,831
Provision for accrued, nonoperating activities		
Agency fund receipts - nonoperating	(131,385)	136,597
Nonoperating receipts receivable	(1,638,828)	1,910,301
Nonoperating bond interest expense payable	(605,825)	(323,370)
Changes in operating assets and liabilities		
Receivables, net	(792,146)	1,607,633
Inventories and prepaid expenses	(353,868)	361,735
Accounts Payable	1,846,894	438,391
Accrued payroll	588,563	
Deferred revenues	--	856,306
Other liabilities	(1,061,553)	1,367,294
Compensated absences	<u>477,435</u>	<u>423,850</u>
Net Cash Provided by (Used in) Operating Activities	<u>12,249,306</u>	<u>15,980,532</u>

Reconciliation of Cash and Cash Equivalents to Statement of Net Assets

Cash and Cash Equivalents	\$ 51,380,618	\$ 46,607,122
Restricted cash and cash equivalents	<u>750,000</u>	<u>627,104</u>
Total cash and cash equivalents	<u>\$ 52,130,618</u>	<u>\$ 47,234,226</u>

Supplemental Cash Flows information-

Accounts payable incurred for capital asset purchases	\$ <u>589,063</u>	\$ <u>974,800</u>
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Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Governance

The University of Northern Colorado (the University or UNC) is a public institution of higher education with a broad general curriculum as well as preparation for selected professions within the fields of business, education, health services, music and related areas; and pre-professions such as pre-law, pre-medicine and others. The University is an institution of the State of Colorado with operations funded largely through student tuition, fees, and the State of Colorado College Opportunity Fund. The University also engages in research, offers student financial aid and provides other services which are funded through grants and contracts including grants from the University of Northern Colorado Foundation, Inc. (the Foundation).

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

As an Institution of the State of Colorado, the University's operations and activities are funded in part through state appropriations. In accordance with Section 23-1-104, C.R.S., unspent revenues earned by the University in excess of appropriated amounts are retained by the University for future use.

Reporting Entity and Component Units

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

In accordance with accounting principles generally accepted in the United States of America, the financial statements present the University (primary government) and its discretely presented component units (DPCU). The component units are included in the University's reporting entity because of the significance of their operational and financial relationships with the University in accordance with Statement No. 39 of the Governmental Accounting Standards Board *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*. Financial statements of discretely presented component units can be obtained from their respective administrative offices. The University has the following discretely presented component units:

The University of Northern Colorado Foundation, Inc. (UNC Foundation)

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

The Alumni Association was formerly a distinct entity organized under state law with a purpose of facilitating broad support for the University among alumni. The entity was dissolved in July, 2004 and all assets were transferred to the Foundation. The Foundation activities encompass alumni relations. Therefore, the Alumni Association is not presented as a blended component unit of the University.

University of Northern Colorado Foundation Student Housing LLC I

The University of Northern Colorado Foundation Student Housing LLC I (Housing LLC) is a legally separate component unit of the University that was established as a Colorado limited liability company in May 2001 to construct and operate a 396-bed student housing facility for the University. The Foundation is the sole member of the LLC; however, the results of the LLC's operations do not accrue to the Foundation. The LLC has a 46 year ground lease with the University under which "net available cash flows" from the operations, as defined in the lease agreement, is paid to the University as rent (see Note 6). At the end of the ground lease in 2047, or upon earlier retirement of the bond issue, title to the housing facility is transferred to the University. As the majority of the LLC's available resources are paid to the University through the ground lease, the LLC is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Accounting and Presentation

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

The University prepares its financial statements as a business-type activity in conformity with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). The University has chosen to only apply Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

The Foundation and the Housing LLC report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's or the Housing LLC's financial information in the University's financial reporting for these differences.

Unrestricted Cash and Cash Equivalents

For purposes of reporting cash flows, the University defines cash and cash equivalents as cash on hand, demand deposit accounts with financial institutions, pooled cash with State Treasurer and all highly liquid investments with an original maturity when purchased of three months or less. At June 30, 2007 and 2006, cash equivalents consisted primarily of funds invested through the State Treasurer's Cash Management Program.

Restricted Cash and Cash Equivalents

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

Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of interest and dividend income, plus the current year change in unrealized gain (loss) on the fair value of the investments.

The University's investments generally include direct obligations of the U.S. Government and its agencies, money market funds, mutual funds and guaranteed investment contracts. Endowments are pooled to the extent possible under gift agreements. The UNC Foundation manages certain of these endowments for the University in accordance with its investment policy.

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

Accounts Receivable

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

Inventories

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

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$1,658,745 and \$1,172,169 at June 30, 2007 and 2006, respectively.

Capital Assets



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

Renovations to buildings and other improvements that significantly increase the value and extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to expenses. Major outlays for capital assets and improvements are capitalized as construction in progress throughout

the building project. The University capitalizes interest costs as a component of construction in progress. Total interest capitalized was:

University interest capitalized and expensed	2007	2006
Total interest expense incurred on borrowing for projects	\$ 3,787,367	\$ 3,693,021
Interest income for investment of proceeds of borrowing for projects	(2,979,408)	(3,346,476)
Net interest cost capitalized	807,959	346,545
Interest charged to expense	3,450,400	3,262,509
Total interest accrued	\$ 4,258,359	\$ 3,609,054

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

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

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

Capital Lease Liabilities

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



Deferred Revenues

The University prorates summer session revenues and expenses based upon the number of days between the first day of summer session and June 30 as a percentage of the total number of days in the summer session. Tuition , fees and certain auxiliary revenues received before June 30, but determined by this proration to be earned in the following year, are recorded as deferred revenues. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

NOTES TO FINANCIAL STATEMENTS

Classification of Revenues

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

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

Nonoperating revenues: - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Tax Exempt Status and Income Taxes

As a Colorado State Institution of Higher Education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, any income unrelated to the exempt purpose of the University is subject to tax under Section 511 (a)(2)(B) of the Internal Revenue Code. The University had no income tax liability related to income generated from activities unrelated to the University's exempt purposes as of June 30, 2007 or 2006.

Use of Estimates

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

Bad Debt Allowances

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

Compensated Absences Accrued Liabilities

The University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Vacation and sick leave benefits taken as paid time off are recognized as an expense when the time off occurs.

Accrued compensated absences liabilities are recognized based upon estimated cash payments due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems of the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. Vacation accruals are paid in full upon separation whereas only a portion of sick leave is paid upon specific types of separation, such as retirement.

NOTES TO FINANCIAL STATEMENTS

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the financial statements date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Scholarship Discounts and Allowances

Student tuition, fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state or non-governmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing were approximately \$8.4 million and \$9.2 million for each of the years ended June 30, 2007 and 2006, respectively.

Note 2: Cash and Cash Equivalents

Unrestricted Cash and Cash Equivalents

The University deposits unrestricted cash and cash equivalents with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The Treasurer acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the State Treasury are invested until the cash is needed.

For financial reporting purposes all of the State Treasurers' investments are reported at fair value, which is determined based on quoted market prices at fiscal year end. The University reports its share of the Treasurer's unrealized gains or losses based on its participation in the State Treasurer's pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment or income related to participation in the pool. Detailed information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.



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

NOTES TO FINANCIAL STATEMENTS

Unrestricted Cash and Cash Equivalents	2007	2006
<i>University:</i>		
Cash on hand	\$ 38,849	\$ 39,856
Cash with U.S. Financial Institutions	(600,015)	2,293,289
Cash with Colorado State Treasurer	52,237,424	44,737,714
Unrealized gain (loss) Cash with State Treasurer	(295,640)	(463,737)
Total Cash and Cash Equivalents	\$ 51,380,618	\$ 46,607,122

Restricted Cash and Cash Equivalents

The University holds \$750,000 restricted cash with the State Treasurer to meet required bond covenants related to the University's Auxiliary Facilities System Revenue Refunding and Improvement Bonds.

Restricted cash and cash equivalents	2007	2006
<i>University:</i>		
Restricted cash with State Treasurer	\$ 750,000	\$ 750,000
Unrealized gain(loss) restricted cash with State Treasurer	--	(122,896)
Total University restricted cash and cash equivalents	\$ 750,000	\$ 627,104

Custodial Credit Risk – Cash and Cash Equivalents

Custodial credit risk for cash and cash equivalents exists when, in the event of the failure of a depository financial institution, the University may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party. Under GASB 40 *Deposit and Investment Risk Disclosures*, deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance and the deposits are (a) uncollateralized, or (b) collateralized with securities held by the pledging financial institution or the pledging financial institution's trust department or agent but not in the depositor-government's name. To manage custodial credit risk, unrestricted cash and cash equivalents with the State Treasury and U.S. financial institutions are made in accordance with University policy and State law, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102% of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under the PDPA are considered to be collateralized with securities held by the pledging institution in the University's name. As of June 30, 2007, all of the cash and cash equivalents held by the State Treasurer and U.S. financial institutions are, therefore, not subject to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

Note 3: Investments

The University has authority to invest institutional funds in any investment deemed advisable by the governing board per section 15-1-1106, C.R.S. The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest, to a limited extent, in equity securities and guaranteed investment contracts.

During July 2005, the University issued \$85 million in Refunding and Improvement bonds. The bonds mature in varying annual amounts through June 1, 2040, at an interest rate ranging from 3.25% to 5.00%. The bond proceeds are to be used for the Sports and Recreation Facility Project, campus parking improvements, McCowen and Turner Hall and to refund a portion of the 1994 bonds. The bond proceeds were deposited on July 29, 2005, under a guaranteed investment contract (GIC) with Trinity Funding Company, LLC (TFC). This investment contract is a secured obligation of the TFC and guarantees a 4.228% per annum rate of earnings. The termination date for this GIC is December 31, 2009, however, the University may make withdrawals for permitted withdrawal purposes on any business day after providing one business days' notice.

The guaranteed investment contract is invested by TFC in contract permitted investments that are restricted to U.S. Government Securities; U.S. Federal agency and set bond document securities that are not backed by the full faith and credit of the U.S. Government; repurchase agreements and reverse repurchase agreements; corporate securities; taxable municipal securities; single-family residential mortgage-backed securities; commercial mortgage-backed securities; asset-backed securities; certain foreign sovereign and foreign corporate U.S. dollar denominated obligations and Deutsche Cash Reserve Institutional. The credit risk exposures of these permitted investments are managed within defined credit risk policy limits that are detailed in the investment contract agreement.

Fair value of investments held at June 30, 2007 and 2006 are detailed below:

Investment types	June 30, 2007	Maturity	June 30, 2006	Maturity
<i>University:</i>				
Guaranteed Investment Contract	\$ 65,261,325	2.5 years to termination	\$ 82,350,992	3.5 years to termination
Fixed Income U.S. Government obligations	482,693	1 - 5 years	313,414	1 - 5 years
Fixed Income U.S. Government obligations	186,948	Less than 1 year	273,682	Less than 1 year
Money Market funds	12,209	Less than 1 year	83,518	Less than 1 year
Total University Investments	\$ 65,943,175		\$ 83,021,606	
<i>Foundation:</i>				
Fixed Income U.S. Government obligations	\$ 8,852,743		\$ 7,186,465	
Fixed Income Corporate Notes	18,272,259		18,238,553	
Equity securities	62,225,266		52,266,577	
Other Investments	16,674,113		11,699,944	
Total Foundation Investments	\$ 106,024,381		\$ 94,391,539	

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. The University does not have a formal investment policy regarding custodial credit risk.

At June 30, 2007, the \$65.3 million Guaranteed Investment Contract held by TFC was guaranteed by General Electric Capital Corporation. The balance of University investments are endowment funds managed by the Foundation according to the custodial agreement between the University and the Foundation approved December 14, 1988. These securities are held in the Foundation's name as agent of the University and are not subject to custodial credit risk. Custodial credit risk categories are not available for the Foundation.

Interest Rate Risk - Investments

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

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

Credit Quality Risk

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

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

Maturities and credit ratings for University investments held at June 30, 2007 and 2006 are detailed as follows:

Maturities and Credit Ratings by Investment Type	Fair Value	Duration to Maturity	Weighted-Average Maturity	S&P Credit Rating
University:				
Guaranteed investment contract	\$ 65,261,325	2.5 years	na	AAA
U.S. Government obligations	669,641	2.0 years	1.9 years	AAA
Money Market funds	12,209	na	na	na
Total Investments at 6/30/2007	\$ 65,943,175			

NOTES TO FINANCIAL STATEMENTS

Maturities and Credit Ratings by Investment Type	Fair Value	Duration to Maturity	Weighted-Average Maturity	S&P Credit Rating
University:				
Guaranteed investment contract	\$ 82,350,992	3.5 years	na	AAA
U.S. Government obligations	587,097	2.4 years	2.36 years	AAA
Money Market funds	83,517	na	na	na
Total Investments at 6/30/2006	\$ 83,021,606			

Note 4: Accounts, Contributions and Loans Receivable

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

Net Accounts Receivable	June 30, 2007	June 30, 2006
University:		
Student Accounts Receivable	\$ 6,402,205	\$ 5,287,130
Allowance for doubtful accounts	(2,281,314)	(1,991,921)
Subtotal student accounts receivable - net	4,120,891	3,295,209
Student Loans Receivable - Current	2,352,084	1,840,900
Allowance for doubtful accounts	(894,166)	(198,455)
Subtotal current student loans receivable - net	1,457,918	1,642,445
Student Loans Receivable - Noncurrent	6,809,573	7,023,910
Allowance for doubtful accounts	(764,579)	(973,714)
Subtotal noncurrent loans receivable - net	6,044,994	6,050,196
Other accounts receivable - Current		
Sponsored Programs Federal grants receivable	1,075,644	1,196,597
Sponsored Programs Nonfederal grants receivable	281,805	82,907
Student Loan Program Federal grants receivable	140,559	154,456
Interest receivable	231,970	294,828
Accounts receivable related party - Foundation	208,000	262,000
Accounts receivable related party - Housing LLC	416,890	400,804
Other accounts receivable	421,871	269,137
Subtotal other accounts receivable	2,776,739	2,660,729
Total University accounts and loans receivable	\$ 14,400,542	\$ 13,648,579

Foundation:

Contributions receivable in less than one year	\$ 672,549	\$ 567,181
Contributions receivable in one to five years	2,282,499	279,058
Contributions receivable in more than five years	160,567	127,031
Total contributions receivable	3,115,612	973,270
Less present value discounting	(395,842)	(93,833)
Net Foundation contributions receivable	\$ 2,719,770	\$ 879,437

Related Party Receivables:

Grants receivable from the Foundation to the University were approximately \$208,000 and \$262,000 at June 30, 2007 and June 30, 2006, respectively.

The University provided the Housing LLC working capital funds in 2001. Interest earnings are being imputed on these funds and full payment of \$500,000 is expected in 2012. Balances at June 30, 2007 and June 30, 2006 were approximately \$417,000 and \$401,000, respectively.

Foundation Contributions Receivable:

Foundation contributions receivable as of June 30, 2007, and 2006, are substantially restricted. These unconditional promises to give are to be received by the Foundation in future years and management considers them fully collectible. These receivables are reflected at the present value of estimated future cash flows using a discount rate based on the five-year treasury bond ranging from 3.7% to 6.75%. Contributions receivable from four donors at June 30, 2007, represent approximately 85% and 50%, respectively, of total contributions receivable.



Note 5: Capital Assets

The following are summaries of capital asset activity for the years ended June 30, 2007 and 2006:

2007					
Capital assets and accumulated depreciation	Beginning Balance June 30, 2006	Additions	Disposals	Transfers	Ending balance June 30, 2007
University:					
Capital Assets:					
Land	\$ 9,091,321	\$ 741,287	\$ --	\$ --	\$ 9,832,608
Land improvements	11,307,629	254	--	5,354,537	16,662,420
Non-depreciable land improvements	4,447,381	18,858	--	--	4,466,239
Buildings and improvements	239,177,764	1,807,153	(355,962)	12,087,669	252,716,624
Equipment and vehicles	12,202,472	2,688,629	(335,042)	--	14,556,059
Software	2,125,615	233,462	-	--	2,359,077
Library materials	33,510,058	1,849,541	(41,000)	--	35,315,499
Non-depreciable art/historical	842,630	--	--	--	842,630
Leasehold improvements	495,403	--	--	--	495,403
Construction in progress	9,874,105	24,524,841	(44,284)	(17,442,206)	16,912,456
Total Capital Assets	323,074,378	31,861,025	(776,388)	--	354,159,015
Less accumulated depreciation:					
Land improvements	5,114,972	585,300	--	--	5,700,272
Buildings and improvements	99,756,156	8,681,628	(138,844)	--	108,298,940
Equipment and vehicles	8,868,097	1,261,199	(313,844)	--	9,815,452
Software	983,395	744,838	--	--	1,728,233
Library materials	25,635,476	1,503,275	(41,000)	--	27,097,651
Leasehold improvements	495,403	--	--	--	495,403
Total accumulated depreciation	140,853,499	12,776,240	(493,788)	--	153,135,951
Net Capital Assets at June 30	\$ 182,220,879	\$ 19,084,785	\$ (282,600)	\$ --	\$ 201,023,064



NOTES TO FINANCIAL STATEMENTS

2006

Capital assets and accumulated depreciation	Beginning Balance June 30, 2005	Additions	Disposals	Transfers	Ending balance June 30, 2006
<i>University:</i>					
Capital Assets:					
Land	\$ 8,748,386	\$ 348,435	\$ (5,500)	\$ -	\$ 9,091,321
Land improvements	10,161,478	187,727	-	958,424	11,307,629
Non-depreciable land improvements	5,071,865	137,591	-	(762,075)	4,447,381
Buildings and improvements	236,013,413	1,931,611	(204,604)	1,437,344	239,177,764
Equipment and vehicles	11,528,810	1,542,094	(868,432)	-	12,202,472
Software	1,874,228	251,387	-	-	2,125,615
Library materials	31,906,041	1,749,647	(145,630)	-	33,510,058
Non-depreciable art/historical	842,630	-	-	-	842,630
Leasehold improvements	495,403	-	-	-	495,403
Construction in progress	<u>2,786,047</u>	<u>9,862,624</u>	<u>(1,140,873)</u>	<u>(1,633,693)</u>	<u>9,874,105</u>
Total Capital Assets	309,428,301	16,011,116	(2,365,039)	-	323,074,378
Less accumulated depreciation:					
Land improvements	4,615,906	499,066	-	-	5,114,972
Buildings and improvements	91,454,670	8,394,526	(93,040)	-	99,756,156
Equipment and vehicles	8,724,432	996,482	(852,817)	-	8,868,097
Software	318,433	664,962	-	-	983,395
Library materials	24,351,689	1,429,417	(145,630)	-	25,635,476
Leasehold improvements	<u>495,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,403</u>
Total accumulated depreciation	<u>129,960,533</u>	<u>11,984,453</u>	<u>(1,091,487)</u>	<u>-</u>	<u>140,853,499</u>
Net Capital Assets at June 30	\$ <u>179,467,768</u>	\$ <u>4,026,663</u>	\$ <u>(1,273,552)</u>	\$ -	\$ <u>182,220,879</u>

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

	2007	2006
<i>Foundation:</i>		
Capital Assets:		
Buildings and Improvements	\$ 1,135,742	\$ 1,135,742
Equipment and vehicles	167,035	143,546
Construction in progress	--	---
Total capital assets	1,302,777	1,279,288
Less accumulated depreciation	<u>148,516</u>	<u>98,441</u>
Net capital assets at June 30	\$ 1,154,261	\$ 1,180,847
<i>Housing LLC:</i>		
Capital Assets:		
Buildings and improvements	\$ 16,510,217	\$ 16,506,410
Equipment and vehicles	868,884	867,431
Total Capital Assets	17,379,101	\$ 17,373,841
Less accumulated depreciation	<u>2,638,065</u>	<u>2,099,738</u>
Net Capital Assets at June 30	\$ 14,741,036	\$ 15,274,103

NOTES TO FINANCIAL STATEMENTS

Note 6: Liabilities

The following is a summary of liabilities for the year ended June 30, 2007 and 2006:

Liabilities	June 30, 2007	June 30, 2006
<i>University</i>		
Accounts Payable and Accrued Liabilities	\$ 15,624,881	\$ 13,777,987
Current deferred revenues:		
Deferred revenue summer student tuition & fees	4,560,549	3,996,754
Deferred revenue restricted grants and contracts	920,037	895,269
Current portion deferred revenue Housing LLC	<u>57,822</u>	<u>57,822</u>
Total current deferred revenue	5,538,408	4,949,845
Bonds, capital leases and notes payable		
Current bonds, capital leases and notes payable	2,289,290	1,991,963
Noncurrent bonds, capital leases and notes payable	<u>145,214,133</u>	<u>146,033,407</u>
Total bonds, capital leases and notes payable	147,503,423	148,025,370
Other liabilities		
Other current liabilities		
Deposits held	1,030,555	1,055,873
Current insurance liability	35,000	646,376
Line of credit payable	17,502	1,880
Deposits held in custody for agency funds	730,222	370,100
Current portion of compensated absences liability	<u>365,996</u>	<u>353,210</u>
Subtotal other current liabilities	2,179,275	2,427,439
Other noncurrent long-term liabilities		
Long-term deposits held	30,000	30,000
Long-term insurance liability	322,588	1,078,154
Long-term deferred revenue Housing LLC	<u>2,255,063</u>	<u>2,312,885</u>
Subtotal other noncurrent long-term liabilities	2,607,651	3,421,039
Noncurrent compensated absence liability	<u>3,147,185</u>	<u>2,669,751</u>
Total other liabilities	7,934,111	8,518,229
Total Liabilities - University	\$ 176,600,823	\$ 175,271,431



NOTES TO FINANCIAL STATEMENTS

Liabilities (continued)	June 30, 2007	June 30, 2006
Foundation:		
Accounts payable and accrued liabilities	\$ 570,307	\$ 463,728
Deferred revenue	69,017	--
Funds held for the University	696,956	691,438
Long-term debt:		
Current portion annuity obligations	22,311	23,612
Noncurrent portion annuity obligations	141,557	149,247
Total long-term debt	163,868	172,859
Total liabilities - Foundation	\$ 1,500,148	\$ 1,328,025
Housing LLC		
Accounts payable and accrued liabilities	708,884	709,708
Unearned revenues and tenant fees	97,479	193,369
Long-term debt:		
Current portion long-term debt	180,000	140,000
Noncurrent portion long-term debt	23,558,203	23,725,311
Total long-term debt	23,738,203	23,865,311
Total liabilities - Housing LLC	\$ 24,544,566	\$ 24,768,388

Long-term liabilities

The following is a summary of long-term liability activity for the University for the years ended June 30, 2007 and 2006:

2007

Long-term Liabilities	Beginning Balance June 30, 2006	Additions	Deductions	Ending Balance June 30, 2007	Current Portion June 30, 2007
University:					
Bonds, notes and capital leases					
Bonds Payable	\$143,913,368	\$ --	\$ (1,612,276)	\$ 142,301,092	\$ 1,650,000
Notes Payable	--	--	--	--	--
Capital Leases Payable	4,112,002	1,619,778	(529,449)	5,202,331	639,290
Total bonds, notes, capital leases	148,025,370	1,619,778	(2,141,725)	147,503,423	2,289,290
Other liabilities					
Other long-term liabilities	3,478,861		(813,388)	2,665,473	57,822
Accrued compensated absences	3,022,961	490,572	(352)	3,513,181	365,996
Total other liabilities	6,501,822	490,572	(813,740)	6,178,654	423,818
Total long-term liabilities	\$ 154,527,192	\$ 2,110,350	\$ (2,955,465)	\$ 153,682,077	\$ 2,713,108

NOTES TO FINANCIAL STATEMENTS

2006

Long-term Liabilities	Beginning Balance June 30, 2005	Additions	Deductions	Ending Balance June 30, 2006	Current Portion June 30, 2006
University:					
Bonds, notes and capital leases					
Bonds Payable	\$ 58,133,808	\$ 89,180,521	\$(3,400,961)	\$ 143,913,368	\$ 1,612,276
Notes Payable	11,825	-	(11,825)	-	-
Capital Leases Payable	4,523,202	-----	(411,200)	4,112,002	379,687
Total bonds, notes, capital leases	62,668,835	89,180,521	(3,823,986)	148,025,370	1,991,963
Other liabilities					
Other long-term liabilities	2,492,649	1,078,154	(91,942)	3,478,861	57,822
Accrued compensated absences	2,866,046	486,478	(329,563)	3,022,961	353,210
Total other liabilities	5,358,695	1,564,632	(421,505)	6,501,822	411,032
Total long-term liabilities	\$ 68,027,530	\$ 90,745,153	\$ (4,245,491)	\$ 154,527,192	\$ 2,402,995

Bonds Payable

Bonds payable are secured by certain student fees and a first lien on the University Auxiliary Facilities System (the Auxiliary), but not necessarily an exclusive first lien and a pledge of the net revenues derived from the Auxiliary. Bond provisions require the University to maintain compliance with certain rate covenants related to the bonds.

The following is a summary of bonds payable for the years ended June 30, 2007 and 2006:

Bonds Payable	June 30, 2007	June 30, 2006
---------------	---------------	---------------

University:

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

Outstanding bond principal	\$ 9,690,000	\$ 9,830,000
Less unamortized discount	(97,450)	(103,267)
Bonds payable less unamortized discount	9,592,550	9,726,733

3.00% - 5.50% Auxiliary Facilities Sysem Revenue Refunding and Improvement Bonds

issued July 31, 2001 in the original amount of \$50,000,000 and maturing in varying amounts through June 1, 2031

Outstanding bond principal	47,625,000	47,985,000
Less unamortized discount	(313,471)	(326,578)
Less unamortized loss on refunding	(1,288,442)	(1,364,233)
Bonds Payable less unamortized discount and loss on refunding	46,023,087	46,294,189

NOTES TO FINANCIAL STATEMENTS

Bonds Payable, continued	June 30, 2007	June 30, 2006
<i>University:</i>		
3.25 - 5.00% Auxiliary Facilities System Revenue Refunding and Improvement Bonds issued July 28, 2005 in the original amount of \$85,000,000 and maturing in varying amounts through June 1, 2040		
Outstanding bond principal	\$ 82,710,000	\$ 83,810,000
Add unamortized premium	3,997,053	4,127,606
Less unamortized loss on refunding	(21,598)	(45,160)
Bonds payable plus unamortized discount and less loss on refunding	86,685,455	87,892,446
Total outstanding bond principal	140,025,000	141,625,000
Add total unamortized premium/discount	3,586,132	3,697,761
Less unamortized loss on refunding	(1,310,040)	(1,409,393)
Total Bonds Payable less unamortized discount, plus unamortized premium and less loss on refunding	\$ 142,301,092	\$ 143,913,368

University debt service payments required for bonds payable as of June 30, 2007 are as follows:

Bonds Payable Debt Service - Fiscal year ending June 30	Principal	Interest	Total
2008	1,650,000	6,851,497	8,501,497
2009	1,935,000	6,787,285	8,722,285
2010	2,015,000	6,707,745	8,755,745
2011	2,760,000	6,623,620	9,383,620
2012 - 2016	15,690,000	31,220,925	46,910,925
2017 - 2021	19,840,000	27,076,025	46,916,025
2022 - 2026	25,370,000	21,535,000	46,905,000
2027 - 2031	32,295,000	14,619,500	46,914,500
2032 - 2036	20,995,000	7,600,000	28,595,000
2037 - 2040	17,475,000	2,237,750	19,712,750
	\$ 140,025,000	\$ 131,259,347	\$ 271,284,347



NOTES TO FINANCIAL STATEMENTS

Defeased Bonds

In August 1986, the Board of Trustees of the University in-substance defeased the Colorado State College Housing System Revenue Bonds of 1966 and the University of Northern Colorado Facilities Revenue Bonds Series 1972 by placing a portion of the proceeds of the Auxiliary System Refunding and Construction Revenue Bonds Series 1986 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. At June 30, 2007, \$85,000 of these outstanding bonds are considered in-substance defeased.

In July 2001, the Board of Trustees of the University in-substance defeased the Auxiliary Facilities System Revenue Bonds Series 1997 by placing a portion of the proceeds of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds Series 2001 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. At June 30, 2007, \$875,000 of these outstanding bonds are considered in-substance defeased.

In July 2005, the Board of Trustees of the University in-substance defeased the Auxiliary Facilities System Revenue Bonds Series 1994 by placing a portion of the proceeds of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds Series 2005 in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the in-substance defeased bonds are not included in the University's financial statements. At June 30, 2007, \$305,000 of these outstanding bonds are considered in-substance defeased. The reaquisition price exceeded the carrying amount of the Series 1994 bonds by \$66,758. This amount is being netted against the Series 2005 debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the Series 2005 debt. This advanced refunding was undertaken to reduce the total debt service payment for fiscal years 2007, 2008, and 2009 and resulted in an economic gain of \$42,508.

Capital Lease Obligations

Assets under capital leases at June 30, 2007 and 2006 include equipment totaling \$6,548,246 and \$4,928,469 respectively. These agreements provide that any obligations payable after the current fiscal year are contingent upon funds for that purpose being available.

University debt service payments, including interest, required for these capital leases payable as of June 30, 2007 are detailed below:

Bonds Payable Debt Service Fiscal year ending June 30	Lease Payment
2008	844,371
2009	843,266
2010	843,266
2011	843,266
2012-2016	665,794
2017 - 2021	2,114,237
Total minimum lease payments	6,154,200
Less amount representing interest	(951,869)
Present value of future minimum lease payments	\$ 5,202,331



NOTES TO FINANCIAL STATEMENTS

Other Long-Term Liabilities and Deferred Revenues

University- Related Party Lease Agreement with the LLC

On August 1, 2001, the University entered into a ground lease agreement with the LLC for the site of a student housing facility. The lease period is for 46 years and total lease payments are \$2,655,000. The University received an advance lease payment of \$2,155,000 from the proceeds of the debt issued by the LLC to finance the LLC's student housing facility. The remaining \$500,000 was retained by the Housing LLC for operating purposes and is disclosed as Related Party Loan Receivable in Note 4. The advance was initially recorded as deferred revenue and is amortized annually as lease revenue over the term of the ground lease.

The University recognized \$54,263 in rental revenue and \$10,828 in interest revenue for each of the fiscal years 2007 and will recognize an equal amount annually for the remaining 39 years. For fiscal year 2006, the University recognized \$54,263 in rental revenue and \$3,559 in interest revenue.

Foundation – Annuity Obligations

The Foundation administers such life income agreements as gift annuities where an income beneficiary is the lifetime recipient of income and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

The Foundation has also been named irrevocable remainder beneficiary for trusts administered by third party corporate trustees. For this arrangement, the assets are added to the Foundation's investment pool and a contribution is recorded at the estimated present value of the remainder interest. These life income arrangements are re-valued annually to reflect changes in the remainder interest estimates. The Foundation does not have use of the funds until the expiration of the lifetime recipient's interest. Investment assets held in the charitable remainder trusts and charitable gift annuities totaled \$235,729 and \$215,784 at June 30, 2007 and 2006 respectively.

Foundation estimated future maturities of annuity obligations are detailed below:

Annuity obligations Fiscal year ending June 30	Lease payments
Foundation: 2008	\$ 22,311
2009	22,311
2010	18,081
2011	11,886
2012	11,733
After 2012	77,546
Total annuity obligations Foundation	\$ 163,868



The LLC – Other Long-term Debt:

The Colorado Educational and Cultural Facilities Authority (the Authority), a political subdivision of the State of Colorado, loaned the proceeds of a \$24,320,000 bond issue to the LLC to finance the construction of a student housing facility. The loan is repayable in amounts sufficient to provide timely payment of the bond principal and interest. Interest rates on the bonds range from 3.375% to 5.375% and interest is payable semi-annually on January 1 and July 1. Bond principal is payable in

NOTES TO FINANCIAL STATEMENTS

annual installments beginning in July 2003. The loan is collateralized by the revenue generated from operation of the facility. At June 30, 2007, the balance outstanding on the loan was \$23,865,311 which is net of an original issue discount of \$259,689. The unamortized discount is \$246,797 as of June 30, 2007.

Housing LLC debt service payments for long-term debt for each of the next five years and thereafter are detailed below:

Housing LLC Debt Service Fiscal year ending June 30	Principal	Interest	Total
2008	180,000	1,188,643	1,368,643
2009	225,000	1,180,880	1,405,880
2010	275,000	1,170,992	1,445,992
2011-2015	2,110,000	5,619,514	7,729,514
2016-2020	2,825,000	5,013,058	7,838,058
2021-2025	3,605,000	4,209,814	7,814,814
2026-2030	4,600,000	3,188,687	7,788,687
2031-2035	5,870,000	1,879,916	7,749,916
2036-2038	4,295,000	337,608	4,632,608
Total Debt Service - Housing LLC	\$ 23,985,000	\$ 23,789,112	\$ 47,774,112

Note 7: Operating Leases

The University leases property and equipment under operating leases expiring in various years through 2011. Rental expense under these agreements, for the years ended June 30, 2007 and 2006 was \$42,696 and \$54,339, respectively.

The University's future minimum lease payments under noncancelable operating leases as of June 30, 2007 are detailed below:



Operating lease payments fiscal years ending June 30		
University:	2008	\$ 50,987
	2009	48,556
	2010	47,071
	2011	33,914
	2012	28,203
	Later years	50,837
Total minimum lease payments - University		\$ 259,568

Note 8: Defined Benefit Pension Plan

Plan Description

A significant number of the institution’s employees participate in a defined benefit pension plan. The plan’s purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees’ Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions’ plans are included in PERA’s financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

Prior to January 1, 2006, state employees and employees of local school districts were members of the combined State and School Division of PERA. On January 1, 2006, that combined division was segregated into a State Division and a separate School Division. PERA’s financial statements at December 31, 2005, presented the state and school portions of the trust as a single division.

Employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state’s Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan. PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members vest after five years of service, and are eligible for full retirement benefits based on their original hire date as follows:

- Hired before July 1, 2005 - age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Persons hired between July 1, 2005 and December 31, 2006 - any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, age 65 with 5 years of service.
- Hired on or after January 1, 2007 - any age with 35 years if service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 - age 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 - age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

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

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which voluntary contributions were paid, associated with three periods on 12 consecutive months of service credit and limited to 15 percent increase between periods. For retirements after January 1, 2009 or persons hired after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annulally based on their original hire date as follows:

- Hired before July 1, 2005 - 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 - the lesser of 3 percent or the actual increase in the national Consumer Price Index.

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

Funding Policy

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

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2005, to December 31, 2005, the state contributed 10.15 percent (12.85 percent for state troopers and 13.66 percent for the Judicial Branch) of the employee’s salary. From January 1, 2006, through June 30, 2006, the state contributed these same percentage amounts plus an additional .5 percent for the Amortization Equalization Disbursement discussed below. During all of Fiscal Year 2005-06, 1.02 percent of the employees total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2006, the State and School Division of PERA was underfunded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary beginning January 1, 2006, another 0.5 percent of salary in 2007, and subsequent year increases of 0.4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, along with other significant provisions affecting the Plan, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year’s one half percentage point increase in the SAED will be deducted from the amount of changes to state employees’ salaries and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent. Hisotrically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund therelated actuarial liability.

The University's contributions to the Defined Benefit Plan and the Health Care Trust Fund for the fiscal years ending June 30, 2007, 2006 and 2005 were \$3,676,152, \$3,422,213 and \$3,280,917 respectively. These contributions met the contribution requirement for each year.

NOTE 9: Optional Retirement Plan

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

The ORP is a defined contribution plan with three vendors, Travelers/CitiStreet, TIAA_CREF, and VALIC, providing a range of investment accounts for participants. For fiscal years 2006-2007 and 2005-2006, the employee contributed 8 percent and the University contributed 11.5 percent. The University's contribution to the ORP for the year ended June 30, 2007, and June 30, 2006 was \$3,661,548 and \$3,353,042, respectively. All contributions are immediately invested in the employee's account. Normal retirement age for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

The University provides a 403b deferred compensation plan to the University President. Tho Board of Trustees approved contributions to \$32,000 and \$30,000 for the years ended June 30, 2007 and June 30, 2006 respectively.

NOTE 10: Voluntary Tax-Deferred Retirement Plans

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer 403b or 401(a) plans.

NOTE 11: Postretirement Healthcare and Life Insurance Benefits

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. The program was converted to a trust fund in 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years. the Health Care Trust Fund is maintained by an employer's contribution as discussed above in Note 8 - Funding Policy.



Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical benefit plans and another carrier for prescription benefits, and with several health maintenance organizations providing services within Colorado. As of December 31, 2006, there were 42,433 enrollees in the plan.

Life Insurance Program

During Fiscal Year 2006-07, PERA provided its members access to a group decreasing term life insurance plan offered by UnumProvident in which 41,101 members participated. Active members may join the Unum Provident Plan and continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for 12,790 members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

Colorado Higher Education Insurance Benefits Alliance (CHEIBA)

Retired faculty and exempt-administrative staff are eligible to participate in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA is a cost-sharing multiple-employer insurance purchasing pool, which allows for post employment health coverage until the retiree is eligible for Medicare. As of June 30, 2007, there were 41 participants in post retirement coverage from the eight member higher education institutions of which nine are from UNC.

CHEIBA financial statements are prepared under accounting principals generally accepted in the United States using the accrual basis of accounting following the Governmental accounting standards for a business type activity. The financial statements can be obtained by contacting the University's Human Resource department at (970) 351-2718. Contributions are recognized in the period due. Benefits and refunds are recognized and paid when due according to the participating plans. The fair value of CHEIBA's investments is based on quoted market prices from national securities exchanges.

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

Note 12: Natural Classifications with Functional Classifications

For the years ended June 30, the following tables represent operating expenses within both natural and functional classifications.

2007

Functional Classifications	Employee and Personal Services	Operating and Travel	Cost of Goods Sold	Depreciation	Inter-Governmental Distributions	Prizes and Awards	Total Operating Expenses
Instruction	\$ 45,455,822	\$6,152,258	\$214,779	--	\$ 46,020	\$ 1,646	\$51,870,525
Research	1,295,668	884,127	76	--	9,052	1,050	2,189,973
Public Service	915,551	538,199	311,123	--	--	2,257	1,767,130
Academic Support	8,920,962	4,323,539	2,857	--	--	1,606	13,248,964
Student Services	9,354,120	5,269,777	467,442	--	--	14,063	15,105,402
Institutional Support	9,839,487	(4,803,563)	4,622,096	--	--	1,038	9,659,058
Operation of Plant	7,625,466	(85,169)	--	--	--	--	7,540,297
Scholarship/Fellowships	--	8,306,271	--	--	--	--	8,306,271
Auxiliaries/Hospitals	7,383,098	10,190,064	3,370,661	--	--	642	20,944,465
Depreciation	--	--	--	12,776,240	--	--	12,776,240
TOTAL EXPENSES	\$90,790,174	\$30,775,503	\$8,989,034	\$12,776,240	\$ 55,072	\$22,302	\$143,408,325

Note 12: Natural Classifications with Functional Classifications

For the years ended June 30, the following tables represent operating expenses within both natural and functional classifications.

2006

Functional Classifications	Employee and Personal Services	Operating and Travel	Cost of Goods Sold	Depreciation	Inter-Governmental Distributions	Prizes and Awards	Total Operating Expenses
Instruction	\$45,394,614	\$5,111,056	\$240,677	\$ --	\$ 37,782	\$ 1,985	\$ 50,786,114
Research	1,826,867	639,709	--	--	--	915	2,467,491
Public Service	867,231	503,398	139,987	--	--	929	1,511,545
Academic Support	9,581,311	3,104,190	1,383	--	--	195	12,687,079
Student Services	9,897,138	6,114,254	383,363	--	2,568	11,609	16,408,932
Institutional Support	7,351,161	(3,883,556)	4,137,353	--	154,418	456	7,759,832
Operation of Plant	7,850,458	1,096,259	--	--	102	--	8,946,819
Scholarship/Fellowships	21	7,245,187	--	--	--	--	7,245,208
Auxiliaries/Hospitals	7,613,950	10,062,034	4,066,423	--	--	--	21,742,407
Depreciation	--	--	--	11,984,452	--	--	11,984,452
TOTAL EXPENSES	\$90,382,751	\$29,992,531	\$8,969,186	\$11,984,452	\$ 194,870	\$ 16,089	\$ 141,539,879

Note 13: Legislative Appropriations

Appropriated Funds

The Colorado State Legislature establishes spending authority for the University in its annual Long Appropriations Bill.

For the years ended June 30, 2007 and 2006, appropriated expenditures were within the authorized spending authority of \$89,730,758 and \$84,028,044, respectively. Actual appropriated revenues earned totaled \$87,289,756 and \$83,818,640 respectively. Actual appropriated expenditures and transfers totaled \$87,289,756 and \$81,956,684 respectively. The net increase(decrease) in appropriated fund balance was \$0 and \$1,861,956 respectively.

Capital Construction State Appropriations

Capital Construction State Appropriations are recognized only to the extent of current expenditures of \$5,743,229. At June 30, 2007, there were unexpended capital construction state appropriations of \$2,196,546.

Controlled Maintenance Projects

The University makes approved expenditures for various controlled maintenance projects. There were no-completed controlled maintenance projects added to the University for the year ended June 30, 2007. Ongoing controlled maintenance projects include replacing and servicing of electrical and fire alarms in several buildings and the repair and replacement of heating and ventilation and air conditioning for McKee Hall.

Note 14: Commitments and Contingencies

Construction Commitments

As of June 30, 2007, the University has construction commitments of \$52,402,993 for sports and recreation facilities, parking improvement and housing projects.

Government Grants

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

Note 15: Risk Management

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

- General liability covered by Lexington for \$3,000,000 with \$5,000 deductible
- Product liability with malpractice covered by Lexington for \$3,000,000 with \$5,000 deductible
- Automobile liability covered by Fireman's Fund for \$1,000,000 with n/a deductible
- Errors and Omissions covered by Westchester for \$3,000,000 with \$1,000 deductible
- Workers Compensation covered by Pinnacle for \$500,000/\$500,000/\$500,000 with \$1,000 deductible
- Fidelity (employee dishonesty) covered by Fireman's Fund for \$100,000 with \$10,000 deductible

Insurance coverage prior to Fiscal Year 2006 was with the State Risk Management. In fiscal year 2006, the University became fully insured through several insurance companies. The coverage in fiscal year 2007 is consistent with the previous year and there have been no significant reductions in coverage. There have been no settlements exceeding coverage.

The University uses a fringe benefit and risk management fund to pay expenses to workers compensation and other liability insurance. The University's liability on June 30, 2007 is \$357,558. On June 30, 2006, the liability balance of \$1,724,530 was based on an actuarial study in conjunction with State Risk Management. Since the University is covered by insurance for everything above our reserve and deductible no actuarial study was required in fiscal year 2007.



Note 16: Other Disclosures

Multi-year Employment Contracts

During 2007, the University maintained four multi-year employment contracts for coaches. The intent of the multi-year terms (either three or four years) is to allow the coaches sufficient time to recruit and build successful athletic teams. These contracts are subject to termination for just cause and fund availability.



OTHER FINANCIAL, ENROLLMENT AND BUDGET DATA

ACTUAL AND PROJECTED REVENUES AND EXPENDITURES*
Auxiliary Revenue, Student Recreation Center, Women's Resource Center, Health and
Counseling Center Projects

	Actual	Actual	Actual
	FY 2004-05	FY 2005-06	2006-07
Operating Revenues			
Housing and Food Contracts	\$ 19,848,474	\$ 20,990,469	\$ 22,033,539
Short Term Room and Board	1,218,494	1,601,759	1,608,906
Student Fees	3,739,216	4,753,887	4,614,132
Parking Fees	1,542,182	1,638,690	1,788,140
Other Auxiliary Sales and Services	4,752,403	3,769,830	3,652,516
Gross Revenues	31,100,769	32,754,635	33,697,233
Expenditures			
Cost of Sales	3,398,360	3,371,869	3,449,605
Personal Services	8,282,160	8,381,452	8,306,538
Other Current Expenses	7,383,851	8,378,846	8,095,223
Utilities	2,244,935	2,840,027	2,345,082
Travel and Subsistence	27,565	41,727	91,024
Capital Outlay, Operations	44,734	92,304	180,717
Current Expenses	21,381,605	23,106,225	22,468,189
NET REVENUES	9,719,164	9,648,410	11,229,044
Transfers (or available for transfer)			
Debt Service	4,190,954	5,388,133	8,129,060
Less: Capitalized Interest			(2,600,000)
Net Debt Service	4,190,954	5,388,133	5,529,060
Capital Maintenance	3,408,928	2,210,411	4,228,835
Administrative Overhead	2,119,282	2,049,867	1,471,149
Total Transfers	\$ 9,719,164	\$ 9,648,411	\$ 11,229,044
NET REVENUE/DEBT SERVICE	2.32	1.79	2.03

ACTUAL AND PROJECTED REVENUES AND EXPENDITURES*
Auxiliary Revenue, Student Recreation Center, Women's Resource Center, Health and
Counseling Center Projects

Estimated	Estimated	Estimated	Estimated	
FY 2007-08	FY 2008 - 09	FY 2009 - 2010	FY 2010-2011	
\$ 22,031,497	\$ 23,133,340	\$ 26,325,082	\$ 28,047,413	(1)
1,997,000	2,067,000	2,139,000	2,214,000	(2)
4,592,000	4,707,000	4,825,000	4,946,000	(3) (4)
1,865,000	2,283,000	2,488,000	2,588,000	(5)
3,604,000	3,694,000	3,786,000	3,881,000	(3)
34,089,497	35,884,340	39,563,082	41,676,413	
3,270,000	3,352,000	3,436,000	3,522,000	(3)
9,500,000	9,985,000	10,443,000	10,756,000	(6) (7)
8,687,396	8,905,000	10,028,000	10,279,000	(3) (7)
3,072,000	3,226,000	3,660,000	3,843,000	(8) (7)
40,000	40,000	70,000	70,000	
25,000	25,000	25,000	25,000	
24,594,396	25,533,000	27,662,000	28,495,000	
9,495,101	10,351,340	11,901,082	13,181,413	
8,501,497	8,722,286	8,722,745	9,383,620	
(1,560,000)	(959,000)	(155,000)	0	
6,941,497	7,763,286	8,567,745	9,383,620	
1,048,604	991,054	1,536,337	1,891,793	
1,505,000	1,597,000	1,797,000	1,906,000	
\$ 9,495,101	\$ 10,351,340	\$ 11,901,082	\$ 13,181,413	
1.37	1.33	1.39	1.40	

*Assumptions for 2007-08 through 2010-11
(1) Assumes varying occupancy from 88% to 94%. Assumes 6% room and board increase for FY08 and FY09. Assumes 7.3% room and board increase for FY2010 and a 5.9% increase fir FY 2011. Goal is to fund debt service obligations and provide for capital maintenance. If utility cost increase above projected room rate increase, room rates will have to be increased.
(2) Estimated using a 3.5% growth rate.
(3) Estimated using a 2.5% growth rate
(4) Student Fee Referenda were apprvd by students in Spring of 2006 to increase student fees by \$44 per student (FY06 only) for sports and recreation facility improvements.
(5) Parking Decal assumed to be increased \$20 each for FY08, FY09 and FY10
(6) Estimated using a 3% growth rate.
(7) Costs will increase due to changed facilities in FY09-10
(8) Estimated using a 5% growth rate.
Source: The University 's Administrative Staff

AUXILIARY SERVICES BUDGET REQUEST SUMMARY - FY 2007-2008				
REVENUE, EXPENSE, TRANSFERS:				
	2005-06	2006-07	2007-08	2007-08
	Actual	Actual	Operating Changes	Budget Estimate
Revenue				
Revenue	25,668,952	26,791,088	263,895	27,054,983
Less cost of Sales	3,253,424	3,350,683	(80,683)	3,270,000
Adjusted Gross Revenue	22,415,528	23,440,405	344,578	23,784,983
Expense				
Total Personnel	6,583,192	6,587,119	969,199	7,556,318
Total OCE and Travel	9,050,291	8,555,026	676,633	9,231,659
Total Capital Outlay	54,592	11,030	13,970	25,000
Total Expenses	15,688,075	15,153,175	1,659,802	16,812,977
Adjusted Gross Revenue Over/(Under) Expenses	6,727,453	8,287,230	(1,315,224)	6,972,006
Mandatory Transfers				
*Debt Service	2,786,691	5,495,734	412,690	5,908,424
Interest from Bond Proceeds		(2,600,000)	1,040,000	(1,560,000)
Non-mandatory Transfers				
Deferred Maintenance Transfers	3,299,038	4,721,719	(2,098,137)	2,623,582
Enterprise Fee	641,724	669,777	(669,777),	0
Total Transfers	6,727,453	8,287,230	(1,315,224)	6,972,006
Balance	0	0	0	0

*Based on Pledged Net Revenue

INSTITUTIONAL INFORMATION

FACULTY AND OTHER EMPLOYEES

Faculty members are encouraged and expected to take an active part in all aspects of college life and governance. The University faculty interacts with the Board of Trustees in establishing courses of study, requirements for admission, and conditions for graduation. Table 1 provides information about the full-time teaching faculty of the University for the Fall semester, 2006.

FULL TIME TEACHING FACULTY			
	Total	Doctorate	Tenured
Full Professors	146	142	139
Associate Professors	94	75	75
Assistant Professors	98	75	0
Instructors/Lecturers	108	30	0
TOTAL	446	322	214

TABLE 1

MATRICULATION AND RETENTION RATE

The matriculation rate is the ratio of newly enrolled freshmen to newly admitted freshmen. This ratio has been relatively constant since 2000. The fluctuations in the matriculation rate are due to increased competition among Colorado institutions for new freshmen, and increases in non-resident freshmen admissions which typically have lower matriculation rates than resident freshmen. The retention rate is the proportion of new freshmen who return to UNC for a second year, and the retention rates for new freshmen are summarized in Table 2. The increased retention rates for new freshmen, since 2000, are due to greater emphasis in recruiting students with better academic preparation and providing improved student support programs.

FRESHMAN MATRICULATION AND RETENTION RATE

Year	Matriculation %	Retention %
2007	40.1%	66.2%
2006	41.5	68.4
2005	41.4	70.0
2004	43.3	71.1
2003	42.0	71.9
2002	39.5	69.9
2001	40.9	69.2

TABLE 2

STUDENT HOUSING OCCUPANCY

Recent Student housing occupancy is summarized in Table 3 for academic years 2000-01 through 2005-06.

STUDENT HOUSING OCCUPANCY

Academic Year	Design Capacity	Occupancy Rate
2006-07	3,060	92.73%
2005-06	3181	95.37
2004-05	3100	94.00
2003-04	3101	94.94
2002-03	3029	94.89
2001-02	3029	95.12

TABLE 3

TUITION AND FEES

A major source of revenue to the University is student tuition and fees. Tuition at the University is divided into two basic categories, depending upon residency in the State. The University's undergraduate tuition for the 2005-06 academic year was \$3,192 for residents (see note below), and \$11,736 for non-residents. Graduate tuition for the 2005-06 academic year was \$4,968 (see note below) for residents and \$14,688 for non-residents. Table 4 provides information as to the annual tuition and fees for undergraduates and graduates at the University since the 2000-01 academic year.

Fiscal Year	Resident		Non-Resident		Fees*
	Undergrad	Grad	Undergrad	Grad	
2006-07	\$3,276	\$5,118	\$11,856	\$14,832	\$674
2005-06	3,192**	4,968**	11,736	14,688	645
2004-05	2,850	3,360	11,740	12,250	520
2003-04	2,732	3,193	11,859	12,609	509
2002-03	2,290	2,708	10,584	11,268	661
2001-02	2,155	2,549	9,825	10,459	687

TABLE 4

*Health Insurance optional and not included.

**This reflects only student share of tuition. Tuition charges for undergraduate residents also include the amount which the student may elect to have paid from the College Opportunity Fund. See below

COLLEGE OPPORTUNITY FUND

In fiscal year 2006, the state of Colorado discontinued direct state appropriations to public institutions of higher education, including UNC. Instead, state funds are being used to support Colorado students in two ways. First, the college opportunity fund (COF) provides a stipend to eligible undergraduate residents. A total of \$22.6 million in COF stipends was paid toward UNC student tuition in FY 2007. Second, in FY 2007 the state contracted with UNC for \$15.3million in educational service – primarily graduate student education. These funds are in addition to tuition paid by students.

COF STIPEND

Fiscal Year	Resident FTE Amount	Amount*
2007-2008	\$2,670	\$22.6 million

TABLE 5

*The amount shown in the total paid from the COF for Fall 06, Spring 07 and Summer 07. The actual amount included in tuition will vary to reflect the allocation of summer between fiscal years.

FEE FOR SERVICE

Fiscal Year	Contract Amount
2006-07	\$15.3 million

TABLE 6

STATE APPROPRIATIONS

Through fiscal year 2004-05, the appropriation to the University was provided by the Colorado General Assembly from its General Fund pursuant to a budget process and request by the University. Table 7 shows State appropriations in terms of dollars and percentage of total revenues to the University for fiscal years ending 2001 through 2005.

STATE APPROPRIATIONS

Fiscal Year	State Appropriations	Percent of Revenues
2004-05	\$ 33,590,906	25.50%
2003-04	33,590,909	25.95
2002-03	36,974,939	26.39
2001-02	42,352,302	25.56

TABLE 7

FALL 2007 Enrollment Trends
New Freshman Trends
Fall 2003 - Fall 2007

	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007
Applicants	7,172	6,953	7,318	7,581	6,129
Admits	5,063	5,632	6,025	6,074	5,578
% Accepted	70.6%	81.0%	82.3%	80.1%	91%
Enrolled	2,128	2,436	2,494	2,521	2,243
% Yield	42.0%	43.3%	41.4%	41.5%	40.2%
GENDER					
Male	791	964	1,007	1,058	884
Female	1,337	1,472	1,487	1,463	1,359
ETHNICITY					
Native American	25	35	36	40	24
African American	48	69	72	83	91
Asian American	69	110	80	78	75
Hispanic	155	218	223	222	184
Total Minorities	297	432	411	423	374
White	1,753	1,925	1,992	1,978	1,760
International	4	2	7	10	26
Uncoded	74	77	84	110	83
Total Non-Minorities	1,831	2,004	2,083	2,098	1,869
RESIDENCY					
Residents	1,880	2,172	2,233	2,272	2,582
Non-Residents	248	264	261	249	315
AGE					
Less than 18	111	137	113	110	5
18	1,725	2,001	2,084	2,084	764
19	229	253	244	264	1,353
20-24	38	34	41	41	104
Total Under 24	2,103	2,425	2,482	2,499	2,226
Total 25 and Above	25	11	12	22	17
COLLEGE					
Education and Behavioral Sciences	18	96	321	122	105
Humanities and Social Sciences	782	757	241	475	374
Monfort College of Business	155	232	277	197	179
Natural and Health Sciences	277	394	428	326	275
Performing and Visual Arts	221	236	162	145	135
Undeclared	675	721	1,065	1,256	1,175
AVERAGES					
CCHE Ondex	102.1	103.7	104.9	104.3	104
ACT - Composite	22.4	22.0	22.2	22.1	22
SAT - Combined	1048	1035	1052	1049	1045
High School GPA	3.32	3.20	3.24	3.24	3.24
High School Rank	63.3	59.7	61.5	61.5	68.0

SCHEDULE 1A

FALL 2007 Enrollment Trends
New Transfers Trends
Fall 2003 - Fall 2007

	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007
Applicants	2,159	2,066	2,100	1,806	1,136
Admits	1,585	1,539	1,515	1,344	1,107
% Accepted	73.4%	74.5%	72.1%	74.4%	97.4%
Enrolled	953	905	907	764	654
% Yield	60.1%	58.8%	59.9%	56.8%	59.1%
GENDER					
Male	398	372	375	318	280
Female	555	533	532	446	374
ETHNICITY					
Native American	14	25	18	19	4
African American	29	27	45	27	23
Asian American	19	32	22	20	14
Hispanic	86	70	89	64	56
Total Minorities	148	154	174	130	97
White	740	657	683	570	513
International	5	10	4	3	7
Uncoded	60	84	46	61	37
Total Non-Minorities	805	751	733	634	557
RESIDENCY					
Residents	831	755	794	630	562
Non-Residents	122	150	113	134	92
AGE					
Less than 19	24	21	20	20	5
19	229	257	247	232	59
20	222	195	225	180	179
21	137	109	117	110	151
22-24	142	149	119	115	121
Total Traditional	754	731	728	657	515
Total Non-Traditional 25 and Above	199	174	179	107	139
COLLEGE					
Education and Behavioral Sciences	11	57	142	79	67
Humanities and Social Sciences	432	340	123	175	160
Monfort College of Business	73	78	96	63	46
Natural and Health Sciences	190	197	211	173	145
Performing and Visual Arts	55	54	20	13	22
Undeclared	192	179	315	261	214
AVERAGES					
Transfer GPA	2.92	2.97	2.93	2.93	2.98
Transfer Hours	41.1	40.6	40.9	40.9	37
Age	23.1	22.9	22.6	22.6	23.5

SCHEDULE 1B

FALL 2007 Enrollment Trends
New Graduate Student Trends
Fall 2003 - Fall 2007

	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007
Applicants	2,019	1,968	1,822	1,976	1,076
Admits	1,476	1,358	1,324	1,328	775
% Accepted	73.1%	69.0%	72.7%	64.2%	72.0%
Enrolled	1,023	931	858	908	477
% Yield	69.3%	68.6%	64.8%	68.4%	61.5%
DEGREE LEVEL					
Licensure	65	106	67	63	59
Master's	824	696	658	673	315
Specialist	38	32	26	54	9
Doctoral	96	97	107	118	94
GENDER					
Male	269	237	235	247	107
Female	754	694	623	661	370
ETHNICITY					
Native American	14	13	8	12	4
African American	18	19	10	22	12
Asian American	17	17	13	12	8
Hispanic	38	40	44	54	26
Total Minorities	87	89	75	100	50
White	814	731	656	707	369
International	43	29	25	42	30
Uncoded	79	82	102	59	28
Total Non-Minorities	936	842	783	808	427
RESIDENCY					
Residents	814	756	689	714	336
Non-Residents	209	175	169	194	141
COLLEGE					
Education and Behavioral Sciences	681	567	509	529	242
Humanities and Social Sciences	114	123	95	46	23
Natural and Health Sciences	164	178	190	280	176
Performing and Visual Arts	57	42	44	49	35
Graduate Interdisciplinary	7	21	20	4	1

FALL 2007 Enrollment Trends
Total Enrollment Trends
Fall 2003 - Fall 2007

Fall 2003 - Fall 2007	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007
CLASSIFICATION					
Freshmen	3,242	3,615	3,771	3,899	3,282
Sophomores	1,973	2,128	2,292	2,131	2,092
Juniors	2,013	1,966	2,084	1,981	1,997
Seniors	2,365	2,385	2,360	2,451	2,413
Transfers/Non-Degree					70
Total Undergraduates	9,593	10,094	10,307	10,432	9,854
Undeclared	198	171	156	252	226
Teacher Licensure	128	101	96	9	17
Master's	1,047	1,050	1,075	872	860
Specialist	36	29	47	32	33
Doctoral	302	345	392	345	359
Total Graduate Students	1,711	1,696	1,766	1,510	1,495
GENDER					
Male	4,320	4,592	4,745	4,616	4,373
Female	7,060	7,259	7,376	7,000	6,976
ETHNICITY					
Native American	94	133	138	162	140
African American	229	252	306	311	312
Asian American	359	392	379	372	342
Hispanic	807	869	926	953	841
Total Minorities	1,489	1,646	1,749	1,798	1,635
White	9,232	9,472	9,651	9,388	8,928
International	123	122	142	125	214
Uncoded	536	611	579	705	572
Total Non-Minorities	9,891	10,205	10,372	10,218	9,714
COLLEGE					
Humanities and Social Sciences	4,905	4,278	1,867	3,190	2,949
Monfort College of Business	1,069	1,116	1,265	1,196	1,090
Education and Behavioral Sciences	1,001	1,560	2,777	1,431	1,487
Natural and Health Sciences	1,772	2,276	2,804	2,644	2,527
Performing and Visual Arts	1,100	1,114	888	899	891
Graduate Interdisciplinary	20	38	1	8	
Undeclared	1,513	1,469	2,519	2,648	2,405
RESIDENCY					
Residents	10,153	10,588	10,865	10,736	10,123
Non-Residents	1,227	1,263	1,256	1,280	1,226
FTE STUDENTS					
Residents	8,782	9,139	9,344	9,376	8,821
Non-Residents	1,107	1,138	1,110	1,137	1,108
Total FTE Students	9,889	10,278	10,454	10,513	9,929

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