

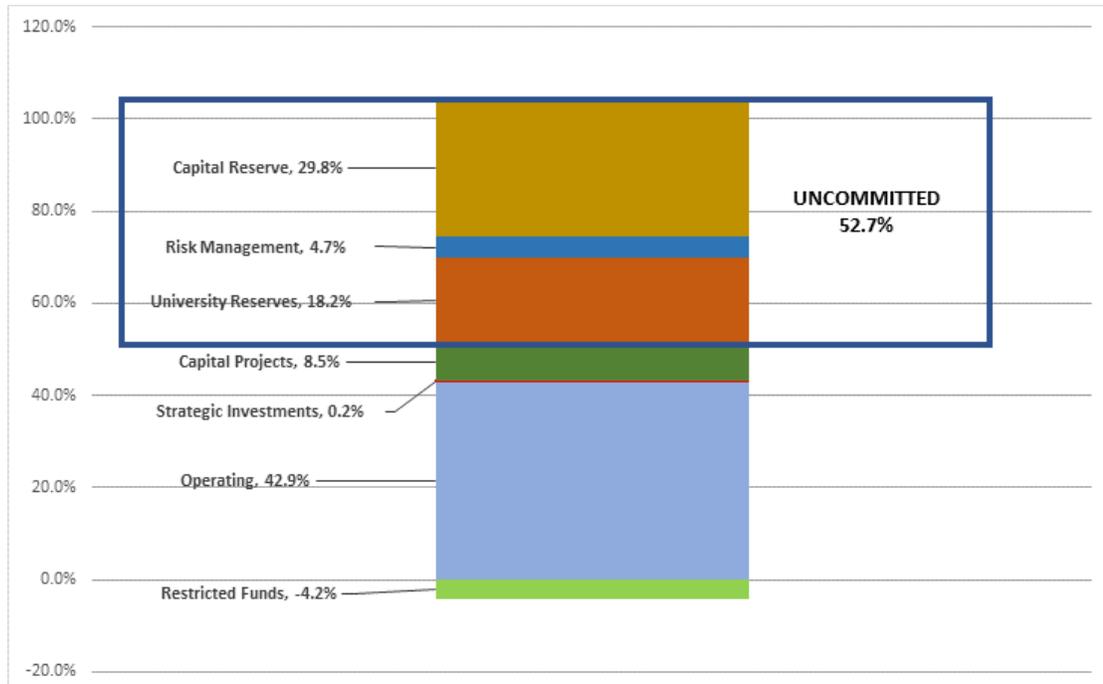
**FY21 University of Northern Colorado
Notes to FY21 Unaudited Financial Statements
November 1, 2021**

Highlights of the FY21 financial results are presented below:

Statement of Net Position

A. Year-end cash balances decreased from \$74.8 million at June 30, 2020 to \$56.5 million at June 30, 2021 (\$18.3 million). This is primarily attributed to expending \$24.6 million of federal Coronavirus Relief Funds (CRF) received through the State of Colorado in FY20 for use in FY21.

Unrestricted Cash and Cash Equivalents			
as of June 30,			
	<u>2021</u>	<u>2020</u>	<u>Change</u>
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>	24,817,531	<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>\$ 56,460,341</u>	<u>\$ 74,762,304</u>	<u>\$ (18,301,963)</u>



- B. Student accounts receivable decreased \$1.9 million.
- C. Other receivables increased \$.8 million from FY20 to FY21. Approximately \$3.0 million of other receivables for FY21 was related to the direct CARES Act HEERF II funding the University received in FY21 and will be used to offset lost auxiliary revenues.
- D. The asset balance in loans to students of \$3.0 million relates to Perkins loans receivable. The Perkins loan program was not renewed, effective October 1, 2017. The funds must be remitted back to the US Department of Education as the outstanding loans are collected. UNC recorded a liability of \$2.6 million for the return of program funds. Each year in the future, when payment is made, the liability will be reduced. UNC recorded nonoperating expenditures, related to the Perkins loan program liability, of \$0.2 million.
- E. The decrease in restricted cash and cash equivalents of \$1.1 million is due to the drawdown of the Campus Commons bond proceeds for construction.
- F. Capital assets are reported net of accumulated depreciation. Depreciation expense for FY21 is \$18.4 million.
- G. As required by GASB 65, which was implemented FY14, deferred outflows/inflows of resources on debt refundings are the difference between the price of new bonds and the net carrying value of the old debt. A loss is reported as a deferred outflow and a gain is reported as a deferred inflow. The amounts are then amortized over the remaining economic life and are reported as a noncash component of interest expense.
- H. As required by GASB 68, which was implemented FY15, UNC's proportionate share of the unfunded pension liability (PERA) is represented on the Statement of Net Position as three classifications:
- *Net pension liability* - The proportionate share of the unfunded pension liability FY21 is \$86.5 million.
 - *Deferred amount on pensions as a deferred outflow of resources* - The impacts of investment results, experience results, and contributions made after the measurement date (12/31) are reported as the deferred outflow of resources; FY21 is \$10.6 million.
 - *Deferred amount on pensions as a deferred inflow of resources* - The deferred inflow of resources is an actuarial change to the total PERA unfunded liability and recalculation of UNC's proportional share of the liability, which amounted to \$31.2 million in FY21.
 - The total impact to net position was (\$107,092,369) for FY21 and (\$145,626,798) for FY20. During FY19, the State of Colorado committed to fully funding the pension plan within 30 years with the passing of SB 18-200. As a result, the State contributed \$225 million to the plan during both FY19 and FY20. However, in FY21, 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.
- I. As required by *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, (OPEB) which was implemented FY18, UNC's proportionate share of the unfunded OPEB liability (PERA Health Care Trust Fund) (HCTF) is represented on the Statement of Net Position as three classifications:
- *Net OPEB liability* - The proportionate share of the unfunded OPEB liability FY21 is \$3.0 million.
 - *Deferred amount on OPEB as a deferred outflow of resources* - The impacts of experience results and contributions made after the measurement date (12/31) are reported as the deferred outflow of resources; FY21 is \$0.2 million.
 - *Deferred amount on OPEB as a deferred inflow of resources* - The deferred inflow of resources is from the investment results, and the change in UNC's proportional share of the HCTF liability, which amounted to \$2.1 million in FY21.

- J. Accounts payable and accrued liabilities fluctuate primarily based on the normal timing of accrued salaries and payroll expenses and amounts due to outside vendors. The decrease of \$1.2 million from FY20 to FY21 is attributable to a decrease in accounts payable of \$0.6 million and a decrease in Colorado taxes payable of \$0.3 million.
- K. Unearned revenue, which includes summer tuition allocated between two fiscal years, decreased \$21.4 million in FY21 primarily due to the expending of \$24.6 million in Coronavirus Relief Funds (CRF).
- L. Bonds include both the current and noncurrent portion. The decrease to bonds payable of \$5.4 million was due to the current year principal payments.
- M. Capital leases include both the current and noncurrent portion. The decrease to capital leases payable of \$2.2 million was due to current year lease payments of \$1.0 million as well as the final payoff of two IM&T capital leases totaling \$1.2 million with HEERF II funds.

Statement of Revenue, Expenses and Changes in Net Position

- N. Net student tuition and fees decreased \$21.2 million in FY21, of which \$11.1 million related to a decrease in the COF stipend, with the remainder due to a reduction in tuition and fees due to a decrease in enrollment. Fall undergraduate FTE decreased 12.8% and fall graduate FTE decreased 0.5% while undergraduate and graduate tuition and fee rates did not increase for FY21.
- O. State funding includes both fee-for-service and stipend revenue totaling \$19.8 million in FY21 which was a decrease of \$27.3 million over FY20. The split between fee-for-service and the COF stipend (included in student tuition revenue) can vary from year to year. The COF stipend decreased from \$94 per credit hour in FY20 to \$40 in FY21, resulting in a \$11.1 million decrease in COF stipend revenue for FY21.
- P. Nongovernmental grants and contracts are reimbursed on a monthly basis. The increase of \$2.2 million relates to the increased use of foundation funds for University programs and scholarships consistent with donor restrictions in FY21.
- Q. Gross auxiliary revenue decreased \$5.2 million in FY21 due to decreases in the following areas:
 - a. \$2.6 million in housing and dining revenue
 - b. \$1.7 million in athletic revenue
 - c. \$0.7 million in parking permits and fines
- R. Other operating revenue decreased \$1.8 million. Other operating revenue includes \$0.9 million conferences, workshops, theatre tickets; \$1.6 million foundation scholarship support; \$1.2 million service fees (application, transcript, orientation, etc.); and \$0.9 million loan and accounts receivable collection charges and fines.
- S. Faculty and staff wages decreased \$8.8 million from FY20 to FY21. The decrease was a result of management actions to reduce FY21 personnel budgets and actions related to COVID-19. Fringe benefits decreased \$3.7 million with only \$0.4 million of that decrease due to GASB 68 and GASB 75 related expenses.
- T. Operating expenses and cost of sales decreased \$2.8 million from FY20 to FY21, which includes expenditures such as purchased services, supplies and utilities. Travel expenses decreased \$2.4 million from FY20 to FY21 due to COVID-19 restrictions.
- U. Investment income includes Colorado Treasury interest and a year-end adjustment of treasury holdings based on the fair market value. Investment income decreased from FY20 to FY21 due to the recording of an unrealized loss associated with treasury holdings.
- V. The University received \$12.6 million in CARES Act HEERF II funds and \$22.1 in HEERF III funds. Of the \$12.6 million in HEERF II funds, \$3.8 million is to be provided directly to students as emergency grants while the remaining \$8.8 million is for institutional use. Of the \$22.1 million in HEERF III funds, \$11.1 million is to be provided directly to students as emergency grants while the

remaining \$11.0 million is for institutional use. Additionally, the University received \$24.8 million in CRF funds from the State and \$7.6 million in CARES Act in FY20. At June 30, 2021 the University had expended \$6.7 million HEERF student funds, \$6.8 million HEERF institutional funds and \$24.8 million in CRF funds between FY20 and FY21. Per GASB guidance, the corresponding revenue was reflected as non-operating.

- W. The State of Colorado committed to fully funding the pension plan within 30 years and is required to contribute \$225 million each year to PERA starting on July 1, 2018. Direct distributions to the pension plan of \$225 million were made during FY19 and FY20, with the University being allocated \$882,458 and \$787,639, respectively, of those distributions. These allocations were reflected as both nonoperating revenue and fringe benefit expense. However, 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 and therefore no allocation was received by UNC for FY21.
- X. The University expended \$2.6 million in capital appropriations in FY21. This included \$1.4 for the Michener fire sprinkler project and \$0.4 million for the McKee chiller replacement. \$0.7 million was related to the COP (certificates of participation) projects, which include fire sprinkler upgrades in Frasier, Gunter and Michener.
- Y. Capital grant and gifts include restricted capital grants/gifts from third parties. In FY21, the Foundation contributed \$0.4 million towards the purchase of Steinway pianos.

University of Northern Colorado
Statement of Net Position
as of June 30, 2021
(Preliminary and Unaudited)

	Notes	2021	2020	Variance	% Change
ASSETS					
Current Assets					
Cash and cash equivalents	A	\$ 56,460,341	\$ 74,762,304	\$ (18,301,963)	-24.5%
Student accounts receivable, net	B	5,489,857	7,398,918	(1,909,061)	-25.8%
Other receivables, net	C	9,060,160	8,224,503	835,657	10.2%
Inventories		1,160,744	1,247,449	(86,705)	-7.0%
Loans to students, net, current portion	D	262,766	304,252	(41,486)	-13.6%
Other assets		259,550	471,814	(212,264)	-45.0%
Total Current Assets		<u>72,693,418</u>	<u>92,409,240</u>	<u>(19,715,822)</u>	<u>-21.3%</u>
Noncurrent Assets					
Restricted cash and cash equivalents	E	1,169,021	2,264,403	(1,095,382)	-48.4%
Restricted investments		509,229	530,933	(21,704)	-4.1%
Loans to students, net, noncurrent portion	D	2,781,140	3,240,786	(459,646)	-14.2%
Capital assets, net	F	273,024,984	281,644,008	(8,619,024)	-3.1%
Total Noncurrent Assets		<u>277,484,374</u>	<u>287,680,130</u>	<u>(10,195,756)</u>	<u>-3.5%</u>
Total Assets		<u>350,177,792</u>	<u>380,089,370</u>	<u>(29,911,578)</u>	<u>-7.9%</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on debt refundings	G	2,035,866	2,194,682	(158,816)	-7.2%
Deferred amount on pensions	H	10,609,119	6,733,538	3,875,581	57.6%
Deferred amount on other post-employment benefits	I	161,747	204,057	(42,310)	-20.7%
Total Deferred Outflows of Resources		<u>12,806,732</u>	<u>9,132,277</u>	<u>3,674,455</u>	<u>40.2%</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	J	8,623,574	9,871,229	(1,247,655)	-12.6%
Unearned revenue	K	9,999,365	31,404,821	(21,405,456)	-68.2%
Bonds payable, current portion	L	5,145,000	4,965,000	180,000	3.6%
Capital leases payable, current portion	M	645,390	996,358	(350,968)	-35.2%
Perkins liquidation liability, current portion	D	935,852	1,021,086	(85,234)	-8.3%
Other current liabilities		2,484,587	6,275,453	(3,790,866)	-60.4%
Total Current Liabilities		<u>27,833,768</u>	<u>54,533,947</u>	<u>(26,700,179)</u>	<u>-49.0%</u>
Noncurrent Liabilities					
Unearned revenue		-	-	-	
Bonds payable, noncurrent portion	L	134,272,064	139,864,899	(5,592,835)	-4.0%
Capital leases payable, noncurrent portion	M	5,495,079	7,295,980	(1,800,901)	-24.7%
Other noncurrent liabilities		1,036,444	874,959	161,485	18.5%
Net pension liabilities	H	86,476,674	99,147,013	(12,670,339)	-12.8%
Net other postemployment benefits liabilities	I	3,031,644	4,000,432	(968,788)	-24.2%
Perkins liquidation liability, noncurrent portion	D	1,668,520	2,300,412	(631,892)	-27.5%
Compensated absence liabilities		4,527,138	4,763,061	(235,923)	-5.0%
Total Noncurrent Liabilities		<u>236,507,563</u>	<u>258,246,756</u>	<u>(21,739,193)</u>	<u>-8.4%</u>
Total Liabilities		<u>264,341,331</u>	<u>312,780,703</u>	<u>(48,439,372)</u>	<u>-15.5%</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amount on debt refundings	G	709,770	747,291	(37,521)	-5.0%
Deferred amount on pensions	H	31,224,814	53,213,323	(21,988,509)	-41.3%
Deferred amount on other postemployment benefits	I	2,072,546	1,639,061	433,485	26.4%
Total Deferred Inflows of Resources		<u>34,007,130</u>	<u>55,599,675</u>	<u>(21,592,545)</u>	<u>-38.8%</u>
NET POSITION					
Total Net Position		<u>\$ 64,636,063</u>	<u>\$ 20,841,269</u>	<u>\$ 43,794,794</u>	<u>210%</u>

GASB 68 requirement for reporting unfunded PERA liability. Total impact on net position was (\$107,092,369) in FY21 and (\$145,626,798) in FY20.

GASB 75 requirement for reporting unfunded OPEB liability. Total impact on net position was (\$4,942,443) in FY21 and (\$5,435,436) in FY20.

University of Northern Colorado
Statement of Revenues Expenses and Changes in Net Position
as of June 30, 2021
(Preliminary and Unaudited)

	Notes	2021	2020	Variance	% Change
Operating Revenues					
Student tuition and fees, net	N	\$ 87,846,945	\$ 109,063,757	\$ (21,216,812)	-19.5%
Federal grants and contracts		5,922,980	5,356,669	566,311	10.6%
State and local grants and contracts		10,010,074	9,986,191	23,883	0.2%
State Fee-For-Service contract	O	13,290,665	29,466,067	(16,175,402)	-54.9%
Nongovernmental grants and contracts	P	11,588,441	9,408,397	2,180,044	23.2%
Sales and services of educational activities		333,406	341,911	(8,505)	-2.5%
Auxiliary operating revenue	Q	20,127,011	25,307,949	(5,180,938)	-20.5%
Other operating revenue	R	4,732,184	6,533,159	(1,800,975)	-27.6%
Total Operating Revenues		<u>153,851,706</u>	<u>195,464,100</u>	<u>(41,612,394)</u>	<u>-21.3%</u>
Operating Expenses					
Faculty and staff wages	S	92,860,507	100,843,696	(7,983,189)	-7.9%
GA/TA stipends and waivers		10,242,193	11,110,040	(867,847)	-7.8%
Fringe benefits	S	(12,200,009)	(8,514,299)	(3,685,710)	-43.3%
Operating expenses & cost of sales	T	31,154,844	33,958,745	(2,803,901)	-8.3%
Travel	T	1,122,230	3,530,740	(2,408,510)	-68.2%
Student scholarships		15,619,831	15,768,438	(148,607)	-0.9%
Depreciation	F	18,369,273	18,699,827	(330,554)	-1.8%
Total Operating Expenses		<u>157,168,869</u>	<u>175,397,187</u>	<u>(18,228,318)</u>	<u>-10.4%</u>
Operating Income (Loss)		<u>(3,317,163)</u>	<u>20,066,913</u>	<u>(23,384,076)</u>	<u>-116.5%</u>
Nonoperating Revenues (Expenses)					
Investment income, net of investment expense	U	(618,965)	2,452,571	(3,071,536)	-125.2%
Interest on capital asset related debt		(5,405,717)	(5,551,086)	145,369	2.6%
Federal grants and contracts revenue		10,311,251	12,402,367	(2,091,116)	-16.9%
Federal grants and contracts revenue - CARES Act	V	32,391,390	6,013,181	26,378,209	438.7%
Perkins return of federal loan program contributions (expense)	D	(211,056)	(274,140)	63,084	23.0%
Other nonoperating revenue (expense)		279,466	(435,029)	714,495	164.2%
Net Nonoperating Revenues (Expenses)		<u>36,746,369</u>	<u>14,607,864</u>	<u>22,138,505</u>	<u>151.6%</u>
Income (Loss) Before Other Revenues (Expenses) or Gains (Losses)		<u>33,429,206</u>	<u>34,674,777</u>	<u>(1,245,571)</u>	<u>-3.6%</u>
State support for pensions	W	-	787,639	(787,639)	-100.0%
Capital appropriations	X	1,945,466	960,184	985,282	102.6%
Capital appropriations - certificates of participation	X	664,127	1,636,448	(972,321)	-59.4%
Capital grants and gifts	Y	350,920	1,625	349,295	21495.1%
Student capital fee revenue		7,405,075	7,472,787	(67,712)	-0.9%
Gain (Loss) on disposal of capital assets		-	-	-	0.0%
Total Other Changes		<u>10,365,588</u>	<u>10,858,683</u>	<u>(493,095)</u>	<u>-4.5%</u>
Increase (Decrease) in Net Position		<u>43,794,794</u>	<u>45,533,460</u>	<u>(1,738,666)</u>	<u>-3.8%</u>
Net Position					
Beginning of year, as previously reported		<u>20,841,269</u>	<u>(24,692,191)</u>	<u>45,533,460</u>	<u>184.4%</u>
Net Position, beginning of year, as restated		<u>20,841,269</u>	<u>(24,692,191)</u>	<u>45,533,460</u>	<u>184.4%</u>
Net Position, End of Year		<u>\$ 64,636,063</u>	<u>\$ 20,841,269</u>	<u>\$ 43,794,794</u>	<u>210.1%</u>

See notes to the financial statements

GASB 68 and 75 require that current year fringe benefit expense be increased (decreased) as the unfunded pension liability increases (decreases). For the third year in a row, UNC saw a decrease in the unfunded pension liability for FY21. As a result of that decrease, fringe benefit expenses were also reduced. If the expense changes from GASB 68 and 75 were removed for FY21 and FY20, fringe benefit expense would show a decrease of \$3,292,406 or 10.9%. (FY21 Fringe benefit expense without GASB \$26,827,414; FY20 Fringe benefit expense without GASB \$30,119,820).