



## 2023 Annual Financial Report





## About the Cover Photo

In April and May 2023, UNC's iconic bronze bear was clothed in a giant crochet sweater created by Dr. Stephanie Spindler and her 3D Design class in UNC's School of Art and Design (SOAD). The class wanted to bring awareness to mental health issues through art activism. Crochet is proven to improve hand dexterity and often used as a meditative practice to help calm anxiety.

Messages of love and support were pinned to the sweater and visitors were encouraged to snap a photo to post with the hashtags #URLovedSOAD and #MentalHealth.



**#URLovedSOAD**  
**#MentalHealth**

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## *Message from President Feinstein*

Fellow Bears,

At the University of Northern Colorado, we are guided in all we do by the vision and goals stated in our ten-year strategic plan, Rowing, Not Drifting 2030. Achieving our intended outcomes requires that we maintain our financial stability, address core resource needs, and invest in our strategic priorities. As we reflect on Fiscal Year 2023 and look ahead to 2024, I am optimistic about what we will continue to achieve in support of our students, staff, faculty, and the communities we serve.

Since we began implementing our strategic plan in 2020, we have achieved many successes. Our accomplishments include demonstrating our commitment as a Students First University by adding offerings to our academic portfolio, enhancing student learning through the use of career-specific and high-impact practices, bolstering support services outside the classroom, and overhauling our financial aid awarding process by directing resources to students with the greatest financial need. We have also directed additional resources to our dedicated employees in the form of compensation increases and through benefits such as an extended winter break and a modified summer schedule. Additionally, we are investing in our infrastructure, including renovating our dining facilities and creating new spaces for students, faculty, and staff to gather.

These are just a few examples of how we are directing resources to support our strategic priorities. Across each vision element — Students First, Empower Inclusivity, Enhance & Invest, Innovate & Create, and Connect & Celebrate — we will continue to work diligently in pursuit of our shared commitment of being a Students First University and lay the foundation for a bright future at UNC.

Over the course of Fiscal Year 2024, we will conclude work on Phase II of our plan and identify the next set of key actions and tactics we will prioritize in the third phase. I look forward to working with the university community to collectively identify the next steps we will take to position UNC for continued success.

Rowing, Not Drifting,



Andy Feinstein  
President



## *Management's Responsibility for Financial Reporting*

*The accompanying financial statements of the University of Northern Colorado for the year ended June 30, 2023, were prepared by management in conformity with generally accepted accounting principles.*

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

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



Dale Pratt  
Vice President  
for Finance & Administration  
and Chief Financial Officer

## Independent Auditors' Report

Board of Trustees and Members of the Legislative Audit Committee  
University of Northern Colorado  
Greeley, Colorado

### Report On The Audit Of The Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the University of Northern Colorado (the University), and its discretely presented component unit, collectively as an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Northern Colorado Foundation (the Foundation), the University's discretely presented component unit, which represents 100% of total asset, total revenues of the discretely presented component as of June 30, 2023. Those statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report has been furnished to us, and our opinions, insofar as it relates to amounts included for the Foundation, is based solely on the report of the other auditors.

#### *Basis For Opinion*

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Governmental Auditing Standards*.

### ***Emphasis Of Matters***

As discussed in Note 1, the financial statements of the University, an institution of higher education in the State of Colorado, are intended to present the financial position, the changes in financial position and cash flows of the business-type activities of only the University. Financial results for the State of Colorado are presented in separate state-wide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State of Colorado is available in these state-wide financial statements. Our opinion is not modified with respect to this matter.

As discussed in Notes 1, 5 and 7 to the financial statements, the University implemented the provisions of Governmental Accounting Standards Board Number 96, *Subscription-Based Information Technology Arrangements* as of July 1, 2022. Our opinion is not modified with respect to this matter.

### ***Responsibilities Of Management For The Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of the University's Proportionate Share of Public Employees' Retirement Association of Colorado (PERA) Net Pension Liability and PERA Other Post-Employment Benefits (PERA OPEB) Net Liability and the Schedules of the University's Contributions to PERA Pension and PERA OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the operating budget summary; actual and projected net revenues available for debt service; general financial information and operating data; enrollment, admissions, student charges and faculty data and the Board of Trustees and administration information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### ***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*RubinBrown LLP*

January 12, 2024

## Overview

### Management's Discussion and Analysis

We are pleased to present this financial discussion and analysis of the University of Northern Colorado (the University or UNC). It is intended to make the University's financial statements easier to understand and to communicate its financial situation in an open and accountable manner. It provides an objective analysis of the University's financial position and results of operations as of and for the fiscal year ended June 30, 2023, with comparative information for the fiscal years 2022 and 2021. University management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, related footnote disclosures, and schedules of supplementary information.

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

### Understanding the Financial Statements

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

- ***Independent Auditors' Report*** presents an unmodified opinion prepared by the University's auditors (an independent certified public accounting firm, RubinBrown LLP) on the fairness, in all material respects, of the University and its discretely presented component unit's respective financial position.
- ***Statement of Net Position*** presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2023). Its purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations; evaluating how much the University owes to vendors, employees, investors, and lending institutions; and understanding the University's net position and its availability for expenditure by the University.
- ***Statement of Revenues, Expenses, and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time (the fiscal year ended June 30, 2023). Its purpose is to assess the University's operating results.
- ***Statement of Cash Flows*** presents University cash receipts and payments during a period of time (the fiscal year ended June 30, 2023). Its purpose is to assess the University's ability to generate net cash flows and meet its payment obligations as they come due.

- **Notes to the Financial Statements** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found. University management suggests that the readers of this annual report combine this financial analysis with relevant nonfinancial indicators to assess the overall health of the University. Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition, and campus safety.

## Financial Highlights

Selected financial highlights for the fiscal year ended June 30, 2023, include:

- University assets total \$364.8 million, deferred outflows of resources total \$17.5 million, liabilities total \$259.6 million, and deferred inflows of resources total \$10.0 million resulting in a net position of \$112.7 million. Of the ending net position, \$0.4 million is restricted for purposes for which the donor, grantor, or other external party intended and \$134.6 million is related to investments in capital assets. The remaining deficit of \$22.2 million, which is unrestricted net position, is comprised of a deficit of \$77.4 million from the impact of *GASB 68: Accounting and Financial Reporting for Pensions* and a deficit of \$3.6 million from the implementation of *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, offset by positive net position of \$58.8 million, which may be used to meet the University's ongoing obligations.
- Total operating revenues of \$198.8 million, less total operating expenses of \$215.0 million, resulted in a net operating loss of \$16.2 million. This operating loss was offset by net nonoperating revenues of \$7.2 million and other changes of \$14.2 million, resulting in a \$5.1 million increase in net position. Other changes of \$14.2 million include capital appropriations and contributions from the State of Colorado of \$5.2 million, student capital fee revenue of \$6.3 million, capital gifts and grants of \$1.8 million, and a gain on the sale of property of \$0.9 million.
- Per GASB guidance, the University implemented GASB 96, *Subscription-Based Information Technology Agreements (SBITAs)*, in fiscal year 2023. GASB 96 increases the usefulness of governmental financial statements by requiring recognition of certain subscription assets and liabilities. Prior to issuance of GASB 96, there was no accounting or financial reporting guidance specifically for government end users of SBITAs. GASB 96 establishes a definition for SBITAs and provides guidance on the accounting and financial reporting for such arrangements. GASB 96 defines a SBITA as a contract that conveys control of the right to use another party's IT software for a specified period of time, alone or in combination with tangible IT assets, in an exchange or exchange-like transaction.

The University implemented GASB 96 effective July 1, 2022. As prior year balances do not reflect this change in accounting standard, only fiscal year 2023 is presented in the financial statements and notes. Three years of information are included in the Management's Discussion and Analysis section. With the implementation of GASB 96, fiscal year 2023 includes right-to-use subscription assets and right-to-use subscription liabilities. Fiscal years 2022 and 2021 were not restated to reflect balances that pertain to GASB 96.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- As demonstrated in the table below, net position increased \$5.1 million on the Statement of Revenues, Expenses, and Changes in Net Position. The increase in net position is primarily attributable to the change in the University's net pension liability and associated deferred outflows and inflows of resources on pensions, which decreased by a net total of \$7.8 million from fiscal year 2022 to 2023. In fiscal year 2023, the net pension liability increased by \$29.2 million, but this was offset by an increase in deferred outflows on pensions of \$9.6 million and a decrease in deferred inflows of \$27.4 million, both of which contributed positively to net position. The net pension liability of \$88.2 million represents the University's proportionate share of the PERA State Division Trust Fund net pension liability. The changes in deferred outflows and inflows in fiscal year 2023 are primarily related to expected versus actual investment earnings in the State Division Trust Fund.

<b>Summary of Changes in Net Position as of June 30 (in millions)</b>		<b>2023</b>
<b>Overall change in net position:</b>		
Current year GASB 68 impact on net position		\$ 7.8
Current year GASB 75 impact on net position		0.7
Current year impact from University operations		(3.4)
<b>Total change in net position</b>		<b><u>\$ 5.1</u></b>
<b>Detail of change in net position:</b>		
<b>Net pension liability - GASB 68</b>		
Increase in net pension liability		\$ (29.2)
Net decrease in deferred outflows and inflows related to pension		37.0
<b>Change in net position from GASB 68</b>		<b><u>\$ 7.8</u></b>
<b>Net OPEB liability - GASB 75</b>		
Decrease in net OPEB liability		\$ 0.1
Net decrease in deferred outflows and inflows related to OPEB		0.6
<b>Change in net position from GASB 75</b>		<b><u>\$ 0.7</u></b>
<b>Change in net position from University operations</b>		
Decrease in cash used to cover operating deficits and capital construction		\$ (3.2)
Increase in restricted cash for drawdown of Campus Commons bond funds		-
Net decrease in student accounts receivable, other receivables, loans, inventory, and other assets		(2.7)
Decrease in capital assets net of depreciation		(0.1)
Net increase in compensated absences and other liabilities		(1.4)
Decrease in accounts payable, accrued liabilities and unearned revenues		0.5
Decrease in bonds and capital leases payable		2.2
Decrease in Perkins Loan Program liquidation liability		0.6
Net decrease in deferred outflows and inflows related to bond refundings and right-to-use assets		0.7
<b>Change in net position from University operations</b>		<b><u>\$ (3.4)</u></b>

## Statement of Net Position

The Statement of Net Position is a financial snapshot of the University as of June 30, 2023. It presents the fiscal resources of the University (assets), the consumption of net position that applies to future periods (deferred outflows of resources), the claims against those resources (liabilities), the acquisition of net position that applies to future periods (deferred inflows of resources), and the residual available for future operations (net position). Assets and liabilities are classified by liquidity as either current or noncurrent. Net Position is classified into three categories: net investment in capital assets, restricted, and unrestricted. The Statement of Net Position presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the financial statement elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the strength of the financial position of the University.

<b>Condensed Statements of Net Position</b> as of June 30,			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>			
Current assets	\$ 85,836,737	\$ 90,672,204	\$ 72,693,418
Capital assets, net	272,698,922	272,769,396	273,024,984
Other noncurrent assets	<u>6,296,816</u>	<u>7,313,042</u>	<u>4,459,390</u>
<b>Total assets</b>	<b><u>364,832,475</u></b>	<b><u>370,754,642</u></b>	<b><u>350,177,792</u></b>
<b>Deferred outflows of resources</b>			
Deferred amounts on debt refundings	2,228,989	2,447,509	2,035,866
Deferred amount on pensions (GASB 68)	14,931,782	5,291,213	10,609,119
Deferred amount on OPEB <sup>1</sup> (GASB 75)	<u>319,534</u>	<u>192,380</u>	<u>161,747</u>
<b>Total deferred outflows of resources</b>	<b><u>17,480,305</u></b>	<b><u>7,931,102</u></b>	<b><u>12,806,732</u></b>
<b>Liabilities</b>			
Current liabilities	31,443,639	29,779,212	27,833,768
Bonds payable, noncurrent	122,022,723	128,924,828	134,272,064
Net pension liabilities (GASB 68)	88,229,517	58,983,574	86,476,674
OPEB <sup>1</sup> liabilities (GASB 75)	<u>2,226,533</u>	<u>2,351,885</u>	<u>3,031,644</u>
Perkins liquidation liability, noncurrent	765,490	1,133,488	1,668,520
Other noncurrent liabilities	<u>14,864,019</u>	<u>11,125,978</u>	<u>11,058,661</u>
<b>Total liabilities</b>	<b><u>259,551,921</u></b>	<b><u>232,298,965</u></b>	<b><u>264,341,331</u></b>
<b>Deferred inflows of resources</b>			
Deferred amounts on debt refundings	634,729	672,250	709,770
Deferred amounts on right-to-use lease assets (GASB 87 & 96)	3,589,419	4,488,602	-
Deferred amount on pensions (GASB 68)	4,110,453	31,470,998	31,224,814
Deferred amount on OPEB <sup>1</sup> (GASB 75)	<u>1,692,854</u>	<u>2,121,409</u>	<u>2,072,546</u>
<b>Total deferred inflows of resources</b>	<b><u>10,027,455</u></b>	<b><u>38,753,259</u></b>	<b><u>34,007,130</u></b>
<b>Net Position</b>			
Net investment in capital assets	134,620,118	133,040,960	129,524,159
Restricted - nonexpendable	307,555	307,555	307,555
Restricted - expendable	46,175	421,552	3,232,412
Unrestricted (GASB 68)	<u>(77,408,188)</u>	<u>(85,163,359)</u>	<u>(107,092,369)</u>
Unrestricted (GASB 75)	<u>(3,599,852)</u>	<u>(4,280,914)</u>	<u>(4,942,443)</u>
Unrestricted	<u>58,767,596</u>	<u>63,307,726</u>	<u>43,606,749</u>
<b>Total net position</b>	<b><u>\$ 112,733,404</u></b>	<b><u>\$ 107,633,520</u></b>	<b><u>\$ 64,636,063</u></b>

<sup>1</sup>. OPEB - Other post employment benefits

## Assets

### Current Assets

Current assets decreased \$4.8 million for fiscal year 2023, increased \$18.0 million for fiscal year 2022, and decreased \$19.7 million for fiscal year 2021.

Unrestricted cash and cash equivalents and capital assets are the largest portions of the University's total assets. On June 30, 2023, 2022, and 2021, cash and cash equivalents were \$71.2, \$74.4, and \$56.5 million which comprised 19.5%, 20.1%, and 16.1%, of the University's total assets, respectively. The majority of the cash is held in the State Treasury and includes operating, restricted, agency, and other cash funds.

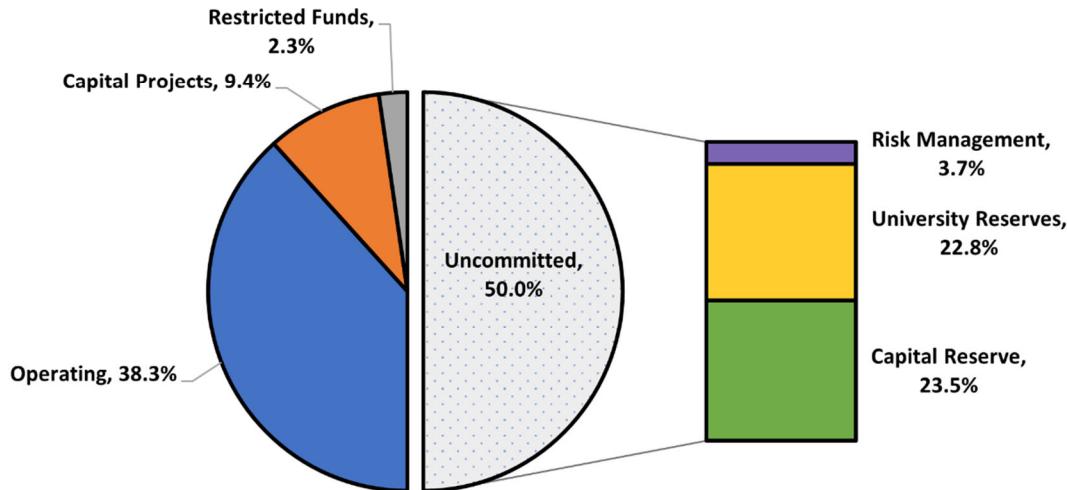
The committed capital projects cash balance as of June 30, 2023 and 2022, includes only the remaining cash expenditures expected to complete projects approved from the prior fiscal years. Funds are transferred at the beginning of each fiscal year from reserves to capital projects to fund that year's projects, as needed.

Internally, management designates the unrestricted cash into committed and uncommitted within each category of operating, capital, and restricted funds. Committed operating cash is used to support the annual operating budget and strategic investment projects. Committed capital project cash is funded annually from sources such as capital reserves, state capital appropriations, and bond proceeds. These balances carry forward until project completion. Uncommitted capital reserves are funded from University reserves, donor capital funds, student capital fees (net of debt service), and a portion of auxiliary revenues. Committed restricted cash includes Perkins loan funds and funds to cover grant-related expenses. By nature, restricted funds are committed so there is no uncommitted balance.

The following table indicates the expected uses of cash and cash equivalents:

<b>University of Northern Colorado</b>			
<b>Unrestricted Cash and Cash Equivalents</b>			
<b>as of June 30,</b>			
	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>Operating</b>			
Committed Operating	\$ 27,244,305	\$ 36,880,126	\$ (9,635,821)
Uncommitted University Reserves	16,274,786	14,920,752	1,354,034
Uncommitted Risk Management Reserves	2,650,000	2,650,000	-
Total Operating Cash	<u>46,169,091</u>	<u>54,450,878</u>	<u>(8,281,787)</u>
<b>Capital</b>			
Committed Capital Projects	6,681,163	6,679,135	2,028
Uncommitted Capital Reserves	16,719,120	12,864,338	3,854,782
Total Capital Cash	<u>23,400,283</u>	<u>19,543,473</u>	<u>3,856,810</u>
<b>Restricted Funds</b>			
Committed Restricted	1,663,970	424,873	1,239,097
Total Restricted Cash	<u>1,663,970</u>	<u>424,873</u>	<u>1,239,097</u>
Total unrestricted cash and cash equivalents	<u><u>\$ 71,233,344</u></u>	<u><u>\$ 74,419,224</u></u>	<u><u>\$ (3,185,880)</u></u>

## Unrestricted Cash and Cash Equivalents as of June 30, 2023



Student accounts receivable is one of the largest current assets and is presented net of allowance for doubtful accounts. Net student accounts receivable as of June 30, 2023, 2022, and 2021, was \$4.9, \$5.2, and \$5.5 million, respectively. The net student accounts receivable decreased \$0.3 million or 6.0% from fiscal year 2022 to 2023, decreased \$0.3 million or 5.7% from fiscal year 2021 to 2022, and decreased \$1.9 million or 25.8% from fiscal year 2020 to 2021.

Other receivables consist primarily of amounts due to the University from reimbursable grants and contracts. The majority of these are federal, state, or UNC Foundation agreements that have a very high probability of collection. In most cases, these awards are spent on a cost-reimbursable basis. The University incurs the cost, then bills the sponsoring agency for reimbursement. Other receivables were \$8.2 million in fiscal year 2023, \$9.2 million in fiscal year 2022, and \$9.1 million in fiscal year 2021.

Right-to-use leases receivable, inventories, loans to students, and prepaid expenses make up the remainder of current assets. These four categories combined were \$1.5 million in fiscal year 2023, \$1.9 million in fiscal year 2022, and \$1.7 million in fiscal year 2021.

### **Capital Assets**

Capital assets are defined as any asset used in operations with an initial useful life extending beyond one year. The University's single largest fiscal resource is its campus facilities. As of June 30, 2023, capital assets of \$666.9 million, net of \$394.2 million accumulated depreciation/amortization, totaled \$272.7 million.

As of June 30, 2022, capital assets of \$651.7 million, net of \$378.9 million accumulated depreciation/amortization, totaled \$272.8 million. As of June 30, 2021, capital assets of \$634.4 million, net of \$361.4 million accumulated depreciation, totaled \$273.0 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The University ended fiscal year 2023 with \$14.3 million in construction in progress. The larger projects in progress at year end, that will be completed and capitalized in fiscal year 2024, include the Candelaria chiller replacement, Michener chiller replacement, and Boiler #3 replacement.

Additional information on additions, disposals, and transfers of capital assets can be found in *Note 5: Capital Assets*. A summary of the capital asset balances is reflected in the following table:

Capital Assets Net of Accumulated Depreciation as of June 30,						
	2023		2022		2021	
Land and improvements	\$ 19,167,827	7.0%	\$ 19,438,374	7.1%	\$ 19,023,548	7.0%
Buildings and improvements	218,389,301	80.1%	224,388,379	82.2%	231,216,605	84.7%
Construction in progress	14,282,786	5.2%	11,532,254	4.2%	5,422,773	2.0%
Library books	10,190,405	3.7%	10,377,500	3.8%	10,478,257	3.8%
Equipment	3,674,936	1.3%	4,568,064	1.7%	5,109,117	1.9%
Art and historical treasures	1,774,684	0.7%	1,774,684	0.7%	1,774,684	0.6%
Right-to-use lease assets	691,120	0.3%	690,141	0.3%	-	0.0%
Right-to-use subscription assets	4,527,863	1.7%	-	0.0%	-	0.0%
Total capital assets net of accumulated depreciation/amortization	\$ 272,698,922	100.0%	\$ 272,769,396	100.0%	\$ 273,024,984	100.0%

With the implementation of GASB 96, *Subscription-Based Information Technology Agreements*, effective July 1, 2022, the University recognized \$4.5 million in right-to-use subscription assets, net of accumulated amortization.

### Other Noncurrent Assets

Other noncurrent assets consist of loans to students, restricted investments, and right-to-use leases receivable. Restricted investments consist of \$0.5 million of gifts directly donated to the University of Northern Colorado in the past that cannot be legally transferred to the UNC Foundation. The value of this donation portfolio changes minimally each year based on the market gains or losses on the investments.

Loans to students which are not expected to be received within one year are included in other noncurrent assets. These are primarily federal Perkins loans that are managed under the appropriate federal guidelines through a third-party loan processor. Loans to students, net of allowance for doubtful accounts, that are due after June 30, totaled \$2.3, \$2.5, and \$2.8 million on June 30, 2023, 2022, and 2021, respectively.

The non-current portion of right-to-use leases receivable totaled \$3.6 and \$4.3 million on June 30, 2023 and 2022, respectively. The University implemented GASB 87, *Leases*, effective July 1, 2021. As of June 30, 2023, the University recognized right-to-use leases receivable as lessor under four identified lease arrangements. More information about these arrangements can be found in *Note 4: Accounts, Contributions, and Loans Receivable*.

## Liabilities

### Non-Debt Related Liabilities

The University's non-debt obligations and commitments arising from past events that are expected to result in a consumption of resources include amounts owed to vendors, personnel commitments, and unearned revenue. *Note 6: Liabilities and Unearned Revenue* provides more detailed information for current liabilities expected to be paid within one year and noncurrent liabilities expected to be paid after one year.

The net pension liability of \$88.2 million represents the University's proportionate share of the PERA State Division Trust Fund net pension liability. The liability increased \$29.2 million from fiscal year 2022 to 2023. The University is required by GASB 68 to recognize its proportionate share of the net pension liability and its related deferred outflows and inflows of resources, but UNC is only statutorily obligated to pay the employer contribution, plus the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED). Detailed information on the changes in the Plan is included in *Note 8: Defined Benefit Pension Plan*.

The net OPEB liability of \$2.2 million represents the University's proportionate share of the PERA Health Care Trust Fund (HCTF). The liability decreased \$0.1 million from fiscal year 2022 to 2023. The University implemented *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions* in fiscal year 2018. Under GASB 75, the University is required to recognize its proportionate share of the net OPEB liability and its related deferred outflows and inflows of resources. PERA diverts 1.02% of the basic employer contribution to fund the HCTF. Detailed information on other postemployment benefits is included in *Note 11: Other Postemployment Benefits (OPEB)*.

The Perkins liquidation liability of \$1.3 million for fiscal year 2023 decreased \$0.6 million from fiscal year 2022. The liability was first recorded in fiscal year 2018 and is based on the University's estimate of the return of the Federal portion of funding for the Perkins loan program to the United States Department of Education. More information on the sunset of the Perkins loan program is included in *Note 6: Liabilities and Unearned Revenue*.

Accounts payable and accrued liabilities of \$9.6 million for fiscal year 2023 decreased \$0.5 million from fiscal year 2022, remaining largely consistent with the prior year.

Current unearned revenue of \$9.8 million includes tuition and fees and certain auxiliary revenues received by June 30, 2023, which are for services to be provided in fiscal year 2024. It also includes revenues received from grant and contract sponsors and the UNC Foundation that have not yet been earned. These amounts will be recognized as revenue in future periods after all conditions have been satisfied.

Compensated absences are an estimate of the amounts payable to employees in the future for their vested rights under the various leave and retirement programs. This estimate is based on personnel policies that define vacation and sick leave to which the employees may be entitled (see *Note 1: Nature of Operations and Summary of Significant Accounting Policies*). The noncurrent liability for compensated absences was \$5.7, \$4.3, and \$4.5 million as of June 30, 2023, 2022, and 2021, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### University Debt

The largest liability for the University is outstanding bonds payable. The University has seven fixed rate bond issues outstanding for a total principal of \$123.5 million. The carrying value of these bonds includes \$5.0 million in premiums that will be amortized over the remaining life of the bonds; consequently, the combined current and noncurrent liability on the Statement of Net Position is \$128.5 million.

#### *Debt-Related Deferred Outflows and Inflows of Resources*

Deferred outflows of resources represent the future consumption of net assets and deferred inflows of resources represent the acquisition of net assets that applies to future periods. The University has \$2.2 million of deferred outflows of resources and \$0.6 million of deferred inflows of resources from the refunding activities of bonds payable.

The deferred amounts resulting from refunding bonds payable originate from the difference in the carrying value of the bonds (principal plus unamortized discount or premium) and the amount it costs to retire or refinance the bonds. A book loss on refunding is classified as a deferred outflow of resources and a book gain is classified as a deferred inflow of resources. As each is amortized, the expense or reduction of expense is recognized over the same period that the University is realizing the economic gain from reduced interest expense related to the refunding transactions.

#### *Other Debt-Related Liabilities*

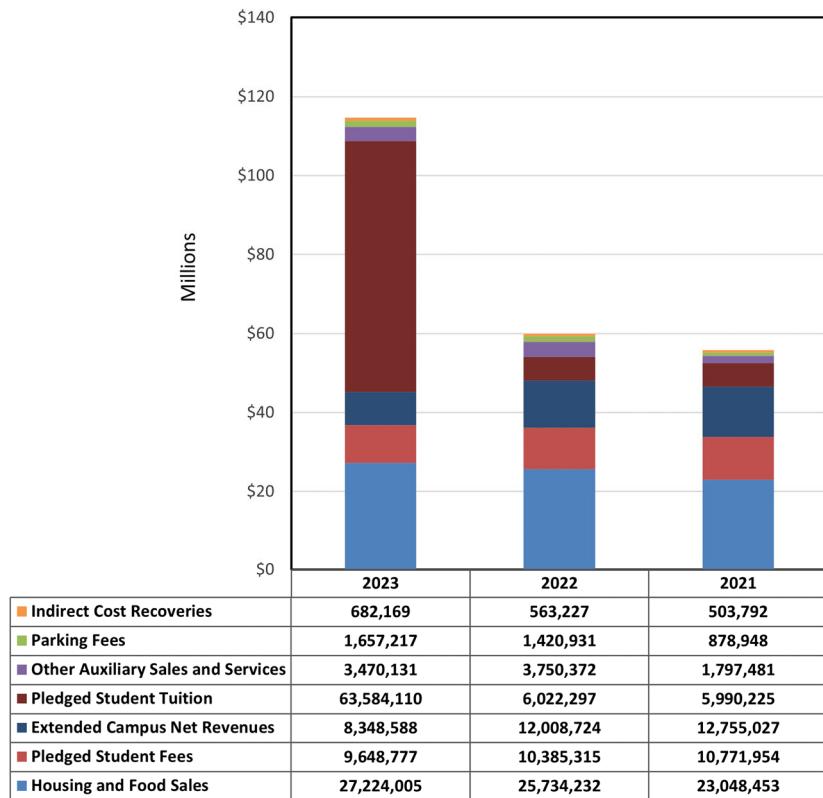
Notes payable, lease obligations, and subscription obligations comprise the remaining \$10.4 million of the University's debt. A more detailed schedule, including debt coverage ratios, is included in *Note 7: Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable*. A summary of University debt and the related deferred outflows and inflows of resources is presented in the following table:

**Summary of Debt Outstanding and Debt-Related Deferred Outflows and Inflows of Resources**  
as of June 30,

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Revenue bonds	\$ 128,547,723	\$ 134,524,828	\$ 139,417,064
Deferred outflows of resources	(2,228,989)	(2,447,509)	(2,035,866)
Deferred inflows of resources	634,729	672,250	709,770
Notes payable, lease obligations, and subscription obligations	10,371,527	6,629,072	6,140,469
Total	137,324,990	139,378,641	144,231,437
Less current portion of debt	(9,209,090)	(6,658,225)	(5,790,390)
<b>Total long-term debt and deferred outflows and inflows of resources</b>	<b>\$ 128,115,900</b>	<b>\$ 132,720,416</b>	<b>\$ 138,441,047</b>

The debt service payments on the revenue bonds are made from pledged revenues comprised of auxiliary housing, food service, parking, and other sales, plus identified pledged student fees, Extended Campus net revenues, and a portion of student tuition revenues. Extended Campus net revenues consist primarily of tuition revenues for online programs.

## Pledged Revenues for Bonds Payable



In November 2022, the University of Northern Colorado Board of Trustees approved a resolution to amend the University's tuition revenue pledge from 10% to 100% of tuition revenues, effective in fiscal year 2023. The pledged revenues, net of expenses of \$26.3 million, and bond coverage ratios are included in *Note 7: Bonds, Notes Payable and Right-To-Use Leases Payable*.

## Net Position

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

### Net Investment In Capital Assets

Net investment in capital assets is the gross cost of assets less accumulated depreciation, amortization, and outstanding debt service related to the acquisition of the assets. It represents the University's investment in campus facilities and equipment necessary to fulfill academic, student housing and food service, athletics, and other purposes related to the mission of the institution. This is the University's largest class of net position, which comprises \$134.6, \$133.0, and \$129.5 million of the University's net position for fiscal years 2023, 2022, and 2021, respectively. The University capitalized \$11.9, \$10.5, and \$21.0 million of new assets in fiscal years 2023, 2022, and 2021, respectively, and ended fiscal year 2023 with \$14.3 million in construction in progress.

## **Restricted Nonexpendable**

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

## **Restricted Expendable**

The University's restricted expendable net position is comprised of resources that may be fully expended, but only for specific purposes identified by the donor or entity originally providing the funds.

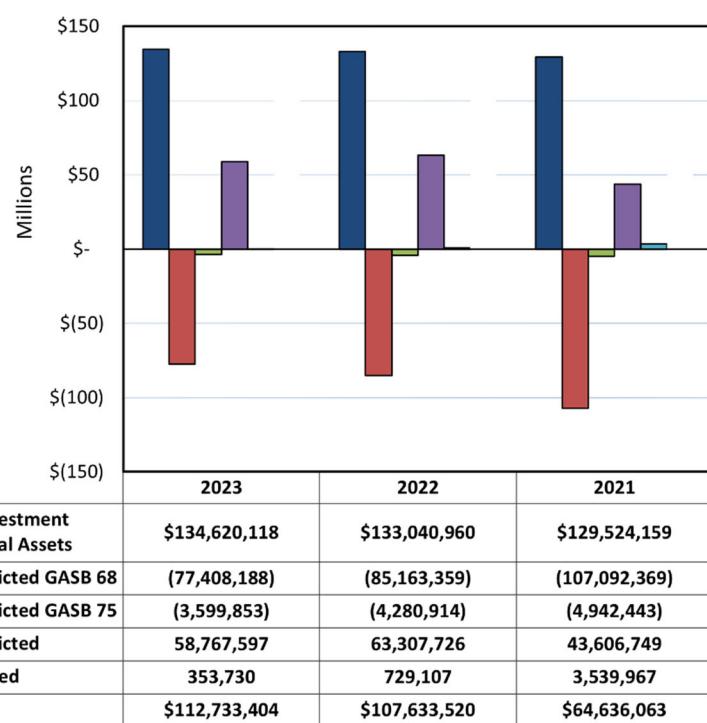
The University's restricted expendable net position as of June 30, 2023, 2022, and 2021, was \$0.05, \$0.40, and \$3.20 million, respectively.

For fiscal year 2021, the majority of the restricted expendable net position category consisted of unexpended Foundation funding for capital projects, including the new Sports Performance Center.

## **Unrestricted**

Unrestricted net position is usually available to be used for any lawful purpose under the full discretion of management. However, the University may place some limitations on future use by designating unrestricted net position for certain purposes during the annual budget process. The unrestricted net position deficit of \$22.2 million is comprised of a deficit of \$77.4 million from the impact of GASB 68 and a deficit of \$3.6 million from GASB 75, offset by positive net position of \$58.8 million, which may be used to meet the University's ongoing obligations.

**Year End Net Position**



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

The Statement of Revenues, Expenses, and Changes in Net Position presents the financial activity of the University over the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. A key component of this statement is the differentiation between operating and nonoperating activities. The tables and charts related to the Statement of Revenue, Expenses, and Changes in Net Position that follow have been adjusted, for comparative purposes, to include the impact of *GASB 68: Accounting and Financial Reporting of Pensions*, which was implemented in fiscal year 2015. The tables also reflect the impact of *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions* which was implemented in fiscal year 2018.

Operating revenues are earned by providing goods and services to the various customers of the University. Operating expenses are paid to acquire or produce goods and services necessary to carry out the mission of the University. They are directly related to the generation of operating revenues.

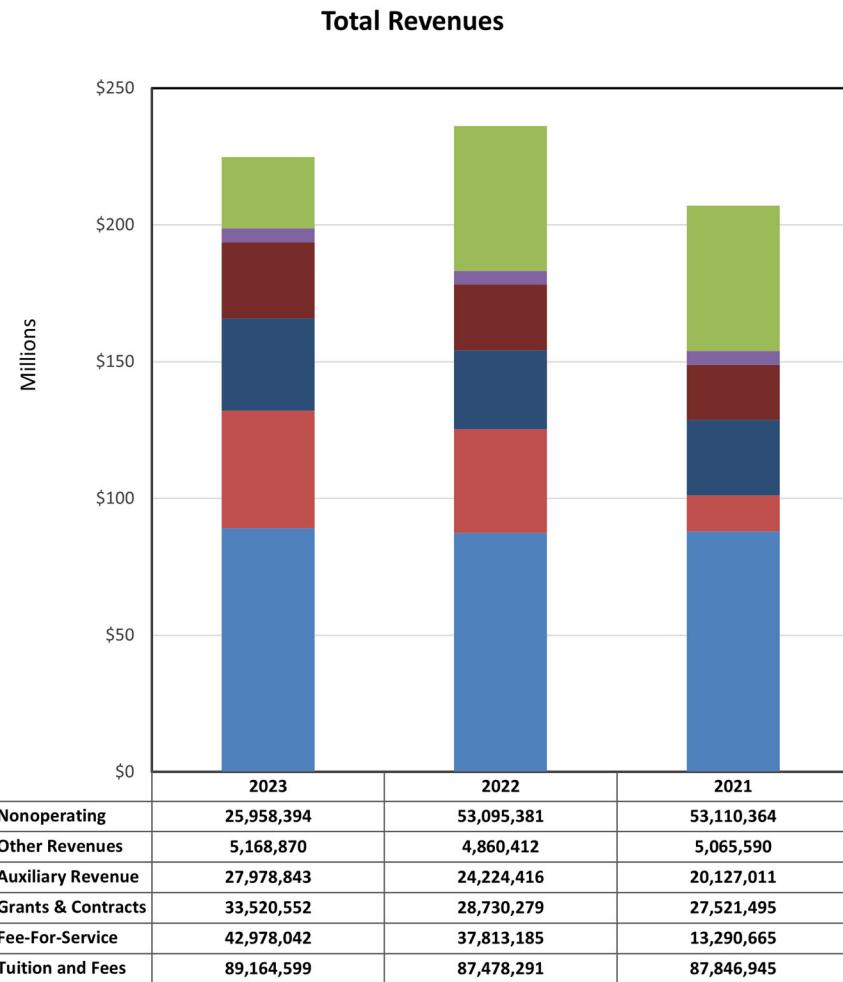
Nonoperating and other revenues include investment income, state appropriations (other than student-related COF or Fee for Service), and Pell Grant revenue. These revenues are not earned from the sale of goods and services and are considered nonoperating. Nonoperating expenses include the repayment of prior federal capital contributions for the Federal Perkins Loan program, bond issue costs, and closing costs on the sale of property, when applicable. In fiscal year 2018, all the Institutions of Higher Education of the State of Colorado began presenting revenue from student capital fees in nonoperating revenues as a capital financing activity rather than part of tuition and fees.

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>			
Net tuition and fees	\$ 89,164,599	\$ 87,478,291	\$ 87,846,945
Fee-For-Service	42,978,042	37,813,185	13,290,665
Grants and contracts	33,520,552	28,730,279	27,521,495
Auxiliary	27,978,843	24,224,416	20,127,011
Other	5,168,870	4,860,412	5,065,590
<b>Total operating revenues</b>	<b>198,810,906</b>	<b>183,106,583</b>	<b>153,851,706</b>
<b>Operating expenses</b>			
Education and general	168,734,033	163,095,508	152,224,871
Operating expenses (GASB 68)	(6,146,422)	(21,929,010)	(38,534,429)
Operating expenses (GASB 75)	(681,062)	(661,529)	(492,994)
Auxiliary	33,310,557	29,118,345	25,602,148
Depreciation/amortization	19,829,512	18,476,328	18,369,273
<b>Total operating expenses</b>	<b>215,046,618</b>	<b>188,099,642</b>	<b>157,168,869</b>
<b>Operating gain (loss)</b>	<b>(16,235,712)</b>	<b>(4,993,059)</b>	<b>(3,317,163)</b>
<b>Nonoperating revenues (expenses)</b>			
Federal grants and contracts	8,843,679	9,476,007	10,311,251
Federal grants and contracts - COVID-19 Relief	-	28,804,736	32,391,390
Perkins return of Federal loan contributions	(113,947)	(77,990)	(211,056)
Other nonoperating revenue	2,949,186	2,692,666	42,135
Other nonoperating expense	(18,965)	(235,277)	(381,634)
Nonoperating capital interest expense	(4,508,849)	(4,791,598)	(5,405,717)
<b>Net nonoperating revenue (expense)</b>	<b>7,151,104</b>	<b>35,868,544</b>	<b>36,746,369</b>
<b>Gain (Loss) before other items</b>	<b>(9,084,608)</b>	<b>30,875,485</b>	<b>33,429,206</b>
State support for pensions	1,608,750	613,471	-
Capital appropriations	3,578,434	1,723,435	1,945,466
Capital grants and gifts	1,755,887	2,957,976	1,015,047
Student capital fee revenue	6,335,659	6,827,090	7,405,075
Gain on disposal of assets	905,762	-	-
<b>Total other changes</b>	<b>14,184,492</b>	<b>12,121,972</b>	<b>10,365,588</b>
<b>Increase (decrease) in Net Position</b>	<b>5,099,884</b>	<b>42,997,457</b>	<b>43,794,794</b>
<b>Net Position - beginning of year</b>	<b>107,633,520</b>	<b>64,636,063</b>	<b>20,841,269</b>
<b>Net Position - end of year</b>	<b>\$ 112,733,404</b>	<b>\$ 107,633,520</b>	<b>\$ 64,636,063</b>

## Total Revenues

Total University revenues of \$224.8, \$236.2, and \$207.0 million, in fiscal years 2023, 2022, and 2021, respectively, consist of operating revenue, federal grants and contracts (including Pell grants), gifts, other nonoperating revenue, capital appropriations and contributions, capital grants and gifts, student capital fee revenue and the gain on the disposal of assets. Total revenues decreased \$11.4 million or 4.8% from fiscal year 2022 to 2023 and increased \$29.2 million or 14.1% from fiscal year 2021 to 2022.



### Operating Revenues

Operating revenue for fiscal years 2023, 2022, and 2021, of \$198.8, \$183.1, and \$153.9 million, respectively, is derived from tuition and fees, auxiliary activity, grants and contracts, the State Fee-For-Service contract, and other operating revenues. The proportion of operating revenue to total revenue for fiscal years 2023, 2022, and 2021, has been 88.4%, 77.5%, and 74.3%, respectively.

Tuition and fee revenue increased \$1.7 million between fiscal years 2022 and 2023 and decreased \$0.4 million between fiscal years 2021 and 2022. The increase from fiscal year 2022 to 2023 is the result of revisions to the financial aid awarding structure for undergraduate students, which increased aid funding from the state and decreased the amount of institutional aid expended. The slight decrease in revenue from fiscal year 2021 to 2022 is the result of an increase of \$7.4 million in College Opportunity Fund (COF) revenue received from the Colorado Department of Higher Education (CDHE) offset by enrollment declines and the increase in scholarship allowances discussed in the next two paragraphs.

The FTE enrollment and credit hours referenced in this paragraph are based on the calculations UNC uses for bond compliance. Annual credit hours are based on fall, interim, spring, and summer terms in that order.

Undergraduate:

- Undergraduate full-time equivalent headcount (FTE) is calculated using full-time headcount plus part-time credit hours divided by 12.
- Undergraduate resident tuition increased 2.0%, 7.0%, and 0.0%, in fiscal years 2023, 2022, and 2021, respectively. Undergraduate non-resident tuition increased 3.0%, 7.0%, and 0.0%, in fiscal years 2023, 2022, and 2021, respectively.
- UNC's fall final 2022 undergraduate FTE enrollment was down 9.4% from the prior fall. The undergraduate fall final FTE decreased 12.5% in 2021 and 12.8% in 2020.

Graduate:

- Graduate FTE is calculated using full-time headcount plus part-time credit hours divided by 9.
- Graduate tuition is tiered by program of study. Graduate tuition increased 2.0%, 3.0%, and 0.0% in fiscal years 2023, 2022, and 2021, respectively.
- The graduate fall final 2022 FTE was down 12.0% from the prior fall. The graduate fall final FTE decreased 0.4% in 2021 and 0.5% in 2020.

Tuition and fee revenue is shown net of \$25.5, \$35.8, and \$31.3 million in scholarship allowances for fiscal years 2023, 2022, and 2021, respectively. Auxiliary revenue for fiscal years 2023, 2022, and 2021 is net of \$6.1, \$7.8, and \$6.4 million in scholarship allowances, respectively. Scholarship allowances are those portions of the University's tuition and fees which are paid by other revenues, primarily federal and state grants for financial aid and general institutional scholarships. The scholarship allowance calculation includes all scholarships from sources such as the Foundation, institution, state, and federal funds.

During fiscal years 2023, 2022, and 2021, the Colorado Department of Higher Education (CDHE) provided the University \$56.9, \$51.7, and \$19.8 million, respectively, in College Opportunity Fund (COF) and Fee-For-Service (FFS) contract revenue. COF is included in tuition revenue and FFS has a separate line on the financial statements. COF and FFS are both classified as operating revenue.

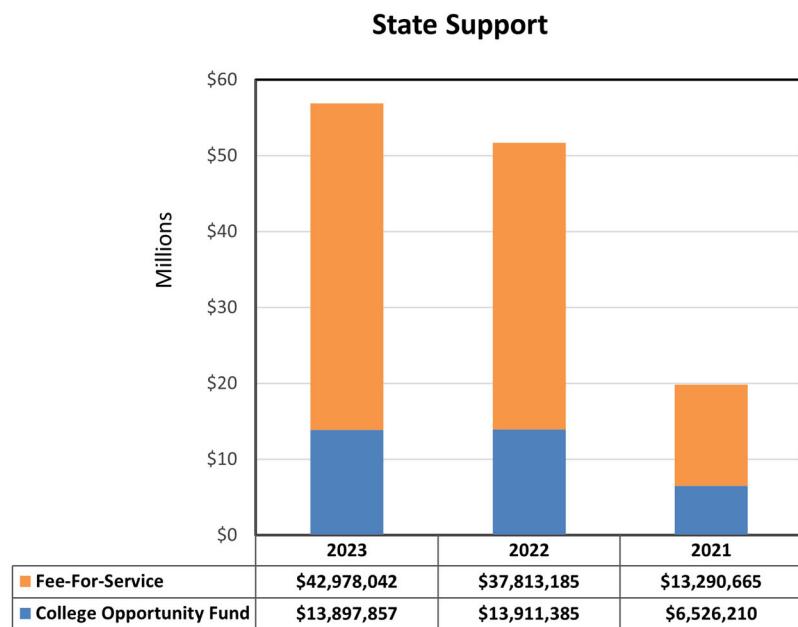
- The College Opportunity Fund provides a stipend to qualified undergraduate students. The students use the stipend to pay for a portion of their tuition. The COF stipend provided to students was \$104, \$94, and \$40 per credit hour in fiscal years 2023, 2022, and 2021, respectively. In fiscal years 2023, 2022,

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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and 2021, the University applied \$13.9, \$13.9, and \$6.5 million of COF stipends against student tuition bills, respectively. This amount is included in tuition revenues on the Statement of Revenues, Expenditures, and Changes in Net Position.

- State FFS contract revenue helps to support graduate and specialized undergraduate education services. These funds are in addition to tuition paid by students. During fiscal years 2023, 2022, and 2021 the Colorado Department of Higher Education provided the University \$43.0, \$37.8, and \$13.3 million of contract revenue, respectively.



Room and Board revenue, a component of auxiliary revenue, increased \$0.5 million, or 1.9%, between fiscal years 2022 and 2023, primarily due to rate increases for room and board of 5% and 7%, respectively, offset by a slight decrease in housing occupancy. Room and Board revenue increased \$1.7 million, or 8%, between fiscal years 2021 and 2022 primarily due to higher housing occupancy following a return to more normal on-campus activities after the restrictions necessitated by the pandemic during the previous fiscal year.

Other auxiliary revenues, which include catering, conferences, parking permits, retail sales, recreation center memberships and athletic game guarantees, increased \$1.6 million in fiscal year 2023 and \$3.7 million in fiscal year 2022. The increase in fiscal year 2023 was primarily due to a \$2 million investment from the University's dining services vendor per terms of the service agreement.

The auxiliary scholarship allowance decreased \$1.7 million in fiscal year 2023 and increased \$1.4 million in fiscal year 2022. The decrease in fiscal year 2023 is the result of revisions to the financial aid awarding structure for undergraduate students, which increased aid funding from the state and decreased the amount of institutional aid expended.

Auxiliary revenue is a major source of support for the University's debt service payments. A schedule of net pledged revenues and bond coverage ratios for debt service is included in *Note 7: Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable*.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Other operating revenues include the operating agreement between UNC and the Foundation, accounts receivable service charges, and various other charges for services. Generally, the largest single source of revenue in this classification is the unrestricted support of University scholarships from the UNC Foundation, which has been \$1.6 million since fiscal year 2018.

### **Grants and Contracts Revenue**

On June 30, 2023, 2022, and 2021, grants and contracts revenue comprised \$42.4, \$67.0, and \$70.2 million or 18.8%, 28.4%, and 33.9%, of the University's total revenues, respectively. Grants and contracts revenue is presented in the table below in two categories: restricted and financial aid. The restricted sources are from sponsored programs and UNC Foundation support. Financial aid is received by the University from federal, state, foundation, and other private sponsors. The financial aid reported as revenue is based on generally accepted accounting principles for proper financial statement recognition and is not a comprehensive measure of all financial aid available to students. It does not include amounts received by students from third parties, institutional support, or loans.

<b>Grants and Contracts Revenue</b>			
<b>For the Years Ended June 30,</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Federal grants	\$ 7,145,264	\$ 5,629,853	\$ 4,625,515
Federal grants - COVID-19 Relief	-	28,804,736	32,391,390
State and local grants	1,840,001	1,564,806	718,567
UNC Foundation grants and gifts	6,073,825	5,610,473	6,718,244
Other private grants	650,184	517,563	267,840
Total restricted grants and contracts	<u>15,709,274</u>	<u>42,127,431</u>	<u>44,721,556</u>
 Federal financial aid	 871,269	 1,012,015	 1,297,466
Federal Pell financial aid	8,843,679	9,476,007	10,311,251
State and non-gov't financial aid	10,912,865	9,642,902	9,291,507
UNC Foundation named and endowed	5,352,260	4,431,117	4,168,199
UNC Foundation scholarships	674,884	321,550	434,158
Total financial aid	<u>26,654,957</u>	<u>24,883,591</u>	<u>25,502,581</u>
 Total grants, contracts and financial aid revenue	 <u>\$ 42,364,231</u>	 <u>\$ 67,011,022</u>	 <u>\$ 70,224,137</u>

### **Restricted Grants and Contracts**

In fiscal year 2023, federal funding for restricted grants and contracts made up \$7.1 million, or 45.5%, of the total restricted grants and contracts revenue. Federal funding, excluding COVID-19 Relief funding, increased \$1.5 million, or 26.9%, from fiscal year 2022 to fiscal year 2023.

Federal grants revenue received for COVID-19 Relief, including from Higher Education Emergency Relief Fund (HEERF), ended after fiscal year 2022. Federal grant revenue for COVID-19 Relief totaled \$28.8 million in fiscal year 2022 and \$32.4 million in fiscal year 2021.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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In fiscal year 2023, state and local funding for restricted grants and contracts made up \$1.8 million, or 11.7%, of the total restricted grants and contracts revenue. State and local funding increased \$0.3 million, or 17.6%, from fiscal year 2022 to 2023.

Other private funding in restricted grants and contracts was \$0.7 million, or 4.1%, of the total restricted grants and contracts revenue in fiscal year 2023. Other private funding increased \$0.1 million, or 25.6%, from fiscal year 2022 to 2023.

UNC Foundation funds are generally donated for program support and scholarships. Grants and program support are included in the top portion of the Grants and Contracts Revenue table and were \$6.1, \$5.6, and \$6.7 million in fiscal years 2023, 2022, and 2021, respectively. UNC recognizes revenue and expense as the University utilizes the donor funds. The Foundation recognizes revenue when the funds are donated. Fiscal year 2023 UNC Foundation grants and gifts is a combination of \$0.6 million of specific project grants and \$5.5 million in gifts and endowment earnings utilized for program support in athletics and the colleges within the University.

### Financial Aid

Federal Pell financial aid was 33.2%, 38.1%, and 40.4%, of total financial aid revenue in fiscal years 2023, 2022, and 2021, respectively. Federal Pell Grant financial aid is considered nonoperating revenue but is included in this analysis of all grants and contracts revenue.

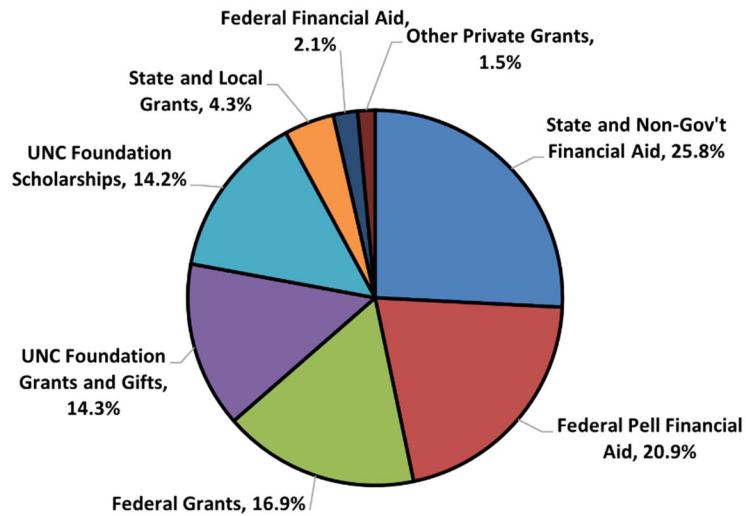
The Federal Pell Grant Program is awarded to eligible students based on financial need. All students who are eligible for the Pell Grant are awarded the money; therefore, the University is not limited to a certain amount of Pell Grant awards in an academic or fiscal year. The variance in Pell Grant revenue from academic year to academic year is based on changes in the eligibility of our students and federal legislation. Pell awards were \$8.8, \$9.5, and \$10.3 million in fiscal years 2023, 2022, and 2021, respectively.

State financial aid increased from \$9.6 million in fiscal year 2022 to \$10.9 million in fiscal year 2023. These annual amounts are based on state appropriations and the allocation models used to distribute resources among Colorado colleges and universities.

The UNC Foundation Named and Endowed Scholarships are from donations given by specific individuals or organizations for a specific type of scholarship, such as baseball or tennis in athletics, or a program like the Cumbres Learning Community, Early Childhood Education, Music, Chemistry, or Math. Some scholarships are from annual donations and others are funded with endowment earnings.

The UNC Foundation Scholarships line item in the Grants and Contract Revenue chart represents annual donations that are primarily for athletic scholarships.

## Grants and Contracts Revenue Fiscal Year 2023



## Operating Expenses

For fiscal year 2023, operating expenses were \$215.0, an increase of 14.3% from fiscal year 2022. Operating expenses increased 19.7% in fiscal year 2022 and decreased 10.6% in fiscal year 2021.

### Natural Classification

Natural classification is a method of grouping expenses according to the type of costs that are incurred. The classifications tell what was purchased rather than why an expense was incurred. Natural classifications provide users additional insight into how the University expends its resources. As is common in higher education, the largest portion of expenses relate to personnel costs. The information below also highlights the impact of pension (GASB 68) and other postemployment benefits (GASB 75) on total operating expenses.

Operating Expenses by Natural Classification For the Years Ended June 30,						
	2023		2022		2021	
Personnel costs	\$ 137,955,545	64.2%	\$ 131,471,569	69.9%	\$ 129,930,114	82.6%
Personnel costs (GASB 68)	(6,146,422)	-2.9%	(21,929,010)	-11.7%	(38,534,429)	-24.5%
Personnel costs (GASB 75)	(681,062)	-0.3%	(661,529)	-0.3%	(492,994)	-0.3%
Cost of goods sold	10,465,533	4.9%	2,834,283	1.5%	1,823,430	1.2%
Other current expenses	53,623,512	24.9%	57,908,001	30.8%	46,073,475	29.3%
Depreciation	19,829,512	9.2%	18,476,328	9.8%	18,369,273	11.7%
Total Operating expenses	<u>\$ 215,046,618</u>	<u>100.0%</u>	<u>\$ 188,099,642</u>	<u>100.0%</u>	<u>\$ 157,168,869</u>	<u>100.0%</u>

The primary reasons for the increase in operating expenses from fiscal year 2022 to 2023 were the \$22.2 million increase in personnel costs, net of negative GASB 68 and 75 costs, and the \$7.6 million increase in cost of goods sold related to the vendor agreement with Sodexo, which provided outsourced dining hall and retail food and beverage services.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Other current expenses represent all remaining operating expenses, including supplies, purchased services, utilities, and travel. It decreased \$4.3 million from fiscal year 2022 to 2023 and increased \$11.8 million from fiscal year 2021 to 2022.

<b>Wages and Benefits</b> <b>For the Years Ended June 30,</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Faculty	\$ 39,883,667	\$ 40,715,563	\$ 41,866,544
Administrative	38,474,131	33,485,487	30,184,869
Graduate and Teaching Assistants	10,611,112	10,427,360	10,242,193
Classified	13,483,270	14,192,736	15,488,651
Student	6,583,787	5,097,081	4,611,285
Other	473,531	834,829	709,158
Subtotal wages	<u>109,509,498</u>	<u>104,753,056</u>	<u>103,102,700</u>
Fringe benefits	28,446,046	26,718,513	26,827,414
Fringe benefits (GASB 68)	(6,146,422)	(21,929,010)	(38,534,429)
Fringe benefits (GASB 75)	(681,061)	(661,529)	(492,994)
Total wages and benefits	<u>\$ 131,128,061</u>	<u>\$ 108,881,030</u>	<u>\$ 90,902,691</u>

In fiscal year 2023, effective July 1, 2022, salaries were increased with an overall 3.0% salary pool for exempt and state classified positions. Faculty received a Flat increase ranging from \$1,200 to \$1,750; with some receiving additional increases for Promotion and Parity. In addition, effective January 1, 2023, all full-time faculty, exempt and state classified staff received a \$1,500 increase to their base salary. For part-time staff the increase was prorated. The minimum wage for staff remained at \$15/hour and the minimum wage for student employees was increased to \$14.50/hour.

In fiscal year 2022, effective July 1, 2021, salaries were increased with an overall 3.0% salary pool for faculty, exempt and state classified positions. In addition, effective January 1, 2022, all full-time faculty, exempt and state classified staff received a \$1,500 increase to their base salary. For part-time staff the increase was prorated. The minimum wage for staff was increased to \$15/hour as well and the minimum wage for student employees was increased to \$14/hour.

In fiscal year 2021, overall salary increases were not provided for faculty, exempt or classified staff.

In addition to salary increases, each year the University assesses human resource allocations and makes targeted investments in positions consistent with the University-wide staffing plan. The annual staffing plan is a position-by-position assessment of the most effective way to accomplish University priorities. Vacant positions may be restructured or eliminated.

The changes in net pension liability related to GASB 68 have a non-cash impact. This resulted in a net reduction to benefit expenses of \$6.1 million, \$21.9 million, and \$38.5 million for fiscal years 2023, 2022, and 2021 respectively. Pursuant to generally accepted accounting principles, the University recognizes a proportionate share of the State Division Trust Fund PERA net pension liability with related deferred outflows and inflows of resources. The expense impact of these changes to the Statement of Net Position is recognized in benefits expense. More information related to PERA is in *Note 8: Defined Benefit Pension Plan* and *Note 9: Other PERA Retirement Plans*.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Functional Classification

UNC, like many public higher education entities, reports its operating expenses by functional classification on the Statement of Revenues, Expenses, and Changes in Net Position. As defined by the National Association of College and University Business Officers (NACUBO), functional expense classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classifications tell why an expense was incurred rather than what was purchased. Reporting expenses in this manner helps donors, granting agencies, creditors, and other readers of the financial statements to understand the various mission-related activities of the institution and their relative importance.

Operating Expenses by Functional Classification For the Years Ended June 30,						
	2023		2022		2021	
Instruction	\$ 58,540,143	27.2%	\$ 60,285,881	32.0%	\$ 53,780,656	34.2%
Research	8,723,624	4.1%	2,587,616	1.4%	2,362,894	1.5%
Public service	2,627,910	1.2%	1,722,554	0.9%	1,113,367	0.7%
Academic support	25,629,728	11.9%	19,267,366	10.2%	14,291,757	9.1%
Student services	20,075,996	9.3%	17,043,096	9.1%	14,310,024	9.1%
Institutional support	19,751,364	9.2%	16,562,091	8.8%	11,745,542	7.5%
Operation of plant	12,758,994	5.9%	6,751,959	3.6%	3,594,233	2.3%
Scholarships and fellowships	13,489,317	6.3%	16,284,406	8.7%	15,628,823	9.9%
Auxiliary operating expenditures	33,620,030	15.7%	29,118,345	15.5%	21,972,300	14.0%
Depreciation/amortization	19,829,512	9.2%	18,476,328	9.8%	18,369,273	11.7%
Total operating expenses	<u>\$ 215,046,618</u>	<u>100.0%</u>	<u>\$ 188,099,642</u>	<u>100.0%</u>	<u>\$ 157,168,869</u>	<u>100.0%</u>

The impact of GASB 68 and GASB 75 distorts the University's Operating Expenses by Functional Classification, so the following table is presented with the impact of GASB 68 and GASB 75 removed, so the true changes in expense can be examined:

Operating Expenses by Functional Classification (without GASB 68 and GASB 75) For the Years Ended June 30,						
	2023		2022		2021	
Instruction	\$ 55,698,589	27.0%	\$ 67,889,660	32.2%	\$ 66,913,966	34.1%
Research	8,672,787	4.2%	2,722,217	1.3%	2,594,574	1.3%
Public service	2,595,211	1.3%	1,809,492	0.9%	1,263,210	0.6%
Academic support	24,673,236	12.0%	21,839,089	10.4%	18,740,500	9.6%
Student services	19,512,353	9.4%	18,549,476	8.8%	16,910,801	8.6%
Institutional support	18,257,729	8.8%	20,561,745	9.8%	18,655,345	9.5%
Operation of plant	11,046,255	5.3%	11,338,332	5.4%	11,517,652	5.9%
Scholarships and fellowships	13,489,317	6.5%	16,284,406	7.7%	15,628,823	8.0%
Auxiliary operating expenditures	32,835,396	15.9%	31,219,436	14.7%	25,602,148	13.0%
Depreciation/amortization	19,829,512	9.6%	18,476,328	8.8%	18,369,273	9.4%
Total operating expenses	<u>\$ 206,610,385</u>	<u>100.0%</u>	<u>\$ 210,690,181</u>	<u>100.0%</u>	<u>\$ 196,196,292</u>	<u>100.0%</u>

When looking at expenditures without the impact of GASB 68 and GASB 75, operating expenditures decreased \$4.1 million dollars from fiscal year 2022 to fiscal year 2023.

In fiscal year 2023, scholarships decreased by \$2.8 million. The need-based financial aid model is based on a matrix of academic preparedness and financial need. The University of Northern Colorado serves a large first-generation student population with high financial need and the institution continues to refine its scholarship modeling to make education accessible and affordable to all its students. In fiscal year 2023, the University adjusted its financial aid awarding process to take advantage of aid from more state and federal sources, reducing the burden on institutional resources.

A matrix in *Note 13: Operating Expenses by Function Compared with Operating Expenses by Natural Classification* demonstrates how much expense by natural classification is included in each functional classification and includes the impact of GASB 68 and GASB 75.

## Nonoperating Revenues and Expenses

The largest source of nonoperating revenue is federal grants and contracts revenue. In fiscal year 2023, nonoperating federal grants and contracts revenue consists entirely of Pell Grant revenue of \$8.8 million. In fiscal year 2022, federal grants and contracts revenue consisted of Pell Grant revenue of \$9.5 million and COVID-19 Relief revenue of \$28.8 million from Higher Education Emergency Relief Fund (HEERF). COVID-19 Relief funding revenue for the University ended in fiscal year 2022. The amount of Pell Grant revenue is based on student need and several other factors set by the federal government. The University Office of Financial Aid works with all eligible students to help them determine if they qualify for this aid.

The University's nonoperating revenues also consist of investment income and activities that are not earned from the sale of goods and services, such as broadband lease revenue, purchasing card rebate revenue, oil and gas lease royalties, and utility rebate revenue from the use of the west campus generator. The expenses in this category include the refunds of the Federal Capital Contributions required by the Federal Perkins Loan program. Also in this category is investment income, net of expense, which represents both recognized and unrecognized gains or losses on cash invested in the State Treasury Pool. *Note 2: Cash and Cash Equivalents* discusses the State Treasury Pool in more detail.

Total other nonoperating revenues, net of expenses, decreased from \$5.2 million in fiscal year 2022 to \$2.1 million in fiscal year 2023 as the result of a decrease of \$3.3 million in oil and gas lease royalty payments. In fiscal year 2022, the University received \$4.6 million in oil and gas lease royalty payments, \$3.3 million of which was from cumulative production over the prior two years. Nonoperating interest expense on capital asset related debt decreased \$0.3 million from fiscal year 2022 to 2023. The change is mostly related to a decrease in expense for bond interest payments and the amortization of premiums/discounts.

The interest expense on capital-related debt and the investment income in the Statement of Revenues, Expenses, and Changes in Net Position is slightly different from what is reflected in the Statement of Cash Flows. The Statement of Cash Flows represents the cash payments, where the Statement of Revenues, Expenses, and Changes in Net Position includes the cash payments, the non-cash amortization transactions related to bond refundings, capitalized interest on construction projects and the non-cash change in investments.

### Other Changes

In fiscal year 2023, the University received a total of \$3.6 million in state capital appropriations. In fiscal year 2022, the University received a total of \$1.7 million in state capital appropriations. In fiscal year 2021, the University received a total of \$2.6 million in state capital appropriations. *Note 14: Legislative Appropriations* provides detailed information on capital appropriations from the State of Colorado.

Effective July 1, 2018, the State is required to contribute \$225 million (actual dollars) each year to PERA, of which the University records a proportionate share. In fiscal year 2023, the University received state support for pensions of \$1.6 million related to the University's proportionate share of the \$225 million direct distribution made to the SDTF.

In fiscal year 2022, the University received state support for pensions of \$0.6 million related to the University's proportionate share of the \$225 million direct distribution made to the SDTF.

In fiscal year 2021, the University did not receive any state support for pensions as specified by state law. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year. This was rectified by House Bill 22-1029, signed into law on June 7, 2022, which recompensed the public employees' retirement association (PERA) for the cancellation of the previously scheduled July 1, 2020, direct distribution of \$225 million, by requiring an additional direct distribution to PERA of \$380 million to be made on the effective date of the act or as soon as possible thereafter.

Other Changes for fiscal year 2023 also included capital grants and gifts of \$1.8 million, student capital fee revenue of \$6.3 million, and gain on disposal of capital assets of \$0.9 million.

### Economic Outlook

The University's financial (or economic) position is impacted primarily by student enrollment and funding from the State, as well as the ways in which University leaders, faculty, and staff manage resources in response to enrollment and other operational and strategic factors. The University, like many higher education institutions, has experienced declining enrollment in recent years; however, recent data and actions indicate a turning point for enrollment at the University. The new-first-time undergraduate student cohort for fall 2023 increased 2% from the fall 2022 cohort, and new-first-time fall-to-fall retention rates in the last two years have been at the highest levels in the University's history. Initially launched in 2022, the University's Strategic Enrollment Management (SEM) plan and related initiatives are providing the positive impact needed for the outlook for enrollment and retention. Actions supporting these ongoing improvements include additional, well-trained, and highly engaged recruiting and admissions staff; focused orientation, onboarding, and marketing efforts; the introduction of an admissions guarantee policy in fall 2023, a tuition promise program for fall 2024, and the engagement of our alumni community, faculty, and staff for greater outreach to prospective and current students. With additional resources and targets, the SEM plan is designed to optimize recruitment, retention, persistence, and graduation rates with focused efforts on diversity, equity, and inclusion, in alignment with the University's strategic plan, Rowing, Not Drifting 2030.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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In fiscal year 2023, the combination of tuition, fees, and auxiliary revenue generated from students is 51.9% of the University's operating revenue. State funding for the College Opportunity Fund and the Fee-For-Service contract comprised 28.6% of the University's operating revenues, an increase of \$5.2 million from the prior year for these state-funded revenues.

Looking forward to fiscal year 2024, state funding for higher education increase 11.5% overall, or \$120 million, providing an additional \$5.7 million over fiscal year 2023. Corresponding increases in state financial aid provide a much-needed benefit to students, thereby supporting the ongoing commitment to meaningful provisions of institutional aid. UNC was also able to secure state funding for \$5.9 million in capital construction, controlled maintenance, and IT projects, which includes chiller replacements for Gunter and Ross, Michener roof replacement, and the modernization and cloud migration for our Banner ERP system.

For additional information regarding this report please contact:

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Controller  
University of Northern Colorado  
501 20th Street, Campus Box 34  
Greeley, CO 80639  
(970) 351-1604  
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## Financial Statements

# FINANCIAL STATEMENTS

## Statement of Net Position

As of June 30, 2023

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 71,233,344	\$ 1,711,493
Student accounts receivable, net	4,863,539	-
Pledges receivable, net, current portion	-	2,447,304
Right-to-use leases receivable, current portion	113,039	-
Other receivables, net	8,227,412	89,506
Inventories	1,130,848	-
Loans to students, net, current portion	113,066	-
Prepaid Expenses	155,489	-
Other assets	-	151,221
Total Current Assets	<u>85,836,737</u>	<u>4,399,524</u>
<b>Noncurrent Assets</b>		
Restricted investments	452,604	-
Pledges receivable, net, noncurrent portion	-	4,079,506
Right-to-use leases receivable, noncurrent portion	3,572,471	-
Loans to students, net, noncurrent portion	2,271,741	-
Investments, noncurrent portion	-	152,841,195
Capital assets, net	272,698,922	730,638
Total Noncurrent Assets	<u>278,995,738</u>	<u>157,651,339</u>
<b>TOTAL ASSETS</b>	<u>364,832,475</u>	<u>162,050,863</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	2,228,989	-
Deferred amount on pensions	14,931,782	-
Deferred amount on other post-employment benefits	319,534	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>17,480,305</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	9,620,022	1,009,507
Unearned revenue	9,837,689	-
Bonds payable, current portion	6,525,000	-
Notes (formerly capital leases) payable, current portion	640,965	-
Right-to-use leases payable, current portion	489,730	-
Right-to-use subscriptions payable, current portion	1,553,395	-
Funds held for the University of Northern Colorado	-	450,587
Perkins liquidation liability, current portion	552,712	-
Other current liabilities	2,224,126	-
Total Current Liabilities	<u>31,443,639</u>	<u>1,460,094</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue	60,000	-
Bonds payable, noncurrent portion	122,022,723	-
Notes (formerly capital leases) payable, noncurrent portion	4,481,636	-
Right-to-use leases payable, noncurrent portion	202,089	-
Right-to-use subscriptions payable, noncurrent portion	3,003,712	-
Other noncurrent liabilities	1,431,120	-
Net pension liabilities	88,229,517	-
Net other postemployment benefits liabilities	2,226,533	-
Perkins liquidation liability, noncurrent portion	765,490	-
Annuity obligations	-	95,250
Compensated absence liabilities	5,685,462	-
Total Noncurrent Liabilities	<u>228,108,282</u>	<u>95,250</u>
<b>TOTAL LIABILITIES</b>	<u>259,551,921</u>	<u>1,555,344</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	634,729	-
Deferred amount on right-to-use leases receivable	3,589,419	-
Deferred amount on pensions	4,110,453	-
Deferred amount on other postemployment benefits	1,692,854	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,027,455</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	134,620,118	730,638
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	63,473,769
Academic support	1,400	-
Other	-	47,698,480
Expendable		
Scholarships and fellowships	139,999	10,078,918
Loans	(368,491)	-
Other	274,667	23,531,581
Unrestricted	(22,240,444)	14,982,133
<b>TOTAL NET POSITION</b>	<u>\$ 112,733,404</u>	<u>\$ 160,495,519</u>

See notes to the financial statements

# FINANCIAL STATEMENTS

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

For the Year Ended June 30, 2023

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
<b>Operating Revenues</b>		
Student tuition and fees, net	\$ 89,164,599	\$ -
Contributions	-	9,775,983
Contributed services and donations of property	-	17,595
Federal grants and contracts	8,016,533	-
State and local grants and contracts	12,752,866	-
State Fee-For-Service contract	42,978,042	-
Nongovernmental grants and contracts	12,751,153	-
Sales and services of educational activities	318,879	-
Auxiliary operating revenue	27,978,843	-
Interest and dividends	-	3,503,447
Net realized and unrealized gain (loss)	-	13,751,438
Other operating revenue	4,849,991	133,125
<b>Total Operating Revenues</b>	<b>198,810,906</b>	<b>27,181,588</b>
<b>Operating Expenses</b>		
Educational and general		
Instruction	58,849,616	-
Research	8,723,624	-
Public service	2,627,910	-
Academic support	25,629,728	-
Student services	20,075,996	-
Institutional support	20,216,302	-
Operation of plant	12,294,056	-
Scholarships and fellowships	13,489,317	-
Program	-	14,233,335
Management and general	-	981,917
Pledges receivable write off	-	64,075
Auxiliary operating expenditures	33,310,557	-
Depreciation/amortization	19,829,512	-
<b>Total Operating Expenses</b>	<b>215,046,618</b>	<b>15,279,327</b>
<b>Operating Income (Loss)</b>		
<b>Nonoperating Revenues (Expenses)</b>		
Investment income, net of investment expense	808,563	-
Interest on capital asset related debt	(4,508,849)	-
Federal grants and contracts revenue - PELL	8,843,679	-
Perkins return of federal loan program contributions (expense)	(113,947)	-
Other nonoperating revenue (expense)	2,121,658	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>7,151,104</b>	<b>-</b>
<b>Income (Loss) Before Other Revenues (Expenses) or Gains (Losses)</b>	<b>(9,084,608)</b>	<b>11,902,261</b>
<b>Other Changes</b>		
State appropriations - direct distribution / on behalf to PERA	1,608,750	-
Capital appropriations	3,580,361	-
Capital contribution - certificates of participation	(1,927)	-
Capital grants and gifts	1,755,887	-
Student capital fee revenue	6,335,659	-
Gain (Loss) on disposal of capital assets	905,762	-
<b>Total Other Changes</b>	<b>14,184,492</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>5,099,884</b>	<b>11,902,261</b>
<b>Net Position, Beginning of year</b>	<b>107,633,520</b>	<b>148,593,258</b>
<b>Net Position, End of Year</b>	<b>\$ 112,733,404</b>	<b>\$ 160,495,519</b>

See notes to the financial statements

# FINANCIAL STATEMENTS

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## Statement of Cash Flows

For the Year Ended June 30, 2023

### Operating Activities

#### Cash Received

Tuition and fees	\$ 90,324,074
State Fee-For-Service contract	42,978,042
Sales and services of educational activities	32,908
Sales and services of auxiliary activities	28,256,216
Grants and contracts	11,144,097
Federal financial aid	811,674
State financial aid	10,912,865
UNC Foundation grants	559,564
UNC Foundation gifts	5,514,261
UNC Foundation scholarships	6,027,144
Other receipts	4,604,006
Student loans collected	550,687

#### Cash Payments

Payments to or for employees	(135,859,097)
Payments to suppliers	(52,431,189)
Scholarships disbursed	(13,465,039)
Student loans disbursed	(200,415)
Net cash used by operating activities	<u>(240,202)</u>

### Noncapital Financing Activities

Federal Pell grant nonoperating funds	8,843,679
Other nonoperating revenues (expenses) - rental, lease, other	1,423,192
Agency inflows - campus organizations and scholarships	6,935,558
Agency outflows - campus organizations and scholarships	(7,102,870)
Agency inflows - student loans	54,123,265
Agency outflows - student loans	(54,123,265)
Net cash provided by noncapital financing activities	<u>10,099,559</u>

### Capital and Related Financing Activities

Acquisition and construction of capital assets	(13,949,757)
Proceeds from state capital appropriations	3,364,577
Proceeds from UNC Foundation for capital gifts	1,753,960
Proceeds from Student Capital Fee	6,335,659
Proceeds from sale of capital assets	1,507,533
Principal paid on bonds payable	(5,600,000)
Principal paid on notes payable	(632,925)
Principal paid on leases and subscription agreements	(2,035,672)
Interest paid on capital debt	(4,615,379)
Net cash used by capital and related financing activities	<u>(13,872,004)</u>

### Investing Activities

Investment and utilization of endowment proceeds	18,204
Investment earnings	808,563
Net cash provided by investing activities	<u>826,767</u>

### Decrease in Cash and Cash Equivalents

Cash and Cash Equivalents, Beginning of Year	<u>74,419,224</u>
Cash and Cash Equivalents, End of Year	<u>\$ 71,233,344</u>

See notes to the financial statements

# FINANCIAL STATEMENTS

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## Statement of Cash Flows

*For the Year Ended June 30, 2023*

### Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities

Operating loss	\$ (16,235,712)
Depreciation/amortization expense	19,829,512
Changes in the net pension liability and related deferred outflows and inflows	(6,827,483)
Changes in operating assets and liabilities	
Student accounts receivable, net	312,288
Other receivables, net	1,225,080
Inventories	54,124
Loans to students, net	345,933
Other current assets	79,798
Accounts payable	(1,247,751)
Accrued payroll	657,517
Unearned revenues	68,733
Other current liabilities	61,520
Accrued compensated absences	1,436,239
Net cash used by operating activities	<hr/> \$ (240,202) <hr/>

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**Notes to the  
Financial Statements**

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

### Nature of Operations and Governance

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

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

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

### Reporting Entity and Component Units

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

The financial statements present the University (the primary government) and its discretely presented component unit in accordance with generally accepted accounting principles in the United States of America. The component unit is included in the University's reporting entity because of the significance of its operational and financial relationships with the University, in accordance with Statements No. 39 and 61 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity. The University has one discretely presented component unit, the University of Northern Colorado Foundation, Incorporated (the Foundation).

### The University of Northern Colorado Foundation, Incorporated

The University of Northern Colorado Foundation, Incorporated 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 to permit the Foundation to engage in activities that may be beyond the scope of the Board of Trustees of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources 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 be used only 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. Complete financial statements of the Foundation may be obtained from its Administrative Office located at 501 20<sup>th</sup> Street, Carter Hall Suite 1002, Greeley, Colorado 80639.

# NOTES TO THE FINANCIAL STATEMENTS

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**Adoption of Accounting Pronouncements** Per GASB guidance, the University implemented three new GASB pronouncements effective July 1, 2022.

GASB 91, *Conduit Debt Obligations*, changes the financial reporting requirements of governmental entities that issue debt instruments for the benefit of third parties that are primarily liable for the repayment. GASB 91 provides a single method of reporting conduit debt obligations in required footnote disclosures and clarifies that these obligations are not government liabilities. As of June 30, 2023, the University has no conduit debt obligations.

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, establishes uniform guidance and standards of accounting and financial reporting for public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and provides definitions for PPPs and APAs. The statement fully supersedes GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)*. As of June 30, 2023, the University had no contractual arrangements that fall under GASB 94.

GASB 96, *Subscription-Based Information Technology Agreements (SBITAs)*, increases the usefulness of governmental financial statements by requiring recognition of certain subscription assets and liabilities. Prior to issuance of GASB 96, there was no accounting or financial reporting guidance specifically for government end users of SBITAs. GASB 96 establishes a definition for SBITAs and provides guidance on the accounting and financial reporting for such arrangements. GASB 96 defines a SBITA as a contract that conveys control of the right to use another party's IT software for a specified period of time, alone or in combination with tangible IT assets, in an exchange or exchange-like transaction. Under this standard, the University is required to recognize a subscription liability and an intangible right-to-use subscription asset. The University implemented GASB 96 effective July 1, 2022. As prior year balances do not reflect this change in accounting standard, only fiscal year 2023 is presented in the financial statements and notes.

## **Basis of Accounting and Presentation**

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

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. For presentation purposes, modifications have been made to the Foundation's net assets, shown as net position, in the University's financial statements.

## **Unrestricted Cash and Cash Equivalents**

For purposes of reporting cash flows, the University defines cash and cash equivalents as cash on hand, demand deposit accounts with financial institutions, pooled cash with the State Treasury, and all highly liquid investments with original maturities of three months or less. As of June 30, 2023, cash equivalents consisted primarily of funds invested through the State Treasury 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

# NOTES TO THE FINANCIAL STATEMENTS

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restricted by bond covenants, as well as unspent bond proceeds from the issuance of bonds that are to fund future costs of construction.

## **Investments and Investment Income**

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

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

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

## **Accounts Receivable**

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

## **Leasing Arrangements**

The University implemented GASB Statement No. 87, *Leases*, effective July 1, 2021. For arrangements where the University is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

For arrangements in which the University is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

The University uses an estimated incremental borrowing rate that represents the rate at which it could borrow funds for terms equivalent to the lease agreements when the rate implicit in the lease is not known. The University includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the University will exercise the option. The University has elected to combine lease and nonlease components for all lease contracts and has not recognized RTU assets and lease liabilities for leases with terms for 12 months or less.

# NOTES TO THE FINANCIAL STATEMENTS

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## **Subscription-Based Information Technology Agreements (SBITAs)**

The University implemented GASB Statement 96, *Subscription-Based Information Technology Agreements (SBITAs)*, effective July 1, 2022. The implementation of this statement had no impact on the University's net position at July 1, 2022.

For subscription agreements that meet the criteria of a SBITA, a subscription liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the subscription term. RTU assets represent the University's right to use an underlying asset for the subscription term and subscription liabilities represent the University's obligation to make subscription payments arising from the subscription agreement. RTU assets and liabilities are recognized at the subscription commencement date based on the estimated present value of subscription payments over the subscription term.

The University uses an estimated incremental borrowing rate that represents the rate at which it could borrow funds for terms equivalent to the subscription agreements when the rate implicit in the agreement is not known. The University includes extension and termination options in the term if, after considering relevant economic factors, it is reasonably certain the University will exercise the option. The University has not recognized SBITA assets and liabilities for agreements with terms for 12 months or less.

## **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 \$559,907 as of June 30, 2023.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The University's capitalization policy includes items with a value of \$10,000 or more and an estimated useful life greater than one year.

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

The University 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.

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

## **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position contains a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until that time.

# NOTES TO THE FINANCIAL STATEMENTS

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In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time.

## **Unearned Revenue**

The University prorates the summer session revenues on a 50% split between two fiscal years. Tuition, fees, and certain auxiliary revenues received before June 30, but determined by this proration to be earned in the following year, are recorded as unearned revenue. Unearned revenue also includes amounts received from grant and contract sponsors that have not met all the applicable eligibility requirements.

## **Classification of Revenues**

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

### **Operating Revenues**

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

### **Nonoperating Revenues**

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income, and other revenue sources that are defined as nonoperating revenues by *GASB 9: Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and *GASB 34: Basic Financial Statements and Management's Discussion and Analysis*.

Pell grants of \$8,843,679 on June 30, 2023, are recorded as nonoperating revenue as defined by the 2007 amendment of the GASB Comprehensive Implementation Guide regarding the nonoperating presentation of Pell grants (Question 7.72.10).

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

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

The University had no income tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2023. These activities include the taxable portion of sponsorship agreements that are considered advertising by the Internal Revenue Service tax code definitions. It also includes taxable income related to the rental of campus facilities for weddings, conferences, and other activities unrelated to the mission of the institution.

## **Use of Estimates**

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

# NOTES TO THE FINANCIAL STATEMENTS

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regarding compensated absences expense, scholarship allowances, and bad debt allowances for accounts receivable as described below.

## Compensated Absence Liabilities

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

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

## Scholarship Discounts and Allowances

Student tuition, fee revenues, and certain other revenues from students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental financial aid programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded scholarship allowances. The scholarship allowances on tuition and fees and auxiliary charges, for the fiscal year ended June 30, 2023, are detailed below.

Scholarship Allowance	Tuition and Fees	Auxiliary Revenues	Total
Gross revenue	\$ 114,620,249	\$ 34,120,798	\$ 148,741,047
Scholarship allowances:			
Federal	5,891,029	1,421,391	7,312,420
State	5,869,012	3,301,661	9,170,673
Private	11,707	2,825	14,532
Institutional	13,683,902	1,416,078	15,099,980
Total allowances	<u>25,455,650</u>	<u>6,141,955</u>	<u>31,597,605</u>
Net revenue	<u>\$ 89,164,599</u>	<u>\$ 27,978,843</u>	<u>\$ 117,143,442</u>

## Bad Debt Allowance

Bad debt is recorded as a contra-revenue. It is estimated using information about the age of the accounts receivable balance and historical collection rates.

## Note 2: Cash and Cash Equivalents

### Unrestricted Cash and Cash Equivalents

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

<b>Unrestricted Cash and Cash Equivalents</b>	<b>2023</b>
Cash on hand	\$ 10,651
Cash with U.S. financial institutions	22,408,065
Cash with Colorado State Treasury	52,460,110
Unrealized gain (loss) - cash with State Treasury	<u>(3,645,482)</u>
 Total unrestricted cash and cash equivalents	 <u>\$ 71,233,344</u>

### State Treasury Pool

The University deposits its cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited with the Treasury are invested until the cash is needed. As of June 30, 2023, the University had cash on deposit with the State Treasurer of \$52.5 million, which represented approximately 0.28% of the total \$18,810.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, the Pool's resources included \$35.0 million of cash on hand and \$18,775.8 million of investments.

On the basis of the University's participation in the Pool, the University reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the state's Annual Comprehensive Financial Report for the year ended June 30, 2023.

### 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 a 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.

# NOTES TO THE FINANCIAL STATEMENTS

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As of June 30, 2023, all of the cash and cash equivalents held by the State Treasury and U.S. financial institutions were therefore not subject to custodial credit risk. The State Treasury Pool was not subject to foreign currency risk or concentration of credit risk in fiscal year 2023.

## Interest Rate Risk

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of the investment. In addition to statutory limitations on the types of investments, the State Treasurer's investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of the individual fund if the Treasurer is investing for a specific fund rather than the pool.

The Treasurer actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds. The Treasurer further limits investment risk by setting a minimum/maximum range for the percentage of investments subject to interest rate risk and by laddering maturities and credit ratings.

## Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies that assign a credit quality rating for many investments. Credit quality ratings for obligations from the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government.

## Note 3: Investments

### University of Northern Colorado

The University's investments on June 30, 2023, include certain endowments held at the Foundation which are restricted by the donors. In fiscal year 2016, the \$8.9 million of proceeds from the energy performance capital lease was invested with the escrow agent, BOKF, N.A. in the Cavanal Hill U.S. Treasury Fund, which is a money market portfolio of U.S. Government Obligations. These investments were subject to Colorado Revised Statutes Title 15, Article 1, Part 11 "Uniform Prudent Management of Institutional Funds Act" or UPMIFA.

Fair value of investments held on June 30, 2023 are detailed in the table below:

Investment Types	2023	Maturity
Fixed Income U.S. Government Obligations	\$ 286,940	1-5 years
Fixed Income U.S. Government Obligations	98,286	Less than 1 year
Money Market Funds	67,378	N/A
 Total University restricted investments	 \$ 452,604	

# NOTES TO THE FINANCIAL STATEMENTS

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## Fair Value Measurements

*GASB 72: Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.
- Level 2: Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's data.

When available, quoted prices are used to determine fair value by the University. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The University Level 1 investments primarily consist of investments in mutual funds and cash equivalents, which are classified as Level 1. The University's fixed income obligations are classified as Level 2.

The University investment custodians generally use a multi-dimensional relational model when determining the value of fixed-income securities (Level 2). Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads, and benchmark securities, among others.

## Custodial Credit Risk – Investments

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

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

## Interest Rate Risk – Investments

Interest rate risk is the risk that changes if the market rate of interest will adversely affect the value of an investment. Interest rate risk applies only to debt investments. Interest rate risk can be controlled by managing the duration to effective maturity and/or the weighted-average maturity of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

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The duration method uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The weighted-average maturity method measures the time to maturity in years weighted to reflect the dollar size of the individual investments within an investment type.

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

## Credit Quality Risk

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

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

Maturities and credit ratings for the University's investments held as of June 30, 2023 are detailed below:

Maturities and Credit Ratings by Investment Type	2023		Duration to Maturity	Weighted - Average	S&P Credit Rating
	Fair Value				
U.S. Government Obligations	\$ 385,226		2.25	2.38	AAA
Money Market Funds	67,378		N/A	N/A	Unrated
Total University investments as of June 30	\$ 452,604				

## University of Northern Colorado Foundation

### Fair Value of Financial Instruments

The carrying amount reported on the Foundation's Statement of Financial Position for cash and cash equivalents, accounts payable and accrued expenses, and certain other liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. The following methods and assumptions were used by the Foundation in estimating the fair value of its other financial instruments:

*Pledges* – The fair value of pledges is determined by discounting multi-year pledges to net present value using a discount rate commensurate with the payment terms of the pledge. The Foundation also takes into consideration past collection experience and other relevant factors.

*Beneficial interest in long-term trusts held by others* – The fair value of the beneficial interest in long-term trusts held by others is determined by the fair value of the underlying investments held by the third-party trustees, less the net present value of future cash outflows to lifetime recipients.

# NOTES TO THE FINANCIAL STATEMENTS

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*Life insurance policies* – The fair value of life insurance policies is based upon the estimated cash surrender value of the underlying insurance policy.

*Obligations under gift annuity agreements* – The fair value of obligations under gift annuity agreements is based upon the payments to be made over the estimated remaining lives of the income beneficiaries and is discounted to present value using discount rates ranging from 2.4% to 5.8%.

*Assets held for others* – The fair value of assets held for others is determined by the fair value of the underlying investments held by the Foundation, which are securities valued as described on the next page.

*Investments* – The Foundation values its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

*Level 1*: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

*Level 2*: Observable prices that are based on inputs not quoted in active markets but are corroborated by market data.

*Level 3*: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest level priority to Level 3 inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Equity securities and mutual funds (cash, equities, fixed income, commodities)* – Valued at the closing price as reported on the active market on which the individual securities or funds are traded.

*Fixed income (bond funds or individual bonds)* – Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

*Student-managed funds* – These funds are managed by students through a class offered at the University. It comprises equity securities, mutual funds, and individual bonds, which are valued as described above.

*Beneficial interest in long-term trusts held by others* – Valued based on the underlying investments held by the trusts, less the net present value of future cash outflows to lifetime recipients.

# NOTES TO THE FINANCIAL STATEMENTS

*Alternative Investments: low correlated hedge, real estate, illiquid credit, and private equity –*  
 Valued at net asset value (NAV) of the limited partnership investments as provided by the investment manager. The definition of NAV includes an ownership interest in partners' capital to which a proportionate share of the investment's net assets is attributed. The NAV is used as a practical expedient to estimate fair value.

There were no changes to the valuation techniques used during the period.

The UNC Foundation's investments held as of June 30, 2023 are detailed below:

<b>University of Northern Colorado Foundation</b>	
<b>Summary of Investments</b>	
<b>as of June 30,</b>	
<b><u>2023</u></b>	
Cash and cash equivalents	\$ 100,707
Equities	72,965,149
Fixed income	12,855,996
Alternative investments	47,353,343
Other	<u>18,566,000</u>
 Total Foundation investments	 <u>\$ 151,841,195</u>

The UNC Foundation's investments by level as of June 30, 2023 are detailed below:

<b>Description</b>	<b>Investments by Level</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Investments</b>				
Cash equivalent mutual funds	\$ 100,707	\$ -	\$ -	\$ 100,707
<b>Equities</b>				
Large cap	27,862,168	-	-	27,862,168
International	22,640,177	-	-	22,640,177
Small/mid cap	10,410,617	-	-	10,410,617
Emerging markets	6,957,464	-	-	6,957,464
Energy	5,094,723	-	-	5,094,723
<b>Fixed income</b>				
Domestic	12,403,392	-	-	12,403,392
Opportunistic	-	452,604	-	452,604
Student-managed funds	-	755,014	-	755,014
Stock/bond mixed mutual funds	981,432	-	-	981,432
<b>Alternative investments</b>				
Real estate	8,546,762	-	-	8,546,762
Total Investments	<u>94,997,442</u>	<u>1,207,618</u>	<u>-</u>	<u>96,205,060</u>
 Beneficial interest in long-term trusts held by others				
	-	-	8,282,792	8,282,792
Alternative investments measured at NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,353,343</u>
Total	<u>\$ 94,997,442</u>	<u>\$ 1,207,618</u>	<u>\$ 8,282,792</u>	<u>\$ 151,841,195</u>

# NOTES TO THE FINANCIAL STATEMENTS

In addition to the investments valued at fair value on a recurring basis, the University of Northern Colorado Foundation, Incorporated, holds another limited partnership investment valued on a non-recurring basis at a value of \$1,000,000 as of June 30, 2023. This investment cannot be redeemed by the Foundation. The value of the investment in this category is based on the initial partnership contribution.

Net investment earnings consist of the following for the years ended June 30, 2023:

<b>University of Northern Colorado Foundation</b>	
<b>Investment Earnings</b>	
	<b>2023</b>
Interest and dividends	\$ 3,503,447
Realized and unrealized gains (losses) on investments, net of taxes	11,655,791
Less investment management fees	(356,010)
	<b><u>\$ 14,803,228</u></b>

The following is the reconciliation of the beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ending June 30, 2023:

<b>University of Northern Colorado Foundation</b>	
<b>Level 3 Investment Changes</b>	
<b>Beneficial Interest in Long-Term Trusts Held by Others</b>	
	<b>2023</b>
Beginning balance	\$ 8,657,172
Net investment income (loss)	(374,380)
	<b><u>\$ 8,282,792</u></b>

The following table includes information on investments in certain entities that calculate net asset value:

<b>University of Northern Colorado Foundation</b>				
<b>Investments in Certain Entities that Calculate Net Asset Value</b>				
<b>as of June 30, 2023</b>				
<b>Fund Description</b>	<b>Fair Value</b>	<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
Low correlated hedge	\$ 6,502,188	\$ -	Monthly, quarterly, semi-annually*	60-100 days
Low correlated hedge	18,364,710	- -	Quarterly, semi-annually*	95 days, annual one-year lock up
Illiquid credit	8,695,020	853,168	Upon fund termination	N/A
Private equity	9,927,996	4,436,273	Upon fund termination	N/A
Real estate	3,863,429	819,334	Upon fund termination	N/A
<b>Total</b>	<b><u>\$47,353,343</u></b>	<b><u>\$ 6,108,775</u></b>		

\*Subject to restrictions

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4: Accounts, Contributions, and Loans Receivable

Accounts and loans receivable are shown, net of allowances for doubtful accounts, in the Statement of Net Position. Net receivables as of June 30, 2023 are detailed below:

<b>Accounts, Contributions, and Loans Receivable</b>	<b>2023</b>
Student accounts receivable - current	\$ 18,283,428
Allowance for doubtful accounts	<u>(13,419,889)</u>
Subtotal student accounts receivable - net	<u>4,863,539</u>
Student loans receivable - current	372,957
Allowance for doubtful accounts	<u>(259,891)</u>
Subtotal student loans receivable - net	<u>113,066</u>
Student loans receivable - noncurrent	2,571,757
Allowance for doubtful accounts	<u>(300,016)</u>
Subtotal noncurrent student loans receivable - net	<u>2,271,741</u>
Other receivables - current	
Sponsored programs - federal grants receivable	1,089,616
Sponsored programs - nonfederal grants receivable	523,354
Student loans program - federal loans receivable	-
Accounts receivable related party - the Foundation	1,328,476
Accounts receivable - State of Colorado	217,710
Other accounts receivable	<u>5,068,256</u>
Subtotal other receivables - current	<u>8,227,412</u>
Total University accounts, loans & other receivables	<u><u>\$ 15,475,758</u></u>

### Right-To-Use Leases Receivable

As a result of the implementation of GASB 87, *Leases*, the University, serving in a lessor capacity, is required to recognize a lease receivable and a deferred inflow of resources for certain lease transactions. Right-to-use leases receivables as of June 30, 2023 are detailed below:

<b>Changes in Right-To-Use Leases Receivable</b>	<b>2023</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Right-to-use leases receivable	4,549,345		863,835	3,685,510	113,039
Total receivable	<u>\$ 4,549,345</u>	<u>\$ -</u>	<u>\$ 863,835</u>	<u>\$ 3,685,510</u>	<u>\$ 113,039</u>

## NOTES TO THE FINANCIAL STATEMENTS

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On March 29, 2022, the University of Northern Colorado Board of Trustees entered into a lease agreement with New Cingular Wireless PCS, LLC to lease approximately one thousand one hundred twenty (1,120) square feet of land, including the air space above such rooftop space, owned by the University and located at 2310 13<sup>th</sup> Avenue, Greeley, Colorado 80639, to be used by New Cingular for the placement of a communication facility. The initial term of the lease will be five (5) years, commencing on March 29, 2022. The lease will automatically renew for five (5) additional five (5) year terms unless the tenant notifies the landlord in writing of its intention not to renew the lease agreement. The lease requires monthly lease payments to the University of \$4,000, with rent payments increasing two percent (2.0%) on an annual basis. The outstanding lease receivable on June 30, 2023, is \$1,443,785.

On October 25, 2021, the University of Northern Colorado Board of Trustees entered into a lease agreement with Wells Fargo Bank, N.A. to lease space owned by the University and located in the University Center, 2101 10<sup>th</sup> Avenue, Greeley, Colorado 80639, to be used by Wells Fargo for the placement of an ATM facility. The initial term of the lease will be five (5) years, commencing on July 1, 2021. The lease may be renewed for one (1) additional five (5) year term with written notice from the tenant no later than ninety (90) days prior to the expiration of the initial term. The lease requires fixed monthly lease payments to the University of \$1,000 and the outstanding lease receivable on June 30, 2023, is \$35,699.

On April 28, 2017, the University of Northern Colorado Board of Trustees entered into the First Amendment to Rooftop Lease Agreement with T-Mobile West, LLC to lease space owned by the University and located on the roof of Lawrenson Hall, 2300 12<sup>th</sup> Avenue, Greeley, Colorado 80639, to be used by T-Mobile for the placement of an Antenna facility. The amendment extended the term of the lease by twenty-five (25) years effective July 1, 2017, to include an initial five (5) year term, and four (4) additional five (5) year renewal options at T-Mobile's sole discretion, with written notice from the tenant no later than thirty (30) days prior to the expiration of the current renewal term if they are electing not to renew for another term. Subsequently, on August 11, 2022 a second amendment was executed which revised the base rent and adjusted the annual rent escalation from 3% to 2.5%, effective August 1, 2022. As amended, the lease requires monthly lease payments to the University of \$4,216, with rent payments increasing two and one-half percent (2.5%) on an annual basis. The outstanding lease receivable on June 30, 2023, is \$1,071,180.

On March 12, 2018, the University of Northern Colorado Board of Trustees entered into the Second Amendment to PCS Lease Agreement with Sprint Spectrum Realty Company, LLC to lease space owned by the University and located on the roof of Lawrenson Hall, 2300 12<sup>th</sup> Avenue, Greeley, Colorado 80639, to be used by Sprint for the placement of an Antenna facility. The amendment extended the term of the lease for five (5) years effective July 1, 2018 and will be automatically renewed for two (2) additional five (5) year terms and, through mutual agreement, another two (2) five (5) year terms. The lease requires monthly lease payments to the University of \$4,260, with rent payments increasing two and one-half percent (2.5%) on an annual basis. The outstanding lease receivable on June 30, 2023, is \$1,134,846.

# NOTES TO THE FINANCIAL STATEMENTS

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## Related Party Receivable

Gifts and grants receivable from the Foundation to the University were \$970,045 as of June 30, 2023.

## Foundation Contributions and Pledges Receivable

Foundation gifts of cash and other assets are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the Foundation's stand-alone financial statements.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the net present value of estimated future cash flows. The discounted rate used in this calculation is the five-year U.S. Treasury note rate as of June 30 of the fiscal year in which the commitment was made, ranging from 0.29 percent to 4.13 percent. An allowance for uncollectible contributions is established by Foundation management based on management's analysis of specific pledge receivables.

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

<b>Foundation Pledges Receivable</b>	<b>2023</b>
Amounts due in:	
Less than one year	\$ 2,481,704
One to five years	\$ 4,221,727
More than five years	<u>48,500</u>
Subtotal	<u>6,751,931</u>
Less allowance for uncollectible pledges	(34,400)
Less present value discounts	<u>(190,721)</u>
Total pledges receivable	<u>\$ 6,526,810</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 5: Capital Assets

During fiscal year 2023, the University transferred \$9.0 million from construction in progress to land improvements and buildings and improvements. Completed projects include renovation in Butler Hancock, dish machine replacement in the Holmes dining hall, and the atrium replacement and dining renovations at the University Center. The following is a summary of University capital asset activity as of June 30, 2023:

Capital Assets and Accumulated Depreciation/Amortization	2023					Ending Balance
	Beginning Balance	Additions	Disposals	Transfers		
<b>Capital Assets</b>						
Land	\$ 10,231,078	\$ -	\$ (462,300)	\$ -	\$ 9,768,778	
Land improvements	23,134,981	-	(169,078)	1,165,086	24,130,989	
Non-depreciable land improvements	4,264,026	-	-	-	4,264,026	
Buildings and improvements	509,528,933	-	(190,085)	7,843,631	517,182,479	
Equipment and vehicles	28,625,752	355,398	-	-	28,981,150	
Software	5,247,223	260,447	-	-	5,507,670	
Library materials	54,706,359	1,834,405	(4,330,442)	-	52,210,322	
Non-depreciable art/historical	1,774,684	-	-	-	1,774,684	
Leasehold improvements	1,059,732	-	-	-	1,059,732	
Right-to-use lease assets-buildings	1,185,300	41,593	-	-	1,226,893	
Right-to-use lease assets-equipment	428,996	1,056	-	-	430,052	
Right-to-use subscription assets	5,683,666	425,346	-	-	6,109,012	
Construction in progress	11,532,254	11,759,249	-	(9,008,717)	14,282,786	
Total capital assets	<u>657,402,984</u>	<u>14,677,494</u>	<u>(5,151,905)</u>	<u>-</u>	<u>666,928,573</u>	
<b>Less accumulated depreciation/amortization</b>						
Land improvements	18,191,711	804,255	-	-	18,995,966	
Buildings and improvements	285,583,053	13,429,467	(219,342)	-	298,793,178	
Equipment and vehicles	24,999,365	1,106,257	-	-	26,105,622	
Software	4,305,546	402,716	-	-	4,708,262	
Library materials	44,328,859	2,021,500	(4,330,442)	-	42,019,917	
Leasehold improvements	1,059,732	-	-	-	1,059,732	
Right-to-use lease assets-buildings	338,657	340,466	-	-	679,123	
Right-to-use lease assets-equipment	142,999	143,703	-	-	286,702	
Right-to-use subscription assets	-	1,581,149	-	-	1,581,149	
Total accumulated depreciation/amortization	<u>378,949,922</u>	<u>19,829,513</u>	<u>(4,549,784)</u>	<u>-</u>	<u>394,229,651</u>	
<b>Net capital assets</b>	<b>\$ 278,453,062</b>	<b>\$ (5,152,019)</b>	<b>\$ (602,121)</b>	<b>\$ -</b>	<b>\$ 272,698,922</b>	

As a result of the implementation of GASB 96, *Subscription-Based Information Technology Agreements (SBITAs)*, \$5,683,666 in right-to-use subscription assets has been added to the beginning balance presented above for June 30, 2023. As these subscription assets are offset by an equal amount of subscription liabilities, the University does not report a restatement of beginning net position for the implementation of GASB 96.

The following is a summary of Foundation capital asset activity for the years ended June 30, 2023:

Foundation Capital Assets	2023
Capital assets	
Buildings and improvements	\$ 1,310,556
Equipment and vehicles	20,115
Total capital assets	<u>1,330,671</u>
Less accumulated depreciation	<u>(600,033)</u>
Net investment in capital assets	<u>\$ 730,638</u>

## Note 6: Liabilities and Unearned Revenue

The following is a summary of liabilities as of June 30, 2023:

<b>The University Liabilities and Unearned Revenue</b>	<b>2023</b>
Accounts payable and accrued liabilities	
Accounts payable	\$ 2,630,259
Accrued salaries and benefits	6,210,913
Accrued interest expense	456,035
Retainage payable and other liabilities	322,815
Total accounts payable and accrued liabilities	<u>9,620,022</u>
Current unearned revenue	
Summer tuition and other activities	6,136,021
Restricted grants and contracts	3,239,199
Foundation contract	-
Auxiliary and housing	462,469
Total current unearned revenue	<u>9,837,689</u>
Other current liabilities	
Deposits held	949,944
Insurance liability	177,000
Deposits held in custody for agency funds	311,740
Compensated absences liability	778,215
Perkins liquidation liability	552,712
Nursing loan program liability	7,227
Total other current liabilities	<u>2,776,838</u>
Other noncurrent liabilities	
Unearned revenue	60,000
Long-term deposit liabilities held	62,940
Compensated absences liability	5,685,462
Net pension liability	88,229,517
Other postemployment benefits liability	2,226,533
Perkins liquidation liability	765,490
Nursing loan program liability	1,368,180
Total other noncurrent liabilities	<u>98,398,122</u>
Bonds and right-to-use leases	
Current bonds and right-to-use leases	9,209,090
Noncurrent bonds and right-to-use leases	129,710,160
Total bonds and right-to-use leases	<u>138,919,250</u>
Total liabilities and unearned revenue	<u><u>\$ 259,551,921</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

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Effective October 1, 2017, the United States Department of Education (DOED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans can be disbursed to students. The current guidance provided by the DOED stipulates that as cash is collected by the University from loans disbursed prior to October 1, 2017, such funds are to be remitted back to DOED on a proportional basis (the Perkins program was originally funded by DOED with a small percentage matched by the University). Given this recent guidance, the University has determined that it is probable that DOED, as the provider of the original resource, will require the University to return all of the resources originally received under this program. At the time of the receipt of the resources, the University recorded nonexchange revenues, and thereby, the balance of the resources provided by DOED resided in the University's net position.

Pursuant to the guidance provided by *GASB 33: Accounting and Financial Reporting of Nonexchange Transactions* and based on the University's estimate that the return of these resources is probable, a liability of \$1,318,202 was recorded for fiscal year end June 30, 2023.

The University recorded a net OPEB liability of \$2,226,533 for fiscal year 2023. More information is available in *Note 11: Other Postemployment Benefits (OPEB)*.

## **The Foundation – Liabilities and Unearned Revenue**

The following is a summary of Foundation liabilities as of June 30, 2023:

<b>The Foundation Liabilities and Unearned Revenue</b>	<b>2023</b>
Accounts payable and accrued liabilities	\$ 1,009,507
Funds held for the University	450,587
Annuity obligations	95,250
<b>Total liabilities and unearned revenue</b>	<b>\$ 1,555,344</b>

## **Charitable Gift Annuity Obligations**

The Foundation has entered into several charitable gift annuity contracts. These contracts require the Foundation to make fixed payments to the beneficiaries over their lifetimes. Under a charitable gift annuity contract, the assets received by the Foundation are not held in trust separately from other investments of the Foundation. On the date each charitable gift annuity was established, the Foundation recorded a contribution equal to the difference between the amount transferred from the donor and the present value of the future cash flows expected to be paid to the specified beneficiaries, using a discount rate equal to the then current applicable federal rate. At the end of these contracts, the majority of these assets are to be endowed and are included in nonexpendable restricted net position as of June 30, 2023 as follows:

<b>Charitable Gift and Annuity Contracts</b>	<b>2023</b>
Assets held under gift contracts	\$ 142,662
Less associated liabilities	(95,250)
<b>Present value of assets held under contracts</b>	<b>\$ 47,412</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 7: Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable

### Bonds, Notes Payable, Right-To-Use Leases Payable, and Right-To-Use Subscriptions Payable

The following table provides a summary of bonds, notes payable, right-to-use leases payable, and right-to-use subscriptions payable as of June 30, 2023:

<b>Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable Summary</b>	<b>Interest Rates</b>	<b>Final Maturity</b>	<b>Balance 2023</b>
Non-Direct Borrowings and Placements			
Fixed rate bonds	2.0% - 5.0%	2046	\$ 90,840,000
Fixed rate - unamortized premiums			5,032,723
Total non-direct borrowings and placements			<u>95,872,723</u>
Direct Borrowings and Placements			
Fixed rate bonds	1.77% - 2.29%	2035	<u>32,675,000</u>
Total direct borrowings and placements			<u>32,675,000</u>
Total bonds payable			<u>128,547,723</u>
Notes payable	2.69% - 3.69%	2031	5,122,601
Right-to-use leases payable	0.29% - 2.25%	2028	691,819
Right-to-use subscriptions payable	1.98% - 3.24%	2029	4,557,107
Total bonds, notes payable, right-to-use leases payable and right-to-use subscriptions payable			<u>\$ 138,919,250</u>

### Changes in Bonds, Notes Payable, Right-To-Use Leases Payable, and Right-To-Use Subscriptions Payable

The table below presents the summary of changes in bonds, notes payable, right-to-use leases payable, and right-to-use subscriptions payable for the fiscal year ended June 30, 2023:

<b>Changes in Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable</b>	<b>2023</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Bonds payable-non-direct borrowings and placements	\$ 96,165,000	\$ -	\$ 5,325,000	\$ 90,840,000	\$ 6,205,000
Bonds payable-direct borrowings and placements	32,950,000	-	275,000	32,675,000	320,000
Plus unamortized premiums	5,409,828	-	377,105	5,032,723	-
Total revenue bonds payable	134,524,828	-	5,977,105	128,547,723	6,525,000
Notes payable	5,495,079	260,447	632,925	5,122,601	640,965
Right-to-use leases payable	1,133,993	41,593	483,767	691,819	489,730
Right-to-use subscriptions payable	5,683,666	425,346	1,551,905	4,557,107	1,553,395
Total bonds, notes payable, right-to-use leases payable and right-to-use subscriptions payable	<u>\$ 146,837,566</u>	<u>\$ 727,386</u>	<u>\$ 8,645,702</u>	<u>\$ 138,919,250</u>	<u>\$ 9,209,090</u>

As a result of the implementation of GASB 96, *Subscription-Based Information Technology Agreements (SBITAs)*, \$5,683,666 in subscription liabilities for right-to-use subscription assets has been added to the beginning balance presented above. As these subscription liabilities are offset by an equal amount of subscription assets, the University does not report a restatement of beginning net position for the implementation of GASB 96.

# NOTES TO THE FINANCIAL STATEMENTS

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## Revenue and Refunding Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2023, are detailed in the table “Revenue Bond Detail”. The fixed rate revenue bonds interest is payable semi-annually and principal payments are paid annually. The bonds are not secured by any encumbrance, mortgage, or other pledge of property, except pledged revenues.

Bond provisions require the University to maintain compliance with certain rate covenants related to the bonds. The Master Enterprise Bond Resolution authorizing the issuance of Institutional Enterprise Revenue Bonds, and adopted by the University’s Board of Trustees, specifies debt service coverage requirements. The debt service coverage provisions require net pledged revenues to be equal to the combined principal and interest payments of the revenue bonds due during any subsequent fiscal year for the life of the associated revenue bonds. These debt service requirements are detailed in the table “Total Debt Service Requirements” in this footnote. In November 2022, the University’s Board of Trustees approved a resolution to amend the University’s tuition revenue pledge from 10% to 100% of tuition revenues, effective in fiscal year 2023.

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

The 2014A, 2015A, 2016A, 2018A, 2018B, 2019A, and 2021A bonds are also secured by a pledge of the revenues derived from net Extended Campus revenues and gross facility and administrative indirect cost recoveries. The University has pledged these revenues through 2046 to repay \$90,840,000 in outstanding non-direct borrowing revenue bonds plus interest and \$32,675,000 in outstanding direct borrowing revenue bonds plus interest. As of June 30, 2023 total pledged revenue and the associated debt service coverage are summarized in the table below:

<b>Net Pledged Revenue Available for Revenue Bond Debt Service</b>	<b>2023</b>
Gross auxiliary facility and student fee revenues	\$ 42,000,130
Less auxiliary facility and student fee operating expenses	(26,298,065)
Net auxiliary and student fee facility revenue	15,702,065
Other pledged tuition and revenue	
100% of tuition revenue	63,584,110
Indirect cost recoveries	682,169
Extended campus net revenue	8,348,588
Subtotal other pledged tuition and revenue	72,614,867
<b>Total Net Pledged Revenue</b>	<b>\$ 88,316,932</b>
Series 2014A, 2015A, 2016A, 2018A, 2018B, 2019A and 2021A	10,165,372
<b>Total Net Debt Service</b>	<b>\$ 10,165,372</b>
2014A, 2015A, 2016A, 2018A, 2018B, 2019A and 2021A bond debt service coverage	8.69x
Total net debt service as a percentage of gross auxiliary facilities and student fee revenues	24.2%
Total net debt service as a percentage of total net pledged revenues	11.5%

# NOTES TO THE FINANCIAL STATEMENTS

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## Revenue Bond Activity

On June 24, 2022, Standard and Poor's affirmed its 'A-' underlying rating on the University's debt outstanding. The outlook remains negative.

On December 30, 2021, University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds Taxable Convertible to Tax-Exempt, Series 2021A for \$33,035,000. Bond proceeds of \$32,995,005 were used to advance refund a portion of outstanding principal balance on the Institutional Enterprise Revenue Refunding Bonds, Series 2014A, totaling \$30,215,000 as of June 30, 2021. The Series 2021A Bonds shall initially be issued as a Taxable Obligation and bear interest at the taxable rate of 2.29% per annum, and will convert to, and be reissued as, a Tax-Exempt Obligation bearing interest at a rate of 1.77% per annum on or after March 5, 2024, upon satisfaction of certain agreed upon conditions. The Series 2021A bonds are guaranteed by the State Intercept program and are set to mature on June 1, 2035. Bond proceeds were also used to pay the cost of issuance totaling \$150,160. As of December 30, 2021, the Series 2014A Bonds will have a remaining outstanding principal balance of \$11,080,000.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$970,969 and was recorded as a loss on the refunding of the bonds. The deferred amount on refunding is reported in the accompanying statements of net position as a deferred outflow of resources and is being charged to operations through fiscal year 2035. The University completed the advanced refunding to reduce its total debt service payments by \$4,576,628 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,037,656.

On March 24, 2021, Standard and Poor's affirmed its 'A-' underlying rating on the University's debt outstanding. The outlook remains negative.

On April 29, 2020, Standard and Poor's revised the outlook on the University's underlying rating of "A-" from stable to negative. Due to the impact of COVID-19 and the related recession, Standard and Poor's revised the outlook from stable to negative for over 30 public universities citing concerns about future cuts to state funding.

On August 29, 2019, University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds, Series 2019A for \$32,855,000. Bond proceeds of \$32,580,053 were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2011A, with an outstanding principal balance of \$30,590,00 as of June 30, 2019. The underwriter's discount and cost of issuance totaled \$274,947. The Series 2019A bonds are guaranteed by the State Intercept program, have coupon rates of 1.9% to 2.6%, and are set to mature on June 1, 2031.

On July 18, 2019, Moody's Investors Service assigned the University an "A3" underlying and Aa2 enhanced rating to the University's proposed \$32.8 million Institutional Enterprise Revenue Refunding Bonds Taxable Series 2019A (fixed rate, maturing 2031). The outlook on the underlying rating and enhanced ratings is stable.

On May 31, 2018, Moody's Investors Service assigned the University an "A3" underlying with a stable outlook on the outstanding Series 2011A, Series 2014A, Series 2015A, Series 2016A, and Series 2018A bonds, and assigned an "Aa2" enhanced rating with a stable outlook to the University's outstanding fixed-rate bonds and for the Series 2018B bonds.

The downgrade to "A3" cited the University's cash flow and debt service coverage, and declining liquidity which is constraining the University's ability to restore reserves. The enhanced rating outlook, based on the University's participation in the Colorado Higher Education Revenue Bond Intercept Program, remains at "Aa2" with a stable outlook, which is based on the State of Colorado's current "Aa1" rating and outlook.

# NOTES TO THE FINANCIAL STATEMENTS

When a University qualifies to issue bonds under the state intercept program, the bonds are additionally secured by the State with a provision that the State Treasurer will pay the principal and interest on the revenue bonds if the institution of higher education is unable to make the payment on the due date.

On April 20, 2018, Standard and Poor's assigned the University an underlying rating of "A-" with a stable outlook and an enhanced rating of "AA-" with a negative outlook, citing operating deficits, declining liquidity, and weak fundraising history relative to the University's peers. This is offset by the positives of FTE enrollment increases, experienced and stable management, and a manageable debt burden. The long-term rating of "AA-/Negative" is based on the University's participation in the Colorado Higher Education Revenue Bond Intercept Program. Standard and Poor's assigned these ratings to the 2014A fixed-rate bonds.

<b>Revenue Bond Detail</b>	<b>Original Issuance</b>	<b>Outstanding Balance 2023</b>
<b>Fixed Rate Revenue Bonds</b>		
<b><i>Non-Direct Borrowings and Placements</i></b>		
<b>Series 2014A</b> 2.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued April 2, 2014, in the original amount of \$52,465,000 and maturing in varying amounts through June 1, 2035. Proceeds from the sale of these bonds were used to advance refund a portion of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds, Series 2005.	\$ 52,465,000	\$ 7,020,000
<b>Series 2015A</b> 4.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued June 3, 2015, in the original amount of \$21,510,000 and maturing in varying amounts from June 1, 2036 to June 1, 2040. Proceeds from the sale of these bonds were used to refund the unrefunded portion of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds, Series 2005.	21,510,000	21,510,000
<b>Series 2016A</b> 3.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued November 9, 2016, in the original amount of \$23,470,000 and maturing in varying amounts from June 1, 2020 to June 1, 2046. Proceeds from the sale of these bonds are being used to fund the construction of Campus Commons building.	23,470,000	21,540,000
<b>Series 2018A</b> 3.60%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, in the original amount of \$7,110,000 and maturing in varying amounts from June 1, 2019 to June 1, 2041. Proceeds from the sale of these bonds were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2008, as well as a portion of the Institutional Enterprise Revenue Refunding Bonds, Series 2011B.	7,110,000	4,565,000
<b>Series 2018B</b> 4.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, in the original amount of \$12,020,000 and maturing in varying amounts from June 1, 2024 to June 1, 2036. Proceeds from the sale of these bonds were used to refund the Institutional Enterprise Revenue Refunding Bonds, Series 2011B.	12,020,000	12,020,000
<b>Series 2019A</b> 1.90%-2.60% Institutional Enterprise Revenue Refunding Bonds, issued August 29, 2019, in the original amount of \$32,855,000 and maturing in varying amounts from June 1, 2020 to June 1, 2031. Proceeds from the sale of these bonds were used to refund the Auxiliary Facilities Refunding Bonds, Series 2011A.	32,855,000	24,185,000
<b><i>Direct Borrowings and Placements</i></b>		
<b>Series 2021A</b> Institutional Enterprise Revenue Refunding Bonds Taxable Convertible to Tax Exempt, issued December 30, 2021, in the original amount of \$33,035,000 and maturing in varying amounts from June 1, 2022 to June 1, 2035. The taxable interest rate is 2.29%, with a conversion date of March 4, 2024 or after, and a tax exempt interest rate of 1.77%. Proceeds from the sale of these bonds were used to refund a portion of the Institutional Enterprise Revenue Refunding Bonds, Series 2014A.	33,035,000	32,675,000
Total Fixed Rate Revenue Bonds Add unamortized premium	182,465,000 5,032,723	123,515,000 \$ 128,547,723
<b>Total Outstanding Fixed Rate Revenue Bonds Payable</b>	<b>\$ 182,465,000</b>	<b>\$ 128,547,723</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## Debt Service Requirements on Revenue Bonds

The future minimum revenue bonds debt service requirements as of June 30, 2023 are reported in the tables below:

<b>Total Debt Service Requirements - Non-Direct Borrowings and Placements</b>				
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2024	\$ 6,205,000	\$ 3,618,097	\$ 9,823,097	
2025	6,485,000	3,371,755	9,856,755	
2026	4,310,000	3,130,072	7,440,072	
2027	6,985,000	2,994,212	9,979,212	
2028	4,585,000	2,769,090	7,354,090	
2029-2033	18,305,000	11,543,809	29,848,809	
2034-2038	22,025,000	8,325,581	30,350,581	
2039-2043	17,590,000	2,778,913	20,368,913	
2044-2047	4,350,000	442,000	4,792,000	
<b>Total</b>	<b>\$ 90,840,000</b>	<b>\$ 38,973,529</b>	<b>\$ 129,813,529</b>	

<b>Total Debt Service Requirements - Direct Borrowings and Placements</b>				
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2024	\$ 320,000	\$ 707,668	\$ 1,027,668	
2025	455,000	572,684	1,027,684	
2026	2,875,000	564,630	3,439,630	
2027	395,000	513,743	908,743	
2028	3,010,000	506,751	3,516,751	
2029-2033	16,870,000	1,714,333	18,584,333	
2034-2038	8,750,000	233,020	8,983,020	
2039-2043	-	-	-	
2044-2047	-	-	-	
<b>Total</b>	<b>\$ 32,675,000</b>	<b>\$ 4,812,829</b>	<b>\$ 37,487,829</b>	

Regarding terms specified in the Series 2021A direct borrowing and placement debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses, these were not invoked because the Series 2021A bonds were issued on parity with all of the University's other outstanding non-direct debt.

## Notes Payable

On January 29, 2016, the University of Northern Colorado Board of Trustees entered into an agreement with Banc of America Public Capital Corporation with an acquisition price of \$8,850,000 for energy performance improvements in numerous buildings on campus including steam trap upgrades, control improvements, lighting improvements, plumbing retrofitting, and a chiller replacement. The agreement term is 15 years with final maturity in January 2031. The agreement has a fixed tax-exempt interest rate of 2.69% with monthly payments of \$59,806 and a purchase option of \$1.00 upon the expiration of the term and payment in full of all payments. The outstanding notes payable on June 30, 2023, is \$4,918,150.

# NOTES TO THE FINANCIAL STATEMENTS

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On September 8, 2022, the University of Northern Colorado Board of Trustees entered into an agreement with Dell Technologies with an acquisition price of \$260,477 for computer hardware. The agreement term is four years with final maturity in November 2026. The agreement has a fixed tax-exempt interest rate of 3.69% with annual payments of \$55,996. The outstanding notes payable on June 30, 2023, is \$204,451.

The University debt service payments, including interest, required for the notes payable as of June 30, 2023 are detailed below:

## Notes Payable Minimum Payments

<b>Fiscal Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 640,965	\$ 132,699	\$ 773,664
2025	658,918	114,746	773,664
2026	677,380	96,284	773,664
2027	696,363	77,301	773,664
2028	659,887	57,781	717,668
<b>2029-2032</b>	<b>1,789,088</b>	<b>64,887</b>	<b>1,853,975</b>
<b>Total</b>	<b>\$ 5,122,601</b>	<b>\$ 543,698</b>	<b>\$ 5,666,299</b>

## Right-to-Use Lease Liabilities

On January 1, 2017, the University of Northern Colorado Board of Trustees entered into a lease agreement with Jetz Service Company, Inc. to provide new laundry equipment in residence halls across campus. The initial term of the lease commenced on January 1, 2017 and terminated on June 30, 2017. The lease may be renewed by the University for up to seven (7) one (1) year terms with ownership of the equipment remaining with Jetz Service Company, Inc. during the term of the lease. The lease requires monthly lease payments of \$11,996 with an incremental borrowing interest rate of 0.287%. The outstanding lease liability on June 30, 2023, is \$143,728.

On December 18, 2019, the University of Northern Colorado Board of Trustees entered into a lease agreement with BTT, LLC to lease twelve thousand (12,000) square feet of building space within their premises located at 2915 Rocky Mountain Avenue, Loveland, Colorado 80538, to be used by the University for office space and classrooms. The term of the lease commenced on January 1, 2020 and expires on December 31, 2024. The lease requires monthly lease payments of \$28,360 with an incremental borrowing interest rate of 0.287%. The outstanding lease liability on June 30, 2023, is \$509,322.

On February 1, 2023 the University of Northern Colorado Board of Trustees entered into a lease agreement with NDTCO as custodian FBO Novar Garcia IRA to lease approximately twelve hundred (1,200) square feet of garage space within the premises located at 1945 8<sup>th</sup> Avenue, Greeley, Colorado, 80631. The initial term of the lease commenced on February 1, 2023 and expires on December 31, 2028. The lease requires monthly lease payments of \$625 with an incremental borrowing interest rate of 2.247%. The outstanding lease liability on June 30, 2023 is \$38,769.

# NOTES TO THE FINANCIAL STATEMENTS

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The University debt service payments, including interest, required for these right-to-use leases payable as of June 30, 2023 are detailed below:

## Right-to-Use Lease Minimum Payments

<b>Fiscal Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 489,730	\$ 2,042	\$ 491,772
2025	176,867	793	\$ 177,660
2026	7,005	495	\$ 7,500
2027	7,164	336	\$ 7,500
2028	7,327	173	\$ 7,500
2029-2032	3,726	24	\$ 3,750
<b>Total</b>	<b>\$ 691,819</b>	<b>\$ 3,863</b>	<b>\$ 695,682</b>

## Right-to-Use Subscription Liabilities

On November 9, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Anthology Inc. of NY for the use of student engagement software. The term of the lease commenced on November 1, 2021 and expires on October 31, 2024. The agreement requires annual payments beginning at \$16,000 for the first year with 4% increases in each of the following years, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$16,969.

On September 29, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Blackbaud Inc. for the use of its Higher Ed Pro software. The term of the lease commenced on September 19, 2021 and expires on September 18, 2024. The agreement requires annual payments of \$85,702, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$84,036.

On September 22, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Cornerstone OnDemand Inc. for the use of Cornerstone Performance software. The term of the lease commenced on September 30, 2021 and expires on September 29, 2024. The agreement requires annual payments of \$23,810, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$23,347.

On December 20, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Cornerstone OnDemand Inc. for the use of its Learning and Recruiting software. The term of the lease commenced on December 31, 2021 and expires on September 29, 2024. The agreement requires annual payments of \$44,400, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$32,653.

On November 3, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Hyland Software, Inc. for the use of OnBase information management software. The term of the lease commenced on November 1, 2021 and expires on October 31, 2024. The agreement requires annual payments of \$94,110, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$92,281.

## NOTES TO THE FINANCIAL STATEMENTS

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On May 20, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Oracle Credit Corporation for the use of its software. The term of the lease commenced on May 20, 2021 and expires on May 19, 2024. The agreement requires annual payments of \$20,672, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$20,270.

On July 27, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Oracle America, Inc. for the use of its software. The term of the lease commenced on July 1, 2021 and expires on June 30, 2026. The agreement requires quarterly payments of \$27,858, with an incremental borrowing rate of 2.256%. The outstanding liability on June 30, 2023 is \$322,354.

On June 18, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Qualys Inc. for the use of its vulnerability management software. The term of the lease commenced on June 30, 2021 and expires on June 29, 2024. The agreement requires annual payments of \$8,724, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$8,554.

On April 7, 2020, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Rave Wireless Inc. for the use of mobile safety software. The term of the lease commenced on April 1, 2020 and expires on March 31, 2025. The agreement requires annual payments of \$18,400, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$18,042.

On September 30, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Technolutions Inc. for the use of admissions software. The term of the lease commenced on June 15, 2021 and expires on June 30, 2026. The agreement requires semi-annual payments of \$5,000, with an incremental borrowing rate of 2.256%. The outstanding liability on June 30, 2023 is \$28,850.

On May 20, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with TouchNet Information Systems, Inc. for the use of its payment software. The term of the lease commenced on July 1, 2021 and expires on June 30, 2026. The agreement requires annual payments beginning at \$134,952 for the first year with 4% increases in each of the following years, with an incremental borrowing rate of 2.256%. The outstanding liability on June 30, 2023 is \$435,579.

On June 11, 2019, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Vivantech, Inc. (dba Streamlyne) for the use of its Research software. The term of the lease commenced on June 1, 2019 and expires on May 31, 2024. The agreement requires annual payments of \$42,960, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$38,615.

On March 16, 2020, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Watermark Insights, LLC for the use of SmartCatalog software. The term of the lease commenced on May 1, 2020 and expires on April 30, 2025. The agreement requires annual payments beginning at \$13,650 for the first year with 5% increases in each of the following years, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$16,269.

On July 1, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with HonorLock, Inc. for the use of auto proctoring software. The term of the lease commenced on August 1, 2021 and expires on July 31, 2024. The agreement requires annual payments beginning at \$15,000 for the first year with 3% increases in each of the following years, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$15,604.

## NOTES TO THE FINANCIAL STATEMENTS

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On August 12, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with EasyVista, Inc. for the use of SAAS service management software. The term of the lease commenced on September 25, 2022 and expires on September 24, 2025. The agreement requires annual payments of \$66,605, with an incremental borrowing rate of 3.242%. The outstanding liability on June 30, 2023 is \$127,001.

On June 22, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Ellucian Company LP for the use of its mobile platform. The term of the lease commenced on July 1, 2022 and expires on June 30, 2024. The agreement requires annual payments beginning at \$9,604 for the first year with a 5% increase in the following year, with an incremental borrowing rate of 1.982%. The outstanding liability on June 30, 2023 is \$9,888.

On June 22, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Ellucian Company LP for the use of Banner HR and Finance software. The term of the lease commenced on July 1, 2022 and expires on June 30, 2025. The agreement requires annual payments beginning at \$133,754 for the first year with a 6% increase in each of the following years, with an incremental borrowing rate of 2.154%. The outstanding liability on June 30, 2023 is \$282,805.

On June 22, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Ellucian Company LP for the use of Banner document management and other software. The term of the lease commenced on July 1, 2022 and expires on June 30, 2027. The agreement requires annual payments beginning at \$298,687 for the first year with a 5% increase in each of the following years, with an incremental borrowing rate of 2.372%. The outstanding liability on June 30, 2023 is \$1,273,418.

On April 18, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Instructure for the use of cloud storage. The term of the lease commenced on July 1, 2022 and expires on June 30, 2027. The agreement requires annual payments beginning at \$230,899 for the first year with a 5% increase in each of the following years, with an incremental borrowing rate of 2.372%. The outstanding liability on June 30, 2023 is \$984,412.

On June 27, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with LinkedIn Corporation for the use of LinkedIn Learning for Higher Education. The term of the lease commenced on July 1, 2022 and expires on June 30, 2025. The agreement requires annual payments of \$25,300, with an incremental borrowing rate of 2.154%. The outstanding liability on June 30, 2023 is \$49,011.

On July 18, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Velocity EHS for the use of chemical management software. The term of the lease commenced on August 29, 2022 and expires on August 28, 2025. The agreement requires annual payments beginning at \$10,007 for the first year with a 3% increase in each of the following years, with an incremental borrowing rate of 2.410%. The outstanding liability on June 30, 2023 is \$20,187.

On March 9, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Watermark Insights, LLC for the use of Faculty Success software. The term of the lease commenced on July 1, 2022 and expires on June 30, 2025. The agreement requires annual payments beginning at \$42,687 for the first year with a 5% increase in each of the following years, with an incremental borrowing rate of 2.154%. The outstanding liability on June 30, 2023 is \$88,976.

## NOTES TO THE FINANCIAL STATEMENTS

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On April 28, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with AppSpace for the use of its platform features and cloud storage. The term of the lease commenced on May 16, 2023 and expires on May 15, 2025. The agreement requires semi-annual payments of \$13,695, with an incremental borrowing rate of 2.937%. The outstanding liability on June 30, 2023 is \$39,907.

On October 5, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Terra Dotta, LLC for the use of the following softwares: Study Abroad, AlertTraveler, International Student Services, and Agreement/Partnership Management. The term of the lease commenced on July 1, 2022 and expires on June 30, 2029. The agreement requires annual payments beginning at \$48,079 for the first year with a 3% increase in each of the following years, with an incremental borrowing rate of 2.704%. The outstanding liability on June 30, 2023 is \$291,398.

On January 31, 2023, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Watermark Insights, LLC for the use of Student Learning and Licensure software. The term of the lease commenced on February 1, 2023 and expires on January 31, 2026. The agreement requires annual payments beginning at \$48,000 for the first year with a 5% increase in each of the following years, with an incremental borrowing rate of 2.226%. The outstanding liability on June 30, 2023 is \$147,943.

On May 24, 2021, the University of Northern Colorado Board of Trustees entered into a subscription agreement with Teamworks Innovations, Inc. for the use of its athletics platform. The term of the lease commenced on July 1, 2021 and expires on June 30, 2026. The agreement requires annual payments beginning at \$12,300 for the first year, then \$19,807.50 for the second year followed by 4.25% increases in each of the following years, with an incremental borrowing rate of 2.256%. The outstanding liability on June 30, 2023 is \$61,810.

On September 13, 2022, the University of Northern Colorado Board of Trustees entered into a subscription agreement with JumpForward, LLC for the use of its athletics software. The term of the lease commenced on July 1, 2022 and expires on June 30, 2025. The agreement requires annual payments of \$13,900, with an incremental borrowing rate of 2.154%. The outstanding liability on June 30, 2023 is \$26,928.

### Right-to-Use Subscription Minimum Payments

<b>Fiscal Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,553,395	\$ 77,910	\$ 1,631,305
2025	1,237,263	46,533	\$ 1,283,796
2026	979,127	22,546	\$ 1,001,673
2027	678,627	4,631	\$ 683,258
2028	52,798	1,987	\$ 54,785
2029-2032	55,897	504	\$ 56,401
<b>Total</b>	<b>\$ 4,557,107</b>	<b>\$ 154,111</b>	<b>\$ 4,711,218</b>

## Note 8: Defined Benefit Pension Plan

### Summary of Significant Accounting Policies

#### *Pensions*

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

### General Information about the Pension Plan

#### *Plan description*

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

#### *Benefits provided as of December 31, 2022*

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the

# NOTES TO THE FINANCIAL STATEMENTS

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PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

## ***Contributions provisions as of June 30, 2023***

Eligible employees of the University of Northern Colorado and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2022 through June 30, 2023 are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees except State Troopers)	11.00%	11.00%
State Troopers only	13.00%	13.00%

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
<b>Total employer contribution rate to the SDTF</b>	<b>20.48%</b>	<b>20.55%</b>

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University of Northern Colorado is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University of Northern Colorado were \$7,523,760 for the year ended June 30, 2023.

## NOTES TO THE FINANCIAL STATEMENTS

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

The net pension liability for the SDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. The University of Northern Colorado's proportion of the net pension liability was based on its contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2023, the University of Northern Colorado reported a liability of \$88,229,517 for its proportionate share of the net pension liability. The amount recognized by the University of Northern Colorado as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the University of Northern Colorado were as follows:

University of Northern Colorado's proportionate share of the net pension liability	\$ 88,229,517
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the University of Northern Colorado	\$ -
<b>Total</b>	<b>\$ 88,229,517</b>

At December 31, 2022, the University of Northern Colorado proportion was 0.81 percent, which was an increase of 0.01 from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the University of Northern Colorado recognized negative pension expense of \$231,412 and revenue of \$1,608,750 for support from the State as a nonemployer contributing entity.

On June 30, 2023, the University of Northern Colorado reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 1,182,929
Net difference between projected and actual earnings on pension plan investments	11,216,930	-
Change in Proportionate Share	694,399	2,896,769
Difference in Total Employer Contribution and Proportionate Share Contribution	-	30,755
Contributions subsequent to the measurement date	3,020,453	-
<b>Total</b>	<b>\$ 14,931,782</b>	<b>\$ 4,110,453</b>

# NOTES TO THE FINANCIAL STATEMENTS

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\$3,020,453 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ (4,453,069)
2025	1,487,050
2026	4,137,365
2027	6,629,530
2028	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 7,800,876</b>

## *Actuarial assumptions*

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.30-10.90%
State Troopers	3.20-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS Benefit Structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the Annual Increase Reserve

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## ***Discount rate***

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

# NOTES TO THE FINANCIAL STATEMENTS

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- Benefit payments and contributions were assumed to be made at the middle of the year.

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

## ***Sensitivity of the University of Northern Colorado's proportionate share of the net pension liability to changes in the discount rate***

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 112,791,168	\$ 88,229,517	\$ 67,568,512

## ***Pension plan fiduciary net position***

Detailed information about the SDTF's fiduciary net position is available in PERA's Annual Comprehensive Financial Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## **Payables to the pension plan**

The University of Northern Colorado did not report payables to the SDTF as of June 30, 2023.

## **Note 9: Other PERA Retirement Plans**

### **Voluntary Investment Program (401(k) Defined Contribution Plan)**

#### ***Plan Description***

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

#### ***Funding Policy***

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

### **Defined Contribution Retirement Plan (DC Plan)**

#### ***Plan Description***

Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing

# NOTES TO THE FINANCIAL STATEMENTS

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multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's ACFR as referred to above.

## ***Funding Policy***

All participating employees in the PERA DC Plan and the University of Northern Colorado are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are summarized in the tables below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
<u>Employee Contribution Rates</u>		
Employee contribution (all employees except State Troopers)	11.00%	11.00%
State Troopers only	13.00%	13.00%
<u>Employee Contribution Rates</u>		
Employee contribution (all employees except State Troopers)	10.15%	10.15%
State Troopers only	12.85%	12.85%

*Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101*

Additionally, the employers are required to contribute AED and SAED to the SDTF as follows:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 <sup>1</sup>	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505 <sup>1</sup>	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
<b>Total employer contribution rate to the SDTF<sup>1</sup></b>	<b>11.35%</b>	<b>11.42%</b>

<sup>1</sup> *Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101*

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$8,014.

## Note 10: University Retirement Plans

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

The ORP is a defined contribution plan with three vendors: MetLife, TIAA-CREF, and VALIC. These vendors provide a range of investment accounts for participants. For fiscal year 2023, the employee contributed 8 percent and the University contributed 11.5 percent. The University's contributions to the ORP were \$7,086,722 in fiscal year 2023. All contributions are immediately invested in the employee's account. Normal retirement age for the ORP is 65. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

The University provides a 403(b) deferred compensation plan to the University President. The Board of Trustees approved a contribution of \$57,000 for fiscal year 2023 for the President.

## Note 11: Other Postemployment Benefits (OPEB)

### ***OPEB***

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

### ***Plan Description***

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

### ***Benefits Provided***

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF).

# NOTES TO THE FINANCIAL STATEMENTS

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The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

## ***PERA Benefit Structure***

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

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

## ***Contributions***

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University of Northern Colorado is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were \$289,250 for the year ended June 30, 2023.

## NOTES TO THE FINANCIAL STATEMENTS

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

On June 30, 2023, the University of Northern Colorado reported a liability of \$2,226,533 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The University of Northern Colorado's proportion of the net OPEB liability was based on the University of Northern Colorado's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

As of December 31, 2022, the University of Northern Colorado's proportion was 0.27 percent, consistent with its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the University of Northern Colorado recognized negative OPEB expense of \$391,576.

At June 30, 2023, the University of Northern Colorado reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 289	\$ 538,450
Changes of assumptions or other inputs	35,786	245,740
Net difference between projected and actual earnings on pension plan investments	135,992	-
Change in Proportionate Share	-	906,746
Difference in Total Employer Contribution and Proportionate Share Contribution	-	1,918
Contributions subsequent to the measurement date	147,467	-
<b>Total</b>	<b>\$ 319,534</b>	<b>\$ 1,692,854</b>

\$147,467 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30:</b>	
2024	\$ (560,710)
2025	(481,390)
2026	(276,155)
2027	(113,852)
2028	(74,767)
Thereafter	(13,913)
<b>TOTAL</b>	<b>\$ (1,520,787)</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## *Actuarial assumptions*

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30%-10.90%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

## NOTES TO THE FINANCIAL STATEMENTS

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### ***Sensitivity of the University of Northern Colorado's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$2,163,512	\$2,226,533	\$2,295,106

### ***Discount rate***

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

# NOTES TO THE FINANCIAL STATEMENTS

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## ***Sensitivity of the University of Northern Colorado's proportionate share of the net OPEB liability to changes in the discount rate.***

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 2,581,211	\$ 2,226,533	\$ 1,923,168

## ***OPEB plan fiduciary net position.***

Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Comprehensive Financial Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## **Note 12: Deferred Outflows and Inflows of Resources**

Deferred inflows and outflows result from deferred amounts on refunding bonds, right-to-use leases receivable, and transactions related to the University of Northern Colorado share of the Colorado Public Employees' Retirement Association (PERA) net pension and OPEB liabilities. Additional information on the University's debt portfolio can be found in *Note 7: Bonds, Notes Payable, Right-To-Use Leases Payable and Right-To-Use Subscriptions Payable*. Additional information related to the PERA pension plan and related net pension liability can be found in *Note 8: Defined Benefit Pension Plan*, while additional information related to other postemployment benefits and related OPEB liability can be found in *Note 11: Other Postemployment Benefits (OPEB)*.

### ***Deferred Outflows and Inflows on Debt Refundings***

The deferred amounts from refunding bond issues result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the life of the refunding debt. As of June 30, 2023, the University had deferred outflows on debt refundings of \$2,228,989 and deferred inflows related to debt refundings of \$634,729.

### ***Deferred Inflows Related to Leases***

As a result of the implementation of GASB 87, *Leases*, the University, serving in a lessor capacity, is required to recognize a lease receivable and a deferred inflow of resources for certain lease transactions. The deferred inflows of resources on right-to-use leases receivable are amortized over the life of the lease arrangement. As of June 30, 2023, the University had deferred inflows related to leases of \$3,589,419.

### ***Deferred Outflows and Inflows Related to Pension and OPEB***

The deferred outflows and deferred inflows of resources that are related to the PERA net pension liabilities and the net OPEB liabilities result from circumstances that affect the net pension liability such as:

- Changes in benefit terms
- Changes in economics and demographic assumptions
- Differences between economic and demographic assumptions and actual experience

# NOTES TO THE FINANCIAL STATEMENTS

- Differences between expected and actual investment returns

Deferred outflows and deferred inflows of resources can also result from changes in University of Northern Colorado's proportionate share of the net pension and OPEB liabilities, which is based on University of Northern Colorado's contributions as a percentage of total employer contributions during the measurement period of the Plan.

Deferred inflows of resources or deferred outflows of resources are amortized to expense over a five-year period or the average remaining service period of plan members, which changes annually. The PERA and OPEB net pension liabilities have a measurement date of December 31 annually. Each year the contributions that University of Northern Colorado makes after the Plan measurement date from January 1 to June 30 will be recorded as a deferred outflow of resources and will be recognized as a reduction of the net pension and OPEB liabilities in the following fiscal year. As of June 30, 2023, the University had deferred outflows related to pensions of \$14,931,782 and deferred inflows related to pensions of \$4,110,453. As of June 30, 2023, the University had deferred outflows on OPEB of \$319,534 and deferred inflows on OPEB of \$1,692,854.

## Note 13: Operating Expenses by Function Compared with Operating Expenses by Natural Classification

For the Year Ended June 30, 2023								
	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships and Fellowships	Utilities	Travel	Depreciation	Total
Instruction	\$ 52,881,369	\$ (28,834)	\$ 5,362,915	\$ 1,218	\$ -	\$ 632,948	\$ -	\$ 58,849,616
Research	7,299,498	-	1,139,096	2,463	-	282,567	-	8,723,624
Public Service	1,831,699	90,732	673,638	1,000	-	30,841	-	2,627,910
Academic Support	20,287,151	3,751	5,221,542	-	-	117,284	-	25,629,728
Student Services	13,996,966	108,371	5,257,174	61,849	368,964	282,672	-	20,075,996
Institutional Support	12,624,362	309,649	7,037,787	-	-	244,504	-	20,216,302
Operation of Plant	8,283,959	-	503,382	-	3,505,139	1,576	-	12,294,056
Scholarships	81,300	-	8,911	13,398,509	-	597	-	13,489,317
Auxiliary	13,841,757	9,981,864	3,649,400	-	3,098,398	2,739,138	-	33,310,557
Depreciation	-	-	-	-	-	-	19,829,512	19,829,512
Total Operating Expenses	\$ 131,128,061	\$ 10,465,533	\$ 28,853,845	\$ 13,465,039	\$ 6,972,501	\$ 4,332,127	\$ 19,829,512	\$ 215,046,618

### Summary of Wages and Benefits

Wages and Benefits	
For the Year Ended June 30, 2023	
	2023
Faculty	\$ 39,883,667
Administrative	38,474,131
Graduate and Teaching Assistants	10,611,112
Classified	13,483,270
Student	6,583,787
Other	473,531
Subtotal wages	109,509,498
Fringe benefits	28,446,046
Fringe benefits (GASB 68)	(6,146,422)
Fringe benefits (GASB 75)	(681,061)
Total wages and benefits	\$ 131,128,061

# NOTES TO THE FINANCIAL STATEMENTS

## Note 14: Legislative Appropriations

### Appropriated Funds

The Colorado State Legislature establishes spending authority to the University in its annual Long Appropriations Bill. For the year ended June 30, 2023, the University had a total appropriation of \$56,875,899 and appropriated expenditures were within the authorized spending authority.

The University's appropriated funds consisted of \$13,897,857 received from students who qualified for stipends from the College Opportunity Fund and \$42,978,042 as Fee-For-Service contract revenue. All other revenues and expenses reported by the University represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues, and other revenue sources.

### State Capital Appropriations

Capital appropriations from the state generally fall into three categories: capital construction, cash-funded appropriated projects, and controlled maintenance. The revenue is recognized in the Statement of Revenues, Expenses, and Changes in Net Position to the extent of expenditures in the current year. UNC recognized \$3,580,361 in capital appropriations revenue in fiscal year 2023.

The following table outlines the projects that are currently appropriated for the University of Northern Colorado, the cumulative amount expended on those projects through June 30, 2023, and the unexpended balance:

State Capital Appropriations				
Project	Category	Total Appropriation	Expended as of 6/30/2023	Balance Remaining as of 6/30/2023
Boiler replacement	State Appropriation - Controlled Maintenance	3,779,372	3,779,372	-
Boiler replacement	State Appropriation - Cash Funded	46,800	46,800	-
Subtotal Boiler replacement		<u>3,826,172</u>	<u>3,826,172</u>	<u>-</u>
Fire sprinkler-McKee Hall	State Appropriation - Controlled Maintenance	996,364	906,195	90,169
Fire sprinkler-Gunter	State Appropriation - Controlled Maintenance	863,187	696,505	166,682
Fire sprinkler-Frasier (Phase I)	State Appropriation - Controlled Maintenance	1,611,931	1,190,046	421,885
Frasier tunnel piping abatement	State Appropriation - Controlled Maintenance	339,146	290,676	48,470
Michener Chiller Replacement	State Appropriation - Controlled Maintenance	922,705	212,018	710,687
Candelaria Chiller Replacement	State Appropriation - Controlled Maintenance	902,545	118,701	783,844
Next Gen Cyber Secure Network	State Appropriation - Software	1,191,077	642,828	548,249
Next Gen Cyber Secure Network	State Appropriation - Cash Funded	11,910	-	11,910
Total		<u>\$ 10,665,037</u>	<u>\$ 7,883,141</u>	<u>\$ 2,781,896</u>
<hr/>				
	State Appropriation - Capital Construction	\$ -	\$ -	\$ -
	State Appropriation - Cash Funded	46,800	46,800	-
	State Appropriation - Controlled Maintenance	9,415,250	7,193,513	2,221,737
	State Appropriation - Software	11,910	-	11,910
		<u>\$ 9,473,960</u>	<u>\$ 7,240,313</u>	<u>\$ 2,233,647</u>

## Note 15: Commitments and Contingencies

### Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The utilization 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## Collateral for State Treasury Certificates of Participation

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

In November 2017, UNC's Board of Trustees approved collateralization of the Jackson Soccer Team building (Current Replacement Value is \$2.8 million) for financing UNC's Senate Bill 17-267 Controlled Maintenance projects. The State Treasury issued Certificates of Participation under the Senate Bill in late September 2018. UNC has three capital projects approved for \$2.1 million.

During the 2020 legislative session, House Bill 20-1377 specified that proceeds related to Senate Bill 17-267 lease purchase agreement be credited to the capital construction fund and appropriated for controlled maintenance projects. House Bill 20-1408 appropriated \$3.8 million to the University for the replacement of a boiler.

## Note 16: 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, including law enforcement legal liability, covered by Philadelphia for an aggregate of \$3,000,000 and per occurrence of \$1,000,000 with no deductible.
- Professional liability covered by Philadelphia for an aggregate of \$3,000,000 with a \$25,000 deductible.
- Automobile liability covered by Philadelphia for \$1,000,000 with no deductible.
- Educator's errors and omissions covered by RSUI Group, Inc. for \$3,000,000 with a \$50,000 deductible.
- Employment practices liability covered by RSUI Group, Inc. for \$3,000,000 with a \$75,000 deductible.
- Worker's compensation covered by Pinnacol Assurance for \$500,000/\$500,000/\$500,000 with a \$1,000 deductible.
- Umbrella liability covered by Philadelphia for \$5,000,000 with a self-insured retention of \$10,000.
- Fidelity (employee dishonesty) covered by Travelers for \$3,000,000 with a \$25,000 deductible.
- Other property covered by Philadelphia with full limits of \$859,465,628 for buildings, \$96,705,512 for property, and \$105,253,880 for business income, with a \$50,000 deductible, a water deductible of \$100,000, and wind/hail deductible of 2%.

The University became fully insured through several insurance companies in 2006 and is covered by insurance for everything above its reserve and deductible. The coverage in fiscal year 2023 is consistent with previous years and there have been no significant reductions in coverage. There have been no settlements exceeding coverage. The University uses a fringe benefit and risk management fund to pay expenses related to workers compensation and other liability insurance. The University's liability on June 30, 2023, was \$177,000 which represents deductibles based on an analysis of claims.

## Note 17: Other Disclosures

### Multi-Year Employment Contracts

During fiscal year 2023, the University had four multi-year employment contracts for athletic coaches. The intent of the multi-year terms (four years) is to allow the coaches sufficient time to recruit and build successful athletic teams. These contracts are subject to termination for just cause and funds availability.

## Note 18: Subsequent Events

### Standard & Poor's Outlook

On September 18, 2023, Standard & Poor's Global Ratings revised its outlook to stable from negative and affirmed its 'A-' underlying rating for the University's outstanding bond debt. They maintained the 'AA' long-term rating and stable outlook on the University's 2014A bonds based on the University's participation in the Colorado Higher Education State Aid Intercept Program.

### University President

On December 8, 2023, the University of Northern Colorado Board of Trustees approved a new employment agreement for President Andrew Feinstein, beginning July 1, 2024, and ending June 30, 2029. The current employment agreement ends June 30, 2024.

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**Required  
Supplementary  
Information**

# REQUIRED SUPPLEMENTARY INFORMATION

University of Northern Colorado  
Schedule of Required Supplementary Information  
June 30, 2023

Schedule of University's Proportionate Share of PERA Pension Liability\*

Measurement Date*	Proportion of Collective Net Pension Liability (A)	Proportionate Share of Collective Net Pension Liability (B)	Covered Payroll (C)	Proportionate Share of Net Pension Liability as a percentage of covered payroll (B/C)	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
December 31, 2014	1.32%	\$ 124,356,394	\$ 35,490,833	350.39%	59.84%
December 31, 2015	1.27%	\$ 134,262,416	\$ 35,609,043	377.05%	56.11%
December 31, 2016	1.26%	\$ 231,167,892	\$ 36,078,990	640.73%	42.59%
December 31, 2017	1.20%	\$ 239,421,801	\$ 35,339,262	677.50%	43.20%
December 31, 2018	1.10%	\$ 127,932,022	\$ 34,392,235	371.98%	55.11%
December 31, 2019	1.02%	\$ 99,147,013	\$ 32,633,433	303.82%	62.24%
December 31, 2020	0.91%	\$ 86,476,674	\$ 30,281,029	285.58%	65.34%
December 31, 2021	0.80%	\$ 58,983,574	\$ 26,938,570	218.96%	73.05%
December 31, 2022	0.81%	\$ 88,229,517	\$ 28,611,779	308.37%	60.63%

Schedule of University's Contributions to PERA Pension\*

As of June 30*	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
2015	\$ 6,451,658	\$ 5,990,532	\$ -	\$ 35,762,254	16.75%
2016	\$ 6,691,529	\$ 6,286,794	\$ -	\$ 35,566,846	17.68%
2017	\$ 7,047,703	\$ 6,692,426	\$ -	\$ 36,058,201	18.56%
2018	\$ 7,006,658	\$ 6,654,918	\$ -	\$ 35,065,038	18.98%
2019	\$ 6,685,480	\$ 7,237,401	\$ -	\$ 33,493,592	21.61%
2020	\$ 6,444,633	\$ 6,897,878	\$ -	\$ 31,925,965	21.61%
2021	\$ 5,736,499	\$ 5,459,922	\$ -	\$ 27,933,542	19.55%
2022	\$ 5,751,763	\$ 6,104,246	\$ -	\$ 27,845,563	21.92%
2023	\$ 6,206,972	\$ 7,523,760	\$ -	\$ 29,322,770	25.66%

\*GASB Statement No. 68 was implemented during fiscal year 2015. As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

## REQUIRED SUPPLEMENTARY INFORMATION

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### Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2023 Changes in actuarial assumptions or other inputs

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

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

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

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

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

**There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.**

**There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.**

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

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

# REQUIRED SUPPLEMENTARY INFORMATION

University of Northern Colorado  
Schedule of Required Supplementary Information  
June 30, 2023

Schedule of University's Proportionate Share of PERA OPEB Liability\*

Measurement Date*	Proportion of Collective Net OPEB Liability (A)	Proportionate Share of Collective Net OPEB Liability (B)	Covered Payroll (C)	Proportionate Share of OPEB Liability as a percentage of covered payroll (B/C)	Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability
December 31, 2016	0.45%	\$ 5,857,937	\$ 35,675,310	16.42%	16.84%
December 31, 2017	0.43%	\$ 5,574,596	\$ 34,823,924	16.01%	17.53%
December 31, 2018	0.40%	\$ 5,437,725	\$ 33,803,091	16.09%	17.03%
December 31, 2019	0.36%	\$ 4,000,432	\$ 32,002,030	12.50%	24.49%
December 31, 2020	0.32%	\$ 3,031,644	\$ 29,503,550	10.28%	32.78%
December 31, 2021	0.27%	\$ 2,351,885	\$ 26,106,609	9.01%	39.40%
December 31, 2022	0.27%	\$ 2,226,533	\$ 27,672,575	8.05%	38.57%

Schedule of University's Contributions to PERA OPEB\*

As of June 30*	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
2018	\$ 351,740	\$ 351,740	\$ -	\$ 34,484,267	1.02%
2019	\$ 335,242	\$ 335,242	\$ -	\$ 32,866,862	1.02%
2020	\$ 319,000	\$ 319,000	\$ -	\$ 31,274,510	1.02%
2021	\$ 276,810	\$ 276,810	\$ -	\$ 27,138,236	1.02%
2022	\$ 275,757	\$ 275,757	\$ -	\$ 27,035,000	1.02%
2023	\$ 289,250	\$ 289,250	\$ -	\$ 28,357,843	1.02%

\*GASB Statement No. 75 was implemented during fiscal year 2017. As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

## REQUIRED SUPPLEMENTARY INFORMATION

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### Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2023 Changes in benefit terms and actuarial assumptions

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

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

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

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

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

## REQUIRED SUPPLEMENTARY INFORMATION

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- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

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## **Other Budget, Financial, and Enrollment Data**

# OTHER BUDGET, FINANCIAL, AND ENROLLMENT DATA

## Operating Budget Summary

	FY23 Budget	FY23 Forecast	FY24 Budget	Budget Change from Forecast
<b>OPERATING REVENUES</b>				
Undergraduate Tuition and Fees	\$ 75,190,792	\$ 76,307,284	\$ 77,319,658	\$ 1,012,374
Undergraduate Institutional Grants and Scholarships	(19,585,123)	(17,835,153)	(18,350,281)	(515,128)
<b>Undergraduate Net Tuition and Fee Revenue</b>	<b>55,605,669</b>	<b>58,472,131</b>	<b>58,969,377</b>	<b>497,246</b>
Graduate Tuition and Fees	34,254,014	30,947,485	30,623,171	(324,314)
Graduate Institutional Scholarships and Waivers	(5,363,693)	(4,629,108)	(4,950,499)	(321,391)
<b>Graduate Net Tuition and Fee Revenue</b>	<b>28,890,321</b>	<b>26,318,377</b>	<b>25,672,672</b>	<b>(645,705)</b>
Room and Board	24,857,241	24,637,426	28,456,699	3,819,273
Room and Board Waivers	(1,134,914)	(903,952)	(1,088,135)	(184,183)
<b>Room and Board Net Revenue</b>	<b>23,722,327</b>	<b>23,733,474</b>	<b>27,368,564</b>	<b>3,635,090</b>
<b>Net Student Revenue</b>	<b>108,218,317</b>	<b>108,523,982</b>	<b>112,010,613</b>	<b>3,486,631</b>
State Funding	56,984,728	57,049,728	62,736,615	5,686,887
Foundation Restricted Gifts for Operations	4,609,587	5,460,109	6,491,264	1,031,155
Foundation Restricted Capital Gifts	-	861,646	42,610	(819,036)
Foundation Unrest (design. for scholarships)	1,610,000	1,610,000	1,610,000	-
<b>Subtotal State &amp; Foundation</b>	<b>63,204,315</b>	<b>64,981,483</b>	<b>70,880,489</b>	<b>5,899,006</b>
Other Auxiliary Services (Athletics, Food serv., Senior meals)	6,741,247	9,808,809	7,637,379	(2,171,430)
Other Revenue (Orientation, Serv. Chgs., misc.)	5,563,300	4,186,726	5,138,701	951,975
Net Non-Operating Rev. (Interest, rebates, broad band lease)	2,555,725	3,339,770	3,205,949	(133,821)
<b>Subtotal Other Revenue</b>	<b>14,860,272</b>	<b>17,335,305</b>	<b>15,982,028</b>	<b>(1,353,277)</b>
<b>Total Non-Student Revenue</b>	<b>78,064,587</b>	<b>82,316,788</b>	<b>86,862,517</b>	<b>4,545,729</b>
<b>NET OPERATING REVENUES</b>	<b>186,282,904</b>	<b>190,840,770</b>	<b>198,873,130</b>	<b>8,032,360</b>
<b>OPERATING EXPENSES</b>				
Faculty Salaries	40,057,086	38,877,989	39,693,251	815,262
Exempt Salaries	37,007,050	36,391,273	39,868,000	3,476,727
Classified Salaries	12,926,306	13,351,906	13,738,978	387,072
Graduate Stipends	4,845,453	4,726,999	4,940,814	213,815
Student and Other Wages	3,697,238	3,620,520	3,249,909	(370,611)
Fringe Benefits	27,823,404	25,877,381	26,623,253	745,872
<b>Subtotal Personnel Expenses</b>	<b>126,356,537</b>	<b>122,846,068</b>	<b>128,114,205</b>	<b>5,268,137</b>
Cost of Sales	9,210,502	9,913,705	11,095,366	1,181,661
Utilities	5,821,318	7,049,910	6,866,574	(183,336)
Travel	3,625,287	4,328,819	3,874,418	(454,401)
Services, Supplies, and Other Non-personnel	32,218,355	30,363,936	30,348,121	(15,815)
<b>Subtotal Non-personnel Expenses</b>	<b>50,875,462</b>	<b>51,656,370</b>	<b>52,184,478</b>	<b>528,108</b>
Debt Service on Bonds	10,165,372	10,165,372	10,850,765	685,393
Notes Payable	803,709	717,668	717,668	-
Multiyear Projects	3,160,756	2,273,539	3,319,746	1,046,207
<b>Subtotal Debt &amp; Notes Payable, Multiyear</b>	<b>14,129,837</b>	<b>13,156,579</b>	<b>14,888,179</b>	<b>1,731,600</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>191,361,836</b>	<b>187,659,017</b>	<b>195,186,862</b>	<b>7,527,845</b>
Foundation Capital Transfer(s)	-	861,646	42,610	(819,036)
Institutionally Funded Capital Transfer(s)	3,766,222	5,926,000	3,528,289	(2,397,711)
<b>TOTAL EXPENSES</b>	<b>195,128,058</b>	<b>194,446,663</b>	<b>198,757,761</b>	<b>4,311,098</b>
<b>TOTAL OPERATING INFLOW / (OUTFLOW)</b>	<b>(8,845,154)</b>	<b>(3,605,893)</b>	<b>115,369</b>	<b>3,721,262</b>
Balance Sheet Changes/Timing	(10,000)	1,153,727	1,130,751	(22,976)
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ (8,855,154)</b>	<b>\$ (2,452,166)</b>	<b>\$ 1,246,120</b>	<b>\$ 3,698,286</b>

# OTHER BUDGET, FINANCIAL, AND ENROLLMENT DATA

## Actual and Projected Net Revenues Available for Debt Service

	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected <sup>4</sup> FY 2024	Projected <sup>4</sup> FY 2025
<b>OPERATING REVENUES</b>					
Housing and food contracts <sup>5</sup>	\$ 22,414,697	\$ 24,128,611	\$ 24,594,239	\$ 28,456,699	\$ 29,310,400
Short-term room and board <sup>6</sup>	633,757	1,605,621	2,804,766	1,299,237	1,338,214
Student fees <sup>7</sup>	10,771,954	10,385,315	9,468,777	9,525,838	9,811,613
Parking fees	878,948	1,420,931	1,657,217	1,700,000	1,751,000
Other auxiliary sales and services <sup>6</sup>	1,724,278	3,703,683	3,351,264	3,719,452	3,831,036
Other auxiliary investment revenues	73,202	46,689	118,867	108,000	111,240
<b>Gross revenues</b>	<b>36,496,836</b>	<b>41,290,850</b>	<b>41,995,130</b>	<b>44,809,226</b>	<b>46,153,503</b>
Operating expenses <sup>8</sup>					
Cost of sales	2,037,021	3,762,052	10,307,231	11,458,596	11,802,354
Personal services <sup>9</sup>	8,386,237	7,253,446	5,367,859	6,475,121	6,636,999
Other general expenses	5,950,960	9,935,452	6,897,026	6,897,014	7,103,924
Utilities	2,288,013	2,959,558	3,395,848	3,194,104	3,289,927
Room and board scholarships	2,000	928,870	(1,000)	-	-
Travel and subsistence	-	-	8,635	23,638	24,347
Capital outlay, operations	-	-	309,473	-	-
<b>Total operating expenses</b>	<b>18,664,231</b>	<b>24,839,378</b>	<b>26,285,072</b>	<b>28,048,473</b>	<b>28,857,552</b>
<b>Net auxiliary and student fee facility revenues</b>					
10% of tuition revenues <sup>1, 10</sup>	<b>17,832,605</b>	<b>16,451,472</b>	<b>15,710,058</b>	<b>16,760,753</b>	<b>17,295,951</b>
100% of tuition revenues <sup>1, 10</sup>	5,990,225	6,022,697	-	-	-
Other net revenues	-	-	63,584,110	64,427,416	66,360,238
Indirect cost recoveries <sup>2</sup>	503,792	563,227	682,169	535,000	551,050
Extended Campus net revenues	12,753,284	12,008,787	8,348,105	10,801,265	11,125,303
<b>Other pledged tuition and revenues</b>	<b>19,247,301</b>	<b>18,594,711</b>	<b>72,614,384</b>	<b>75,763,681</b>	<b>78,036,591</b>
<b>TOTAL NET PLEDGED REVENUES</b>	<b>37,079,906</b>	<b>35,046,183</b>	<b>88,324,442</b>	<b>92,524,434</b>	<b>95,332,543</b>
<b>Debt service</b>					
Series 2014A debt service	3,861,713	3,173,425	2,490,637	2,496,637	2,492,137
Series 2015A debt service	910,400	910,400	910,400	910,400	910,400
Series 2016A debt service	1,596,100	1,596,850	1,597,150	1,597,000	1,596,000
Series 2018A debt service	752,388	752,388	756,138	748,388	144,638
Series 2018B debt service	566,350	566,350	566,350	1,246,350	1,247,350
Series 2019A debt service	2,816,768	2,824,453	2,815,142	2,824,322	3,466,230
Series 2021A debt service <sup>3</sup>	-	402,310	1,029,555	1,027,668	1,027,683
<b>TOTAL DEBT SERVICE</b>	<b>\$ 10,503,719</b>	<b>\$ 10,226,176</b>	<b>\$ 10,165,372</b>	<b>\$ 10,850,765</b>	<b>\$ 10,884,438</b>
<b>Debt service coverage</b>	<b>3.53 x</b>	<b>3.43 x</b>	<b>8.69 x</b>	<b>8.53 x</b>	<b>8.76 x</b>

<sup>1</sup> Tuition revenues include general fund tuition. Extended Campus tuition is included in Extended Campus net revenues. In November 2022, the Board approved a resolution to amend UNC's revenue pledge from 10% to 100% of tuition revenues.

<sup>2</sup> Indirect cost recoveries are also commonly referred to as grant facilities & administrative costs.

<sup>3</sup> Starting in FY 2022 a portion of the Series 2014A bonds were refinanced into the 2021A bond issue.

<sup>4</sup> FY 2024 Projected and FY 2025 Projected include the following assumptions:

<sup>5</sup> Housing and food contracts revenue is based on a tiered rate structure and occupancy estimates. Room and board rates increased 6% and 9.5% respectively in FY 2024 and are expected to increase 3% for FY 2025.

<sup>6</sup> Short term room and board & other auxiliary sales were impacted by the pandemic in FY 2021 and by outsourcing dining to Sodexo in FY 2023. Revenue is expected to stabilize in FY 2024.

<sup>7</sup> Student fees were increased 5% in FY 2024 and assumed a 3% rate increase in FY 2025.

<sup>8</sup> Dining was outsourced to Sodexo in FY 2023 which resulted in a shift in operating expenses from personal services & other general expenses to cost of sales.

<sup>9</sup> Personnel for FY 2024 includes a 3% salary increase for Faculty, Exempt and Classified staff. A 3% salary increase is also expected in FY 2025.

<sup>10</sup> Resident and non-resident undergraduate tuition rates increased 6% and WUE rates remained flat for FY 2024, while graduate tuition rates increased by 5%. In FY 2025, all undergraduate and graduate tuition rates are projected to increase 3%.

### General Financial Information and Operating Data

#### State Support

The State of Colorado provides support to public higher education through two avenues. The College Opportunity Fund provides per-credit-hour stipends to qualified resident undergraduate students to pay a portion of their tuition. The State of Colorado also enters into Fee-for-Service contracts with higher education institutions to support graduate and specialized undergraduate educational services. The following table is a five-year history of UNC's state support expressed as a percentage of total operating revenue:

<b>State Support as a Percentage of Total Operating Revenue</b>					
<b>Fiscal Year</b>	<b>College Opportunity Fund</b>	<b>Fee-For-Service</b>	<b>Total State Support</b>	<b>Total Operating Revenue</b>	<b>Total Support as a % of Total Revenues</b>
2018-2019	16,561,615	25,931,111	42,492,726	206,559,570	21%
2019-2020	17,613,396	29,466,067	47,079,463	195,464,100	24%
2020-2021	6,526,210	13,290,665	19,816,875	153,851,706	13%
2021-2022	13,911,385	37,813,185	51,724,570	183,106,583	28%
2022-2023	13,897,857	42,978,042	56,875,899	198,978,228	29%

#### Projected Net Revenues for Debt Service

The following sections of this report provide additional information to supplement the actual, budgeted, and projected net revenues available for debt service included in the table on the previous page.

#### University Housing and Dining Facilities

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

<b>Student Housing Utilization</b>		
<b>Fiscal Year</b>	<b>Capacity<sup>1</sup></b>	<b>Utilization Rate</b>
2018-2019	3,068	86.7%
2019-2020	3,068	69.3%
2020-2021	3,066	56.7%
2021-2022	3,148	58.7%
2022-2023	3,148	57.9%

<sup>1</sup> Capacity does not include Arlington Park Apartments

## OTHER BUDGET, FINANCIAL, AND ENROLLMENT DATA

A five-year history of Room and Board revenues is summarized below:

<b>Room and Board Rates and Revenues (in dollars)</b>					
<b>Fiscal Year</b>	<b>Low Room Rate <sup>1</sup></b>	<b>High Room Rate <sup>1</sup></b>	<b>Arlington Park Apartments</b>	<b>Typical Board Rate <sup>2</sup></b>	<b>Total Revenue</b>
2018-2019	2,545	3,458	556/month	2,950	32,519,883
2019-2020	2,545	3,458	556/month	2,950	25,047,121
2020-2021	2,596	3,408	567/month	2,695	22,414,697
2021-2022	2,700	3,544	590/month	2,803	24,128,611
2022-2023	2,835	3,721	631/month	2,999	24,594,239

<sup>1</sup> Room rates are per semester & vary depending upon the room style and amenities. The lowest and highest rates are reflected to provide a range for the semester. Single occupancy in a room carries an additional charge of \$250 for a small room, \$525 for a large room and \$550 for a room buyout.

<sup>2</sup> Typical Board Rate defined as meal plan used for Financial Aid packaging. It was 19 meals/week in FY19 & FY20 and 14 meals/week in FY21 thru FY23.

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

<b>Short-Term Room and Board</b>	
<b>Fiscal Year</b>	<b>Total Revenue</b>
2018-2019	2,510,110
2019-2020	1,620,658
2020-2021	633,757
2021-2022	1,605,621
2022-2023	2,804,766

## OTHER BUDGET, FINANCIAL, AND ENROLLMENT DATA

### Student Activity Fee

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

Fiscal Year	Student Activity Fees (in dollars)					Pledged Student Fees Transferred to Reserves for Capital		
	Academic Year Student Fee <sup>1</sup>	Academic Year Capital Fee	Total Student Fee Revenue <sup>2</sup>	Pledged Student Fee Revenue	Pledged Services Fee	Capital and Facilities Student Fee	Pledged Student Fees Used To Pay Debt Service	
2018-2019	935	910	15,621,258	10,501,199	3,493,235	7,007,964	2,495,328	5,063,535
2019-2020	962	937	14,825,028	9,929,578	3,276,897	6,652,681	2,964,533	4,148,905
2020-2021	1,017	937	14,561,458	10,045,094	3,509,537	6,535,557	2,960,461	4,276,999
2021-2022	1,202	966	14,972,384	9,687,425	3,707,666	5,979,759	2,925,750	3,771,683
2022-2023	1,237	995	13,935,571	8,979,539	3,441,435	5,538,104	2,896,451	3,287,611

<sup>1</sup> Includes LEAF Fee  
<sup>2</sup> Includes Capital Fee Revenue which was moved to a non operating revenue in fiscal year 2018

### Parking Fees

The University has 34 parking lots at its Greeley, Colorado campus, with over 5,300 parking spaces. Total annual parking revenues for the last five fiscal years are presented in the table below.

Fiscal Year	Parking Permits and Fines Revenues (in dollars)	
	Permit Basic Fee	Total Revenue
2018-2019	285	2,153,626
2019-2020	285	1,541,971
2020-2021	285	883,401
2021-2022	285	1,437,880
2022-2023	314	1,670,089

## OTHER BUDGET, FINANCIAL, AND ENROLLMENT DATA

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### Other Auxiliary Sales and Services

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

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

Fiscal Year	Revenue
2018-2019	5,530,125
2019-2020	4,129,807
2020-2021	1,719,825
2021-2022	3,686,734
2022-2023	3,347,235

## Enrollment, Admissions, Student Charges, and Faculty Data

ENROLLMENT					
Fall	2018	2019	2020	2021	2022
<b>HEADCOUNT (Fall Final)</b>					
<b>Total Headcount</b>	13,437	12,930	11,460	10,348	9,380
% Change	0.3%	-3.8%	-11.4%	-9.7%	-9.4%
<b>Undergraduate Headcount</b>	10,232	9,810	8,494	7,357	6,728
% Change	1.4%	-4.1%	-13.4%	-13.4%	-8.5%
% Undergraduate Headcount	76.1%	75.9%	74.1%	71.1%	71.7%
<b>Full Time Undergraduate Headcount</b>	8,064	7,752	6,726	5,948	5,377
% Change	-3.2%	-3.9%	-13.2%	-11.6%	-9.6%
% Full time Undergraduate Headcount	78.8%	79.0%	79.2%	80.8%	79.9%
<b>Part Time Undergraduate Headcount</b>	2,168	2,058	1,768	1,409	1,351
% Change	22.9%	-5.1%	-14.1%	-20.3%	-4.1%
% Part time Undergraduate Headcount	21.2%	21.0%	20.8%	19.2%	20.1%
<b>Graduate Headcount</b>	3,205	3,120	2,966	2,991	2,652
% Change	-3.1%	-2.7%	-4.9%	0.8%	-11.3%
% Graduate Headcount	23.9%	24.1%	25.9%	28.9%	28.3%
<b>Extended Campus Headcount</b>	3,677	3,640	3,073	2,813	2,467
% Change	11.3%	-1.0%	-15.6%	-8.5%	-12.3%
<b>FTE (Fall Final)</b>					
<b>Total FTE</b>	11,179	10,720	9,596	8,643	7,779
% Change	-1.4%	-4.1%	-10.5%	-9.9%	-10.0%
<b>Undergraduate Resident FTE</b>	7,612	7,394	6,524	5,704	5,185
% Change	-0.6%	-2.9%	-11.8%	-12.6%	-9.1%
<b>Undergraduate Non-Resident FTE</b>	728	647	503	440	414
% Change	-0.5%	-11.1%	-22.3%	-12.5%	-5.9%
<b>Undergraduate WUE FTE</b>	683	636	536	474	399
% Change	-7.2%	-6.9%	-15.7%	-11.6%	-15.8%
<b>Undergraduate Total FTE</b>	9,023	8,677	7,563	6,618	5,998
% Change	-1.2%	-3.8%	-12.8%	-12.5%	-9.4%
% Undergraduate FTE	80.7%	80.9%	78.8%	76.6%	77.1%
<b>Graduate Resident/WICHE FTE</b>	1,496	1,403	1,444	1,415	1,268
% Change	-2.2%	-6.2%	2.9%	-2.0%	-10.4%
<b>Graduate Non-Resident FTE</b>	660	640	589	610	513
% Change	-2.7%	-3.0%	-8.0%	3.6%	-15.9%
<b>Graduate Total FTE</b>	2,156	2,043	2,033	2,025	1,781
% Change	-2.4%	-5.2%	-0.5%	-0.4%	-12.0%
% Graduate FTE	19.3%	19.1%	21.2%	23.4%	22.9%
For the section above we used the following rationale for figuring FTE (For UG: UG Full Time Headcount + UG Part Time Total Credit hours /12. For GR: GR Full Time Headcount + GR Part Time Total Credit Hours/9.)					

## ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

	2018	2019	2020	2021	2022
<b>Credit Hours (Complete Year: Fall, Interim, Spring, Summer)</b>					
<b>Total Annual Credit Hours</b>	308,659	294,875	263,522	237,371	211,869
% Change	-2.1%	-4.5%	-10.6%	-9.9%	-10.7%
<b>Credit Hours by Residency</b>					
Main campus - Resident/WICHE	213,918	206,068	185,883	167,072	152,433
Main campus - Nonresident	22,942	20,129	15,987	15,224	13,805
Main campus - WUE	18,785	17,559	14,658	12,878	10,729
Extended Campus	53,014	51,119	46,994	42,197	34,902
<b>Credit Hours by Term</b>					
Fall	147,663	141,666	125,913	112,836	101,644
Interim	1,917	1,837	1,319	1,204	842
Spring	129,519	123,053	110,128	99,691	88,964
Summer	29,560	28,319	26,162	23,640	20,419
<b>Credit Hours by Student Level and Campus</b>					
Undergraduate - Main Campus	235,907	223,873	195,962	175,261	158,075
% Change	-3.3%	-5.1%	-12.5%	-10.6%	-9.8%
Undergraduate - Extended Campus	20,180	19,488	16,630	12,980	11,525
% Change	20.2%	-3.4%	-14.7%	-21.9%	-11.2%
Graduate - Main Campus	19,738	19,883	20,566	19,913	18,892
% Change	-6.3%	0.7%	3.4%	-3.2%	-5.1%
Graduate - Extended Campus	32,834	31,631	30,364	29,217	23,377
% Change	-1.9%	-3.7%	-4.0%	-3.8%	-20.0%

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

ADMISSIONS					
Fall	2018	2019	2020	2021	2022
<b>New Domestic First-Time UG Admissions (Fall Final)</b>					
<b>New Domestic First-Time UG Applicants</b>	8,253	9,250	9,114	10,037	8,333
% Change	10.9%	12.1%	-1.5%	10.1%	-17.0%
<b>New Domestic First-Time UG Acceptances</b>	7,496	8,398	8,005	9,186	7,820
% Accepted	90.8%	90.8%	87.8%	91.5%	93.8%
<b>New Domestic First-Time UG Matriculants</b>	1,948	1,806	1,349	1,249	1,180
% Matriculated	26.0%	21.5%	16.9%	13.6%	15.1%
<b>Matriculants / Applicants</b>	23.6%	19.5%	14.8%	12.4%	14.2%
% Instate Students	84.0%	87.1%	87.1%	85.4%	83.6%
<b>New Domestic Transfer Student Admissions (Fall Final)</b>					
<b>New Transfer Applicants</b>	1,588	1,552	1,343	1,519	1,092
% Change	-7.0%	-2.3%	-13.5%	13.1%	-28.1%
<b>New Transfer Acceptances</b>	1,534	1,509	1,297	1,446	1,056
% Accepted	96.6%	97.2%	96.6%	95.2%	96.7%
<b>New Transfer Matriculants</b>	711	713	612	607	538
% Matriculated	46.3%	47.2%	47.2%	42.0%	50.9%
<b>Matriculants / Applicants</b>	44.8%	45.9%	45.6%	40.0%	49.3%
% Instate Students	77.3%	80.5%	80.5%	78.7%	80.3%
<b>International Undergraduate Student Admissions (Fall Final)</b>					
<b>International UG Applicants</b>	138	168	104	136	247
% Change	-26.2%	21.7%	-38.1%	30.8%	81.6%
<b>International UG Acceptances</b>	136	164	98	130	224
% Accepted	98.6%	97.6%	94.2%	95.6%	90.7%
<b>International UG Matriculants</b>	94	93	29	24	54
% Matriculated	69.1%	56.7%	29.6%	18.5%	24.1%
<b>Matriculants / Applicants</b>	68.1%	55.4%	27.9%	17.6%	21.9%
<b>Graduate Student Admissions (Fall Final)</b>					
<b>Graduate Applicants</b>	3,134	2,628	2,455	2,919	1,846
% Change	9.7%	-16.1%	-6.6%	18.9%	-36.8%
<b>Graduate Acceptances</b>	1,646	1,783	1,726	1,780	1,507
% Accepted	52.5%	67.8%	70.3%	61.0%	81.6%
<b>Graduate Matriculants</b>	954	1,061	1,025	1,038	815
% Matriculated	58.0%	59.5%	59.4%	58.3%	54.1%
<b>Matriculants / Applicants</b>	30.4%	40.4%	41.8%	35.6%	44.1%
% Instate Students	60.3%	59.0%	59.0%	64.0%	66.5%
NOTE: Domestic counts represent degree-seeking undergraduate applicants only. International counts include both degree-seeking and non-degree applicants. Counts include summer applications.					

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

## NEW FIRST-TIME UG STUDENT QUALITY INDICATORS

Fall	2018	2019	2020	2021	2022
SAT Scores	1,088	1,080	1,090	1,098	1,092
ACT Scores	22.4	22.4	22.8	23.3	23.9
% of New Students in Top 25% of their H.S.	35%	37%	40%	41%	42%

## NEW FIRST-TIME FULL TIME UG RETENTION AND GRADUATION RATES

Cohort Year (First Fall at UNC)	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Retention Rate (First Fall to Next Fall)	72.3%	70.1%	69.1%	75.2%	74.3%

Cohort Year (First Fall at UNC)	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Graduation Rate (within 4 years)	35.5%	36.8%	36.9%	37.9%	36.2%

Cohort Year (First Fall at UNC)	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Graduation Rate (within 5 years)	48.8%	49.6%	49.9%	49.4%	49.0%

Cohort Year (First Fall at UNC)	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Graduation Rate (within 6 years)	52.2%	51.7%	51.9%	51.9%	51.3%

\* The data is from official enrollment freeze data that is used for government reporting and saved on the official freeze date. Official UG Retention and Graduation Rates are sent to IPEDS every year. The New First-Time Full Time UG Retention and Graduation Rates section is updated to make sure all percents in this table match our official IPEDS Retention and Graduation Rates when available.

# ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

STUDENT CHARGES - UNDERGRADUATE					
Fiscal Year/Academic Fall & Spring	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Tuition - Resident (15 cr hrs per sem)</b>	\$7,596	\$7,596	\$7,596	\$8,127	\$8,289
% Change	3.0%	0.0%	0.0%	7.0%	2.0%
<b>Tuition - Nonresident (15 cr hrs per sem)</b>	\$19,464	\$19,854	\$19,854	\$21,246	\$21,885
% Change	2.7%	2.0%	0.0%	7.0%	3.0%
<b>Room and Board (Tier 1 Dorm and 19 meals)</b>	\$10,990	\$10,990	\$11,092	\$11,536	\$12,236
% Change	2.0%	0.0%	0.9%	4.0%	6.1%
<b>Required Fees and Charges* (15 cr hrs per sem)</b>	\$2,322	\$2,390	\$2,465	\$2,539	\$2,615
% Change	6.9%	2.9%	3.1%	3.0%	3.0%
<b>Total Costs Charged - Resident</b>	\$20,908	\$20,976	\$21,153	\$22,202	\$23,140
% Change	2.9%	0.3%	0.8%	5.0%	4.2%
<b>Total Costs Charged - Nonresident</b>	\$32,776	\$33,234	\$33,411	\$35,321	\$36,736
% Change	2.7%	1.4%	0.5%	5.7%	4.0%

*Includes student services, technology, library and capital fees. As of FY22 UNC no longer charges a separate library fee.					
TUITION CHARGES - GRADUATE*					
Fiscal Year/Academic Fall-Spring	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Tuition Master's Low - Resident</b>	\$9,540	\$10,080	\$10,080	\$10,386	\$10,602
% Change	5.0%	5.7%	0.0%	3.0%	2.1%
<b>Tuition Master's High - Resident</b>	\$11,340	\$11,340	\$11,340	\$11,682	\$11,916
% Change	1.9%	0.0%	0.0%	3.0%	2.0%
<b>Tuition Doctoral Low - Resident</b>	\$10,440	\$10,800	\$10,800	\$11,124	\$11,340
% Change	5.3%	3.4%	0.0%	3.0%	1.9%
<b>Tuition Doctoral High - Resident</b>	\$11,970	\$11,970	\$11,970	\$12,330	\$12,582
% Change	2.3%	0.0%	0.0%	3.0%	2.0%
<b>Tuition Master's Low - Nonresident</b>	\$15,948	\$16,488	\$16,488	\$16,974	\$17,316
% Change	3.0%	3.4%	0.0%	2.9%	2.0%
<b>Tuition Master's High - Nonresident</b>	\$21,276	\$21,276	\$21,276	\$21,906	\$22,338
% Change	1.0%	0.0%	0.0%	3.0%	2.0%
<b>Tuition Doctoral Low - Nonresident</b>	\$21,528	\$21,888	\$21,888	\$22,536	\$22,986
% Change	2.5%	1.7%	0.0%	3.0%	2.0%
<b>Tuition Doctoral High - Nonresident</b>	\$22,644	\$22,644	\$22,644	\$23,328	\$23,796
% Change	1.2%	0.0%	0.0%	3.0%	2.0%

*Academic year amount (based on 9 credit hours per semester). Programs in some cases have rate amount and percentage changes different from indicated, due to consolidation of tiers in various years.					
FACULTY DATA - FALL CENSUS					
Fall	2018	2019	2020	2021	2022
Total Faculty	872	821	731	747	687
Full time Faculty	514	482	441	421	397
Part time Faculty	358	339	290	326	290
Student to Faculty Ratio*	17	17	16	14	14

*[(Full time Students + 1/3 Part time Students) / (Full time Faculty + 1/3 Part time Faculty)] from IPEDS Fall Enrollment Report					
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## University Administration

### BOARD OF TRUSTEES AS OF JUNE 30, 2023

#### **Richard L. Monfort**

Chair of the Board of Trustees  
Businessman and Investor

#### **Stephen Jordan, Ph.D.**

Vice Chair of the Board of Trustees  
Retired Higher Education Administrator

#### **Maia Babbs**

Chair of the Finance and Audit Committee  
Founder and CEO of Lariat Wealth  
Management

#### **Gregory Anton**

Partner, BDO USA

#### **Patricia Barela Rivera**

President, PBR Solutions

#### **Dr. Shashwata Prateek Dutta**

Policy Director, Democrats for Education  
Reform

#### **Annette Martinez**

Retired Senior Vice President for State Farm  
Mutual Automobile Insurance Company

#### **Angela Vaughan**

Faculty Trustee  
University of Northern Colorado

#### **Christa Harvey**

Student Trustee  
University of Northern Colorado

### ADMINISTRATION AS OF JUNE 30, 2023

#### **Andy Feinstein**

President

#### **Kirsty Fleming**

Provost & Executive Vice President

#### **Dale Pratt**

Vice President & Chief Financial Officer  
Treasurer to the Board of Trustees

#### **Daniel Satriana, Jr.**

Interim Vice President & General Counsel  
Secretary to the Board of Trustees

#### **Darren Dunn**

Director of Athletics

#### **Cedric Howard**

Vice President for Student Affairs &  
Enrollment Services

#### **Tobias Guzmán**

Vice President for Diversity, Equity &  
Inclusion

#### **Allie Steg Haskett**

Vice President for University Advancement

#### **Jennifer Almquist**

Chief of Staff

**Independent Auditors' Report On  
Internal Control Over Financial  
Reporting And On Compliance And Other  
Matters Based On An Audit Of Financial  
Statements Performed In Accordance  
With *Government Auditing Standards***

The Members of the Legislative Audit Committee  
University of Northern Colorado Board of Trustees  
Greeley, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the University of Northern Colorado (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the University of Northern Colorado Foundation, Incorporated (the Foundation) as described in our report on the University's financial statements. The financial statements of the Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

**Report On Internal Control Over Financial Reporting**

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

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

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

### **Report On Compliance And Other Matters**

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

### **Purpose Of This Report**

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

*BolinBrown LLP*

January 12, 2024

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## Vision

The 10-year strategic plan—Rowing, Not Drifting 2030—was developed following an extensive, collaborative process with university stakeholders. In 2019, UNC developed a comprehensive vision that will serve the university over the next decade. The vision is composed of the vision statement, five vision elements, and 2030 outcomes that serve as the foundation in support of and in service to UNC's students, faculty, staff, alumni, and extended community. It also guides the work of our five phases over the next decade, as well as the implementation of our supporting key actions and tactics.

## Vision Statement

The University of Northern Colorado will be the institution that Colorado looks to as the future of higher education. Our students will experience a personalized education grounded in liberal arts and infused with critical and creative inquiry; establish relationships with faculty and staff that nurture individual development; gain the skills and knowledge that provide upward mobility among alumni; and share a commitment to the values of inclusion, equity, and diversity.

## Five Vision Elements

The Five Vision Elements are the major building blocks of our vision, each of which describes an institutional priority. Each vision element outlines specific outcomes that will be achieved by 2030.



Students  
First



Empower  
Inclusivity



Enhance &  
Invest



Innovate &  
Create



Connect &  
Celebrate



STATE OF COLORADO  
UNIVERSITY OF NORTHERN COLORADO



DEPARTMENT OF ATHLETICS, INDEPENDENT  
ACCOUNTANTS' REPORT ON APPLYING  
NATIONAL COLLEGIATE ATHLETIC  
ASSOCIATION AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2023

## **LEGISLATIVE AUDIT COMMITTEE**

Senator Robert Rodriguez  
Chair

Representative Lisa Frizell  
Vice Chair

Representative Andrew Boesenecker

Representative William Lindstedt

Representative Gabe Evans

Senator Rod Pelton

Senator Rhonda Fields

Senator Kevin Van Winkle

## **OFFICE OF THE STATE AUDITOR**

Kerri L. Hunter, CPA, CFE

State Auditor

Marisa Edwards, CPA

Deputy State Auditor

Emma Webster

Contract Monitor

RubinBrown, LLP

Contractor

REPORT NUMBER 2337F-B

## **Independent Accountants' Report On Application Of Agreed-Upon Procedures**

Members of the Legislative Audit Committee  
University of Northern Colorado  
President Andrew Feinstein  
Greeley, Colorado

We have performed the procedures enumerated below on the accompanying University of Northern Colorado (the University) Intercollegiate Athletics Department Statement of Revenues and Expenses (the Statement), solely to assist the University in evaluating whether the Statement is in compliance as stipulated in the National Collegiate Athletic Association (the NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2023. The University's management is responsible for the aforementioned Statement and related NCAA compliance requirements.

The Office of the State Auditor and University have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the University in evaluating whether the Statement is in compliance with the NCAA Bylaw 20.2.4.17 for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and as such, users are responsible for determining whether the procedures are appropriate for their purposes.

The procedures and the associated findings are as follows:

### **General Procedures**

#### ***1. Agreement To General Ledger And Supporting Detail***

We obtained the Statement for the year ended June 30, 2023, as prepared by management. For all line items on the Statement greater than 4.0% (of either revenues or expenses), we recalculated the addition of the amounts on the Statement, compared amounts on the Statement to management's supporting documentation and compared the amounts on management's schedules to the general ledger and the audited financial statements of the University.

#### ***Findings:***

No exceptions were found as a result of applying these procedures.

**2. *Comparison Of Actual To Budget***

We compared Fiscal Year 2023 actual revenues and expenses to budgeted revenues and expenses. We obtained management's explanations for each revenue and expense account over 10.0% of each respective total that yielded variations over 10.0% when compared to the budgeted amount.

*Findings:*

Management explained that the annual detailed budget that is published by the University is formatted and established in a fashion that correlates to the audited financial statements. As such, a comparison on the level of the revenues and expenses reported in the Statement is not available.

**3. *Comparison Of Actual To Prior Year***

We compared Fiscal Year 2023 actual revenues and expenses to prior-year revenues and expenses. We obtained management's explanations for each revenue and expense account over 10.0% of each respective total that yielded variations over 10.0% when compared to the prior year.

*Findings:*

There were no fluctuations in revenues or expenses that were greater than the above noted thresholds that could not be explained by management. Management has included a narrative of significant fluctuations in the notes to the Statement.

**4. *Sponsored Sports***

We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University.

*Findings:*

There were no exceptions noted in the procedures performed.

**5. *Sports Sponsorship And Demographic Forms Report***

We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We confirmed that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.10.6.3 for the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We confirmed that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

*Findings:*

There were no exceptions noted in the procedures performed.

**6. *Pell Grants***

- a. We agreed the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants.

*Findings:*

There were no exceptions noted in the procedures performed.

- b. We compared the number of current-year Pell Grants to prior-year reported totals per the Membership Financial Report submission. We inquired and documented an explanation of any variance greater than +/-20 grants.

*Findings:*

There were no exceptions noted in the procedures performed.

**7. *Excess Transfers To Institution And Conference Realignment Expenses***

Per discussion with management, there were no items related to this category for the year ended June 30, 2023, and as such, no procedures were performed.

**8. *Total Athletics Related Debt***

- a. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained.

*Findings:*

Per discussion with management, there is no outstanding debt specifically related to athletics as of June 30, 2023.

- b. We agreed the total annual maturities and total outstanding athletic debt related to supporting documentation and the institution's general ledger, as applicable.

*Findings:*

Per discussion with management, there is no outstanding debt specifically related to athletics as of June 30, 2023.

**9. *Total Institutional Debt***

We agreed the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.

*Findings:*

No exceptions were found as a result of applying these procedures.

**10. *Value Of Athletics-Dedicated Endowments***

We obtained a schedule of all athletics-dedicated endowments maintained by athletics, the institution and affiliated organizations. We agreed the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

*Findings:*

No exceptions were found as a result of applying these procedures.

### ***11. Value Of Institutional Endowments***

We agreed the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.

*Findings:*

No exceptions were found as a result of applying these procedures.

### ***12. Total Athletics-Related Capital Expenditures***

a. We obtained a schedule of athletics-related capital expenditures made by athletics, the institution and affiliated organizations during the reporting period.

*Findings:*

No exceptions were found as a result of applying these procedures.

b. We obtained the general ledger detail and compared to the total expenses reported. We selected a sample of three transactions to validate existence of the transaction and accuracy of recording and recalculated the totals.

*Findings:*

No exceptions were found as a result of applying these procedures.

## **Procedures Related To Internal Control Structure Policies And Procedures**

### ***1. Internal Control Structure***

We requested a description of aspects of the University's internal control structure unique to the Intercollegiate Athletics Department directly from University management. For the individual expense and revenue transactions selected for testing below, we inspected the evidence present to document the University's internal controls.

*Findings:*

Management provided a description of aspects of the University's internal control structure unique to the Intercollegiate Athletics Department directly to us. For all sample selections for revenues and expenses below, we noted evidence of adherence to the University's internal controls in the supporting documentation provided to us.

## **Procedures Related To Revenues**

### **1. *Ticket Sales***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

### **2. *Direct State Or Other Government Support***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

### **3. *Student Fees (Athletic)***

- a. We obtained and documented an understanding of the University's methodology for allocating student fees to intercollegiate athletics programs.

*Findings:*

No exceptions were found as a result of applying these procedures.

- b. We compared and agreed student athletic fees reported by the University to student enrollments during the current period and recalculated the totals. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, we recalculated the totals of their methodology for supporting that they are able to count each sport. We also tied the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

*Findings:*

The University does not charge a specific fee for athletics directly to the students (and thereby, does not consider it countable revenue), but rather allocates a portion of the total University-wide student fee to athletics and other activities as approved by the University's Board of Trustees on an annual basis.

**4. *Direct Institutional Support***

- a. We obtained and inspected supporting detail of direct institutional support revenue (specifically, the internal budgeting information). We recalculated the total direct institutional support revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger and on the Statement.

*Findings:*

No exceptions were found as a result of applying these procedures.

- b. For three selected transactions, we vouched the amount recorded by the University as direct institutional support to supporting documentation.

*Findings:*

No exceptions were found as a result of applying these procedures.

**5. *Transfers Back To Institution***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**6. *Indirect Institutional Support***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**7. *Guarantees***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**8. *Contributions***

- a. We obtained and inspected supporting detail of contributions revenue and tested a sample of contributions. We recalculated the total contributions revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger and on the Statement.

*Findings:*

No exceptions were found as a result of applying these procedures.

- b. For any contributions of moneys, goods or services received directly by the program from any affiliated organization or individual that constituted 10 percent or more in aggregate for the reporting year of all contributions received, obtained and reviewed supporting documentation and recalculated totals.

*Findings:*

No exceptions were found as a result of applying these procedures.

**9. *In-Kind***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**10. *Compensation And Benefits Provided By A Third Party***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**11. *Media Rights***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**12. *NCAA Distributions***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**13. *Conference Distributions (Nonmedia And Nonbowl)***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**14. *Program Sales, Concessions, Novelty Sales And Parking***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**15. *Royalties, Licensing, Advertisements And Sponsorships***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**16. *Sports Camp Revenues***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**17. *Athletics Restricted Endowment And Investments Income***

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**18. *Other Operating Revenues***

- a. We obtained and inspected supporting detail of other revenue. We recalculated the total other revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger and on the Statement.

*Findings:*

No exceptions were found as a result of applying these procedures.

- b. For three selected transactions, we vouched the amount recorded by the University as other revenue to supporting documentation.

*Findings:*

No exceptions were found as a result of applying these procedures.

**19. Football Bowl Revenues**

This revenue category is less than 4.0% of total revenues for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**Procedures Related To Expenses**

**1. Athletic Student Aid**

We selected a sample of students who received athletic student aid. The sample of 31 students selected by us covered 10.16% of the student athletes receiving financial aid and 14.62% of the athletic student aid expense that was reported by the University on the Statement for the year ended June 30, 2023. We obtained individual student account detail and compared the total aid allocated from the student's award letter to the student's accounts as well as the amounts posted to the NCAA's Compliance Assistant software. We also performed a check of each student selected to confirm that their information (using the criteria stipulated in step 20 of the 2023 NCAA minimum agreed-upon procedures) was reported accurately to the NCAA and recalculated totals for each sport and overall.

*Findings:*

No exceptions were found as a result of applying these procedures.

**2. Guarantees**

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**3. *Coaching Salaries, Benefits And Bonuses Paid By The University And Related Entities***

We obtained a listing of coaches employed by the University during the reporting period. We compared and agreed a sample of four University coaching salaries, benefits and bonuses expenses (specifically, two from football, one from women's basketball, and one from men's basketball) selected from the detail listing to information that supports the amounts paid to the individual coaches.

For the coaches selected, we compared and agreed the financial terms and conditions (including amounts as stipulated in the respective employment contracts) of each selected to the related amounts recorded by the University and reported in the Statement for the reporting period. We also obtained and inspected the payroll registers for the reporting period for each coach selected, and agreed to the amounts reported by the University in the Statement and recalculated totals.

*Findings:*

No exceptions were found as a result of applying these procedures.

**4. *Coaching Other Compensation And Benefits Paid By A Third Party***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**5. *Support Staff And Administrative Salaries, Benefits and Bonuses Paid By The University And Related Entities***

We compared and agreed a sample of five support staff salaries, benefits and bonuses expenses selected from the detail listing to information that supports the amounts paid to the individual staff.

For the staff selected, we compared and agreed the financial terms and conditions of each selected to the related amounts recorded by the University and reported in the Statement for the reporting period. We also obtained and inspected the payroll registers for the reporting period for each staff selected, and agreed to the amounts reported by the University in the Statement and recalculated totals.

*Findings:*

No exceptions were found as a result of applying these procedures.

**6. *Support Staff Other Compensation And Benefits Paid By A Third Party***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**7. *Severance Payments***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**8. *Recruiting***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**9. *Team Travel***

- a. We obtained documentation of the University's team travel expense policies and compared and agreed to the existing institutional and NCAA-related policies.

*Findings:*

No exceptions were found as a result of applying these procedures.

- b. We obtained and inspected general ledger detail of team travel expenses and recalculated the totals. From this detail, we compared and agreed a sample of five expenses to supporting documentation.

*Findings:*

No exceptions were found as a result of applying these procedures.

**10. *Sports Equipment, Uniforms And Supplies***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**11. *Game Expenses***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**12. *Fundraising, Marketing And Promotion***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**13. *Sports Camp Expenses***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**14. *Spirit Groups***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**15. *Athletic Facility Debt Service, Leases And Rental Fees***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**16. *Direct Overhead And Administrative Expenses***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**17. *Indirect Institutional Support***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**18. *Medical Expenses And Medical Insurance***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**19. *Membership And Dues***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**20. *Student-Athlete Meals (Nontravel)***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**21. *Other Operating Expenses***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

**22. *Football Bowl Expenses***

This expense category is less than 4.0% of total expenses for the University, and as such, the minimum suggested procedures published by the NCAA for this category were not performed in the current year for the University.

We were engaged by the Office of the State Auditor and the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Statement of the University for the year ended June 30, 2023, or the specified elements, accounts and items or internal control over financial reporting and compliance described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Office of the State Auditor and the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*BulfinBrown LLP*

January 11, 2024

**UNIVERSITY OF NORTHERN COLORADO**  
**INTERCOLLEGIATE ATHLETICS DEPARTMENT**

**STATEMENT OF REVENUES AND EXPENSES**

**For The Year Ended June 30, 2023**

**Page 1 Of 2**

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
<b>Operating Revenues</b>						
Ticket sales	\$ 226,556	\$ 91,602	\$ 21,182	\$ 95,332	\$ 3,069	\$ 437,741
Direct state or other government support	—	—	—	—	—	—
Student fees (athletic)	438,601	168,502	262,150	1,151,068	—	2,020,321
Direct institutional support	3,511,920	1,082,819	1,135,906	4,395,892	1,994,077	12,120,614
Less - transfers to institution	—	—	—	—	(430,798)	(430,798)
Indirect institutional support	—	—	—	—	661,232	661,232
Guarantees	400,000	250,000	25,000	—	—	675,000
Contributions	93,191	135,359	36,666	601,630	58,931	925,777
In-kind	9,126	23,390	9,254	11,903	675,584	729,257
Compensation and benefits provided by a third party	—	—	—	—	—	—
Media rights	—	—	—	—	78,120	78,120
NCAA distributions	—	—	—	48,245	706,054	754,299
Conference distributions (nonmedia and nonbowl)	—	—	—	—	408,548	408,548
Program sales, concessions, novelty sales and parking	16,759	19,274	—	—	—	36,033
Royalties, licensing, advertisements and sponsorships	—	—	—	—	554,891	554,891
Sports camps revenues	—	3,200	—	—	—	3,200
Athletic restricted endowment and investments income	28,007	6,348	2,255	175,427	4,469	216,506
Other operating revenues	57,802	17,285	66,245	289,326	386,725	817,383
Football bowl revenues	—	—	—	—	—	—
<b>Total Operating Revenues</b>	<b>\$ 4,781,962</b>	<b>\$ 1,797,779</b>	<b>\$ 1,558,658</b>	<b>\$ 6,768,823</b>	<b>\$ 5,100,902</b>	<b>\$ 20,008,124</b>

**UNIVERSITY OF NORTHERN COLORADO  
INTERCOLLEGIATE ATHLETICS DEPARTMENT**

**STATEMENT OF REVENUES AND EXPENSES**

**For The Year Ended June 30, 2023**

**Page 2 Of 2**

	<b>Football</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Nonprogram Specific</b>	<b>Total</b>
<b>Expenditures</b>						
Athletic student aid	\$ 2,260,538	\$ 530,580	\$ 540,135	\$ 2,880,895	\$ 7,450	\$ 6,219,598
Guarantees	—	5,000	8,000	8,252	—	21,252
Coaching salaries, benefits and bonuses paid by the University and related entities	1,072,080	538,028	422,321	1,806,757	—	3,839,186
Coaching other compensation and benefits paid by a third party	—	—	—	—	—	—
Support staff and administrative salaries, benefits and bonuses paid by the University and related entities	183,473	96,532	76,971	127,017	2,795,450	3,279,443
Support staff other compensation and benefits paid by a third party	—	—	—	—	—	—
Severance payments	—	—	—	—	—	—
Recruiting	37,026	68,935	67,694	99,210	3,601	276,466
Team travel	737,065	298,719	260,189	1,213,163	7,209	2,516,345
Sports equipment, uniforms and supplies	193,095	59,476	38,855	289,268	107,647	688,341
Game expenses	93,452	106,103	100,853	166,993	36,590	503,991
Fundraising, marketing and promotion	1,518	474	387	3,059	250,195	255,633
Sports camp expenses	—	25	—	—	55	80
Spirit groups	—	—	—	—	—	—
Athletic facilities, debt service leases and rental fees	—	—	—	—	—	—
Direct overhead and administrative expenses	61,468	24,222	6,000	31,129	151,718	274,537
Indirect institutional support	—	—	—	—	661,232	661,232
Medical expenses and medical insurance	950	—	—	25	207,885	208,860
Membership and dues	—	8,617	470	27,804	160,083	196,974
Student-athlete meals (nontravel)	104,559	21,679	11,014	55,719	48,360	241,331
Other operating expenses	36,738	39,389	25,769	59,532	623,899	785,327
Football bowl expenses	—	—	—	—	—	—
<b>Total Operating Expenditures</b>	<b>4,781,962</b>	<b>1,797,779</b>	<b>1,558,658</b>	<b>6,768,823</b>	<b>5,061,374</b>	<b>19,968,596</b>
Total athletics related capital expenditures	—	—	—	—	246,404	246,404
<b>Total Expenditures</b>	<b>4,781,962</b>	<b>1,797,779</b>	<b>1,558,658</b>	<b>6,768,823</b>	<b>5,307,778</b>	<b>20,215,000</b>
<b>Excess (Deficit) Of Revenues Over Expenditures</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (206,876)</b>	<b>\$ (206,876)</b>

*See the note to Statement of Revenues and Expenses.*

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**UNIVERSITY OF NORTHERN COLORADO  
INTERCOLLEGIATE ATHLETICS DEPARTMENT**

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**NOTE TO STATEMENT OF REVENUES AND EXPENSES  
For The Year Ended June 30, 2023**

**1. Note To Statement Of Revenues And Expenses (Unaudited)**

**Basis Of Presentation**

The Statement of Revenues and Expenses (the Statement) of the Intercollegiate Athletics Department of the University of Northern Colorado (the University) is prepared in conformity with accounting principles generally accepted in the United States of America.

**Student Fees**

Student fees are assessed to each student on a per-credit-hour basis each semester. These fees are allocated by management to various student services, including athletics, annually.

**Indirect Institutional Support**

General ground support, custodial support and maintenance for the University's track is allocated as nonprogram-specific indirect institutional support within the Statement, unless specifically identified as program-specific within a University work order.

**Capital Assets**

Athletics-related capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The University's capitalization policy includes items with a value of \$10,000 or more and an estimated useful life greater than one year.

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

For the year ended June 30, 2023, the University incurred capital expenditures of \$246,404 related to athletics.

**UNIVERSITY OF NORTHERN COLORADO  
INTERCOLLEGIATE ATHLETICS DEPARTMENT**

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**Statement Of Revenues And Expenses (*Continued*)**

**Debt**

As of June 30, 2023, the University did not have any outstanding debt specifically and solely related to the University's Intercollegiate Athletics. The footnotes to the University's audited financial statements for June 30, 2023 provide detail on all of the long-term debt of the University as a whole.

**Transfers To The Institution**

Transfers to the institution are contributions made from the Intercollegiate Athletics Department to support the University College. The money is used to offset salaries for academic staff in the Student-Athlete Academic Success Office, which monitors and assists in the academic activities of all student athletes.

**Major Variances**

To better understand some of the changes from Fiscal Year 2022 to Fiscal Year 2023, the major variances are noted below:

*Sources Of Funds:*

- No individual line items varied outside of the prescribed threshold in the current year.

*Uses Of Funds:*

- Support staff/administrative salaries, benefits and bonuses paid by the University and related entities increased by approximately \$338,640, due to University-wide pay increases, the addition of two new positions and one filled in Fiscal Year 2023 that was vacant in Fiscal Year 2022.