



2021 Annual Financial Report



UNIVERSITY OF
NORTHERN COLORADO

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Message from President Feinstein

Fellow Bears,

As I reflect on Fiscal Year 2021 and in the earlier months of FY22, I am once again reminded of the importance of togetherness and how significant that is as we build a brighter future at UNC. Beginning in August, for the first time in 16 months, our entire community was able to come together in person once again. Although a lot of work went into preparing for the fall, I have been re-energized by seeing our campus come to life. It has been a delight to see a full schedule of student activities and events and strong faculty and staff engagement in support of our students. I have also enjoyed engaging with alumni and the Greeley community at special events, including FridayFest, art exhibitions, athletic events, and Homecoming festivities.

While we have continued to navigate the pandemic and the challenges it has presented, there were a number of significant accomplishments to highlight in FY21. We recognized and celebrated more than 1,900 graduates at our May Commencement ceremonies. We welcomed new leaders in academic affairs, including Interim Provost Dr. Lisa Vollendorf and Deans Dr. Kamel Haddad, Dr. Jared Stallones, and Cristina Goletti. We continued to elevate the importance of fostering diversity, equity, and inclusion at UNC, which was reflected at a high level through the creation of a Division of Diversity, Equity, and Inclusion and a Vice President position to oversee this important work. We became the first public university in Colorado to be designated as an All-Steinway school and we broke ground on a 10,000 square foot, multimillion-dollar sports performance center – the first fully donor-funded facility on campus. In total, our donors made gifts and pledges totaling more than \$12 million in FY21. On another financial note, FY21 marked the third consecutive year the university did not spend more than it has brought in, which has allowed us to continue to reinvest in our reserves. These are just a few of the many highlights from the last fiscal year, all signifying what incredible work can be done when we come together as a community.

Our 10-year strategic plan, *Rowing, Not Drifting 2030*, will continue to guide our work moving forward. The five vision elements outlined in the plan serve as the foundation for our work: Students First, Empower Inclusivity, Enhance and Invest, Innovate and Create, and Connect and Celebrate. Significant progress has been made during Phase 1 and we will soon begin identifying key actions and tactics for Phase 2, which will begin towards the end of FY22. I am appreciative of everyone's efforts that contribute to our Students First culture at UNC. The last year was another example showing that when we work together, we will fulfill our promise of delivering an engaging, enriching educational experience for our Bears.

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, 2021, were prepared by management in conformity with generally accepted accounting principles.

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

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



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

Independent Auditors' Report

Board of Trustees and Members of the Legislative Audit Committee:

Report On The Financial Statements

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 and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Northern Colorado Foundation (the Foundation), the University's discretely presented component unit, whose statements reflect total assets of \$162,995,709 and \$134,921,327 as of June 30, 2021 and 2020, respectively, and total revenues of \$42,759,716 and \$14,335,882, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 32, the Schedules of the University's Proportionate Share of Public Employees' Retirement Association of Colorado (PERA) Pension Liability and PERA Other Post-Employment Benefits (PERA OPEB) Liability and the Schedule of the University's Contributions to PERA and PERA OPEB on pages 93 through 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 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 28, 2022

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 years ended June 30, 2021 and 2020, respectively, with comparative information for the fiscal year 2019. 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, is discretely presented within the University's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the University.

Understanding the Financial Statements

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

- ***Independent Auditors' Report*** presents an 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, 2021 and 2020, respectively). 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 years ended June 30, 2021 and 2020, respectively). 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 years ended June 30, 2021 and 2020, respectively). 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

In fiscal year 2021, the University was awarded funding through the Higher Education Emergency Relief Fund (HEERF) provisions of both the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) enacted on December 27, 2020, and the American Rescue Plan (ARP) enacted on March 11, 2021. The CRRSAA award of \$12.6 million and the ARP award of \$22.1 million included provisions for emergency grants to students impacted by the coronavirus of \$3.8 million and \$11.1 million, respectively. The remaining awarded funds of \$8.8 million and \$10.9 million, respectively, may be used by the institution to “defray expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll) and make additional emergency grants to students.”

Selected financial highlights for the fiscal year ended June 30, 2021, include:

- University assets total \$350.2 million, deferred outflows of resources total \$12.8 million, liabilities total \$264.3 million, and deferred inflows of resources total \$34.0 million resulting in a net position of \$64.6 million. Of the ending net position, \$3.5 million is restricted for purposes for which the donor, grantor, or other external party intended and \$129.5 million is related to investments in capital assets. The remaining deficit of \$68.4 million, which is unrestricted net position, is comprised of a deficit of \$107.1 million from the impact of *GASB 68: Accounting and Financial Reporting for Pensions* and a deficit of \$4.9 million from the implementation of *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, offset by positive net position of \$43.6 million, which may be used to meet the University's ongoing obligations.
- Net position increased \$43.8 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 \$38.5 million from fiscal year 2020 to 2021. The net pension liability decreased due to the implementation of Senate Bill 18-200 which seeks to eliminate the unfunded liability of the plan within 30 years. As part of this plan the State made a direct distribution of \$225 million during calendar year 2019 (the University's fiscal year 2020). The University's portion of the direct distribution was \$0.8 million. The direct distribution is intended to continue until there are no unfunded actuarial accrued liabilities in any division of the plan. However, House Bill 20-1379, signed into law in 2020, suspended the direct distribution for the 2020-21 fiscal year.
- Total operating revenues of \$153.9 million, less total operating expenses of \$157.2 million, resulted in a net operating loss of \$3.3 million. This operating loss was offset by net nonoperating revenues of \$36.7 million and other changes of \$10.4 million, resulting in the \$43.8 million increase in net position. Other changes of \$10.4 million include capital appropriations and contributions from the State of Colorado of \$2.6 million, student capital fee revenue of \$7.4 million, and capital gifts and grants of \$0.4 million.

Summary of Changes in Net Position

as of June 30, 2021

(in millions)

Current year GASB 68 impact on net position	\$ 38.5
Current year GASB 75 impact on net position	0.5
Current year impact from University operations	<u>4.8</u>
Total change in net position	<u>\$ 43.8</u>

Detail of change in net position:

Net pension liability - GASB 68

Decrease in net pension liability (GASB 68)	\$ 12.7
Net decrease in deferred outflows and inflows related to pension (GASB 68)	<u>25.8</u>

Change in net position from GASB 68 **\$ 38.5**

Net OPEB liability - GASB 75

Decrease in net OPEB liability (GASB 75)	\$ 1.0
Net increase in deferred outflows and inflows related to OPEB (GASB 75)	<u>(0.5)</u>

Change in net position from GASB 75 **\$ 0.5**

Change in net position from University operations

Decrease in cash used to cover operating deficits and capital construction	\$ (18.3)
Decrease in restricted cash for drawdown of Campus Commons bond funds	(1.2)
Net decrease in student accounts receivable, other receivables, loans, inventory, and other assets	(1.9)
Decrease in capital assets net of depreciation (primarily Campus Commons construction in progress)	(8.6)
Net decrease in compensated absences and other liabilities	3.9
Decrease in accounts payable, accrued liabilities and unearned revenues	22.7
Decrease in bonds and capital leases payable	7.6
Decrease in Perkins Loan Program liquidation liability	0.7
Net decrease in deferred outflows and inflows related to bond refundings	<u>(0.1)</u>

Change in net position from University Operations **\$ 4.8**

Statement of Net Position

The Statement of Net Position is a financial snapshot of the University as of June 30, 2021. 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.

Condensed Statements of Net Position
as of June 30,

	2021	2020	2019
Assets			
Current assets	\$ 72,693,418	\$ 92,409,240	\$ 53,837,541
Capital assets, net	273,024,984	281,644,008	289,358,643
Other noncurrent assets	4,459,390	6,036,122	10,523,787
Total assets	<u>350,177,792</u>	<u>380,089,370</u>	<u>353,719,971</u>
Deferred outflows of resources			
Deferred amounts on debt refundings	2,035,866	2,194,682	2,350,043
Deferred amount on pensions (GASB 68)	10,609,119	6,733,538	20,138,561
Deferred amount on OPEB ¹ (GASB 75)	161,747	204,057	255,113
Total deferred outflows of resources	<u>12,806,732</u>	<u>9,132,277</u>	<u>22,743,717</u>
Liabilities			
Current liabilities	27,833,768	54,533,947	30,494,314
Bonds payable, noncurrent	134,272,064	139,864,899	145,371,052
Net pension liabilities (GASB 68)	86,476,674	99,147,013	127,932,022
OPEB ¹ liabilities (GASB 75)	3,031,644	4,000,432	5,437,725
Perkins liquidation liability, noncurrent	1,668,520	2,300,412	2,904,441
Other noncurrent liabilities	11,058,661	12,934,000	11,511,232
Total liabilities	<u>264,341,331</u>	<u>312,780,703</u>	<u>323,650,786</u>
Deferred inflows of resources			
Deferred amounts on debt refundings	709,770	747,291	784,812
Deferred amount on pensions (GASB 68)	31,224,814	53,213,323	76,193,407
Deferred amount on OPEB ¹ (GASB 75)	2,072,546	1,639,061	526,874
Total deferred inflows of resources	<u>34,007,130</u>	<u>55,599,675</u>	<u>77,505,093</u>
Net Position			
Net investment in capital assets	129,524,159	131,808,478	138,958,949
Restricted - nonexpendable	307,555	307,555	307,555
Restricted - expendable	3,232,412	547,679	2,093,902
Unrestricted (GASB 68)	(107,092,369)	(145,626,799)	(183,986,867)
Unrestricted (GASB 75)	(4,942,443)	(5,435,437)	(5,709,486)
Unrestricted	43,606,749	39,239,792	23,643,756
Total net position	<u>\$ 64,636,063</u>	<u>\$ 20,841,269</u>	<u>\$ (24,692,191)</u>

¹ OPEB - Other post employment benefits

Assets

Current Assets

Current assets decreased \$19.7 million for fiscal year 2021, increased \$38.6 million for fiscal year 2020, and increased \$2.6 million for fiscal year 2019.

Unrestricted cash and cash equivalents and capital assets are the largest portions of the University's total assets. On June 30, 2021, 2020, and 2019, cash and cash equivalents were \$56.5, \$74.8, and \$42.5 million which comprised 16.1%, 19.7%, and 12.0%, 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. Unrestricted cash and cash equivalents decreased \$18.3 million in fiscal year 2021, increased \$32.3 million in fiscal year 2020, and increased \$2.7 million in fiscal year 2019.

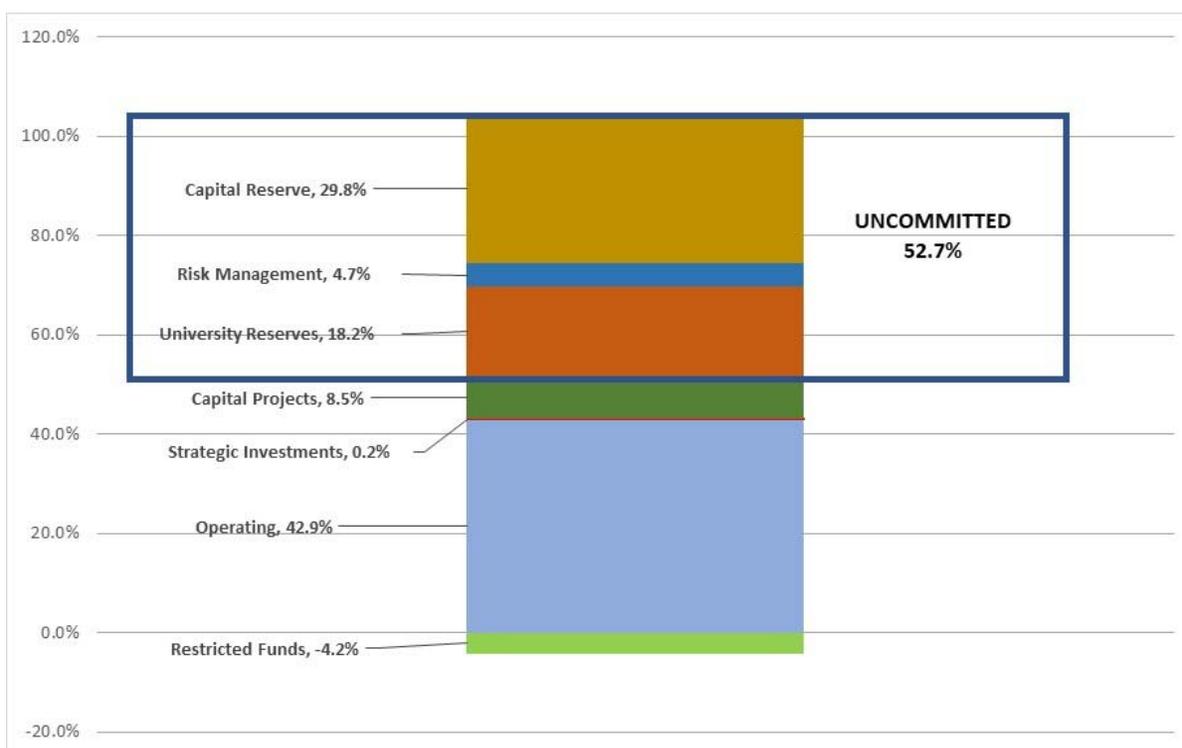
The large decrease to cash and cash equivalents from fiscal year 2020 to fiscal year 2021 is due to the University expending Coronavirus Relief Funds (CRF) received from the Governor's office in May 2020, of which \$24.6 million were unspent and included in the cash balance at June 30, 2020.

On the Cash and Cash Equivalents table on the following page, the CRF funds are included in the restricted funds and account for the significant decrease in that category. The committed capital projects cash balance as of June 30, 2021, 2020, and 2019, includes only the remaining cash expenditures expected to complete the projects approved from the prior fiscal years. At the beginning of each fiscal year funds are transferred 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 capital reserves, state appropriations and bond proceeds. These balances carryforward 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:

Unrestricted Cash and Cash Equivalents			
as of June 30,			
	2021	2020	Change
Operating			
Committed Operating	\$ 24,324,421	\$ 20,832,081	\$ 3,492,340
Uncommitted University Reserves	10,281,476	10,281,476	-
Uncommitted Risk Management Reserves	2,650,000	2,650,000	-
Total Operating Cash	<u>37,255,897</u>	<u>33,763,557</u>	<u>3,492,340</u>
Capital			
Committed Capital Projects	4,799,206	3,457,177	1,342,029
Uncommitted Capital Reserves	16,803,783	12,724,039	4,079,744
Total Capital Cash	<u>21,602,989</u>	<u>16,181,216</u>	<u>5,421,773</u>
Restricted Funds			
Committed Restricted	<u>(2,398,545)</u>	<u>24,817,531</u>	<u>(27,216,076)</u>
Total Restricted Cash	<u>(2,398,545)</u>	<u>24,817,531</u>	<u>(27,216,076)</u>
Total unrestricted cash and cash equivalents	<u><u>\$ 56,460,341</u></u>	<u><u>\$ 74,762,304</u></u>	<u><u>\$ (18,301,963)</u></u>



Student accounts receivable is the second largest current asset and is presented net of allowance for doubtful accounts. Net student accounts receivable as of June 30, 2021, 2020, and 2019, was \$5.5, \$7.4, and \$6.0, respectively. The net student accounts receivable decreased \$1.9 million or 25.8% from fiscal year 2020 to 2021, increased \$1.4 million or 22.3% from fiscal year 2019 to 2020, and increased \$0.2 million or 5.2% from fiscal year 2018 to 2019.

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. The University spends the money first and then bills the sponsoring agency for reimbursement. Other receivables were \$9.1 million in fiscal year 2021, \$8.2 million in fiscal year 2020, and \$3.5 million in fiscal year 2019. Approximately \$3.0 million of the \$9.1 million in other receivables for fiscal year 2021 was related to the direct CARES Act HEERF funding the University received.

Inventories, loans to students, and other assets make up the remainder of current assets. These three categories combined were \$1.7 million in fiscal year 2021, \$2.0 million in fiscal year 2020, and \$1.8 million in fiscal year 2019.

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, 2021, capital assets of \$634.4 million, net of \$361.4 million accumulated depreciation, totaled \$273.0 million.

As of June 30, 2020, capital assets of \$625.2 million, net of \$343.6 million accumulated depreciation, totaled \$281.6 million. As of June 30, 2019, capital assets of \$614.4 million, net of \$325.0 million accumulated depreciation, totaled \$289.4 million.

The University ended fiscal year 2021 with \$5.4 million in construction in progress. The larger projects in progress at year end, that will be completed and capitalized in fiscal year 2022, include Michener fire sprinkler system upgrades, the Sports Performance Center, and upgrades to Nottingham field.

Additional information on additions, disposals, and transfers of capital assets can be found in *Note 6: 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,						
	2021		2020		2019	
Land and improvements	\$ 19,023,548	7.1%	\$ 19,816,678	7.1%	\$ 20,662,072	7.2%
Buildings and improvements	231,216,605	80.5%	226,797,689	80.5%	230,964,173	79.8%
Construction in progress	5,422,773	5.9%	16,717,399	5.9%	20,081,318	6.9%
Library books	10,478,257	3.7%	10,311,871	3.7%	10,003,014	3.5%
Equipment	5,109,117	2.2%	6,225,687	2.2%	5,873,382	2.0%
Art and historical treasures	1,774,684	0.6%	1,774,684	0.6%	1,774,684	0.6%
Total capital assets net of accumulated depreciation	<u>\$ 273,024,984</u>	<u>100.0%</u>	<u>\$ 281,644,008</u>	<u>100.0%</u>	<u>\$ 289,358,643</u>	<u>100.0%</u>

Other Noncurrent Assets

Other noncurrent assets consist of loans to students, restricted cash and cash equivalents, and investments. Restricted cash and cash equivalents consist of \$1.2 million of unspent proceeds from the Campus Commons bond issue. The remaining \$0.5 million are gifts directly donated to the University of Northern Colorado in the past and 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 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 \$2.8, \$3.2, and \$4.1 million at June 30, 2021, 2020, and 2019, respectively.

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 7: 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 \$86.5 million represents the University's proportionate share of the PERA State Division Trust Fund net pension liability. The liability decreased \$12.7 million from fiscal year 2020 to 2021. 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 AED and SAED. Detailed information on the changes in the Plan are included in *Note 10: Defined Benefit Pension Plan*.

The net OPEB liability of \$3.0 million represents the University's proportionate share of the PERA Health Care Trust Fund. 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 13: Other Postemployment Benefits (OPEB)*.

The Perkins liquidation liability of \$2.6 million for fiscal year 2021 decreased \$0.7 million from fiscal year 2020. 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 original funding for the Perkins loan program to the United States Department of Education. More information on the closure of the Perkins loan program is included in *Note 7: Liabilities and Unearned Revenue*.

Accounts payable and accrued liabilities decreased \$1.2 million in fiscal year 2021. This change is due to a decrease in accounts payable of \$0.6 million and a decrease in Colorado taxes payable of \$0.3 million.

Current unearned revenue of \$10.0 million includes tuition and fees and certain auxiliary revenues received by June 30, 2021, which are for services to be provided in fiscal year 2022. 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 \$4.5, \$4.8, and \$4.6 million as of June 30, 2021, 2020, and 2019, respectively.

University Debt

The largest liability for the University is outstanding bonds payable. The University has six fixed rate bond issues outstanding for a total principal of \$131.5 million. The carrying value of these bonds includes \$7.9 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 \$139.4 million.

New Debt and Refinancing of Debt

On August 29, 2019, the University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds, Series 2019A for \$32.9 million at par. Bond proceeds of \$32.6 million were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2011A with an outstanding principal balance of \$30.6 million. The underwriter's discount and cost of issuance totaled \$0.2 million. 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.

Debt-Related Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the future consumption of net position and deferred inflows of resources represent the acquisition of net position that applies to future periods. The University has \$2.0 million of deferred outflows of resources and \$0.7 million of deferred inflows of resources from the refunding activities of bonds payable.

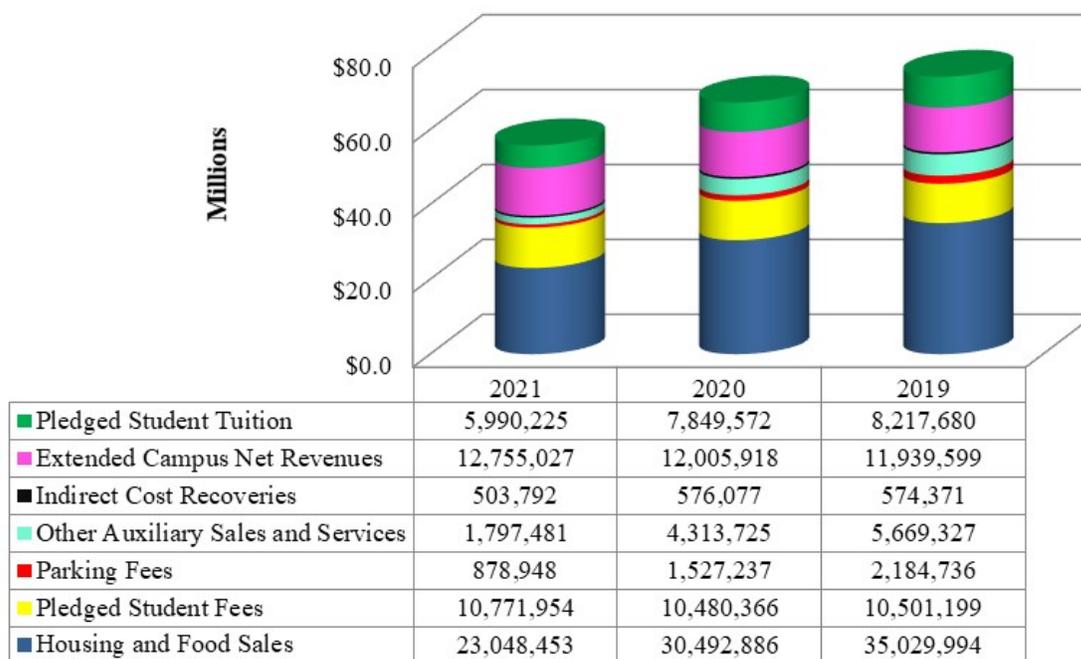
The deferred amounts resulting from refunding bonds payable originate from the difference in the carrying value of the bonds (principal plus unamortized discount or premium) and the amount it costs to retire or refinance the bonds. A book loss on refunding is classified as a deferred outflow of resources 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 time period that the University is realizing the economic gain from reduced interest expense related to the refunding transactions. Details of the deferred amounts on debt refundings are included in *Note 14: Deferred Outflows and Inflows of Resources*.

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,			
	2021	2020	2019
Revenue bonds	\$ 139,417,064	\$ 144,829,899	\$ 149,756,052
Deferred outflows of resources	(2,035,866)	(2,194,682)	(2,350,043)
Deferred inflows of resources	709,770	747,291	784,812
Capital lease obligations	6,140,469	8,292,338	7,380,475
Total	<u>144,231,437</u>	<u>151,674,846</u>	<u>155,571,296</u>
Less current portion of debt	(5,790,390)	(5,961,358)	(4,996,691)
Total long-term debt and deferred outflows and inflows of resources	<u>\$ 138,441,047</u>	<u>\$ 145,713,488</u>	<u>\$ 150,574,605</u>

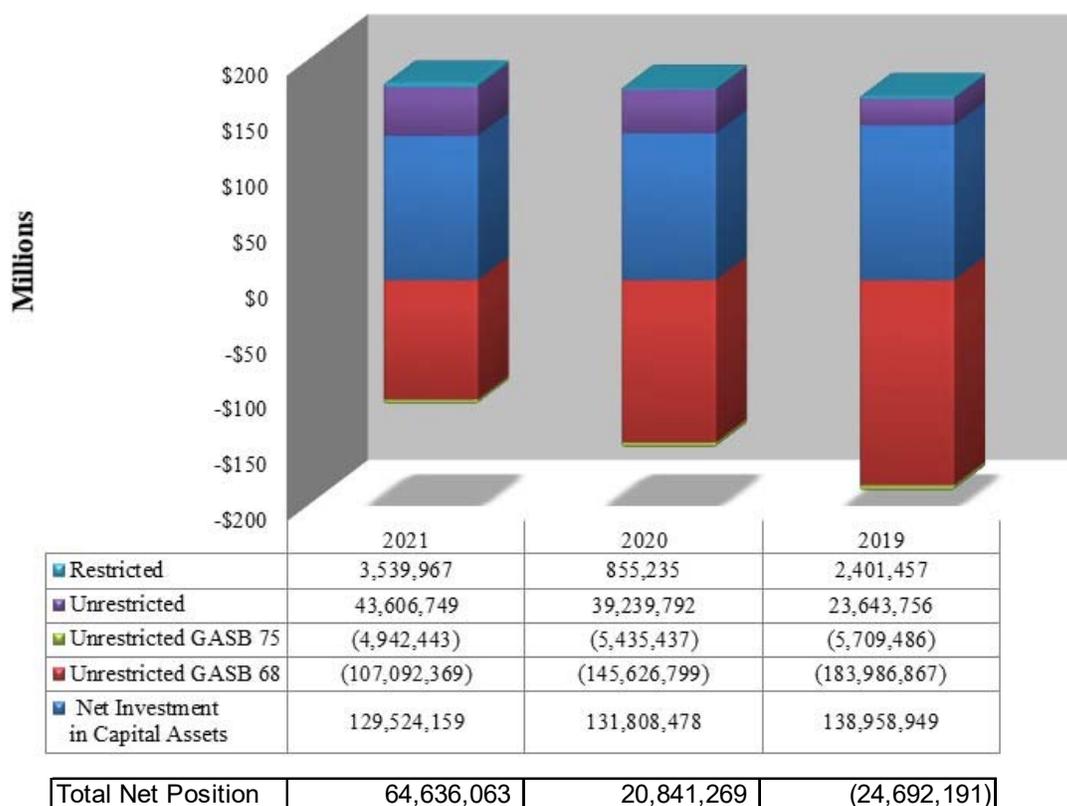
The debt service payments on the revenue bonds are made from pledged revenues comprised of auxiliary housing, food service, parking and other sales, plus identified pledged student fees, Extended Campus net revenues, and a portion of student tuition revenues. A more detailed schedule, including debt coverage ratios, is included in *Note 8: Bonds and Capital Leases Payable*.

Pledged Revenues for Bonds Payable



The pledged revenues, net of expenses of \$18.7 million, and bond coverage ratios are included in *Note 8: Bonds and Capital Leases Payable*.

Year End Net Position



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 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 \$129.5, \$131.8, and \$139.0 million of the University's net position for fiscal years 2021, 2020, and 2019, respectively. The University capitalized \$21.0, \$14.3, and \$78.0 million of new assets in fiscal years 2021, 2020, and 2019, respectively, and ended fiscal year 2021 with \$5.4 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. 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.

The University's restricted expendable net position as of June 30, 2021, 2020, and 2019, was \$3.2, \$0.5, and \$2.1 million, respectively.

Unrestricted

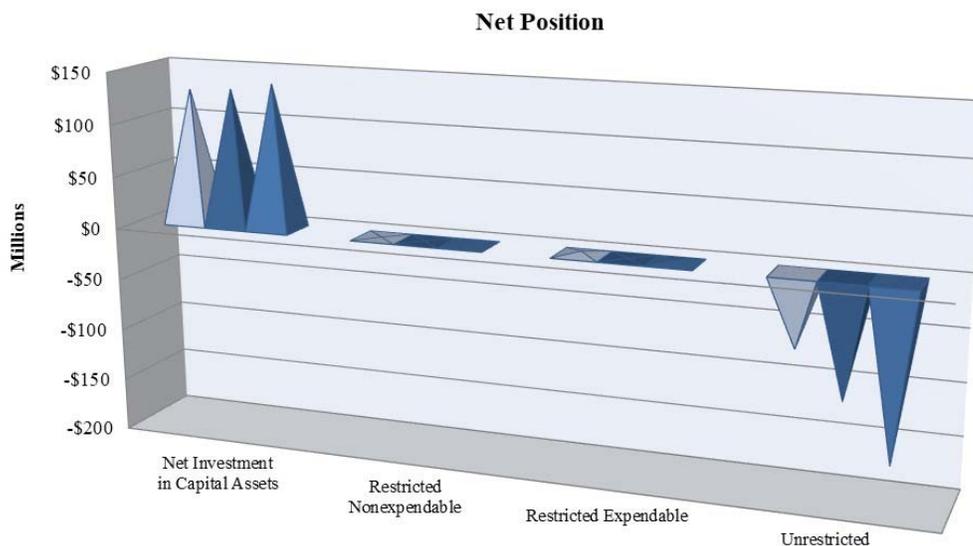
Unrestricted net position is usually available to be used for any lawful purpose under the full discretion of management. However, the University may place some limitations on future use by designating unrestricted net position for certain purposes during the annual budget process. The unrestricted net position deficit of \$68.4 million is comprised of a deficit of \$107.1 million from the impact of GASB 68 and a deficit of \$4.9 million from GASB 75, offset by positive net position of \$43.6 million, which may be used to meet the University's ongoing obligations.

In fiscal year 2018, the University implemented *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The University recognizes its proportionate share of the underfunded other postemployment benefits liability of the PERA Health Care Trust Fund (HCTF) and its related deferred outflows and inflows of resources. The University's proportionate share of the liability was \$3.0, \$4.0, and \$5.4 million in fiscal years 2021, 2020 and 2019, respectively.

The following table outlines the change in net position:

Summary of Changes in Net Position	
<i>(in millions)</i>	
Net position as of June 30, 2020	\$ 20.8
Current year impact of GASB 68 ¹	38.5
Current year impact of GASB 75	0.5
Current year impact from University operations	4.8
Net position as of June 30, 2021	<u>64.6</u>
 <u>¹Detail of GASB 68 impact to Statement of Net Position</u>	
Deferred outflows of resources	3.8
Net pension liability	12.7
Deferred inflows of resources	22.0
GASB 68 impact on change in net position	<u>\$ 38.5</u>

The following graph depicts a three-year history of net position by category:



	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted
■ June 30, 2021	129,524,159	307,555	3,232,412	(68,428,063)
■ June 30, 2020	131,808,478	307,555	547,679	(111,822,443)
■ June 30, 2019	138,958,949	307,555	2,093,902	(166,052,597)

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 generating operating revenues.

Nonoperating revenues include investment income, state appropriations, Pell Grant revenue, capital grants and gifts, and gains or losses on the disposal of capital assets. 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 cost 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.

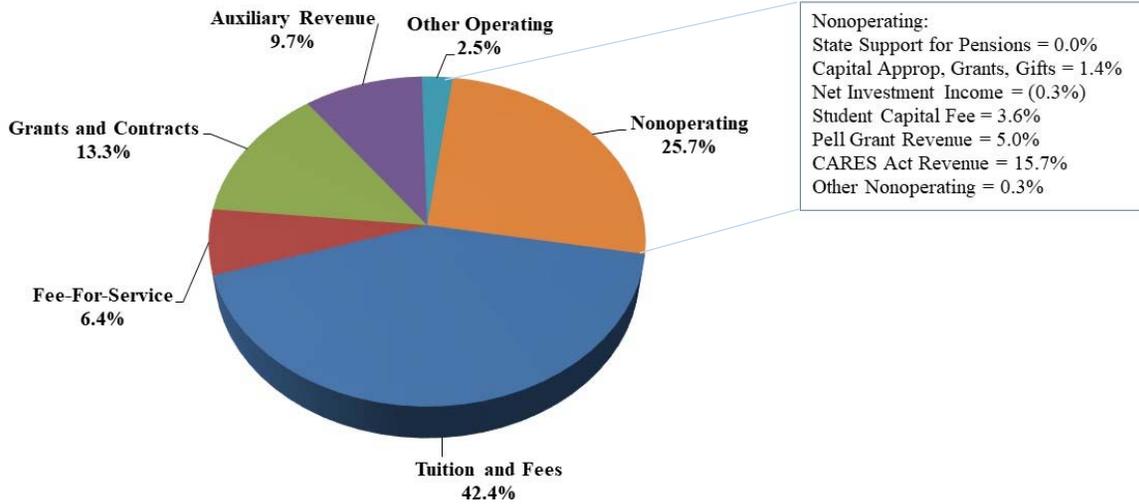
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30,

	2021	2020	2019
Operating revenues			
Net tuition and fees	\$ 87,846,945	\$ 109,063,757	\$ 113,778,534
Fee-For-Service	13,290,665	29,466,067	25,931,112
Grants and contracts	27,521,495	24,751,257	24,932,999
Auxiliary	20,127,011	25,307,949	31,437,537
Other	5,065,590	6,875,070	10,479,388
Total operating revenues	<u>153,851,706</u>	<u>195,464,100</u>	<u>206,559,570</u>
Operating expenses			
Education and general	152,224,871	163,479,466	187,600,440
Operating expenses (GASB 68)	(38,534,429)	(38,360,069)	(19,794,947)
Operating expenses (GASB 75)	(492,994)	(274,049)	(6,438)
Auxiliary	25,602,148	31,852,012	25,568,468
Depreciation	18,369,273	18,699,827	17,948,148
Total operating expenses	<u>157,168,869</u>	<u>175,397,187</u>	<u>211,315,671</u>
Operating gain (loss)	(3,317,163)	20,066,913	(4,756,101)
Nonoperating revenues (expenses)			
Federal grants and contracts	10,311,251	12,402,367	13,631,987
Federal grants and contracts - CARES Act	32,391,390	6,013,181	-
Perkins return of Federal loan contributions	(211,056)	(274,140)	(192,555)
Other nonoperating revenue	42,135	3,257,158	2,718,799
Other nonoperating expense	(381,634)	(1,239,616)	(168,568)
Nonoperating capital interest expense	(5,405,717)	(5,551,086)	(5,904,675)
Net nonoperating revenue (expense)	<u>36,746,369</u>	<u>14,607,864</u>	<u>10,084,988</u>
Gain (Loss) before other items	33,429,206	34,674,777	5,328,887
State support for pensions	-	787,639	882,458
Capital appropriations	1,945,466	960,184	4,857,892
Capital grants and gifts	1,015,047	1,638,073	2,037,728
Student capital fee revenue	7,405,075	7,472,787	7,869,333
Gain on disposal of assets	-	-	37,525
Loss on disposal of assets	-	-	-
Total other changes	<u>10,365,588</u>	<u>10,858,683</u>	<u>15,684,936</u>
Increase (decrease) in Net Position	43,794,794	45,533,460	21,013,823
Net Position - beginning of year	<u>20,841,269</u>	<u>(24,692,191)</u>	<u>(45,706,014)</u>
Net Position - end of year	<u>\$ 64,636,063</u>	<u>\$ 20,841,269</u>	<u>\$ (24,692,191)</u>

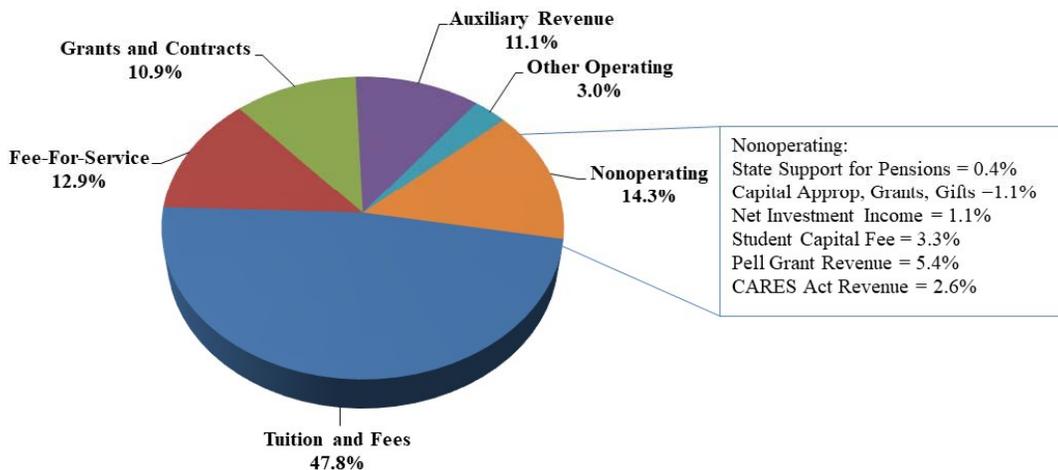
Total Revenues

Total University revenues of \$207.0, \$228.0, and \$238.6 million, in fiscal years 2021, 2020, and 2019, respectively, consist of operating revenue, federal grants and contracts (Pell), 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 \$21.0 million or 9.2% from fiscal year 2020 to 2021 and decreased \$10.6 million or 4.4% from fiscal year 2019 to 2020.

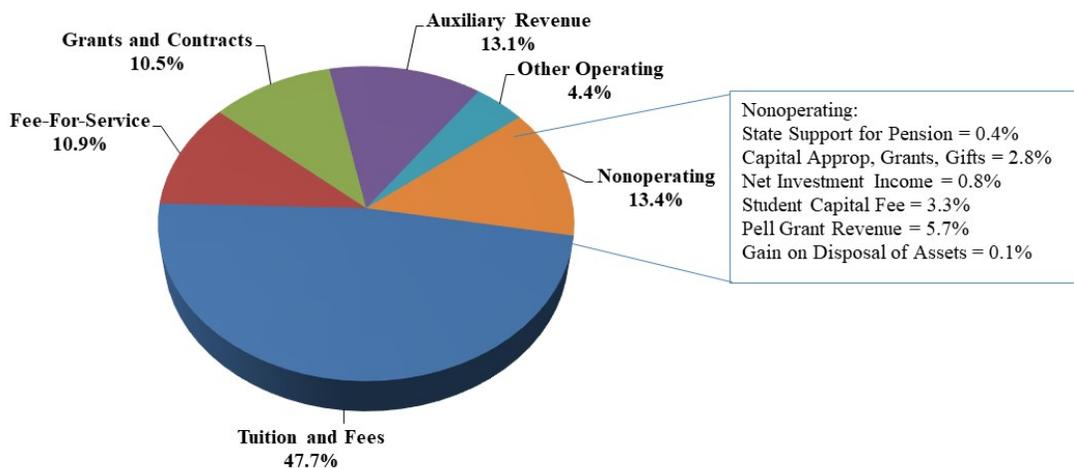
Total Revenue 2021



Total Revenue 2020



Total Revenue 2019



Operating Revenues

Operating revenue for fiscal years 2021, 2020, and 2019, of \$153.9, \$195.5, and \$206.6 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 2021, 2020, and 2019, has been 74.3%, 85.7%, and 86.6%, respectively.

In fiscal year 2018, the public universities in Colorado began recognizing student capital fee revenue in nonoperating revenues and treating it as a capital financing activity for financial statement purposes.

Tuition and fee revenue decreased \$21.2 million between fiscal years 2020 and 2021 and decreased \$4.7 million between fiscal years 2019 and 2020. The decrease in revenue from fiscal year 2020 to 2021 is the result of a decrease of \$11.1 million in College Opportunity Fund (COF) revenue received from the Colorado Department of Higher Education (CDHE) as well as enrollment declines discussed in the next paragraph. Additionally, after multiple years of undergraduate resident tuition increases, there were no increases imposed for fiscal years 2020 or 2021.

The FTE enrollment and credit hours referenced in this paragraph are based on the calculations UNC uses for bond compliance. Undergraduate full-time equivalent headcount (FTE) is calculated using full-time headcount plus part-time credit hours divided by 12. Graduate FTE is calculated using full-time headcount plus part-time credit hours divided by 9. Annual credit hours are based on fall, interim, spring, and summer terms in that order. Undergraduate resident tuition increased 0.0%, 0.0%, and 3.0%, in fiscal years 2021, 2020, and 2019, respectively. Undergraduate non-resident tuition increased 0.0%, 2.0%, and 2.7%, in fiscal years 2021, 2020, and 2019, respectively. Graduate tuition is tiered by program of study. Graduate tuition increased 0.0% in fiscal year 2021, in a range from 1.0% to 5.0% in fiscal year 2020, and 1.7% to 5.3% in fiscal year 2019 depending on program of study. UNC's fall final 2020 undergraduate FTE enrollment was down 12.8% from the prior fall. The undergraduate fall final FTE decreased 3.8% in 2019 and 1.2% in 2018. The graduate fall final 2020 FTE was down 0.5% from the prior fall. The graduate fall final FTE decreased 5.2% in 2019 and 2.4% in 2018.

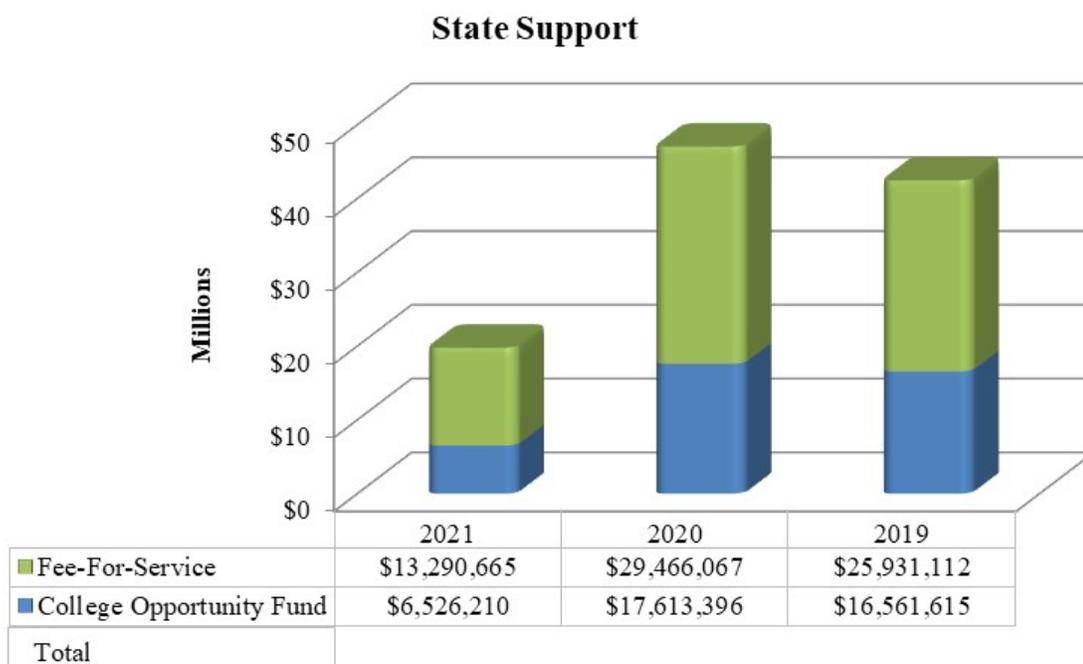
Tuition and fee revenue is shown net of \$31.3, \$31.4, and \$31.1 million in scholarship allowances for fiscal years 2021, 2020, and 2019, respectively. Auxiliary revenue for fiscal years 2021, 2020, and 2019 is net of \$6.4, \$7.5, and \$7.7 million in scholarship allowances, respectively. Scholarship 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, institution, state, and federal funds.

During fiscal years 2021, 2020, and 2019, the Colorado Department of Higher Education (CDHE) provided the University \$19.8, \$47.1, and \$42.5 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 \$40, \$94, and \$85 per credit hour in fiscal years 2021, 2020 and 2019, respectively. In fiscal years 2021, 2020, and 2019, the University applied \$6.5, \$17.6, and \$16.6 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 2021, 2020, and 2019 the

Colorado Department of Higher Education provided the University \$13.3, \$29.5, and \$25.9 million of contract revenue, respectively.

The total amount of COF and FFS support has decreased \$22.7 million since fiscal year 2019.



Room and Board revenue, a component of auxiliary revenue, decreased \$2.6 million, or 11%, between fiscal years 2020 and 2021. This decrease is primarily due to lower housing occupancy associated with decreased enrollment exacerbated by the restrictions of on-campus activities and experiences necessitated by the pandemic. Room and Board revenue decreased \$7.4 million, or 23%, between fiscal years 2019 and 2020 as a result of the spring campus closure due to COVID-19. In lieu of a refund, the University provided impacted students a credit to be used in a future semester resulting in contra-revenue of \$4.7 million.

Other auxiliary revenues, which includes catering, conferences, parking permits, retail sales, recreation center memberships and athletic game guarantees, decreased \$3.6 million in fiscal year 2021 and increased \$1.2 million in fiscal year 2020.

Auxiliary scholarships allowance decreased \$1.1 million in fiscal year 2021 and \$0.2 million in fiscal year 2020.

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 8: Bonds and Capital Leases Payable*.

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, 2021, 2020, and 2019, grants and contracts revenue comprised \$70.2, \$43.2, and \$38.6 million or 33.9%, 18.9%, and 16.2%, 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.

Grants and Contracts Revenue			
For the Years Ended June 30,			
	2021	2020	2019
Federal grants	\$ 4,625,515	\$ 4,438,223	\$ 4,691,171
Federal grants - CARES Act	32,391,390	6,013,181	-
State and local grants	718,567	823,877	838,721
UNC Foundation grants and gifts	6,718,244	4,441,428	4,546,541
Other private grants	267,840	421,692	1,045,198
Total restricted grants and contracts	<u>44,721,556</u>	<u>16,138,400</u>	<u>11,121,631</u>
Federal financial aid	1,297,466	918,446	1,106,838
Federal Pell financial aid	10,311,251	12,402,367	13,631,987
State and non-gov't financial aid	9,291,507	9,162,315	8,301,651
UNC Foundation named and endowed	4,168,199	4,039,827	3,854,774
UNC Foundation scholarships	434,158	505,450	548,105
Total financial aid	<u>25,502,581</u>	<u>27,028,405</u>	<u>27,443,355</u>
Total grants, contracts and financial aid revenue	<u>\$ 70,224,137</u>	<u>\$ 43,166,805</u>	<u>\$ 38,564,986</u>

Restricted Grants and Contracts

In fiscal year 2021, federal funding, excluding CARES Act funding, for restricted grants and contracts made up \$4.6 million, or 10.3%, of the total restricted grants and contracts revenue. Federal funding, excluding CARES Act funding, increased \$0.2 million, or 4.2%, from fiscal year 2020 to fiscal year 2021.

For fiscal year 2021, federal grants revenue received under the CARES Act includes \$7.7 million from Higher Education Emergency Relief Fund (HEERF) and \$24.7 million from the Coronavirus Relief Fund (CRF). For fiscal year 2020, the University received federal grant revenue under the CARES Act of \$5.8 million from Higher Education Emergency Relief Fund (HEERF) and \$0.2 million from the Coronavirus Relief Fund (CRF).

In fiscal year 2021, state and local funding for restricted grants and contracts made up \$0.7 million, or 1.6%, of the total restricted grants and contracts revenue. State and local funding decreased \$0.1 million, or 12.8%, from fiscal year 2020 to 2021.

Other private funding in restricted grants and contracts was \$0.3 million, or 0.6%, of the total restricted grants and contracts revenue in fiscal year 2021. Other private funding decreased \$0.1 million, or 36.5%, from fiscal year 2020 to 2021.

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 \$6.7, \$4.4, and \$4.5 million in fiscal years 2021, 2020, and 2019, respectively. UNC recognizes revenue and expense as the University utilizes the donor funds. The Foundation recognizes revenue when the funds are donated. Fiscal year 2021 UNC Foundation grants and gifts is a combination of \$0.5 million of specific project grants and \$6.2 million in gifts and endowment payouts utilized for program support in athletics and in the colleges within the University.

Financial Aid

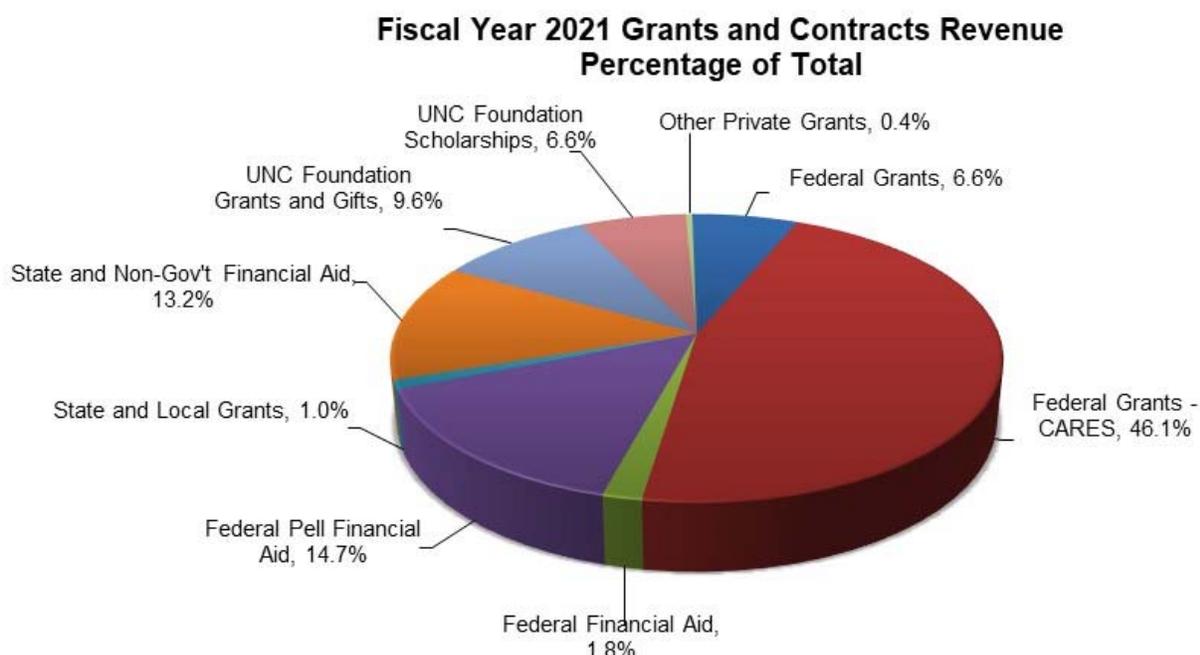
Federal Pell financial aid was 40.4%, 45.9%, and 49.7%, of total financial aid revenue in fiscal years 2021, 2020, and 2019, respectively. Federal Pell Grant financial aid is considered nonoperating revenue but is included in this analysis of all grants and contracts revenue.

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 \$10.3, \$12.4, and \$13.6 million in fiscal years 2021, 2020, and 2019, respectively.

State financial aid grew slightly from \$9.2 million in fiscal year 2020 to \$9.3 million in fiscal year 2021. These annual amounts are based on state appropriations and the allocation models used to distribute resources among the 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 scholarships, 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 the payout from an endowment.

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



Operating Expenses

For fiscal year 2021, total expenses of \$163.2 million included operating expenses of \$157.2 million and interest expenses and other losses of \$6.0 million. Operating expenses decreased 10.6% in fiscal year 2021, 17.0% in fiscal year 2020, and 23.0% in fiscal year 2019. The primary cause for the decrease in operating expenses is related to the GASB 68 personnel costs.

Natural Classification

	2021		2020		2019	
Personnel costs	\$ 129,930,114	82.6%	\$ 142,073,556	81.0%	\$ 151,638,451	71.8%
Personnel costs (GASB 68)	(38,534,429)	-24.5%	(38,360,069)	-21.9%	(19,794,947)	-9.4%
Personnel costs (GASB 75)	(492,994)	-0.3%	(274,049)	-0.2%	(6,438)	0.0%
Cost of goods sold	1,823,430	1.2%	3,603,107	2.1%	4,341,290	2.1%
Other current expenses	46,073,475	29.3%	49,654,815	28.3%	57,189,167	27.0%
Depreciation	18,369,273	11.7%	18,699,827	10.7%	17,948,148	8.5%
Total Operating expenses	<u>\$ 157,168,869</u>	<u>100.0%</u>	<u>\$ 175,397,187</u>	<u>100.0%</u>	<u>\$ 211,315,671</u>	<u>100.0%</u>

Natural classification is a method of grouping expenses according to the type of costs that are incurred. The classifications tell what was purchased rather than why an expense was incurred. Personnel costs, the University's largest expense, decreased \$12.1 million from fiscal year 2020 to 2021 and \$9.6 million from

fiscal year 2019 to 2020. During fiscal year 2021, many position vacancies were unfilled unless there was a critical need.

The largest portion of the cost of goods sold expense in the University is in auxiliary services. Total cost of goods sold decreased \$1.8 million from fiscal year 2020 to 2021 and decreased \$0.7 million from fiscal year 2019 to 2020. The changes in cost of goods sold are related to housing occupancy, meal plans sold, and the cost fluctuations from vendors who sell goods to the University.

Other current expenditures represent all other operating expense, which includes supplies, purchased services, utilities, and travel. It decreased \$3.6 million from fiscal year 2020 to 2021 and decreased \$7.5 million from fiscal year 2019 to 2020. The University was closed for about 30% of fiscal year 2020 due to the impact of COVID-19. This caused a decrease in a wide array of expenses that the University typically incurs. Many of the decreases extended into fiscal 2021 due to diminished levels of campus activity and travel.

	Wages and Benefits		2020 to 2021 Change	
	For the Years Ended June 30,			
	2021	2020	\$ Chg	% Chg
Faculty	\$ 41,866,544	\$ 45,082,122	\$ (3,215,578)	-7.1%
Administrative	30,184,869	29,976,541	208,328	0.7%
Graduate and Teaching Assistants	10,242,193	11,110,040	(867,847)	-7.8%
Classified	15,488,651	18,073,860	(2,585,209)	-14.3%
Student	4,611,285	6,888,072	(2,276,787)	-33.1%
Other	709,158	823,100	(113,942)	-13.8%
Subtotal wages	<u>103,102,700</u>	<u>111,953,735</u>	<u>(8,851,035)</u>	<u>-7.9%</u>
Fringe benefits	26,827,414	30,119,820	(3,292,406)	-10.9%
Fringe benefits (GASB 68)	(38,534,429)	(38,360,069)	(174,360)	0.5%
Fringe benefits (GASB 75)	(492,994)	(274,049)	(218,945)	79.9%
Total wages and benefits	<u>\$ 90,902,691</u>	<u>\$ 103,439,437</u>	<u>\$ (12,536,746)</u>	<u>-12.1%</u>

In fiscal years 2021 and 2020, salaries were not increased for faculty, exempt or classified staff.

In fiscal year 2019, salaries were not increased for faculty or exempt staff. State classified staff received a 3.0% increase.

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.

In fiscal year 2021 the change in net pension liability resulted in decreased non-cash accounting-only benefit expense of \$38.5 million. For fiscal years 2020 and 2019, there was increased non-cash accounting-only benefit expense of \$38.4 million, and \$19.8 million, 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 10: Defined Benefit Pension Plan* and *Note 11: Other PERA Retirement Plans*.

Functional Classification

Functional classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classifications tell why an expense was incurred rather than what was purchased.

Operating Expenses by Functional Classification						
For the Years Ended June 30,						
	2021		2020		2019	
Instruction	\$ 53,780,656	34.2%	\$ 63,298,114	36.1%	\$ 76,737,758	36.3%
Research	2,362,894	1.5%	2,725,749	1.6%	3,604,958	1.7%
Public service	1,113,367	0.7%	1,462,491	0.8%	1,716,301	0.8%
Academic support	14,291,757	9.1%	13,924,261	7.9%	18,570,710	8.8%
Student services	14,310,024	9.1%	16,376,507	9.3%	29,771,497	14.1%
Institutional support	11,745,542	7.5%	10,142,870	5.8%	14,022,550	6.6%
Operation of plant	3,594,233	2.3%	4,740,185	2.7%	8,600,795	4.1%
Scholarships and fellowships	15,628,823	9.9%	15,768,438	9.0%	16,470,808	7.8%
Auxiliary operating expenditures	21,972,300	14.0%	28,258,745	16.1%	23,872,146	11.3%
Depreciation	18,369,273	11.7%	18,699,827	10.7%	17,948,148	8.5%
Total operating expenses	<u>\$ 157,168,869</u>	<u>100.0%</u>	<u>\$ 175,397,187</u>	<u>100.0%</u>	<u>\$ 211,315,671</u>	<u>100.0%</u>

From 2020 to 2021 there were decreases in many of the functional categories, but the impact of GASB 68 and GASB 75 has distorted 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,						
	2021		2020		2019	
Instruction	\$ 66,913,966	34.1%	\$ 76,298,090	35.6%	\$ 84,720,012	36.7%
Research	2,594,574	1.3%	2,954,813	1.4%	3,704,262	1.6%
Public service	1,263,210	0.6%	1,610,708	0.8%	1,765,707	0.8%
Academic support	18,740,500	9.6%	18,330,091	8.6%	20,848,505	9.0%
Student services	16,910,801	8.6%	18,950,533	8.9%	30,811,640	13.3%
Institutional support	18,655,345	9.5%	16,983,038	7.9%	17,123,080	7.4%
Operation of plant	11,517,652	5.9%	12,583,755	5.9%	12,156,426	5.3%
Scholarships and fellowships	15,628,823	8.0%	15,768,438	7.4%	16,470,808	7.1%
Auxiliary operating expenditures	25,602,148	13.0%	31,852,012	14.9%	25,568,468	11.1%
Depreciation	18,369,273	9.4%	18,699,827	8.7%	17,948,148	7.8%
Total operating expenses	<u>\$196,196,292</u>	<u>100.0%</u>	<u>\$214,031,305</u>	<u>100.0%</u>	<u>\$231,117,056</u>	<u>100.0%</u>

GASB 75 Functional Expense			
for the Years Ended June 30,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ (168,132)	\$ (93,463)	\$ (1,723)
Research	(3,568)	(1,984)	(47)
Public service	(2,156)	(1,198)	(29)
Academic support	(51,828)	(28,810)	(758)
Student services	(34,085)	(18,948)	(528)
Institutional support	(87,284)	(48,520)	(1,266)
Operation of plant	(100,089)	(55,638)	(1,452)
Auxiliary operating expenditures	(45,852)	(25,488)	(635)
Total non-cash GASB 75 expense	<u>\$ (492,994)</u>	<u>\$ (274,049)</u>	<u>\$ (6,438)</u>

GASB 68 Functional Expense			
for the Years Ended June 30,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ (12,965,178)	\$ (12,906,513)	\$ (7,980,531)
Research	(228,112)	(227,080)	(99,257)
Public service	(147,687)	(147,019)	(49,377)
Academic support	(4,396,915)	(4,377,020)	(2,277,037)
Student services	(2,566,692)	(2,555,078)	(1,039,615)
Institutional support	(6,822,519)	(6,791,648)	(3,099,264)
Operation of plant	(7,823,331)	(7,787,932)	(3,554,179)
Auxiliary operating expenditures	(3,583,995)	(3,567,779)	(1,695,687)
Total non-cash GASB 68 expense	<u>\$ (38,534,429)</u>	<u>\$ (38,360,069)</u>	<u>\$ (19,794,947)</u>

When looking at expenditures without the impact of GASB 68 and GASB 75, operating expenditures decreased \$17.8 million dollars from fiscal year 2020 to fiscal year 2021. In addition to the naturally occurring reductions in expenditures due to diminished levels of campus activity imposed by the pandemic restrictions, intentional cost-savings initiatives were also enacted to preserve university resources.

In fiscal year 2021, scholarships decreased \$0.1 million dollars. 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 of its students.

A matrix in *Note 15: 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

For fiscal year 2021, the largest source of nonoperating revenue is “Federal grants and contracts revenue – CARES Act”, which includes \$7.7 million from Higher Education Emergency Relief Fund (HEERF) and \$24.7 million from the Coronavirus Relief Fund (CRF). CARES Act funding increased \$26.4 million from fiscal year 2020 to 2021. The nonoperating financial statement line item titled “Federal grants and contracts revenue” is Pell grant revenue, which is the second largest portion of nonoperating revenue for fiscal year 2021. Pell decreased \$2.1 million from fiscal year 2020 to 2021. 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 other nonoperating revenues are made up 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, 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.

The Perkins return of federal loan program contributions (expenses) was relatively unchanged from fiscal year 2020 to 2021. While the University did have to remit funds in accordance with the annual excess liquid capital calculation for Federal Capital Contributions to the Federal Perkins Loan Program for fiscal year 2021 of \$0.9 million it was offset by a \$0.7 million decrease in the total Perkins liability. In fiscal year 2020, the University remitted funds due to excess liquid capital of \$1.3 million. In fiscal year 2019, the University did not have to remit funds due to excess liquid capital.

Interest on capital asset related debt decreased \$0.1 million from fiscal year 2020 to 2021. The change is directly related to a decrease in expense for bond interest payments and the amortization of premiums/discounts.

The interest expense on capital-related debt 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 both the cash payments, the non-cash amortization transactions related to bond refundings, and capitalized interest on construction projects.

Other Changes

In fiscal year 2021, the University received a total of \$2.6 million in state capital appropriations. In fiscal year 2020, the University also received a total of \$2.6 million in state capital appropriations.

In fiscal year 2019, the University received a total of \$4.9 million in state capital appropriations. The University also received \$2.0 million in donations for capital items including the construction of Campus Commons and the purchase of educational equipment.

In fiscal year 2021, the University did not receive any state support for pensions as specified by state law. Effective July 1, 2018, the State is required to contribute \$225 million (actual dollars) each year to PERA, of which the University is to receive a proportionate share, but 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. Additional information about this can be found in *Note 10: Defined Benefit Pension Plan*.

In fiscal year 2020, the University received state support for pensions of \$0.8 million related to the University’s proportionate share of the \$225 million direct distribution made to the SDTF.

In fiscal year 2019 the University received state support for pensions of \$0.9 million related to the University's proportionate share of the \$225 million direct distribution made to the SDTF.

Note 16: Legislative Appropriations provides detailed information on capital appropriations from the State of Colorado.

Economic Outlook

The University's financial (or economic) position is impacted primarily by enrollment, as well as the ways in which University leaders, faculty, and staff manage resources in response to enrollment and other operational and strategic factors, but it is also affected by funding from the state legislature. The combination of tuition, fees, and auxiliary revenue generated from students is 65.9% of the University's operating revenue. The College Opportunity Fund plus the Fee-For-Service contract comprised 12.9% of the University's operating revenues in fiscal year 2021. The University received a decrease of \$27.3 million for these state-funded revenues in fiscal year 2021.

The Colorado state legislature restored higher education funding for fiscal year 2022 back to fiscal year 2020 levels and provided additional funding in response to cost increases experienced by all institutions, and in support of state initiatives to meet the needs of resident students, particularly among historically underrepresented and underserved populations, and to partially address substantial funding gaps in general. For UNC, the increase in state funding above the restoration to fiscal year 2020 levels equated to an increase of 10%.

Though Colorado institutions of higher education remain substantially disadvantaged by limited state support in comparison to national peers, the University recognizes the increase in fiscal year 2022 state funding as an indication that the state legislature has increased confidence in the trend toward recovery and stability of both state and national economic indicators. Supply chain constraints, inflationary pressures, and wage-related cost increases will continue to pose challenges to the general economic outlook. The University's management will continue to monitor and support the development of legislative initiatives to address these needs in higher education. Meanwhile, University management continues to be responsive and strategic in maintaining and enhancing long-term fiscal sustainability.

The one-time benefit of federal stimulus funding for the University has been diligently considered and carefully applied to critical investments to address infrastructure needs in support of student success, while ensuring fiscal responsiveness to pandemic impacts, and other economic factors, in fiscal year 2022 and beyond.

Student Headcount Enrollment				
Fall Final (for Fiscal Year)	Under- Graduate	Graduate	Total	Percent Change
Fall 20 (FY21)	8,494	2,966	11,460	-11.4%
Fall 19 (FY20)	9,810	3,120	12,930	-3.8%
Fall 18 (FY19)	10,232	3,205	13,437	0.3%
Fall 17 (FY18)	10,092	3,307	13,399	2.4%
Fall 16 (FY17)	10,011	3,076	13,087	7.1%
Fall 15 (FY16)	9,430	2,786	12,216	-6.2%

Overall enrollment has declined significantly since the beginning of the pandemic. An exception is in graduate enrollments, which have held relatively steady, and with increases in some master's level programs. Decreases in the enrollments of bachelor's degree seeking undergraduate students, especially among low-income and first-generation students have been most significant, in line with national trends among these demographic groups. Enrollment declines have been more pronounced in majors associated with careers that have experienced significant changes in the past two years because of the strain created by the pandemic and social unrest, such as: nursing, elementary education and criminal justice. As pandemic impacts extend into 2022, we expect continued enrollment challenges. University Enrollment Management and Marketing leaders are engaged in critical enhancements to strategies for improvements in recruiting and retention, with particular focus on the at-risk populations of low-income, first-generation, and historically underserved students.

For additional information regarding this report please contact:

Bill Mummert
 Controller
 University of Northern Colorado
 501 20th Street, Campus Box 34
 Greeley, CO 80639
 (970) 351-1604
www.unco.edu/general-accounting

FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2021

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 56,460,341	\$ 636,607
Student accounts receivable, net	5,489,857	-
Pledges receivable, net, current portion	-	2,017,453
Other receivables, net	9,060,160	136,844
Investments, current portion	-	-
Notes Receivable, current portion	-	2,340,000
Inventories	1,160,744	-
Loans to students, net, current portion	262,766	-
Other assets	259,550	113,490
Total Current Assets	<u>72,693,418</u>	<u>5,244,394</u>
Noncurrent Assets		
Restricted cash and cash equivalents	1,169,021	-
Restricted investments	509,229	-
Pledges receivable, net, noncurrent portion	-	3,886,117
Loans to students, net, noncurrent portion	2,781,140	-
Investments, noncurrent portion	-	153,087,820
Notes Receivable, noncurrent portion	-	-
Capital assets, net	273,024,984	777,378
Total Noncurrent Assets	<u>277,484,374</u>	<u>157,751,315</u>
TOTAL ASSETS	<u>350,177,792</u>	<u>162,995,709</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt refundings	2,035,866	-
Deferred amount on pensions	10,609,119	-
Deferred amount on other post-employment benefits	161,747	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,806,732</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	8,623,574	766,996
Unearned revenue	9,999,365	-
Bonds payable, current portion	5,145,000	-
Capital leases payable, current portion	645,390	-
Funds held for the University of Northern Colorado	-	506,439
Perkins liquidation liability, current portion	935,852	-
Other current liabilities	2,484,587	-
Total Current Liabilities	<u>27,833,768</u>	<u>1,273,435</u>
Noncurrent Liabilities		
Unearned revenue	-	-
Bonds payable, noncurrent portion	134,272,064	-
Capital leases payable, noncurrent portion	5,495,079	-
Other noncurrent liabilities	1,036,444	-
Net pension liabilities	86,476,674	-
Net other postemployment benefits liabilities	3,031,644	-
Perkins liquidation liability, noncurrent portion	1,668,520	-
Annuity obligations	-	104,251
Compensated absence liabilities	4,527,138	-
Total Noncurrent Liabilities	<u>236,507,563</u>	<u>104,251</u>
TOTAL LIABILITIES	<u>264,341,331</u>	<u>1,377,686</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on debt refundings	709,770	-
Deferred amount on pensions	31,224,814	-
Deferred amount on other postemployment benefits	2,072,546	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,007,130</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	129,524,159	777,378
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	62,114,247
Academic support	1,400	-
Other	-	51,433,596
Expendable		
Scholarships and fellowships	195,856	6,287,320
Loans	(151,232)	-
Bond reserve	-	-
Other	3,187,788	25,294,348
Unrestricted	(68,428,063)	15,711,134
TOTAL NET POSITION	<u>\$ 64,636,063</u>	<u>\$ 161,618,023</u>

See notes to the financial statements

FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2020

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 74,762,304	\$ 2,706,111
Student accounts receivable, net	7,398,918	-
Pledges receivable, net, current portion	-	3,178,641
Other receivables, net	8,224,503	78,078
Investments, current portion	-	3,000,000
Inventories	1,247,449	-
Loans to students, net, current portion	304,252	-
Other assets	471,814	97,936
Total Current Assets	<u>92,409,240</u>	<u>9,060,766</u>
Noncurrent Assets		
Restricted cash and cash equivalents	2,264,403	-
Restricted investments	530,933	-
Pledges receivable, net, noncurrent portion	-	5,295,148
Loans to students, net, noncurrent portion	3,240,786	-
Investments, noncurrent portion	-	119,750,019
Capital assets, net	281,644,008	815,394
Total Noncurrent Assets	<u>287,680,130</u>	<u>125,860,561</u>
TOTAL ASSETS	<u>380,089,370</u>	<u>134,921,327</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt refundings	2,194,682	-
Deferred amount on pensions	6,733,538	-
Deferred amount on other post-employment benefits	204,057	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>9,132,277</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	9,871,229	532,213
Unearned revenue	31,404,821	-
Bonds payable, current portion	4,965,000	-
Capital leases payable, current portion	996,358	-
Funds held for the University of Northern Colorado	-	530,526
Perkins liquidation liability, current portion	1,021,086	-
Other current liabilities	6,275,453	-
Total Current Liabilities	<u>54,533,947</u>	<u>1,062,739</u>
Noncurrent Liabilities		
Unearned revenue	-	-
Bonds payable, noncurrent portion	139,864,899	-
Capital leases payable, noncurrent portion	7,295,980	-
Other noncurrent liabilities	874,959	-
Net pension liabilities	99,147,013	-
Net other postemployment benefits liabilities	4,000,432	-
Perkins liquidation liability, noncurrent portion	2,300,412	-
Annuity obligations	-	129,444
Compensated absence liabilities	4,763,061	-
Total Noncurrent Liabilities	<u>258,246,756</u>	<u>129,444</u>
TOTAL LIABILITIES	<u>312,780,703</u>	<u>1,192,183</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on debt refundings	747,291	-
Deferred amount on pensions	53,213,323	-
Deferred amount on other postemployment benefits	1,639,061	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>55,599,675</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	131,808,478	815,394
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	49,583,474
Academic support	1,400	-
Other	-	40,933,242
Expendable		
Scholarships and fellowships	218,261	5,143,333
Loans	(114,201)	-
Bond reserve	-	-
Other	443,619	28,274,674
Unrestricted	(111,822,443)	8,979,027
TOTAL NET POSITION	<u>\$ 20,841,269</u>	<u>\$ 133,729,144</u>

See notes to the financial statements

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
Operating Revenues		
Student tuition and fees, net	\$ 87,846,945	\$ -
Contributions	-	7,088,542
Contributed services and donations of property	-	20,800
Federal grants and contracts	5,922,980	-
State and local grants and contracts	10,010,074	-
State Fee-For-Service contract	13,290,665	-
Nongovernmental grants and contracts	11,588,441	-
Sales and services of educational activities	333,406	-
Auxiliary operating revenue, net	20,127,011	-
Interest and dividends	-	3,198,270
Net realized and unrealized gain (loss)	-	32,308,891
Other operating revenue	4,732,184	143,213
Total Operating Revenues	153,851,706	42,759,716
Operating Expenses		
Educational and general		
Instruction	53,780,656	-
Research	2,362,894	-
Public service	1,113,367	-
Academic support	14,291,757	-
Student services	14,310,024	-
Institutional support	11,745,542	-
Operation of plant	3,594,233	-
Scholarships and fellowships	15,628,823	-
Program	-	13,888,889
Management and general	-	711,323
Pledges receivable write off	-	270,625
Impairment of land held for sale	-	-
Auxiliary operating expenditures	21,972,300	-
Depreciation	18,369,273	-
Total Operating Expenses	157,168,869	14,870,837
Operating Income	(3,317,163)	27,888,879
Nonoperating Revenues (Expenses)		
Investment income, net of investment expense	(618,965)	-
Interest on capital asset related debt	(5,405,717)	-
Federal grants and contracts revenue	10,311,251	-
Federal grants and contracts revenue - COVID-19 Relief	32,391,390	-
Perkins return of federal loan program contributions (expense)	(211,056)	-
Other nonoperating revenue (expense)	279,466	-
Net Nonoperating Revenues (Expenses)	36,746,369	-
Income Before Other Revenues (Expenses) or Gains (Losses)	33,429,206	27,888,879
State support for pensions	-	-
Capital appropriations	1,945,466	-
Capital appropriations - certificates of participation	664,127	-
Capital grants and gifts	350,920	-
Student capital fee revenue	7,405,075	-
Gain (Loss) on disposal of capital assets	-	-
Total Other Changes	10,365,588	-
Increase in Net Position	43,794,794	27,888,879
Net Position, Beginning of year	20,841,269	133,729,144
Net Position, End of Year	\$ 64,636,063	\$ 161,618,023

See notes to the financial statements

FINANCIAL STATEMENTS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
Operating Revenues		
Student tuition and fees, net	\$ 109,063,757	\$ -
Contributions	-	13,331,019
Contributed services and donations of property	-	36,832
Federal grants and contracts	5,356,669	-
State and local grants and contracts	9,986,191	-
State Fee-For-Service contract	29,466,067	-
Nongovernmental grants and contracts	9,408,397	-
Sales and services of educational activities	341,911	-
Auxiliary operating revenue, net	25,307,949	-
Interest and dividends	-	3,884,960
Net realized and unrealized gain (loss)	-	(3,085,386)
Other operating revenue	6,533,159	168,457
Total Operating Revenues	195,464,100	14,335,882
Operating Expenses		
Educational and general		
Instruction	63,298,114	-
Research	2,725,749	-
Public service	1,462,491	-
Academic support	13,924,261	-
Student services	16,376,507	-
Institutional support	10,142,870	-
Operation of plant	4,740,185	-
Scholarships and fellowships	15,768,438	-
Program	-	10,711,146
Management and general	-	694,579
Pledges receivable write off	-	50,855
Impairment of land held for sale	-	-
Auxiliary operating expenditures	28,258,745	-
Depreciation	18,699,827	-
Total Operating Expenses	175,397,187	11,456,580
Operating Income	20,066,913	2,879,302
Nonoperating Revenues (Expenses)		
Investment income, net of investment expense	2,452,571	-
Interest on capital asset related debt	(5,551,086)	-
Federal grants and contracts revenue	12,402,367	-
Federal grants and contracts revenue - COVID-19 Relief	6,013,181	-
Perkins return of federal loan program contributions (expense)	(274,140)	-
Other nonoperating revenue (expense)	(435,029)	-
Net Nonoperating Revenues (Expenses)	14,607,864	-
Income Before Other Revenues (Expenses) or Gains (Losses)	34,674,777	2,879,302
State support for pensions	787,639	-
Capital appropriations	960,184	-
Capital appropriations - certificates of participation	1,636,448	-
Capital grants and gifts	1,625	-
Student capital fee revenue	7,472,787	-
Gain (Loss) on disposal of capital assets	-	-
Total Other Changes	10,858,683	-
Increase in Net Position	45,533,460	2,879,302
Net Position, Beginning of year	(24,692,191)	130,849,842
Net Position, End of Year	\$ 20,841,269	\$ 133,729,144

See notes to the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	2021	2020
Operating Activities		
<u>Cash Received</u>		
Tuition and fees	89,883,804	107,518,657
State Fee-For-Service contract	13,290,665	29,466,067
Sales and services of educational activities	(53,589)	541,023
Sales and services of auxiliary activities	20,142,878	25,663,627
Grants and contracts	(17,217,791)	26,236,317
Federal financial aid	856,544	904,071
State financial aid	9,291,507	9,162,315
UNC Foundation grants	524,367	1,026,638
UNC Foundation gifts	6,193,877	3,414,789
UNC Foundation scholarships	4,602,356	4,545,277
Other receipts	6,388,330	4,497,235
Student loans collected	780,171	941,598
<u>Cash Payments</u>		
Payments to or for employees	(131,060,956)	(148,107,071)
Payments to suppliers	(36,961,884)	(30,328,488)
Scholarships disbursed	(15,619,831)	(15,771,218)
Student loans disbursed	(273,397)	30,077
Net cash provided by operating activities	<u>(49,232,949)</u>	<u>19,740,914</u>
Noncapital Financing Activities		
Federal Pell grant nonoperating funds	10,311,251	12,402,367
Federal CARES Act nonoperating funds	32,391,390	6,013,181
Other nonoperating revenues (expenses) - rental, lease, other	(264,803)	(641,973)
Agency inflows - campus organizations and scholarships	8,129,904	8,345,811
Agency outflows - campus organizations and scholarships	(7,940,646)	(8,483,893)
Agency inflows - student loans	61,988,018	72,266,961
Agency outflows - student loans	(61,988,018)	(72,266,961)
Net cash provided by noncapital financing activities	<u>42,627,096</u>	<u>17,635,493</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(9,694,809)	(8,743,775)
Proceeds from state capital appropriations	1,999,694	-
Proceeds from state capital appropriations - certificates of participation	-	515,486
Proceeds from UNC Foundation for capital gifts	1,015,047	1,638,073
Proceeds from Student Capital Fee	7,405,075	7,472,787
Proceeds from 2019 bonds issued	-	30,833,280
Proceeds from 2019 bonds used for refinancing	-	(32,580,052)
Bond refinancing costs paid	-	(267,757)
Principal paid on bonds payable	(4,965,000)	(2,735,000)
Principal paid on capital leases	(2,151,869)	(971,491)
Interest paid on capital debt	(5,802,368)	(6,366,621)
Net cash provided by capital and related financing activities	<u>(12,194,230)</u>	<u>(11,205,070)</u>
Investing Activities		
Investment and utilization of proceeds in escrow for energy performance capital lease	21,704	9,603
Investment earnings	(618,966)	2,452,571
Net cash provided by investing activities	<u>(597,262)</u>	<u>2,462,174</u>
Increase (Decrease) in Cash and Cash Equivalents	(19,397,345)	28,633,511
Cash and Cash Equivalents, Beginning of Year	77,026,707	48,393,196
Cash and Cash Equivalents, End of Year	57,629,362	77,026,707

See notes to the financial statements

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
Reconciliation of Net Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (3,317,163)	\$ 20,066,914
Depreciation expense	18,369,273	18,699,827
Changes in the net pension liability and related deferred outflows and inflows	(39,027,423)	(37,846,480)
Student loan cancellations	-	-
Changes in operating assets and liabilities		
Student accounts receivable, net	1,909,061	(1,350,136)
Other receivables, net	(870,235)	(4,397,644)
Inventories	501,133	862,301
Loans to students, net	86,705	38,653
Other current assets	212,264	(243,078)
Accounts payable	(808,181)	3,384,284
Accrued payroll	(425,349)	(7,578,870)
Unearned revenues	(21,405,456)	23,702,113
Other current liabilities	(4,308,447)	4,200,804
Accrued compensated absences	(149,131)	202,226
Net cash provided (used) by operating activities	<u>\$ (49,232,949)</u>	<u>\$ 19,740,914</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents	\$ 56,460,341	\$ 74,762,304
Restricted cash and cash equivalents	1,169,021	2,264,403
Total cash and cash equivalents	<u>\$ 57,629,362</u>	<u>\$ 77,026,707</u>

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 Statement No. 61 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity. Financial statements of the discretely presented component unit can be obtained from its administrative office. The University has the University of Northern Colorado Foundation, Incorporated (the Foundation) as a discretely presented component unit.

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 also 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.

Adoption of Accounting Pronouncements

In May 2020, GASB issued Statement No. 95 which delays the implementation of various statements by one year or more. The University has not elected to early implement any of the impacted statements.

Per GASB guidance, the University implemented GASB 84 *Fiduciary Activities* and 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in fiscal year 2021.

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.

Reclassification

In fiscal year 2020, the University reclassified athletics related revenue from other operating to auxiliary and athletics related expense from student services to auxiliary. This reclassification is not retroactive.

Change in Accounting Principle

There were no changes in accounting principle during fiscal years 2020 or 2021.

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, 2021, 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 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 is recorded net of estimated uncollectible amounts.

Inventories

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

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$1,861,388 and \$2,265,975 as of June 30, 2021, and 2020, respectively.

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 capitalizes applicable interest costs as a component of construction in progress.

Total interest is presented in the following table:

University Interest Capitalized and Expensed	2021	2020
Interest capitalized on self-funded capital projects	(55,440)	(36,958)
Interest costs incurred for bonds and capital leases	5,461,157	5,588,044
Total interest expense	<u>\$ 5,405,717</u>	<u>\$ 5,551,086</u>

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position contains a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent the consumption and acquisition of net position that applies to future periods; therefore, they are not recognized as an outflow or inflow of resources (expense/or deduction to expense) until that time.

Capital Leases Payable

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

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 yet been earned.

Classification of Revenues

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

Operating Revenues

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

Nonoperating Revenues

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, 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 \$10,311,251 and \$12,402,367 on June 30, 2021, and 2020, respectively, 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, 2021 or June 30, 2020. 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 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. 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 housing were approximately \$37.7 and \$38.9 million for the fiscal years ended June 30, 2021 and 2020, respectively.

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.

Unrestricted Cash and Cash Equivalents	2021	2020
Cash on hand	\$ 51,246	\$ 52,195
Cash with U.S. financial institutions	26,376,743	25,829,031
Cash with Colorado State Treasury	29,842,682	47,338,958
Unrealized gain (loss) - cash with State Treasury	189,760	1,542,120
Total unrestricted cash and cash equivalents	\$ 56,460,431	\$ 74,762,304

Restricted Cash and Cash Equivalents

The University holds restricted cash of \$1.2 million in unexpended proceeds from the Campus Commons bond issue with the State Treasury.

State Treasury Pool

The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021, the University had cash on deposit with the State Treasurer of \$31.0 million (\$29.8 million unrestricted and \$1.2 million restricted), which represented approximately .17 percent of the total \$17,744.6 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2021, the Pool's resources included \$36.1 million of cash on hand and \$17,708.5 million of investments.

On the basis of the University's participation in the Pool, the University reports as 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, 2021.

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.

As of June 30, 2021, 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 2021.

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, 2021, 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 are detailed in the table below:

Investment Types	2021	2020	Maturity
Fixed Income U.S. Government Obligations	\$ 370,518	\$ 368,622	1-5 years
Fixed Income U.S. Government Obligations	131,078	152,309	Less than 1 year
Money Market Funds - Capital lease escrow	-	-	N/A
Money Market Funds	7,633	10,002	N/A
Total University restricted investments	<u>\$ 509,229</u>	<u>\$ 530,933</u>	

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.

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 Moody's rating of AAA or better and a Standard & Poor's rating of AA+ or better. Credit quality risk is not available for the Foundation.

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

Maturities and Credit Ratings by Investment Type	2021			
	Fair Value	Duration to Maturity	Weighted - Average	S&P Credit Rating
U.S. Government Obligations	\$ 501,596	2.35 yrs	2.40 yrs	AAA
Money Market Funds	7,633	N/A	N/A	N/A
Total University investments as of June 30	<u>\$ 509,229</u>			

Maturities and Credit Ratings by Investment Type	2020			
	Fair Value	Duration to Maturity	Weighted - Average	S&P Credit Rating
U.S. Government Obligations	\$ 520,931	1.95 yrs	2.02 yrs	AAA
Money Market Funds	10,002	N/A	N/A	N/A
Total University investments as of June 30	<u>\$ 530,933</u>			

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.

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.

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 are detailed below:

University of Northern Colorado Foundation Summary of Investments as of June 30,		
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 982,905	\$ 170,120
Equities	73,241,628	52,891,534
Fixed income	13,770,203	13,769,314
Alternative investments	36,899,006	28,409,427
Other	27,194,078	19,770,424
Total Foundation investments	<u>\$ 152,087,820</u>	<u>\$ 115,010,819</u>

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

University of Northern Colorado Foundation				
Investments by Level				
as of June 30, 2021				
Description	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalent mutual funds	\$ 982,905	\$ -	\$ -	\$ 982,905
Equities				
Large cap	29,872,582	-	-	29,872,582
International	22,622,661	-	-	22,622,661
Small/mid cap	12,530,209	-	-	12,530,209
Emerging markets	8,216,176	-	-	8,216,176
Fixed income				
Floating rate corp loans	7,073,481	-	-	7,073,481
Domestic	6,187,493	-	-	6,187,493
High yield	-	-	-	-
Opportunistic	-	509,229	-	509,229
Student-managed funds	-	1,948,250	-	1,948,250
Stock/bond mixed mutual funds	1,133,914	-	-	1,133,914
Alternative investments				
Master limited partnerships	6,034,715	-	-	6,034,715
Real estate	7,755,489	-	-	7,755,489
Total Investments	102,409,625	2,457,479	-	104,867,104
Beneficial interest in long-term trusts				
held by others	-	-	10,321,710	10,321,710
Alternative investments measured at NAV	-	-	-	36,899,006
Total	\$ 102,409,625	\$ 2,457,479	\$ 10,321,710	\$ 152,087,820

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, 2021. This investment cannot be redeemed by the Foundation. The value of the investment in this category is based on the initial partnership contribution.

University of Northern Colorado Foundation				
Investments by Level				
as of June 30, 2020				
Description	Level 1	Level 2	Level 3	Total
Investments				
Cash equivalent mutual funds	\$ 170,120	\$ -	\$ -	\$ 170,120
Equities				
Large cap	19,982,682	-	-	19,982,682
International	18,018,826	-	-	18,018,826
Small/mid cap	8,942,076	-	-	8,942,076
Emerging markets	5,947,950	-	-	5,947,950
Fixed income				
Floating rate corp loans	5,313,153	-	-	5,313,153
Domestic	7,925,228	-	-	7,925,228
High yield	-	-	-	-
Opportunistic	-	530,933	-	530,933
Student-managed funds	-	2,916,762	-	2,916,762
Stock/bond mixed mutual funds	975,833	-	-	975,833
Alternative investments				
Master limited partnerships	5,359,830	-	-	5,359,830
Real estate	2,653,120	-	-	2,653,120
Total Investments	<u>75,288,818</u>	<u>3,447,695</u>	<u>-</u>	<u>78,736,513</u>
Beneficial interest in long-term trusts held by others				
Alternative investments measured at NAV	-	-	7,864,879	7,864,879
	-	-	-	28,409,427
Total	<u>\$ 75,288,818</u>	<u>\$ 3,447,695</u>	<u>\$ 7,864,879</u>	<u>\$ 115,010,819</u>

In addition to the investments valued at fair value on a recurring basis, the University of Northern Colorado Foundation, Incorporated, held another limited partnership investment valued on a non-recurring basis at a value of \$1,000,000 as of June 30, 2020. 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,

University of Northern Colorado Foundation		
Investment Earnings		
as of June 30,		
	2021	2020
Interest and dividends	\$ 3,198,270	\$ 3,884,960
Realized and unrealized gains (losses) on investments, net of taxes	30,166,164	(2,477,750)
Less investment management fees	(321,581)	(284,008)
	<u>\$ 33,042,853</u>	<u>\$ 1,123,202</u>

The following are reconciliations of the beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ending June 30, 2021 and 2020:

University of Northern Colorado Foundation		
Level 3 Investment Changes		
as of June 30,		
Beneficial Interest in Long-Term Trusts Held by Others		
	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 7,864,879	\$ 8,171,144
Net investment income (loss)	<u>2,456,831</u>	<u>(306,265)</u>
	<u>\$ 10,321,710</u>	<u>\$ 7,864,879</u>

The following tables include information on investments in certain entities that calculate net asset value:

University of Northern Colorado Foundation				
Investments in Certain Entities that Calculate Net Asset Value				
as of June 30, 2021				
<u>Fund Description</u>	<u>Fair Value</u>	<u>Unfunded</u>	<u>Redemption</u>	<u>Redemption</u>
Low correlated hedge	\$ 7,263,794	\$ -	Monthly, quarterly, semi-annually*	60-100 days
Low correlated hedge	16,400,898	-	Quarterly, semi-annually*	95 days, annual one-year lock up
Illiquid credit	3,458,593	922,668	Upon fund termination	N/A
Private equity	6,018,279	1,447,348	Upon fund termination	N/A
Real estate	<u>3,757,442</u>	<u>1,604,334</u>	Upon fund termination	N/A
Total	<u>\$36,899,006</u>	<u>\$ 3,974,350</u>		
*Subject to restrictions				

University of Northern Colorado Foundation
Investments in Certain Entities that Calculate Net Asset Value
as of June 30, 2020

<u>Fund Description</u>	<u>Fair Value</u>	<u>Unfunded</u>	<u>Redemption</u>	<u>Redemption</u>
Low correlated hedge	\$ 6,043,049	\$ -	Monthly, quarterly, semi-annually*	60-100 days
Low correlated hedge	11,501,296	-	Quarterly, semi-annually*	95 days, annual one-year lock up
Illiquid credit	3,526,567	922,668	Upon fund termination	N/A
Private equity	3,467,057	322,348	Upon fund termination	N/A
Real estate	<u>3,871,458</u>	<u>1,604,334</u>	Upon fund termination	N/A
Total	<u>\$28,409,427</u>	<u>\$ 2,849,350</u>		

*Subject to restrictions

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, are detailed below:

<u>Accounts, Contributions, and Loans Receivable</u>	<u>2021</u>	<u>2020</u>
Student accounts receivable - current	\$ 19,327,687	\$ 21,176,216
Allowance for doubtful accounts	(13,837,830)	(13,777,298)
Subtotal student accounts receivable - net	<u>5,489,857</u>	<u>7,398,918</u>
Student loans receivable - current	1,752,307	2,123,606
Allowance for doubtful accounts	(1,489,541)	(1,819,354)
Subtotal student loans receivable - net	<u>262,766</u>	<u>304,252</u>
Student loans receivable - noncurrent	3,152,987	3,687,407
Allowance for doubtful accounts	(371,847)	(446,621)
Subtotal noncurrent student loans receivable - net	<u>2,781,140</u>	<u>3,240,786</u>
Other receivables - current		
Sponsored programs - federal grants receivable	1,340,184	5,270,744
Sponsored programs - nonfederal grants receivable	24,949	50,840
Student loans program - federal loans receivable	50,311	56,695
Accounts receivable related party - the Foundation	1,591,511	592,575
Accounts receivable - State of Colorado	390,471	444,699
Other accounts receivable	5,662,734	1,808,950
Subtotal other receivables - current	<u>9,060,160</u>	<u>8,224,503</u>
Total University accounts, loans & other receivables	<u>\$ 17,593,923</u>	<u>\$ 19,168,459</u>

Related Party Receivable

Gifts and grants receivable from the Foundation to the University were \$1.6 million as of June 30, 2021, and \$0.6 million as of June 30, 2020.

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 Constant Maturities rate as of June 30 of the fiscal year in which the commitment was made. An allowance for

uncollectible contributions is established by Foundation management based on management’s analysis of specific pledge receivables.

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

Note 5: Other Assets

Inventories and other current assets are shown as of June 30:

Other Assets	2021	2020
The University		
Inventories for supply use	\$ 1,051,037	\$ 1,100,813
Inventories for resale	109,707	146,636
Total inventories	1,160,744	1,247,449
Prepaid expenses	259,550	471,814
Total other current assets	259,550	471,814
The Foundation		
Prepaid expenses and other current assets	\$ 113,490	\$ 97,936

Note 6: Capital Assets

During fiscal year 2021, the University transferred \$18.5 million from construction in progress to buildings and improvements. Completed projects include energy performance upgrades, improvements to the Butler-Hancock pool, fire sprinkler upgrades and renovation of the Frasier tunnel.

During fiscal year 2020, the University transferred \$10.2 million from construction in progress to buildings and improvements. Completed projects include fire sprinkler upgrades, roof replacements and classroom renovations.

NOTES TO THE FINANCIAL STATEMENTS

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

Capital Assets and Accumulated Depreciation	Beginning Balance	2021			Ending Balance
		Additions	Disposals	Transfers	
Capital Assets					
Land	\$ 10,231,078	\$ -	\$ -	\$ -	\$ 10,231,078
Land improvements	21,946,348	-	-	-	21,946,348
Non-depreciable land improvements	4,264,026	-	-	-	4,264,026
Buildings and improvements	484,529,035	-	-	18,505,950	503,034,985
Equipment and vehicles	27,224,326	463,031	-	-	27,687,357
Software	5,247,223	-	-	-	5,247,223
Library materials	52,228,939	2,075,893	(588,419)	-	53,716,413
Non-depreciable art/historical	1,774,684	-	-	-	1,774,684
Leasehold improvements	1,059,732	-	-	-	1,059,732
Construction in progress	16,717,398	7,211,325	-	(18,505,950)	5,422,773
Total capital assets	<u>625,222,789</u>	<u>9,750,249</u>	<u>(588,419)</u>	<u>-</u>	<u>634,384,619</u>
Less accumulated depreciation					
Land improvements	16,624,774	793,130	-	-	17,417,904
Buildings and improvements	257,731,347	14,087,033	-	-	271,818,380
Equipment and vehicles	22,759,906	1,136,682	-	-	23,896,588
Software	3,485,955	442,920	-	-	3,928,875
Library materials	41,917,067	1,909,508	(588,419)	-	43,238,156
Leasehold improvements	1,059,732	-	-	-	1,059,732
Total accumulated depreciation	<u>343,578,781</u>	<u>18,369,273</u>	<u>(588,419)</u>	<u>-</u>	<u>361,359,635</u>
Net capital assets	<u>\$ 281,644,008</u>	<u>\$ (8,619,024)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,024,984</u>

Capital Assets and Accumulated Depreciation	Beginning Balance	2020			Ending Balance
		Additions	Disposals	Transfers	
Capital Assets					
Land	\$ 10,231,078	\$ -	\$ -	\$ -	\$ 10,231,078
Land improvements	21,946,348	-	-	-	21,946,348
Non-depreciable land improvements	4,264,026	-	-	-	4,264,026
Buildings and improvements	474,337,226	-	-	10,191,809	484,529,035
Equipment and vehicles	27,094,207	130,119	-	-	27,224,326
Software	3,363,869	1,883,354	-	-	5,247,223
Library materials	50,260,185	2,143,829	(175,075)	-	52,228,939
Non-depreciable art/historical	1,774,684	-	-	-	1,774,684
Leasehold improvements	1,059,732	-	-	-	1,059,732
Construction in progress	20,081,317	6,827,890	-	(10,191,809)	16,717,398
Total capital assets	<u>614,412,672</u>	<u>10,985,192</u>	<u>(175,075)</u>	<u>-</u>	<u>625,222,789</u>
Less accumulated depreciation					
Land improvements	15,789,368	835,406	-	-	16,624,774
Buildings and improvements	243,373,052	14,358,295	-	-	257,731,347
Equipment and vehicles	21,419,572	1,340,334	-	-	22,759,906
Software	3,165,121	320,834	-	-	3,485,955
Library materials	40,257,170	1,834,972	(175,075)	-	41,917,067
Leasehold improvements	1,049,746	9,986	-	-	1,059,732
Total accumulated depreciation	<u>325,054,029</u>	<u>18,699,827</u>	<u>(175,075)</u>	<u>-</u>	<u>343,578,781</u>
Net capital assets	<u>\$ 289,358,643</u>	<u>\$ (7,714,635)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,644,008</u>

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

Foundation Capital Assets	2021	2020
Capital assets		
Buildings and improvements	\$ 1,306,363	\$ 1,306,363
Equipment and vehicles	55,659	55,659
Total capital assets	<u>1,362,022</u>	<u>1,362,022</u>
Less accumulated depreciation	<u>(584,644)</u>	<u>(546,628)</u>
Net investment in capital assets	<u>\$ 777,378</u>	<u>\$ 815,394</u>

Note 7: Liabilities and Unearned Revenue

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

The University Liabilities and Unearned Revenue	2021	2020
Accounts payable and accrued liabilities		
Accounts payable	\$ 2,173,329	\$ 2,765,639
Accrued salaries and benefits	5,727,775	6,140,657
Accrued interest expense	446,888	461,560
Retainage payable and other liabilities	275,582	503,373
Total accounts payable and accrued liabilities	<u>8,623,574</u>	<u>9,871,229</u>
Current unearned revenue		
Summer tuition and other activities	7,142,207	5,734,669
Restricted grants and contracts	2,559,729	25,471,417
Auxiliary and housing	297,429	192,870
Broadband lease	-	5,865
Total current unearned revenue	<u>9,999,365</u>	<u>31,404,821</u>
Other current liabilities		
Deposits held	931,201	966,184
Insurance liability	107,000	52,000
Deposits held in custody for agency funds	530,430	322,070
Compensated absences liability	641,106	554,313
Perkins liquidation liability	935,852	1,021,086
Housing and dining credit liability	-	4,363,026
Nursing loan program liability	274,850	17,860
Total other current liabilities	<u>3,420,439</u>	<u>7,296,539</u>
Other noncurrent liabilities		
Unearned revenue	-	-
Long-term deposit liabilities held	83,399	48,836
Compensated absences liability	4,527,138	4,763,061
Net pension liability	86,476,674	99,147,013
Other postemployment benefits liability	3,031,644	4,000,432
Perkins liquidation liability	1,668,520	2,300,413
Nursing loan program liability	953,045	826,122
Total other noncurrent liabilities	<u>96,740,420</u>	<u>111,085,877</u>
Bonds, capital leases and notes payable		
Current bonds and capital leases	5,790,390	5,961,358
Noncurrent bonds and capital leases	139,767,143	147,160,879
Total bonds and capital leases	<u>145,557,533</u>	<u>153,122,237</u>
Total liabilities and unearned revenue	<u>\$ 264,341,331</u>	<u>\$ 312,780,703</u>

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 \$2,604,372 was recorded for fiscal year end June 30, 2021. The liability recorded for fiscal year end June 30, 2020 was \$3,321,498.

The University recorded a net OPEB liability of \$3,031,644 and \$4,000,432 for fiscal year 2021 and 2020, respectively. More information is available in *Note 13: Other Postemployment Benefits (OPEB)*.

The Foundation – Liabilities and Unearned Revenue

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

<u>The Foundation Liabilities and Unearned Revenue</u>	<u>2021</u>	<u>2020</u>
Accounts payable and accrued liabilities	\$ 766,996	\$ 532,213
Funds held for the University	506,439	530,526
Annuity obligations	104,251	129,444
Total liabilities and unearned revenue	<u>\$ 1,377,686</u>	<u>\$ 1,192,183</u>

Charitable Gift Annuity Obligations

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

<u>Charitable Gift and Annuity Contracts</u>	<u>2021</u>	<u>2020</u>
Assets held under gift contracts	\$ 174,507	\$ 181,235
Less associated liabilities	(104,251)	(129,444)
Present value of assets held under contracts	<u>\$ 70,256</u>	<u>\$ 51,791</u>

Note 8: Bonds and Capital Leases Payable

Bonds and Capital Leases Payable

The following table provides a summary of bonds and capital leases payable as of June 30:

Bonds and Capital Leases Payable Summary	Interest Rates	Final Maturity	Balance 2021	Balance 2020
Fixed rate bonds	2.0% - 5.0%	2046	\$ 131,525,000	\$ 136,490,000
Fixed rate - unamortized premiums			7,892,064	8,339,899
Total fixed rate bonds			139,417,064	144,829,899
Capital leases payable	2.17%-3.93%	2031	6,140,469	8,292,338
Total bonds and capital leases payable			\$ 145,557,533	\$ 153,122,237

Changes in Bonds and Capital Leases Payable

The table below presents the summary of changes in bonds and capital leases payable for the fiscal year ended June 30:

Changes in Bonds and Capital Leases Payable	2021			Ending Balance	Current Portion
	Beginning Balance	Additions	Deductions		
Bonds payable	\$ 136,490,000	\$ -	\$ 4,965,000	\$ 131,525,000	\$ 5,145,000
Plus unamortized premiums	8,339,899	-	447,835	7,892,064	-
Total revenue bonds payable	144,829,899	-	5,412,835	139,417,064	5,145,000
Capital leases payable	8,292,338		2,151,869	6,140,469	645,390
Total bonds and capital leases payable	\$ 153,122,237	\$ -	\$ 7,564,704	\$ 145,557,533	\$ 5,790,390

Changes in Bonds and Capital Leases Payable	2020			Ending Balance	Current Portion
	Beginning Balance	Additions	Deductions		
Bonds payable	\$ 139,225,000	\$ 32,855,000	\$ 35,590,000	\$ 136,490,000	\$ 4,965,000
Plus unamortized premiums	10,531,052	-	2,191,153	8,339,899	-
Total revenue bonds payable	149,756,052	32,855,000	37,781,153	144,829,899	4,965,000
Capital leases payable	7,380,475	1,883,354	971,491	8,292,338	996,358
Total bonds and capital leases payable	\$ 157,136,527	\$ 34,738,354	\$ 38,752,644	\$ 153,122,237	\$ 5,961,358

Revenue and Refunding Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2021, 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.

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 and 2019A 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 \$131,525,000 in outstanding revenue bonds plus interest. As of June 30, total pledged revenue and the associated debt service coverage are summarized in the table below:

Net Pledged Revenue Available for Revenue Bond Debt Service	2021	2020
Gross auxiliary facility and student fee revenues	\$ 36,496,836	\$ 46,814,213
Less auxiliary facility and student fee operating expenses	<u>18,664,231</u>	<u>25,691,751</u>
Net auxiliary and student fee facility revenue	17,832,605	21,122,462
Other pledged tuition and revenue		
10% of tuition revenue	5,990,225	7,849,572
Indirect cost recoveries	503,792	576,077
Extended campus net revenue	<u>12,755,027</u>	<u>12,005,918</u>
Subtotal other pledged tuition and revenue	19,249,044	20,431,567
Total Net Pledged Revenue	<u>\$ 37,081,649</u>	<u>\$ 41,554,029</u>
Series 2014A, 2015A, 2016A, 2018A, 2018B and 2019A	<u>10,503,719</u>	<u>10,507,291</u>
Total Net Debt Service	<u>\$ 10,503,719</u>	<u>\$ 10,507,291</u>
2014A, 2015A, 2016A, 2018A, 2018B and 2019A bond debt service coverage	3.53x	3.95x
Total net debt service as a percentage of gross auxiliary facilities and student fee revenues	28.8%	22.4%
Total net debt service as a percentage of total net pledged revenues	28.3%	25.3%

Revenue Bond Activity

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 July 18, 2018, University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds, Series 2018A for \$7,110,000 par at a premium of \$121,900 and Series 2018B for \$12,020,000 par at a premium of \$1,653,221 for total proceeds of \$20,905,121. Bond proceeds of \$20,712,818 were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2008, with an outstanding principal balance of \$3,330,000 as of June 30, 2018, and the Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds, Series 2011B, with an outstanding principal balance of \$17,360,000 as of June 30, 2018. The underwriter's discount and cost of issuance for both issues totaled \$192,303. The Series 2018A bonds are not guaranteed by the State Intercept program, have coupon rates of 3.6% to 5.0% and are set to mature on June 1, 2041. The Series 2018B bonds are guaranteed by the State Intercept program, have coupon rates of 4.0% to 5.0%, and are set to mature on June 1, 2036.

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. 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 has assigned these ratings to the Series 2011A and 2014A fixed-rate bonds.

NOTES TO THE FINANCIAL STATEMENTS

Revenue Bond Detail	Original Issuance	Outstanding Balance 2021	Outstanding Balance 2020
Fixed Rate Revenue Bonds			
<p>Series 2014A 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.</p>	52,465,000	41,295,000	43,185,000
<p>Series 2015A 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.</p>	21,510,000	21,510,000	21,510,000
<p>Series 2016A 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.</p>	23,470,000	22,535,000	23,010,000
<p>Series 2018A 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.</p>	7,110,000	5,645,000	6,145,000
<p>Series 2018B 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.</p>	12,020,000	12,020,000	12,020,000
<p>Series 2019A 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.</p>	32,855,000	28,520,000	30,620,000
Total Fixed Rate Revenue Bonds	149,430,000	131,525,000	136,490,000
Add unamortized premium		7,892,064	8,339,899
Total Outstanding Fixed Rate Revenue Bonds Payable	\$149,430,000	\$ 139,417,064	\$ 144,829,899

Debt Service Requirements on Revenue Bonds

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

Total Debt Service Requirements			
Year Ending June 30	Principal	Interest	Total
2022	5,145,000	5,362,653	10,507,653
2023	5,325,000	5,178,392	10,503,392
2024	6,205,000	4,985,672	11,190,672
2025	6,485,000	4,739,330	11,224,330
2026	6,720,000	4,497,647	11,217,647
2027-2031	37,505,000	18,570,212	56,075,212
2032-2036	30,260,000	11,541,213	41,801,213
2037-2041	26,965,000	4,908,581	31,873,581
2042-2046	6,915,000	1,071,000	7,986,000
Total	\$ 131,525,000	\$ 60,854,699	\$ 192,379,699

Capital Lease Obligations

Assets under capital leases at June 30, 2021, include equipment totaling \$6,140,469. These agreements provide that any obligations payable after the current fiscal year are contingent upon funds for that purpose being available. The University has no privately placed debt other than capital leases, which are reported separately.

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

Capital Lease Minimum Payments

Fiscal Years Ending June 30,	Principal	Interest	Total
2022	\$ 645,390	\$ 158,278	\$ 803,668
2023	576,929	140,739	717,668
2024	592,641	125,027	717,668
2025	608,781	108,887	717,668
2026	625,361	92,307	717,668
2027 - 2031	3,091,367	197,944	3,289,311
Total	\$ 6,140,469	\$ 823,182	\$ 6,963,651

Note 9: Operating Leases

The University leases property and equipment under operating leases expiring in various years through 2030. Rental expense under these agreements for the year ended June 30, 2021, was \$1,286,350. The University’s future minimum lease payments under non-cancelable operating leases as of June 30 are detailed below:

Fiscal Years Ending June 30,	Lease Payments
2022	\$ 637,896
2023	620,543
2024	589,196
2025	277,896
2026	94,569
2027-2030	131,110
Total	\$ 2,351,210

Note 10: 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

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 comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent 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. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. 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, 2021

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, 2020 through June 30, 2021 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees except State Troopers)	8.75%	10.00%	10.00%	10.50%
State Troopers only	10.75%	12.00%	12.00%	12.50%

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 except State Troopers are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.40%	10.90%	10.90%	10.90%
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%	-1.02%	-1.02%
Amount apportioned to the SDTF	9.38%	9.88%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%	0.05%
Total employer contribution rate to the SDTF	19.38%	19.88%	19.93%	19.93%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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.

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 \$5,459,922 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The University of Northern Colorado's proportion of the net pension liability was based on its contributions to the SDTF for the calendar year 2020 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.

NOTES TO THE FINANCIAL STATEMENTS

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the University of Northern Colorado reported a liability of \$86,476,674 for its proportionate share of the net pension. 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	\$ 86,476,674
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the University of Northern Colorado	\$ -
Total	\$ 86,476,674

At December 31, 2020, the University of Northern Colorado proportion was 0.91 percent, which was a decrease of 0.11 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the University of Northern Colorado recognized negative pension expense of \$33,074,507. For the year ended June 30, 2020, the University of Northern Colorado recognized negative pension expense of \$31,469,734 and revenue of \$787,639 for support from the State as a nonemployer contributing entity.

On June 30, 2021, the University of Northern Colorado reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,137,083	\$ -
Changes of assumptions or other inputs	5,871,917	-
Net difference between projected and actual earnings on pension plan investments	-	17,699,467
Change in Proportionate Share	-	13,508,669
Difference in Total Employer Contribution and Proportionate Share Contribution	-	16,678
Contributions subsequent to the measurement date	2,600,119	-
Total	\$ 10,609,119	\$ 31,224,814

NOTES TO THE FINANCIAL STATEMENTS

\$2,600,119 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, 2022. 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:	
2022	\$ (10,854,161)
2023	(3,821,881)
2024	(6,405,201)
2025	(2,134,571)
2026	-
Thereafter	-

Actuarial assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50-9.17%
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)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

NOTES TO THE FINANCIAL STATEMENTS

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

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

Post-retirement non-disabled mortality assumptions for 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

Disabled mortality assumptions for State Troopers were based upon 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.

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate

of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

Discount rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (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 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- 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.
- 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the University 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 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 pension liability	114,411,182	86,476,674	63,021,764

Pension plan fiduciary net position

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

Payables to the pension plan

The University of Northern Colorado did not report payables to the SDTF as of June 30, 2021.

Note 11: 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.

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 that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA’s Annual Report as referred to above.

Funding Policy

All participating employees in the PERA DC Plan and the University 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, 2020 through June 30, 2021 are summarized in the tables below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee Contribution Rates				
Employee contribution (all employees except State Troopers)	8.75%	10.00%	10.00%	10.50%
State Troopers only	10.75%	12.00%	12.00%	12.50%
Employee Contribution Rates				
Employee contribution (all employees except State Troopers)	10.15%	10.15%	10.15%	10.15%
State Troopers only	12.85%	12.85%	12.85%	12.85%

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 ¹	N/A	0.50%	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505 ¹	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%	0.05%
Total employer contribution rate to the SDTF ¹	10.25%	10.75%	10.80%	10.80%

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 \$5,330.

Note 12: University Retirement Plans

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

The ORP is a defined contribution plan with three vendors: MetLife, TIAA-CREF, and VALIC. These vendors provide a range of investment accounts for participants. For fiscal year 2020, the employee contributed 8 percent and the University contributed 11.5 percent. The University's contributions to the ORP were \$6,508,674 in fiscal year 2021 and \$6,736,886 in fiscal year 2020. 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 \$50,000 for fiscal year 2021 and \$50,000 for fiscal year 2020 for the President.

Note 13: 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Report that can be obtained at 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). 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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 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 \$276,810 for the year ended June 30, 2021.

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

On June 30, 2021, the University of Northern Colorado reported a liability of \$3,031,644 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. 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 2020 relative to the total contributions of participating employers to the HCTF.

As of December 31, 2020, the University of Northern Colorado's proportion was 0.32 percent, which was a decrease of 0.04 percent from its proportion measured as of December 31, 2019.

For the years ended June 30, 2021 and 2020, the University of Northern Colorado recognized negative OPEB expense of \$216,184 and OPEB expense of \$52,493, respectively.

At June 30, 2021, the University of Northern Colorado reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,046	\$ 666,501
Changes of assumptions or other inputs	22,652	185,898
Net difference between projected and actual earnings on pension plan investments	-	123,875
Change in Proportionate Share	-	1,094,524
Difference in Total Employer Contribution and Proportionate Share Contribution	-	1,748
Contributions subsequent to the measurement date	131,049	-
Total	\$ 161,747	\$ 2,072,546

\$131,049 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2022	\$ (547,758)
2023	(464,525)
2024	(475,903)
2025	(393,141)
2025	(150,634)
Thereafter	(9,887)

Actuarial assumptions

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, 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

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (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, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows :

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows :

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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.

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

Post-retirement non-disabled mortality assumptions for 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

Disabled mortality assumptions for State Troopers were based upon 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 head-count weighted basis.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$2,953,287	\$3,031,644	\$3,122,862

Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date .
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date .
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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 pension liability	3,472,804	3,031,644	2,654,709

OPEB plan fiduciary net position.

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

Note 14: Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position contains separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent the consumption or availability of net position that applies to future periods; therefore, it will not be recognized as an outflow or inflow until that time. Deferred outflows, when amortized over the allowable period, increase expense while deferred inflows decrease expense.

Deferred inflows and outflows result from deferred amounts on refunding bonds and transactions related to the University of Northern Colorado share of the Colorado Public Employees’ Retirement Association (PERA) net pension liability. Additional information on the University’s debt portfolio can be found in *Note 8: Bonds and Capital Leases Payable*. Additional information related to the PERA pension plan and related net pension liability can be found in *Note 10: Defined Benefit Pension Plan*.

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. The following schedules outline the deferred outflows and deferred inflows of resources related to University of Northern Colorado’s debt refunding activity.

2021							
Deferred Amounts on Debt Refundings							
Issue	Year of Maturity	Description	Original Deferred Amount on Refunding	Original Amortization Period in Years	Remaining Amortization Period in Years	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources							
Series 2014A	2035	Advance refunding of a portion of Series 2005	799,172	21	14	525,440	37,756
Series 2018A	2041	Refunding of Series 2008 and Series 2011B	230,132	23	20	200,005	10,042
Series 2018B	2036	Refunding of Series 2011B	720,867	18	15	600,722	40,048
Series 2019A	2031	Refunding of Series 2011A	851,638	12	10	709,699	70,970
Total deferred outflows of resources			<u>\$ 2,601,809</u>			<u>\$ 2,035,866</u>	<u>\$ 158,816</u>
Deferred inflows of resources							
Series 2015A	2040	Refunding of the remaining balance of Series 2005	(938,023)	25	19	(709,770)	(37,521)
Total deferred inflows of resources			<u>\$ (938,023)</u>			<u>\$ (709,770)</u>	<u>\$ (37,521)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position							<u>\$ 121,295</u>

2020							
Deferred Amounts on Debt Refundings							
Issue	Year of Maturity	Description	Original Deferred Amount on Refunding	Original Amortization Period in Years	Remaining Amortization Period in Years	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources							
Series 2014A	2035	Advance refunding of a portion of Series 2005	799,172	21	15	563,196	37,757
Series 2018A	2041	Refunding of Series 2008 and Series 2011B	230,132	23	21	210,047	10,042
Series 2018B	2036	Refunding of Series 2011B	720,867	18	16	640,771	40,048
Series 2019A	2031	Refunding of Series 2011A	851,638	12	11	780,668	70,970
Total deferred outflows of resources			<u>\$ 2,601,809</u>			<u>\$ 2,194,682</u>	<u>\$ 158,817</u>
Deferred inflows of resources							
Series 2015A	2040	Refunding of the remaining balance of Series 2005	(938,023)	25	20	(747,291)	(37,521)
Total deferred inflows of resources			<u>\$ (938,023)</u>			<u>\$ (747,291)</u>	<u>\$ (37,521)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position							<u>\$ 121,296</u>

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
- 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. The following is a summary of the deferred outflows and deferred inflows of resources related to University of Northern Colorado's proportionate share of the PERA net pension and net OPEB liabilities:

2021				
Deferred Amounts Related to Net Pension Liability				
Description	Amortization Period	Cumulative Deferred Amount	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources				
Pension changes in assumptions	Service life	\$ 128,735,187	\$ 5,871,917	\$ 3,474,514
Pension experience results	Service life	16,776,125	2,137,083	3,350,942
Pension investment results	Five years	-	-	-
Pension contributions after measurement date*	See footnote	-	2,600,119	-
Total deferred outflows of resources		<u>\$ 145,511,312</u>	<u>\$ 10,609,119</u>	<u>\$ 6,825,456</u>
Deferred inflows of resources				
Pension changes in assumptions	Service life	\$ (103,289,399)	-	(28,437,499)
Pension investment results	Five years	(20,711,250)	(17,699,467)	(6,851,359)
Pension changes in proportionate share	Service life	(59,472,721)	(13,508,669)	(15,042,402)
Pension employer contribution difference	Service life	(204,885)	(16,678)	(37,544)
Total deferred inflows of resources		<u>\$ (183,678,255)</u>	<u>\$ (31,224,814)</u>	<u>\$ (50,368,804)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (43,543,348)</u>
*Deferred outflows of resources originating from pension contributions made after the measurement date (January 1, 2020 to June 30, 2020) will be recognized as a reduction to net pension liability in the following year. Each year the contributions from January 1 to June 30 will be recorded as a deferred outflow of resources.				

2020				
Deferred Amounts Related to Net Pension Liability				
Description	Amortization Period	Cumulative Deferred Amount	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources				
Pension changes in assumptions	Service life	\$ 119,388,755	\$ -	\$ 34,517,793
Pension experience results	Service life	15,097,519	3,704,351	32,380
Pension investment results	Five years	-	-	-
Pension contributions after measurement date*	See footnote	-	3,029,187	-
Total deferred outflows of resources		<u>\$ 134,486,274</u>	<u>\$ 6,733,538</u>	<u>\$ 34,550,173</u>
Deferred inflows of resources				
Pension changes in assumptions	Service life	\$ (100,831,657)	(28,437,499)	\$ (37,624,621)
Pension investment results	Five years	(20,212,317)	(10,681,917)	(2,957,890)
Pension changes in proportionate share	Service life	(44,986,635)	(14,064,986)	(12,199,216)
Pension employer contribution difference	Service life	(180,442)	(28,922)	(31,499)
Total deferred inflows of resources		<u>\$ (166,211,051)</u>	<u>\$ (53,213,324)</u>	<u>\$ (52,813,226)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (18,263,053)</u>
*Deferred outflows of resources originating from pension contributions made after the measurement date (January 1, 2020 to June 30, 2020) will be recognized as a reduction to net pension liability in the following year. Each year the contributions from January 1 to June 30 will be recorded as a deferred outflow of resources.				

2021				
Deferred Amounts Related to OPEB				
Description	Amortization Period	Cumulative Deferred Amount	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources				
OPEB changes in assumptions	Service life	49,504	22,652	10,536
OPEB experience results	Service life	28,815	8,046	5,229
OPEB contributions after measurement date*	See footnote	-	131,049	-
Total deferred outflows of resources		<u>\$ 78,319</u>	<u>\$ 161,747</u>	<u>\$ 15,765</u>
Deferred inflows of resources				
OPEB changes in assumptions	Service life	(222,563)	(185,898)	(36,665)
OPEB experience results	Service life	(1,026,600)	(666,501)	(225,133)
OPEB investment results	Five years	(335,728)	(123,875)	(46,449)
OPEB changes in proportionate share	Service life	(1,682,373)	(1,094,524)	(217,568)
OPEB employer contribution difference	Service life	(4,670)	(1,748)	(1,592)
Total deferred inflows of resources		<u>\$ (3,271,934)</u>	<u>\$ (2,072,546)</u>	<u>\$ (527,407)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (511,642)</u>

*Deferred outflows of resources originating from OPEB made after the measurement date (January 1, 2020 to June 30, 2020) will be recognized as a reduction to OPEB liability in the following year. Each year the contributions from January 1 to June 30 will be recorded as a deferred outflow of resources.

2020				
Deferred Amounts Related to OPEB				
Description	Amortization Period	Cumulative Deferred Amount	Deferred Amount Remaining at June 30	Current Fiscal Year Amortization Expense
Deferred outflows of resources				
OPEB changes in assumptions	Service life	49,504	33,189	12,097
OPEB experience results	Service life	28,814	13,275	7,910
OPEB contributions after measurement date*	See footnote	-	157,593	-
Total deferred outflows of resources		<u>\$ 78,318</u>	<u>\$ 204,057</u>	<u>\$ 20,007</u>
Deferred inflows of resources				
OPEB experience results	Service life	(807,195)	(672,220)	(134,053)
OPEB investment results	Five years	(111,643)	(66,772)	(36,125)
OPEB changes in proportionate share	Service life	(1,272,339)	(897,718)	(214,264)
OPEB employer contribution difference	Service life	(3,784)	(2,351)	(727)
Total deferred inflows of resources		<u>\$ (2,194,961)</u>	<u>\$ (1,639,061)</u>	<u>\$ (385,170)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (365,163)</u>

*Deferred outflows of resources originating from OPEB made after the measurement date (January 1, 2020 to June 30, 2020) will be recognized as a reduction to OPEB liability in the following year. Each year the contributions from January 1 to June 30 will be recorded as a deferred outflow of resources.

Note 15: Operating Expenses by Function Compared with Operating Expenses by Natural Classification

For the Year Ended June 30, 2021								
	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships and Fellowships	Utilities	Travel	Depreciation	Total
Instruction	\$ 50,275,695	\$ 50	\$ 3,482,034	\$ -	\$ -	\$ 22,877	\$ -	\$ 53,780,656
Research	1,644,403	-	700,590	-	-	17,901	-	2,362,894
Public Service	647,709	85,170	377,178	-	-	3,310	-	1,113,367
Academic Support	10,362,509	1,554	3,917,936	-	-	9,758	-	14,291,757
Student Services	9,924,084	39,289	4,125,459	-	215,063	6,129	-	14,310,024
Institutional Support	5,032,867	(114,121)	6,808,569	-	(6,350)	24,577	-	11,745,542
Operation of Plant	(832,965)	-	1,840,797	-	2,584,068	2,333	-	3,594,233
Scholarships	7,835	-	1,157	15,619,831	-	-	-	15,628,823
Auxiliary	13,840,554	1,811,488	3,187,804	-	2,097,109	1,035,345	-	21,972,300
Depreciation	-	-	-	-	-	-	18,369,273	18,369,273
Total Operating Expenses	\$ 90,902,691	\$ 1,823,430	\$ 24,441,524	\$ 15,619,831	\$ 4,889,890	\$ 1,122,230	\$ 18,369,273	\$ 157,168,869

For the Year Ended June 30, 2020								
	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships and Fellowships	Utilities	Travel	Depreciation	Total
Instruction	\$ 58,915,818	\$ 6,847	\$ 3,814,217	\$ -	\$ -	\$ 561,232	\$ -	\$ 63,298,114
Research	1,749,182	-	753,840	-	-	222,727	-	2,725,749
Public Service	913,496	92,859	424,878	-	-	31,258	-	1,462,491
Academic Support	9,330,279	3,986	4,500,074	-	-	89,922	-	13,924,261
Student Services	10,863,371	189,791	4,869,966	-	212,874	240,505	-	16,376,507
Institutional Support	4,061,659	345,726	5,601,416	-	(6,350)	140,419	-	10,142,870
Operation of Plant	52,057	-	2,516,173	-	2,169,651	2,304	-	4,740,185
Scholarships	-	-	-	15,768,438	-	-	-	15,768,438
Auxiliary	17,553,575	2,963,899	3,406,220	-	2,092,678	2,242,373	-	28,258,745
Depreciation	-	-	-	-	-	-	18,699,827	18,699,827
Total Operating Expenses	\$ 103,439,437	\$ 3,603,108	\$ 25,886,784	\$ 15,768,438	\$ 4,468,853	\$ 3,530,740	\$ 18,699,827	\$ 175,397,187

Summary of Wages and Benefits

	Wages and Benefits		2020 to 2021 Change	
	For the Year Ended June 30,			
	2021	2020	\$ Chg	% Chg
Faculty	\$ 41,866,544	\$ 45,082,122	\$ (3,215,578)	-7.1%
Administrative	30,184,869	29,976,541	208,328	0.7%
Graduate and Teaching Assistants	10,242,193	11,110,040	(867,847)	-7.8%
Classified	15,488,651	18,073,860	(2,585,209)	-14.3%
Student	4,611,285	6,888,072	(2,276,787)	-33.1%
Other	709,158	823,100	(113,942)	-13.8%
Subtotal wages	103,102,700	111,953,735	(8,851,035)	-7.9%
Fringe benefits	26,827,414	30,119,820	(3,292,406)	-10.9%
Fringe benefits (GASB 68)	(38,534,429)	(38,360,069)	(174,360)	0.5%
Fringe benefits (GASB 75)	(492,994)	(274,049)	(218,945)	79.9%
Total wages and benefits	\$ 90,902,691	\$ 103,439,437	\$ (12,536,746)	-12.1%

Note 16: 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, 2021, the University had a total appropriation of \$19,816,875 and appropriated expenditures were within the authorized spending authority.

The University's appropriated funds consisted of \$6,526,210 received from students who qualified for stipends from the College Opportunity Fund and \$13,290,665 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 \$1,945,466 and \$960,184 in capital appropriations revenue in fiscal years 2021 and 2020, respectively.

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, 2021, and the unexpended balance:

State Capital Appropriations				
<u>Project</u>	<u>Category</u>	<u>Total Appropriation</u>	<u>Expended as of 6/30/2021</u>	<u>Balance Remaining as of 6/30/2021</u>
Campus Commons	State Appropriation - Capital Construction	\$ 38,000,000	\$ 38,000,000	\$ -
Campus Commons	State Appropriation - Cash Funded	35,533,668	35,533,668	-
Subtotal Campus Commons		<u>73,533,668</u>	<u>73,533,668</u>	<u>-</u>
Boiler Replacement	State Appropriation - Capital Construction	3,779,372	149,766	3,629,606
Boiler Replacement	State Appropriation - Cash Funded	46,800	-	46,800
Subtotal Campus Commons		<u>3,826,172</u>	<u>149,766</u>	<u>3,676,406</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
Butler-Hancock pool AHU	State Appropriation - Controlled Maintenance	937,268	937,268	-
McKee Chiller Replacement	State Appropriation - Controlled Maintenance	489,672	489,672	-
Fire sprinkler-Michener	State Appropriation - Controlled Maintenance	2,066,257	1,787,689	278,568
Total		<u>\$ 84,663,665</u>	<u>\$ 79,981,485</u>	<u>\$ 4,682,180</u>
	State Appropriation - Capital Construction	\$ 38,000,000	\$ 38,000,000	\$ -
	State Appropriation - Cash Funded	35,580,468	35,533,668	46,800
	State Appropriation - Controlled Maintenance	<u>7,303,825</u>	<u>6,298,051</u>	<u>1,005,774</u>
		<u>\$ 80,884,293</u>	<u>\$ 79,831,719</u>	<u>\$ 1,052,574</u>

State Capital Appropriations				
<u>Project</u>	<u>Category</u>	<u>Total Appropriation</u>	<u>Expended as of 6/30/2020</u>	<u>Balance Remaining as of 6/30/2020</u>
Campus Commons	State Appropriation - Capital Construction	\$ 38,000,000	\$ 38,000,000	\$ -
Campus Commons	State Appropriation - Cash Funded	35,533,668	35,390,661	143,007
Subtotal Campus Commons		<u>73,533,668</u>	<u>73,390,661</u>	<u>143,007</u>
Butler-Hancock pool AHU	State Appropriation - Controlled Maintenance	937,268	891,146	46,122
Frasier tunnel piping abatement	State Appropriation - Controlled Maintenance	339,146	290,675	48,471
Fire sprinkler-Frasier (Phase I)	State Appropriation - Controlled Maintenance	1,611,931	1,190,046	421,885
Fire sprinkler-McKee Hall	State Appropriation - Controlled Maintenance	996,364	906,195	90,169
Fire sprinkler-Gunter	State Appropriation - Controlled Maintenance	863,187	468,672	394,515
McKee Chiller Replacement	State Appropriation - Controlled Maintenance	489,672	91,190	398,482
Total		<u>\$ 78,771,236</u>	<u>\$ 77,228,585</u>	<u>\$ 1,542,651</u>
	State Appropriation - Capital Construction	\$ 38,000,000	\$ 38,000,000	\$ -
	State Appropriation - Cash Funded	35,533,668	35,390,661	143,007
	State Appropriation - Controlled Maintenance	<u>5,237,568</u>	<u>3,837,924</u>	<u>1,399,644</u>
		<u>\$ 78,771,236</u>	<u>\$ 77,228,585</u>	<u>\$ 1,542,651</u>

Note 17: 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.

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 18: Risk Management

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

- General liability covered by Philadelphia for an aggregate of \$3,000,000 and per occurrence of \$1,000,000 with no deductible.
- Professional liability covered by Philadelphia for \$3,000,000 with a \$25,000 deductible.
- Automobile liability covered by Philadelphia for \$1,000,000 with no deductible.
- Errors and omissions covered by RSUI Group, Inc. for \$3,000,000 with a \$25,000 deductible.
- Employment practices liability covered by RSUI Group, Inc. for \$3,000,000 with a \$50,000 deductible.
- Workers compensation covered by Pinnacol Assurance for \$500,000/\$500,000/\$500,000 with a \$1,000 deductible.
- Umbrella liability covered by Philadelphia for \$2,000,000 with a self-insured retention of \$10,000.
- Fidelity (employee dishonesty) covered by Travelers for \$3,000,000 with a \$25,000 deductible.
- Other property covered by Midwestern Higher Education Compact for \$500,000,000 with a \$50,000 deductible.

The University became fully insured through several insurance companies in 2006 and is covered by insurance for everything above its reserve and deductible. The coverage in fiscal year 2020 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, 2021, was \$107,000 which represents deductibles based on an analysis of claims.

Note 19: Other Disclosures

Multi-Year Employment Contracts

During fiscal year 2021, 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 20: Subsequent Events

On December 30, 2021, University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds Taxable, 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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

University of Northern Colorado
Schedule of Required Supplementary Information
June 30, 2021

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 (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%

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%

*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.

Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2021 Changes in benefit terms and actuarial assumptions

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% to 2.30%.
- The real rate of investment return assumption increased from 4.85% per year, net of investment expenses, to 4.95% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.50% to 3.00%.

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

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

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.

REQUIRED SUPPLEMENTARY INFORMATION

University of Northern Colorado Schedule of Required Supplementary Information June 30, 2021					
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 (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%

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%

*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.

Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2021 Changes in benefit terms and actuarial assumptions

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% to 2.30%.
- The real rate of investment return assumption increased from 4.85% per year, net of investment expenses, to 4.95% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.50% to 3.00%.

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

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.

**OTHER BUDGET, FINANCIAL, AND
ENROLLMENT DATA**

OPERATING BUDGET SUMMARY

In millions	FY21 Budget	FY21 Forecast	FY22 Budget	Variance Budget to Forecast fav(unfav)
OPERATING REVENUES				
Undergraduate Tuition and Fees	86,145,114	86,490,244	85,640,217	(850,027)
Undergraduate Institutional Grants and Scholarships	(22,983,557)	(22,895,412)	(23,570,512)	(675,100)
Undergraduate Net Tuition and Fee Revenue	63,161,557	63,594,832	62,069,705	(1,525,127)
Graduate Tuition and Fees	33,818,708	33,542,538	35,992,320	2,449,782
Graduate Institutional Scholarships and Waivers	(4,878,983)	(4,763,377)	(5,334,083)	(570,706)
Graduate Net Tuition and Fee Revenue	28,939,725	28,779,161	30,658,237	1,879,076
Room and Board	22,255,209	22,078,192	22,646,235	568,043
Room and Board Waivers	(781,000)	(803,669)	(903,795)	(100,126)
Net Room and Board Revenue	21,474,209	21,274,523	21,742,440	467,917
NET STUDENT REVENUES	113,575,491	113,648,516	114,470,382	821,866
State Funding	19,816,875	19,816,875	51,740,993	31,924,118
Federal CARES Act Funding	24,875,245	24,875,245	-	(24,875,245)
Federal HEERF II	-	3,183,760	5,599,006	2,415,246
Subtotal State and Federal Funding	44,692,120	47,875,880	57,339,999	9,464,119
Foundation Restricted Gifts for Operations	3,343,107	2,639,168	3,428,232	789,064
Foundation Restricted Capital Gifts	1,896,244	3,576,382	2,188,934	(1,387,448)
Foundation Unrest (design. for scholarships)	1,607,000	1,610,000	1,610,000	-
Subtotal Foundation	6,846,351	7,825,550	7,227,166	(598,384)
Other Auxiliary Services (Athletics, Food serv., RSVP meals)	4,793,422	3,709,089	7,981,888	4,272,799
Other Revenue (Orientation, Serv. Chgs., misc.)	5,404,143	4,091,166	5,881,228	1,790,062
Net Non-Operating Rev. (Interest, rebates, broad band lease)	1,724,857	1,390,096	1,724,857	334,761
Subtotal Other Revenue	11,922,422	9,190,351	15,587,973	6,397,622
NET OPERATING REVENUES	177,036,384	178,540,297	194,625,520	16,085,223
OPERATING EXPENDITURES				
Faculty Salaries	42,461,990	40,824,515	39,972,941	851,574
Exempt Salaries	27,697,554	28,501,832	33,127,557	(4,625,725)
Classified Salaries	15,866,485	15,897,376	15,362,037	535,339
Graduate Stipends	4,194,317	4,532,628	4,910,735	(378,107)
Student and Other Wages	4,859,915	3,455,034	5,296,279	(1,841,245)
Fringe Benefits	27,977,551	26,537,662	27,354,468	(816,806)
Subtotal Personnel Expenses	123,057,812	119,749,047	126,024,017	(6,274,970)
Cost of Sales	3,310,483	1,995,510	3,146,938	(1,151,428)
Utilities	4,779,265	4,790,742	5,050,809	(260,067)
Travel	3,158,328	790,586	3,850,088	(3,059,502)
Services, Supplies, and Other Non-personnel	28,146,039	23,408,951	31,643,292	(8,234,341)
Subtotal Non-personnel Expenses	39,394,115	30,985,789	43,691,127	(12,705,338)
Debt Service on Bonds	10,503,718	10,503,718	10,507,653	(3,935)
Capital Lease Payment	1,206,631	2,416,481	803,668	1,612,813
Multiyear Projects	2,481,619	2,970,794	3,832,027	(861,233)
Subtotal Debt & Lease Payments, Multiyear	14,191,968	15,890,993	15,143,348	747,645
TOTAL OPERATING EXPENDITURES	176,643,895	166,625,829	184,858,492	(18,232,663)
Foundation Capital Transfer(s)	1,896,244	3,576,382	2,188,934	1,387,448
Institutionally Funded Capital Transfer(s)	4,000,827	4,553,333	4,271,661	281,672
TOTAL EXPENDITURES	182,540,966	174,755,544	191,319,087	(16,563,543)
TOTAL OPERATING INFLOW / (OUTFLOW)	(5,504,582)	3,784,753	3,306,433	(478,320)
Balance Sheet Changes/Timing	(537,919)	(525,877)	(400,000)	125,877
OPERATING SURPLUS/(DEFICIT)	(6,042,501)	3,258,876	2,906,433	(352,443)

ACTUAL AND PROJECTED NET REVENUE AVAILABLE FOR DEBT SERVICE

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Projected ⁸ FY 2022	Projected ⁸ FY 2023
OPERATING REVENUES					
Housing and food contracts ⁹	\$ 32,519,883	\$ 28,872,228	\$ 22,414,697	\$ 22,646,235	\$ 22,646,235
Short-term room and board ¹⁰	2,510,110	1,620,658	633,757	2,128,804	2,128,804
Student fees ¹¹	10,501,199	10,480,366	10,771,954	10,684,029	10,684,029
Parking fees	2,153,626	1,527,237	878,948	1,716,654	1,716,654
Other auxiliary sales and services	5,530,125	4,144,561	1,724,278	4,118,108	4,118,108
Other auxiliary investment revenues	170,313	169,164	73,202	170,429	170,429
Gross revenues	53,385,256	46,814,214	36,496,836	41,464,259	41,464,259
Operating expenses					
Cost of sales	6,567,668	4,444,860	2,037,021	4,634,738	4,634,738
Personal services ¹²	13,162,410	11,907,870	8,386,237	10,237,522	10,237,522
Other general expenses	8,208,136	6,967,286	5,950,960	8,115,658	8,115,658
Utilities	2,552,868	2,289,298	2,288,013	2,411,343	2,411,343
Room and board scholarships ⁷	114,707	81,814	2,000	-	-
Travel and subsistence	2,921	623	-	2,100	2,100
Capital outlay, operations	78,147	-	-	-	-
Total operating expenses	30,686,857	25,691,751	18,664,231	25,401,361	25,401,361
Net auxiliary and student fee facility revenues	22,698,399	21,122,463	17,832,605	16,062,898	16,062,898
10% of tuition revenues ^{1, 13}	8,217,680	7,849,572	5,990,225	7,085,496	6,872,931
Other net revenues					
Indirect cost recoveries ²	574,371	576,077	503,792	535,000	535,000
Extended Campus net revenues	11,939,599	12,005,918	12,755,027	16,190,449	16,190,449
Other pledged tuition and revenues	20,731,650	20,431,567	19,249,044	23,810,945	23,598,380
TOTAL NET PLEDGED REVENUES	43,430,049	41,554,030	37,081,649	39,873,843	39,661,278
Debt service					
Prior bond debt service ^{3, 4}	-	-	-	-	-
Subtotal prior bond debt service	-	-	-	-	-
Series 2011A debt service ⁵	3,087,619	-	-	-	-
Series 2011B debt service ⁴	-	-	-	-	-
Series 2014A debt service	3,869,712	3,864,513	3,861,713	3,857,212	3,858,212
Series 2015A debt service	910,400	910,400	910,400	910,400	910,400
Series 2016A debt service	1,139,500	1,599,500	1,596,100	1,596,850	1,597,150
Series 2018A debt service ⁴	732,998	756,788	752,388	752,388	756,138
Series 2018B debt service ⁴	492,410	566,350	566,350	566,350	566,350
Series 2019A debt service ⁵	-	2,809,741	2,816,768	2,824,453	2,815,142
Subtotal remaining bond debt service	10,232,639	10,507,292	10,503,719	10,507,653	10,503,392
TOTAL DEBT SERVICE	\$ 10,232,639	\$ 10,507,292	\$ 10,503,719	\$ 10,507,653	\$ 10,503,392
Prior debt service coverage (2008 Bonds)³	N/A	N/A	N/A	N/A	N/A
Remaining bond debt service coverage (2011 thru 2018 Bonds)⁶	4.24 x	3.95 x	3.53 x	3.79 x	3.78 x

¹ 10% of Tuition includes general fund tuition. Extended Campus tuition is included in Extended Campus net revenues.

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

³ Starting in FY 2016 prior bond debt service includes only the Series 2008 bonds.

⁴ Starting in FY 2019 the Series 2008 and 2011B bonds were refinanced into the 2018A and 2018B bond issues.

⁵ Starting in FY 2020 the Series 2011A bonds were refinanced into the 2019A bond issue.

⁶ Calculation assumes the prior bond debt service is paid before calculating coverage for the 2011A, 2011B, 2014A, 2015A, 2016A, 2018A, 2018B and 2019A issues.

⁷ Room and board scholarships were under a new program that was in effect for FY 2016, but most of these scholarships were folded into need-based financial aid, funded by tuition, in FY 2017.

⁸ FY 2022 Projected and FY 2023 Projected include the following assumptions:

⁹ Housing and food contracts revenue is based on a tiered rate structure and occupancy estimates. Room and board rates increased 4% in FY 2022 and assumed flat for FY 2023.

¹⁰ Short term room and board is expected to return to pre-pandemic levels in FY 2022. It is projected to remain flat for FY 2023.

¹¹ Student fees were increased 3% in FY 2022. A rate increase of 3% coupled with a decrease in enrollment results in a projected revenue that is flat in FY 2022 and it is projected to be flat in FY 2023.

¹² Personnel for FY 2022 includes a 3% salary increase for Faculty, Exempt and Classified staff. Personnel is projected to remain flat in FY 2023.

¹³ Resident undergraduate tuition rates, non-resident and WUE rates increased 7% for FY 2022. Graduate tuition rates increased by an average of 3%. In FY 2023, all rates are projected to remain flat.

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:

Fiscal Year	College Opportunity Fund	Fee-For-Service	Total State Support	Total Operating Revenue	Total Support as a % of Total Revenues
2016-2017	14,814,610	24,298,624	39,113,234	203,122,026	19%
2017-2018	15,495,879	24,101,529	39,597,408	202,377,375	20%
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%

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.

Fiscal Year	Capacity ¹	Utilization Rate
2016-2017	3039	91.7%
2017-2018	3068	92.9%
2018-2019	3068	86.7%
2019-2020	3068	69.3%
2020-2021	3066	56.7%

¹ Capacity does not include Arlington Park Apartments or University Apartments

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

Room and Board Rates and Revenues						
(in dollars)						
<u>Fiscal Year</u>	<u>Low Room Rate ¹</u>	<u>High Room Rate ¹</u>	<u>University Apartments ²</u>	<u>Arlington Park Apartments</u>	<u>19-Meal Plan</u>	<u>Total Revenue</u>
2016-2017	2,448	3,326	750/month	534/month	2,835	33,334,381
2017-2018	2,495	3,390	-	545/month	2,890	34,386,974
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	2,950	22,414,697

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

² The University sold University Apartments, a 98 unit housing complex, on February 15, 2017.

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.

Short-Term Room and Board	
<u>Fiscal Year</u>	<u>Total Revenue</u>
2016-2017	2,628,387
2017-2018	2,326,195
2018-2019	2,510,110
2019-2020	1,620,658
2020-2021	633,757

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	Academic Year Student Fee ¹	Academic Year Capital Fee	Total Student Fee Revenue ²	Pledged Student Fee Revenue	Pledged Student Services Fee	Pledged Capital and Facilities Student Fee	Pledged Student Fees Used To Pay Debt Service	Pledged Student Fees Transferred to Reserves for Capital
2016-2017	882	650	13,554,511	9,185,495	3,431,790	5,753,705	2,287,547	3,335,942
2017-2018	908	800	14,892,172	10,190,510	3,392,984	6,797,526	2,790,450	3,881,526
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

¹ Includes LEAF Fee
² Includes Capital Fee Revenue which was moved to a non-operating revenue in 2017-18

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	Permit Basic Fee	Total Revenue
2016-2017	285	2,255,245
2017-2018	285	2,222,924
2018-2019	285	2,153,626
2019-2020	285	1,541,971
2020-2021	285	883,401

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)**

<u>Fiscal Year</u>	<u>Revenue</u>
2016-2017	5,947,592
2017-2018	5,309,394
2018-2019	5,530,125
2019-2020	4,129,807
2020-2021	1,719,825

ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

ENROLLMENT					
Fall	2016	2017	2018	2019	2020
HEADCOUNT (Fall Final)					
Total Headcount	13,087	13,399	13,437	12,930	11,460
% Change	7.1%	2.4%	0.3%	-3.8%	-11.4%
Undergraduate Headcount	10,011	10,092	10,232	9,810	8,494
% Change	6.2%	0.8%	1.4%	-4.1%	-13.4%
% Undergraduate Headcount	76.5%	75.3%	76.1%	75.9%	74.1%
Full Time Undergraduate Headcount	8,348	8,328	8,064	7,752	6,726
% Change	1.9%	-0.2%	-3.2%	-3.9%	-13.2%
% Full time Undergraduate Headcount	83.4%	82.5%	78.8%	79.0%	79.2%
Part Time Undergraduate Headcount	1,663	1,764	2,168	2,058	1,768
% Change	34.8%	6.1%	22.9%	-5.1%	-14.1%
% Part time Undergraduate Headcount	16.6%	17.5%	21.2%	21.0%	20.8%
Graduate Headcount	3,076	3,307	3,205	3,120	2,966
% Change	10.4%	7.5%	-3.1%	-2.7%	-4.9%
% Graduate Headcount	23.5%	24.7%	23.9%	24.1%	25.9%
Extended Campus Headcount	2,946	3,304	3,677	3,640	3,073
% Change	36.5%	12.2%	11.3%	-1.0%	-15.6%
FTE (Fall Final)					
Total FTE	11,126	11,337	11,179	10,720	9,596
% Change	4.6%	1.9%	-1.4%	-4.1%	-10.5%
Undergraduate Resident FTE	7,439	7,661	7,612	7,394	6,524
% Change	0.1%	3.0%	-0.6%	-2.9%	-11.8%
Undergraduate Non-Resident FTE	919	732	728	647	503
% Change	34.0%	-20.3%	-0.5%	-11.1%	-22.3%
Undergraduate WUE FTE	728	736	683	636	536
% Change	8.0%	1.1%	-7.2%	-6.9%	-15.7%
Undergraduate Total FTE	9,086	9,129	9,023	8,677	7,563
% Change	3.4%	0.5%	-1.2%	-3.8%	-12.8%
% Undergraduate FTE	81.7%	80.5%	80.7%	80.9%	78.8%
Graduate Resident/WICHE FTE	1,453	1,530	1,496	1,403	1,444
% Change	6.8%	5.3%	-2.2%	-6.2%	2.9%
Graduate Non-Resident FTE	587	678	660	640	589
% Change	21.3%	15.5%	-2.7%	-3.0%	-8.0%
Graduate Total FTE	2,040	2,208	2,156	2,043	2,033
% Change	10.6%	8.2%	-2.4%	-5.2%	-0.5%
% Graduate FTE	18.3%	19.5%	19.3%	19.1%	21.2%
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

	2016	2017	2018	2019	2020
Credit Hours (Complete Year: Fall, Interim, Spring, Summer)					
Total Annual Credit Hours	311,049	315,145	308,659	294,875	263,522
% Change	3.2%	1.3%	-2.1%	-4.5%	-10.6%
Credit Hours by Residency					
Main campus - Resident/WICHE	221,043	220,787	213,918	206,068	185,883
Main campus - Nonresident	22,242	23,621	22,942	20,129	15,987
Main campus - WUE	20,356	20,481	18,785	17,559	14,658
Extended Campus	47,408	50,256	53,014	51,119	46,994
Credit Hours by Term					
Fall	147,878	149,817	147,663	141,666	125,913
Interim	1,919	2,191	1,917	1,837	1,319
Spring	131,146	132,536	129,519	123,053	110,128
Summer	30,106	30,601	29,560	28,319	26,162
Credit Hours by Student Level and Campus					
Undergraduate - Main Campus	242,863	243,834	235,907	223,873	195,962
% Change	0.5%	0.4%	-3.3%	-5.1%	-12.5%
Undergraduate - Extended Campus	15,929	16,795	20,180	19,488	16,630
% Change	14.5%	5.4%	20.2%	-3.4%	-14.7%
Graduate - Main Campus	20,778	21,055	19,738	19,883	20,566
% Change	-0.6%	1.3%	-6.3%	0.7%	3.4%
Graduate - Extended Campus	31,479	33,461	32,834	31,631	30,364
% Change	26.2%	6.3%	-1.9%	-3.7%	-4.0%

ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

ADMISSIONS					
Fall	2016	2017	2018	2019	2020
New Domestic First-Time UG Admissions (Fall Final)					
New Domestic First-Time UG Applicants	6,741	7,439	8,253	9,250	9,114
% Change	-23.2%	10.4%	10.9%	12.1%	-1.5%
New Domestic First-Time UG Acceptances	6,094	6,629	7,496	8,398	8,005
% Accepted	90.4%	89.1%	90.8%	90.8%	87.8%
New Domestic First-Time UG Matriculants	2,144	2,137	1,948	1,806	1,349
% Matriculated	35.2%	32.2%	26.0%	21.5%	16.9%
Matriculants / Applicants	31.8%	28.7%	23.6%	19.5%	14.8%
% Instate Students	85.2%	84.9%	84.0%	87.1%	87.1%
New Domestic Transfer Student Admissions (Fall Final)					
New Transfer Applicants	1,513	1,708	1,588	1,552	1,343
% Change	-32.0%	12.9%	-7.0%	-2.3%	-13.5%
New Transfer Acceptances	1,446	1,645	1,534	1,509	1,297
% Accepted	95.6%	96.3%	96.6%	97.2%	96.6%
New Transfer Matriculants	793	807	711	713	612
% Matriculated	54.8%	49.1%	46.3%	47.2%	47.2%
Matriculants / Applicants	52.4%	47.2%	44.8%	45.9%	45.6%
% Instate Students	71.8%	77.0%	77.3%	80.5%	80.5%
International Undergraduate Student Admissions (Fall Final)					
International UG Applicants	195	187	138	168	104
% Change	-21.7%	-4.1%	-26.2%	21.7%	-38.1%
International UG Acceptances	189	184	136	164	98
% Accepted	96.9%	98.4%	98.6%	97.6%	94.2%
International UG Matriculants	122	102	94	93	29
% Matriculated	64.6%	55.4%	69.1%	56.7%	29.6%
Matriculants / Applicants	62.6%	54.5%	68.1%	55.4%	27.9%
Graduate Student Admissions (Fall Final)					
Graduate Applicants	3,111	2,858	3,134	2,628	2,455
% Change	-0.3%	-8.1%	9.7%	-16.1%	-6.6%
Graduate Acceptances	1,632	1,799	1,646	1,783	1,726
% Accepted	52.5%	62.9%	52.5%	67.8%	70.3%
Graduate Matriculants	1,005	1,081	954	1,061	1,025
% Matriculated	61.6%	60.1%	58.0%	59.5%	59.4%
Matriculants / Applicants	32.3%	37.8%	30.4%	40.4%	41.8%
% Instate Students	59.6%	59.7%	60.3%	59.0%	59.0%
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	2016	2017	2018	2019	2020
SAT Scores	1,048	1,110	1,088	1,082	1,089
ACT Scores	22.4	22.5	22.4	22.4	22.8
% of New Students in Top 25% of their H.S.	36%	35%	35%	37%	40%
NEW FIRST-TIME FULL TIME UG RETENTION AND GRADUATION RATES					
Cohort Year (First Fall at UNC)	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Retention Rate (First Fall to Next Fall)	70.7%	71.5%	72.1%	72.3%	70.1%
Cohort Year (First Fall at UNC)	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Graduation Rate (within 4 years)	28.0%	31.0%	32.8%	35.5%	36.8%
Cohort Year (First Fall at UNC)	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Graduation Rate (within 5 years)	44.3%	44.0%	48.7%	48.7%	49.6%
Cohort Year (First Fall at UNC)	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
Graduation Rate (within 6 years)	48.4%	47.7%	47.3%	52.2%	51.7%
<p>* 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.</p>					

ENROLLMENT, ADMISSIONS, STUDENT CHARGES, AND FACULTY DATA

STUDENT CHARGES - UNDERGRADUATE					
Fiscal Year/Academic Fall & Spring	2016-17	2017-18	2018-19	2019-20	2020-21
Tuition - Resident (15 cr hrs per sem)	\$6,906	\$7,374	\$7,596	\$7,596	\$7,596
% Change	8.4%	6.8%	3.0%	0.0%	0.0%
Tuition - Nonresident (15 cr hrs per sem)	\$18,492	\$18,960	\$19,464	\$19,854	\$19,854
% Change	3.0%	2.5%	2.7%	2.0%	0.0%
Room and Board (Tier 1 Dorm and 19 meals)	\$10,566	\$10,770	\$10,990	\$10,990	\$11,092
% Change	2.0%	1.9%	2.0%	0.0%	0.9%
Required Fees and Charges* (15 cr hrs per sem)	\$1,982	\$2,172	\$2,322	\$2,390	\$2,465
% Change	10.5%	9.6%	6.9%	2.9%	3.1%
Total Costs Charged - Resident	\$19,454	\$20,316	\$20,908	\$20,976	\$21,153
% Change	5.0%	4.4%	2.9%	0.3%	0.8%
Total Costs Charged - Nonresident	\$31,040	\$31,902	\$32,776	\$33,234	\$33,411
% Change	3.1%	2.8%	2.7%	1.4%	0.5%
*Includes student services, technology, library and capital fees.					
TUITION CHARGES - GRADUATE*					
Fiscal Year/Academic Fall-Spring	2016-17	2017-18	2018-19	2019-20	2020-21
Tuition Master's Low - Resident	\$8,820	\$9,090	\$9,540	\$10,080	\$10,080
% Change	2.3%	3.1%	5.0%	5.7%	0.0%
Tuition Master's High - Resident	\$10,800	\$11,124	\$11,340	\$11,340	\$11,340
% Change	8.3%	3.0%	1.9%	0.0%	0.0%
Tuition Doctoral Low - Resident	\$9,450	\$9,918	\$10,440	\$10,800	\$10,800
% Change	3.8%	5.0%	5.3%	3.4%	0.0%
Tuition Doctoral High - Resident	\$11,250	\$11,700	\$11,970	\$11,970	\$11,970
% Change	2.6%	4.0%	2.3%	0.0%	0.0%
Tuition Master's Low - Nonresident	\$15,192	\$15,480	\$15,948	\$16,488	\$16,488
% Change	3.8%	1.9%	3.0%	3.4%	0.0%
Tuition Master's High - Nonresident	\$20,736	\$21,060	\$21,276	\$21,276	\$21,276
% Change	6.0%	1.6%	1.0%	0.0%	0.0%
Tuition Doctoral Low - Nonresident	\$20,538	\$21,006	\$21,528	\$21,888	\$21,888
% Change	1.7%	2.3%	2.5%	1.7%	0.0%
Tuition Doctoral High - Nonresident	\$22,158	\$22,374	\$22,644	\$22,644	\$22,644
% Change	1.9%	1.0%	1.2%	0.0%	0.0%
*Academic year amount (based on 9 credit hours per semester). Programs in some cases have rate amount and percentage changes different from					
FACULTY DATA - FALL CENSUS					
Fall	2016	2017	2018	2019	2020
Total Faculty	790	837	872	821	731
Full time Faculty	485	509	514	482	441
Part time Faculty	305	328	358	339	290
Student to Faculty Ratio*	19	18	17	17	16
*[(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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