



## 2020 Annual Financial Report



UNIVERSITY OF  
NORTHERN COLORADO

# TABLE OF CONTENTS

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<b>Message from President Feinstein.....</b>	<b>1</b>
<b>Management’s Responsibility for Financial Reporting.....</b>	<b>2</b>
<b>Independent Auditors’ Report.....</b>	<b>3</b>
<b>Management’s Discussion and Analysis .....</b>	<b>7</b>
<b>Financial Statements</b>	
Statements of Net Position.....	36
Statements of Revenues, Expenses, and Changes in Net Position.....	38
Statement of Cash Flows .....	40
<b>Notes to the Financial Statements.....</b>	<b>42</b>
<b>Supplementary Information .....</b>	<b>94</b>
<b>Other Budget, Financial, and Enrollment Data</b>	
Operating Budget Summary .....	98
Actual and Projected Net Revenues Available for Debt Service.....	99
General Financial Information and Operating Data.....	100
Enrollment, Admissions, Student Charges, and Faculty Data .....	104
<b>University Administration.....</b>	<b>109</b>





## *Message from President Feinstein*

Fellow Bears,

As we reflect on Fiscal Year 2020 and look ahead to 2021, I recall not only the challenges we have endured but also the uplifting moments experienced within our campus community. The accomplishments and creativity of our faculty, staff, and students demonstrate the remarkable Bear spirit that arose from an unprecedented yet defining year for UNC. Much has happened in the last fiscal year and it is important that we celebrate our many successes in the form of student success; research, scholarship, and creative works; strategic planning; academic programming; and an improved budget outlook to name a few.

Some of my favorite moments in the strategic planning process have been while working closely with students who shared their insights and ideas with us. By implementing our Strategic Enrollment and Student Success (SESS) plan and further developing “Rowing, Not Drifting 2030,” UNC’s vision for 2030, we continue to innovate and find ways for our students to succeed and complete degrees in a timely manner. In addition to contributing leadership and vision for our strategic plans, our faculty and staff deserve recognition and thanks for their hard work maintaining the university’s financial health during challenging times. Even with the impact of COVID-19, we continue to improve the financial health of UNC by making important strategic decisions to reduce spending and improve our cash reserves.

As we work diligently to ensure student success, our efforts have been focused on new leadership, academic programming, and career outcomes. This fall UNC welcomed new deans to critical academic positions: Kenneth W. Monfort College of Business Dean Sher Gibbs, Ph.D.; Dean of University Libraries Jennifer Nutefall; and Associate Vice President for Research and Dean of the Graduate School Jeri-Ann Lyons, Ph.D. New programs and degree offerings added in 2020 include a master's degree program in Athletic Training, a Digital Marketing minor, a Digital Marketing undergraduate certificate program, and an Emergency Nurse Practitioner graduate certificate program. As part of our SESS work, alumni relations staff mapped alumni careers across industries and occupations in order to help prospective and current students make informed academic decisions to support their future career plans.

All of these accomplishments are even more significant in the context of 2020, as we experienced challenges and change, and found new ways to connect with each other, with our students, and with those around us. With these efforts, UNC has built upon the past while navigating new and unfamiliar paths, and we are looking forward to the achievements and opportunities 2021 will bring.

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, 2020, 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  
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## Independent Auditors' Report

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, 2020 and 2019 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 \$134,921,327 and \$132,162,570 as of June 30, 2020 and 2019, respectively, and total revenues of \$14,845,882 and \$13,953,232, 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, 2019 and 2018, 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 11 through 37, 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 98 and 103 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 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 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 **DATE** 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*

**ISSUANCE DATE**



## 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, 2020 and 2019, respectively, with comparative information for the fiscal year 2018. 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 2020, the University received funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted on March 27, 2020. The University received direct CARES funding of \$7.6 million from the Higher Education Emergency Relief Fund (HEERF), fifty percent of which must be used to provide emergency grants to students impacted by the coronavirus. The remaining fifty percent is to “cover any costs associated with significant changes to the delivery of instruction due to the coronavirus”. The University also received \$24.8 million in pass-through CARES funding from the Coronavirus Relief Fund (CRF) allocated by Governor Polis. Allowable uses for these funds include costs associated with health and safety precautions, student mental health services, school closure and reopening, distance learning, recovery of lost learning time, personnel expenses, and economic support to educate students by maintaining enrollment, retention or credential completion.

Selected financial highlights for the fiscal year ended June 30, 2020, include:

- University assets total \$380.1 million, deferred outflows of resources total \$9.1 million, liabilities total \$312.8 million, and deferred inflows of resources total \$55.6 million resulting in a net position of \$20.8 million. Of the ending net position, \$0.9 million is restricted for purposes for which the donor, grantor, or other external party intended and \$131.8 million is related to investments in capital assets. The remaining deficit of \$111.8 million, which is unrestricted net position, is comprised of a deficit of \$145.6 million from the impact of *GASB 68: Accounting and Financial Reporting for Pensions* and a deficit of \$5.4 million from the implementation of *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, offset by positive net position of \$39.2 million, which may be used to meet the University's ongoing obligations.
- Net position increased \$45.5 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 which decreased \$28.8 million from fiscal year 2019 to 2020. 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, \$0.8 million, is reflected on the Statement of Revenues, Expenses and Changes in Net Position as State support for pensions.
- Total operating revenues of \$195.5 million, less total operating expenses of \$175.4 million, resulted in a net operating gain of \$20.1 million. This operating gain was further improved by net nonoperating revenues of \$14.6 million and other changes of \$10.9 million, resulting in the \$45.5 million increase in net position. Other changes of \$10.9 million include capital appropriations and contributions from the State of Colorado of \$2.6 million, student capital fee revenue of \$7.5 million, and \$0.8 direct distribution to PERA from the State of Colorado.

## Summary of Changes in Net Position as of June 30, 2020 (in millions)

Current year GASB 68 impact on net position	\$ 38.4
Current year GASB 75 impact on net position	\$ 0.2
Current year impact from University operations	6.9
<b>Total change in net position</b>	<b>\$ 45.5</b>
<b><u>Detail of change in net position:</u></b>	
<b>Net pension liability - GASB 68</b>	
Decrease in net pension liability (GASB 68)	\$ 28.8
Net decrease in deferred outflows and inflows related to pension (GASB 68)	9.6
<b>Change in net position from GASB 68</b>	<b>\$ 38.4</b>
<b>Net OPEB liability - GASB 75</b>	
Decrease in net OPEB liability (GASB 75)	\$ 1.4
Net decrease in deferred outflows and inflows related to OPEB (GASB 75)	(1.2)
<b>Change in net position from GASB 75</b>	<b>\$ 0.2</b>
<b>Change in net position from University operations</b>	
Increase in cash used to cover operating deficits and capital construction	\$ 32.3
Decrease in restricted cash for drawdown of Campus Commons bond funds	(3.7)
Net increase in student accounts receivable, other receivables, loans, inventory, and other assets	5.5
Decrease in capital assets net of depreciation (primarily Campus Commons construction in progress)	(7.7)
Net increase in compensated absences and other liabilities	(5.1)
Increase in accounts payable, accrued liabilities and unearned revenues	(19.3)
Decrease in bonds and capital leases payable	4.0
Decrease in Perkins Loan Program liquidation liability	1.0
Net decrease in deferred outflows and inflows related to bond refundings	(0.1)
<b>Change in net position from University Operations</b>	<b>\$ 6.9</b>

## Statement of Net Position

The Statement of Net Position is a financial snapshot of the University as of June 30, 2020. 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,

	2020	2019	2018
<b>Assets</b>			
Current assets	\$ 92,409,240	\$ 53,837,541	\$ 51,248,015
Capital assets, net	281,644,008	289,358,643	280,451,539
Other noncurrent assets	6,036,122	10,523,787	26,276,940
Total assets	<u>380,089,370</u>	<u>353,719,971</u>	<u>357,976,494</u>
<b>Deferred outflows of resources</b>			
Deferred amounts on debt refundings	2,194,682	2,350,043	2,608,080
Deferred amount on pensions (GASB 68)	6,733,538	20,138,561	54,929,065
Deferred amount on OPEB <sup>1</sup> (GASB 75)	204,057	255,113	201,050
Total deferred outflows of resources	<u>9,132,277</u>	<u>22,743,717</u>	<u>57,738,195</u>
<b>Liabilities</b>			
Current liabilities	54,533,947	30,494,314	30,368,869
Bonds payable, noncurrent	139,864,899	145,371,052	149,468,992
Net pension liabilities (GASB 68)	99,147,013	127,932,022	239,421,801
OPEB <sup>1</sup> liabilities (GASB 75)	4,000,432	5,437,725	5,574,596
Perkins liquidation liability, noncurrent	2,300,412	2,904,441	3,773,935
Other noncurrent liabilities	12,934,000	11,511,232	12,321,194
Total liabilities	<u>312,780,703</u>	<u>323,650,786</u>	<u>440,929,387</u>
<b>Deferred inflows of resources</b>			
Deferred amounts on debt refundings	747,291	784,812	822,333
Deferred amount on pensions (GASB 68)	53,213,323	76,193,407	19,289,079
Deferred amount on OPEB <sup>1</sup> (GASB 75)	1,639,061	526,874	342,378
Deferred amount on other	-	-	37,526
Total deferred inflows of resources	<u>55,599,675</u>	<u>77,505,093</u>	<u>20,491,316</u>
<b>Net Position</b>			
Net investment in capital assets	131,808,478	138,958,949	140,162,416
Restricted - nonexpendable	307,555	307,555	307,555
Restricted - expendable	547,679	2,093,902	1,934,130
Unrestricted (GASB 68)	(145,626,799)	(183,986,867)	(203,781,815)
Unrestricted (GASB 75)	(5,435,437)	(5,709,486)	(5,715,924)
Unrestricted	39,239,793	23,643,756	21,387,624
Total net position	<u>\$ 20,841,269</u>	<u>\$ (24,692,191)</u>	<u>\$ (45,706,014)</u>

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



## Assets

### Current Assets

Current assets increased \$38.6 million for fiscal year 2020, increased \$2.6 million for fiscal year 2019, and decreased \$16.2 million for fiscal year 2018.

Unrestricted cash and cash equivalents and capital assets are the largest portions of the University's total assets. On June 30, 2020, 2019, and 2018, cash and cash equivalents were \$74.8, \$42.5, and \$39.8 million which comprised 19.7%, 12.0%, and 11.1%, of the University's total assets, respectively. The majority of the cash is held in the State Treasury and includes operating, restricted, agency, and other cash funds. Unrestricted cash and cash equivalents increased \$32.3 million in fiscal year 2020, increased \$2.7 million in fiscal year 2019, and decreased \$13.4 million in fiscal year 2018.

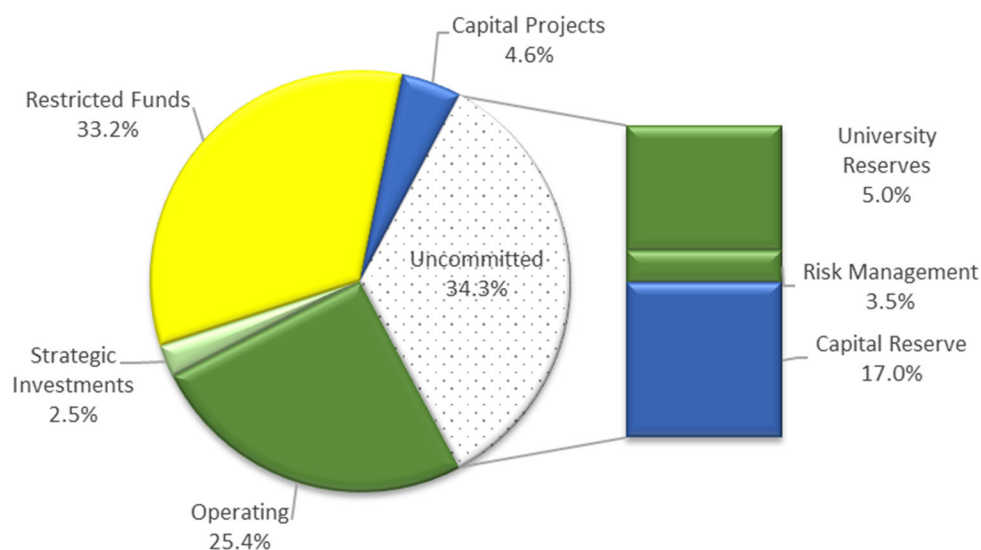
The large increase to cash and cash equivalents from fiscal year 2019 to fiscal year 2020 is due to the University receiving Coronavirus Relief Funds (CRF) from the Governor's office in May 2020. At June 30, 2020, \$24.6 million of these funds were unspent and included in the cash balance. They are also reflected in current liabilities as unearned revenue. All CRF funds will be expended in the first half of fiscal year 2021.

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 increase in that category. The committed capital projects cash balance as of June 30, 2020, 2019, and 2018, 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:

<b>Cash and Cash Equivalents</b> <b>as of June 30,</b>			
	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>Operating</b>			
Committed Operating	\$ 20,832,081	\$ 19,598,353	\$ 1,233,728
Uncommitted University Reserves	10,281,476	3,646,068	6,635,408
Uncommitted Risk Management Reserves	2,650,000	2,650,000	-
Total Operating Cash	33,763,557	25,894,421	7,869,136
<b>Capital</b>			
Committed Capital Projects	3,457,177	3,299,796	157,381
Uncommitted Capital Reserves	12,724,039	12,238,454	485,585
Total Capital Cash	16,181,216	15,538,250	642,966
<b>Restricted Funds</b>			
Committed Restricted	24,817,531	1,054,666	23,762,865
Total Restricted Cash	24,817,531	1,054,666	23,762,865
Total unrestricted cash and cash equivalents	\$ 74,762,304	\$ 42,487,337	\$ 32,274,967



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, 2020, 2019, and 2018, was \$7.4, \$6.0, and \$5.8 million, respectively. The net student accounts receivable increased \$1.4 million or 22.3% from fiscal year 2019 to 2020, 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 \$8.2 million in fiscal year 2020, \$3.5 million in fiscal year 2019, and \$3.6 million in fiscal year 2018. Approximately \$4.0 million of the \$8.2 million in other receivables for fiscal year 2020 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 \$2.0 million in fiscal year 2020, \$1.8 million in fiscal year 2019, and \$2.1 million in fiscal year 2018.

## **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, 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. As of June 30, 2018, capital assets of \$588.1 million, net of \$307.6 million accumulated depreciation, totaled \$280.5 million.

The University ended fiscal year 2020 with \$16.7 million in construction in progress. The larger projects in progress at year end, that will be completed and capitalized in fiscal year 2021, include fire sprinkler system upgrades, renovation of nursing simulation labs, and replacement of the McKee chiller.

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:

<b>Capital Assets Net of Accumulated Depreciation</b>						
<b>as of June 30,</b>						
	<b>2020</b>		<b>2019</b>		<b>2018</b>	
Land and improvements	\$ 19,816,678	7.1%	\$ 20,662,072	7.2%	\$ 21,560,033	7.7%
Buildings and improvements	226,797,689	80.5%	230,964,173	79.8%	169,423,537	60.4%
Construction in progress	16,717,399	5.9%	20,081,318	6.9%	71,183,158	25.4%
Library books	10,311,871	3.7%	10,003,014	3.5%	9,441,729	3.4%
Equipment	6,225,687	2.2%	5,873,382	2.0%	7,068,398	2.5%
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>\$ 281,644,008</u>	<u>100.0%</u>	<u>\$ 289,358,643</u>	<u>100.0%</u>	<u>\$ 280,451,539</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 \$2.3 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 \$3.2, \$4.1, and \$4.6 million at June 30, 2020, 2019, and 2018, 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 \$99.1 million represents the University's proportionate share of the PERA State Division Trust Fund net pension liability. The liability decreased \$28.8 million from fiscal year 2019 to 2020. 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 the University's fiscal years 2019 and 2020. The University's allocation of the direct distribution was \$0.9 and \$0.8 million for fiscal year 2019 and 2020, respectively. 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 \$4.0 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 are included in *Note 13: Other Postemployment Benefits (OPEB)*.

The Perkins liquidation liability of \$3.3 million for fiscal year 2020 decreased \$1.1 million from fiscal year 2019. 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 \$4.3 million in fiscal year 2020. This change is due to a decrease in retainage payable of \$2.7 million and a decrease in federal taxes payable of \$1.0 million.

Current unearned revenue of \$31.4 million includes tuition and fees and certain auxiliary revenues received by June 30, 2020, which are for services to be provided in fiscal year 2020. 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.

Of the \$31.4 million in current unearned revenue, \$24.6 million is Coronavirus Relief Funds (CRF) received from the Governor's office in fiscal year 2020 for use in fiscal year 2021. The University will expend this funding in the first half of fiscal year 2021.

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 \$4.8, \$4.6, and \$4.8 million as of June 30, 2020, 2019, and 2018, 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 \$136.5 million. The carrying value of these bonds includes \$8.3 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 \$144.8 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.

On July 18, 2018, University of Northern Colorado Board of Trustees issued Institutional Enterprise Revenue Refunding Bonds, Series 2018A for \$7.1 million par at a premium of \$0.1 million and Series 2018B for \$12.0 million par at a premium of \$1.7 million for total proceeds of \$20.9 million. Bond proceeds of \$20.7 million were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2008, with an outstanding principal balance of \$3.3 million, and the Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds, Series 2011B, with an outstanding principal balance of \$17.4 million. The underwriter's discount and cost of issuance for both issues totaled \$0.2 million. 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.

### ***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 \$2.2 million of deferred outflows of resources and \$0.8 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*.

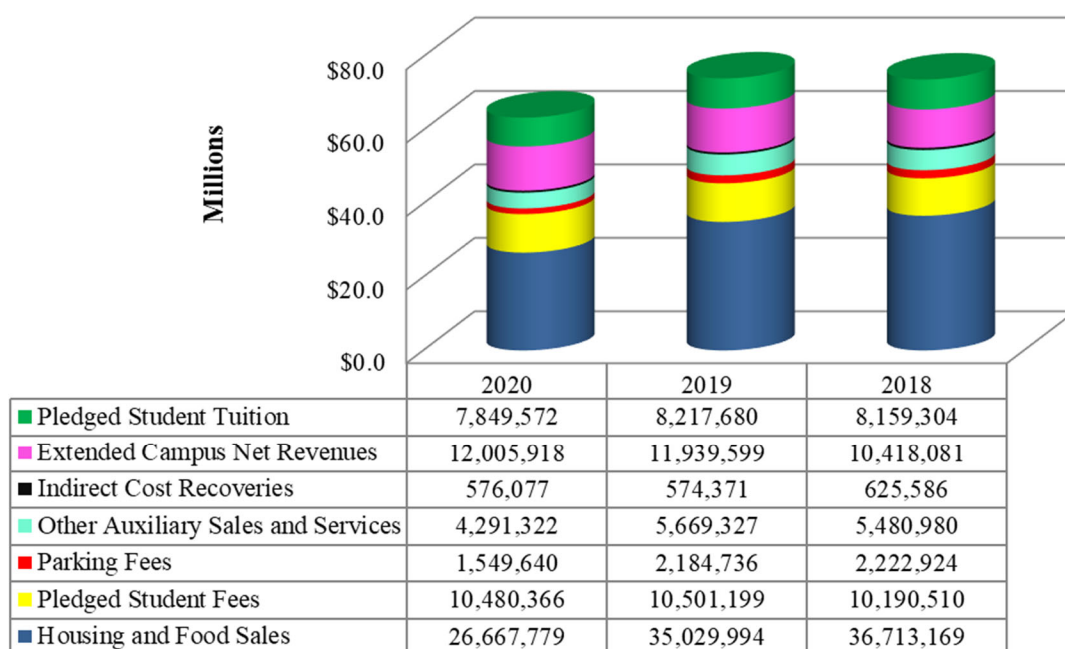


A summary of University debt and the related deferred outflows and inflows of resources is presented in the following table:

Summary of Debt Outstanding and Debt-Related Deferred Outflows and Inflows of Resources as of June 30,			
	2020	2019	2018
Revenue bonds	\$ 144,829,899	\$ 149,756,052	\$ 153,988,992
Deferred outflows of resources	(2,194,682)	(2,350,043)	(2,608,080)
Deferred inflows of resources	747,291	784,812	822,333
Capital lease obligations	8,292,338	7,380,475	7,975,983
Total	151,674,846	155,571,296	160,179,228
Less current portion of debt	(5,961,358)	(4,996,691)	(5,115,508)
Total long-term debt and deferred outflows and inflows of resources	\$ 145,713,488	\$ 150,574,605	\$ 155,063,720

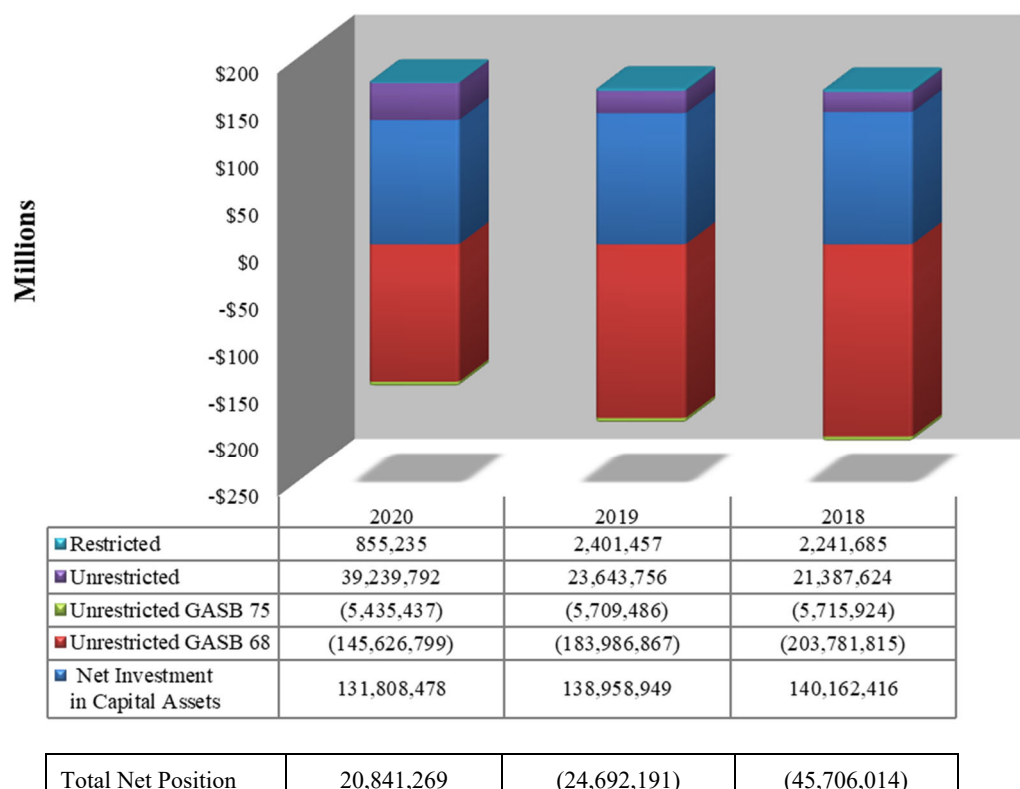
The debt service payments on the revenue bonds are made from pledged revenues comprised of auxiliary housing, food service, parking and other sales, plus identified pledged student fees, Extended Campus net revenues, and a portion of student tuition revenues. A more detailed schedule, including debt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

## Pledged Revenues for Bonds Payable



The pledged revenues, net of expenses of \$25.7 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 \$131.8, \$139.0, and \$140.2 million of the University's net position for fiscal years 2020, 2019, and 2018, respectively. The University capitalized \$14.3, \$78.0, and \$10.2 million of new assets in fiscal years 2020, 2019, and 2018, respectively, and ended fiscal year 2020 with \$16.7 million in construction in progress.

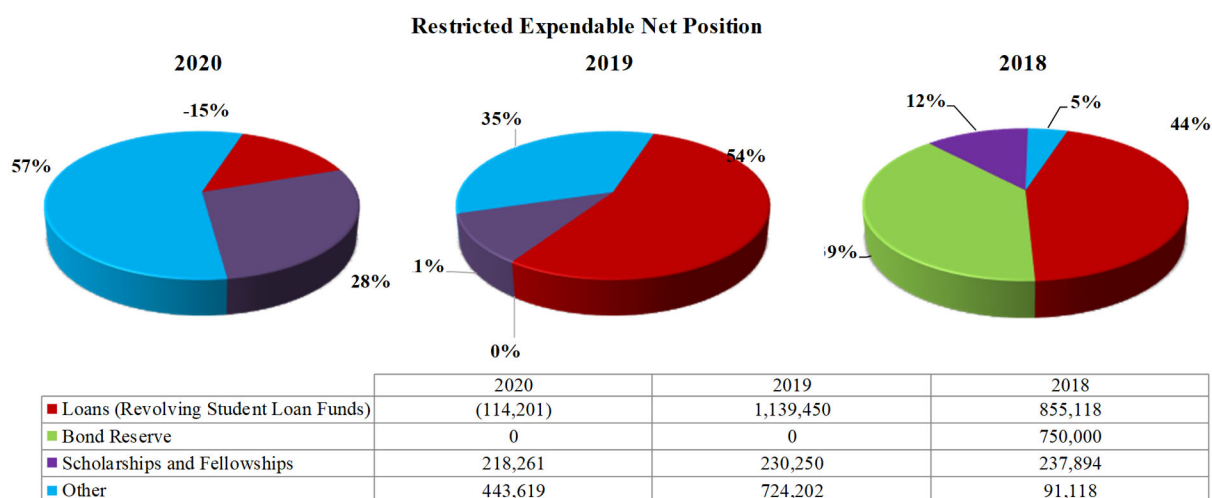
## Restricted Nonexpendable

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 2020, the majority of the restricted expendable net position category consisted of revolving Federal Perkins loan funds. Beginning with fiscal year 2018, the University recorded a liability for the return of program loan funds to the United States Department of Education. The University portion of the program funding is now recorded as unrestricted net position. The remaining balance of restricted expendable loans is from the federal nursing loan program. A very small portion of the net position identified as restricted expendable is generated from investment earnings on the restricted nonexpendable endowment net position described above. Allowable expenditures for these funds are scholarships and other academic support expenditures.

The University's restricted expendable net position as of June 30, 2020, 2019, and 2018, was \$0.5, \$2.1, and \$1.9 million, respectively.



## Unrestricted

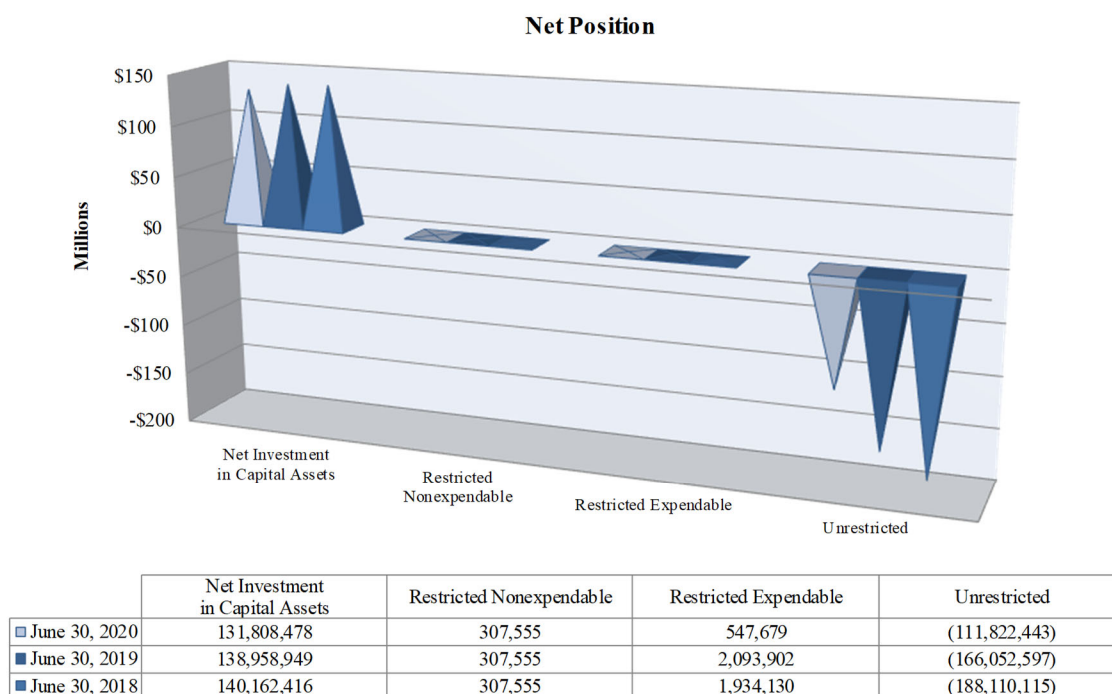
Unrestricted net position is usually available to be used for any lawful purpose under the full discretion of management. However, the University may place some limitations on future use by designating unrestricted net position for certain purposes during the annual budget process. The unrestricted net position deficit of \$111.8 million is comprised of a deficit of \$145.6 million from the impact of GASB 68 and a deficit of \$5.4 million from GASB 75, offset by positive net position of \$39.2 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 \$4.0, \$5.4, and \$5.6 million in fiscal years 2020, 2019 and 2018, respectively.

The following table outlines the change in net position:

<b>Summary of Changes in Net Position</b> <i>(in millions)</i>		
Net position as of June 30, 2019	\$	(24.7)
Current year impact of GASB 68 <sup>1</sup>		38.4
Current year impact of GASB 75		0.2
Current year impact from University operations		6.9
Net position as of June 30, 2020		20.8
<u><sup>1</sup>Detail of GASB 68 impact to Statement of Net Position</u>		
Deferred outflows of resources		(13.4)
Net pension liability		28.8
Deferred inflows of resources		23.0
GASB 68 impact on change in net position	\$	38.4

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



## 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 of 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.

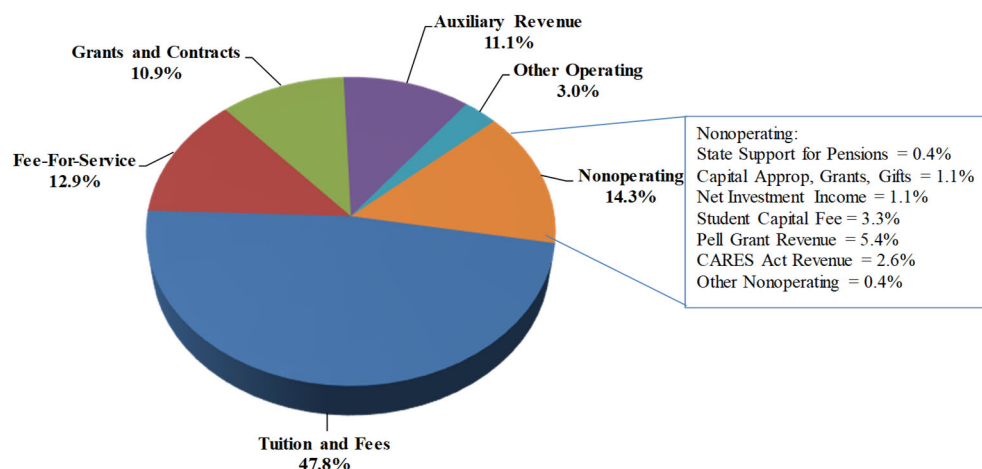


<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b> <b>For the Years Ended June 30,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating revenues</b>			
Net tuition and fees	\$ 109,063,757	\$ 113,778,534	\$ 112,140,222
Fee-For-Service	29,466,067	25,931,112	24,101,529
Grants and contracts	24,751,257	24,932,999	22,996,279
Auxiliary	25,307,949	31,437,537	32,253,460
Other	6,875,070	10,479,388	10,885,885
Total operating revenues	195,464,100	206,559,570	202,377,375
<b>Operating expenses</b>			
Education and general	167,072,733	187,600,440	189,318,715
Operating expenses (GASB 68)	(38,360,069)	(19,794,947)	41,859,099
Operating expenses (GASB 75)	(274,049)	(6,438)	36,136
Auxiliary	28,258,745	25,568,468	25,958,045
Depreciation	18,699,827	17,948,148	17,226,655
Total operating expenses	175,397,187	211,315,671	274,398,650
<b>Operating gain (loss)</b>	20,066,913	(4,756,101)	(72,021,275)
<b>Nonoperating revenues (expenses)</b>			
Federal grants and contracts	12,402,367	13,631,987	14,365,442
Federal grants and contracts - CARES Act	6,013,181	-	-
Perkins return of Federal loan contributions	(274,140)	(192,555)	(4,899,338)
Other nonoperating revenue	2,413,175	2,718,799	1,307,993
Other nonoperating expense	(395,633)	(168,568)	(1,224)
Nonoperating capital interest expense	(5,551,086)	(5,904,675)	(4,679,924)
Net nonoperating revenue (expense)	14,607,864	10,084,988	6,092,949
<b>Gain (Loss) before other items</b>	34,674,777	5,328,887	(65,928,326)
State support for pensions	787,639	882,458	-
Capital appropriations	960,184	4,857,892	22,227,857
Capital grants and gifts	1,638,073	2,037,728	4,217,216
Student capital fee revenue	7,472,787	7,869,333	7,127,013
Gain on disposal of assets	-	37,525	37,525
Loss on disposal of assets	-	-	-
Total other changes	10,858,683	15,684,936	33,609,611
<b>Increase (decrease) in Net Position</b>	45,533,460	21,013,823	(32,318,715)
<b>Net Position - beginning of year</b>	(24,692,191)	(45,706,014)	(7,707,511)
GASB 75 adjustment to Net Position	-	-	(5,679,788)
<b>Net Position - end of year</b>	\$ 20,841,269	\$ (24,692,191)	\$ (45,706,014)

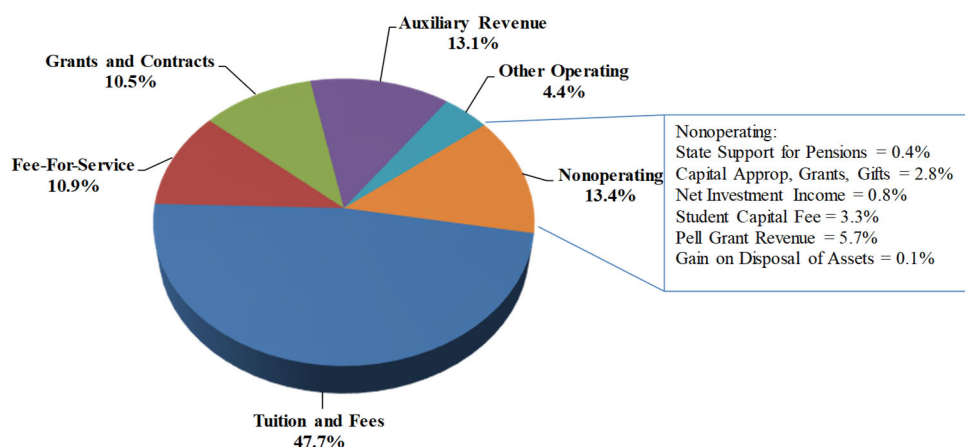
## Total Revenues

Total University revenues of \$228.0, \$238.6, and \$251.7 million, in fiscal years 2020, 2019, and 2018, 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 \$10.6 million or 4.4% from fiscal year 2019 to 2020 and decreased \$13.1 million or 5.2% from fiscal year 2018 to 2019.

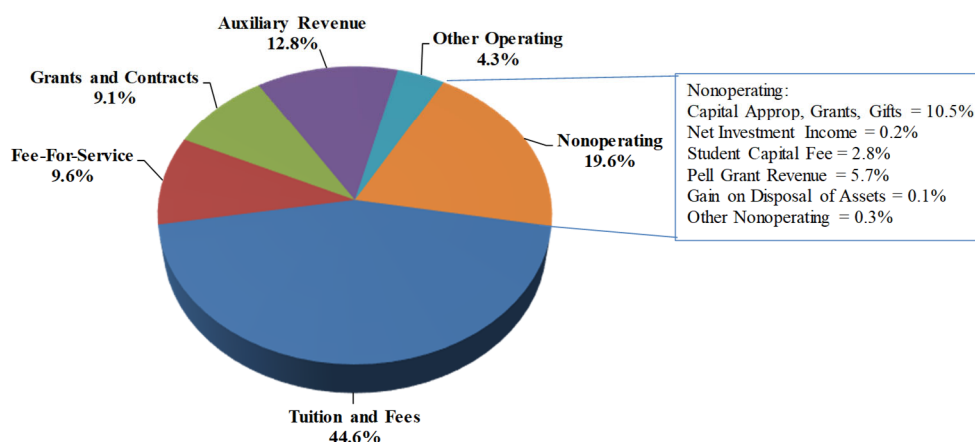
## Total Revenue 2020



## Total Revenue 2019



## Total Revenue 2018



## Operating Revenues

Operating revenue for fiscal years 2020, 2019, and 2018, of \$195.5, \$206.6, and \$202.4 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 2020, 2019, and 2018, has been 85.7%, 86.6%, and 80.4%, 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 \$4.7 million between fiscal years 2019 and 2020 and increased \$1.6 million between fiscal years 2018 and 2019. The decrease in revenue from fiscal year 2019 to 2020, is the result of a decrease in enrollment as discussed in the next paragraph. Additionally, after multiple years of undergraduate resident tuition increases, there was no increase for fiscal year 2020. The primary driver for the revenue growth from fiscal year 2018 to 2019 is the increased enrollment in Extended Campus. Extended campus offers a variety of undergraduate and graduate degree, certificate, and licensure programs through three sites in Loveland, Denver, Colorado Springs and through UNC Online.

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%, 3.0%, and 6.8%, in fiscal years 2020, 2019, and 2018, respectively. Undergraduate non-resident tuition increased 2.0%, 2.7%, and 2.5%, in fiscal years 2020, 2019, and 2018, respectively. Graduate tuition is tiered by program of study. Graduate tuition increased in a range from 1.0% to 5.0% in fiscal year 2020, 1.7% to 5.3% in fiscal year 2019, and 2.1% to 5.0% in fiscal year 2018 depending on program of study. UNC's fall final 2019 undergraduate FTE enrollment was down 3.7% from the prior fall. The FTE for fall final increased 0.5% in 2017 and then started to decline in 2018 (1.2%). The graduate fall final 2019 FTE was down 6.5% from the prior fall. The FTE for fall final experienced an increase 2017 of 10.6% before declining 2.4% in fall 2018.

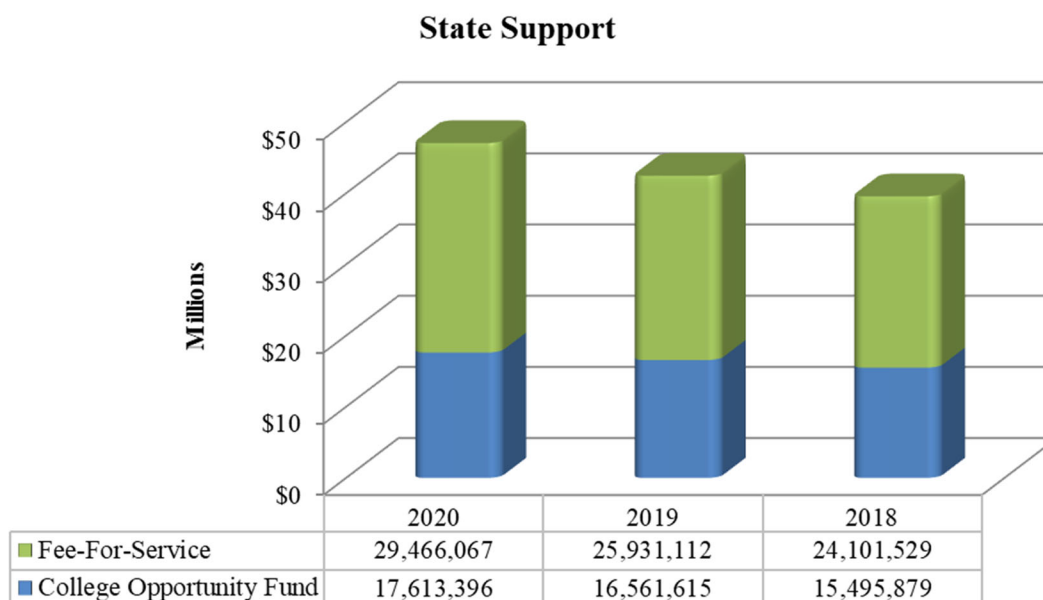
Tuition and fee revenue is shown net of \$31.4, \$31.1 and \$31.2 million in scholarship allowances for fiscal years 2020, 2019, and 2018, respectively. Auxiliary revenue for fiscal years 2020, 2019, and 2018 is net of \$7.5, \$7.7, and \$8.3 million in scholarship allowances, respectively. Scholarship 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 also general institutional scholarships. The scholarship allowance calculation includes all scholarships, institution, state, and federal funds.

During fiscal years 2020, 2019, and 2018, the Colorado Department of Higher Education (CDHE) provided the University \$47.1, \$42.5, and \$39.6 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 \$94, \$85 and \$77 per credit hour in fiscal years 2020, 2019 and 2018, respectively. In fiscal years 2020, 2019, and 2018, the University applied \$17.6, \$16.6, and \$15.5 million of COF stipends against student tuition bills, respectively. This amount is included in tuition revenues on the Statement of Revenues, Expenditures, and Changes in Net Position.

- State FFS contract revenue helps to support graduate and specialized undergraduate education services. These funds are in addition to tuition paid by students. During fiscal years 2020, 2019, and 2018 the Colorado Department of Higher Education provided the University \$29.5, \$25.9, and \$24.1 million of contract revenue, respectively.

The total amount of COF and FFS support has increased \$7.5 million since fiscal year 2018.



Room and Board revenue, a component of auxiliary revenue, decreased \$7.4 million, or 23%, between fiscal years 2019 and 2020. This decrease is primarily focused on housing and dining revenue loss 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. Room and Board revenue decreased \$1.8 million between fiscal years 2018 and 2019 due to a decrease in housing occupancy from 92.9% to 86.7%.

Other auxiliary revenues, which includes catering, conferences, parking permits, retail sales, recreation center memberships and athletic game guarantees, increased \$1.2 and \$0.5 million in fiscal year 2020 and 2019, respectively.

Auxiliary scholarships allowance decreased \$0.2 million in fiscal year 2020 and \$0.5 million in fiscal year 2019.

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, 2020, 2019, and 2018, grants and contracts revenue comprised \$43.2, \$38.6, and \$37.4 million or 16.3%, 16.2%, and 14.9%, of the University's total revenues, respectively. Grants and contracts revenue is presented in the table below in two categories: restricted and financial aid. The restricted sources are from sponsored programs and UNC Foundation support. Financial aid is received by the University from federal, state, foundation, and other private sponsors. The financial aid reported as revenue is based on generally accepted accounting principles for proper financial statement recognition and is not a comprehensive measure of all financial aid available to students. It does not include amounts received by students from third parties, institutional support, or loans.

<b>Grants and Contracts Revenue</b>			
<b>For the Years Ended June 30,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Federal grants	\$ 4,438,223	\$ 4,691,171	\$ 5,205,654
Federal grants - CARES Act	6,013,181	-	-
State and local grants	823,877	838,721	929,131
UNC Foundation grants and gifts	4,441,428	4,546,541	4,129,627
Other private grants	421,692	1,045,198	360,254
Total restricted grants and contracts	<u>16,138,400</u>	<u>11,121,631</u>	<u>10,624,666</u>
Federal financial aid	918,446	1,106,838	898,393
Federal Pell financial aid	12,402,367	13,631,987	14,365,442
State and non-gov't financial aid	9,162,315	8,301,651	7,062,458
UNC Foundation named and endowed	4,039,827	3,854,774	3,771,153
UNC Foundation scholarships	505,450	548,105	639,609
Total financial aid	<u>27,028,405</u>	<u>27,443,355</u>	<u>26,737,055</u>
Total grants, contracts and financial aid revenue	<u>\$ 43,166,805</u>	<u>\$ 38,564,986</u>	<u>\$ 37,361,721</u>

## Restricted Grants and Contracts

In fiscal year 2020, federal funding, excluding CARES Act funding, for restricted grants and contracts made up \$4.4 million, or 28.0%, of the total restricted grants and contracts revenue. Federal funding, excluding CARES Act funding, decreased \$0.3 million, or 5.4%, from fiscal year 2019 to fiscal year 2020.

Federal grants revenue received under the CARES Act includes \$5.8 million from Higher Education Emergency Relief Fund (HEERF) and \$0.2 million from the Coronavirus Relief Fund (CRF). The University will expend the remaining CRF funding of \$24.6 million in the first half of fiscal year 2021.

In fiscal year 2020, state and local funding for restricted grants and contracts made up \$0.8 million, or 5.1%, of the total restricted grants and contracts revenue. State and local funding decreased \$0.1 million, or 1.8%, from fiscal year 2019 to 2020.

Other private funding in restricted grants and contracts was \$0.4 million, or 2.6%, of the total restricted grants and contracts revenue in fiscal year 2020. This figure reflects a decrease from fiscal year 2019. During 2019, the University received a \$0.5 million grant for a new solar photovoltaic array.



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 \$4.4, \$4.5, and \$4.1 million in fiscal years 2020, 2019, and 2018, respectively. UNC recognizes revenue and expense as the University utilizes the donor funds. The Foundation recognizes revenue when the funds are donated. Fiscal year 2020 UNC Foundation grants and gifts is a combination of \$1.0 million of specific project grants and \$3.4 million in gifts and endowment payouts utilized for program support in athletics and in the colleges within the University.

## **Financial Aid**

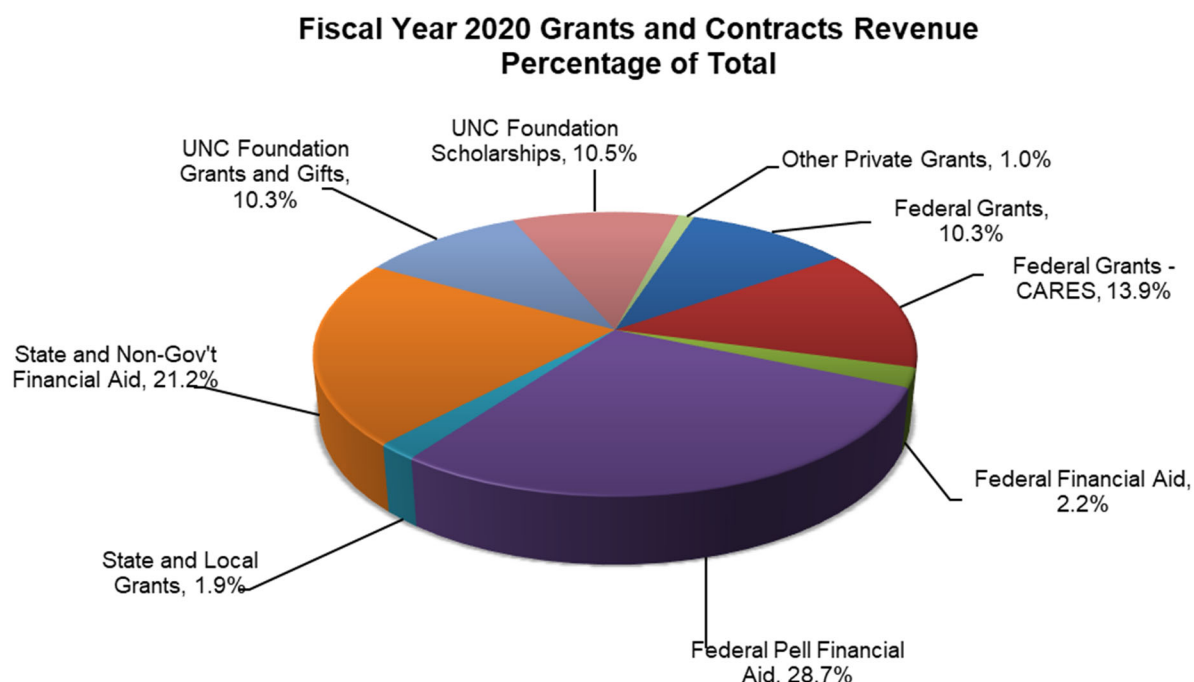
Federal Pell financial aid was 45.9%, 49.7%, and 53.7%, of total financial aid revenue in fiscal years 2020, 2019, and 2018, respectively. Federal Pell Grant financial aid is considered nonoperating revenue, but is included in this analysis of all grants and contracts revenue.

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 \$12.4, \$13.6, and \$14.4 million in fiscal years 2020, 2019, and 2018, respectively.

State financial aid has grown from \$7.0 million in fiscal year 2018 to \$9.2 million in fiscal year 2020. 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 2020, total expenses of \$181.7 million included operating expenses of \$175.4 million and interest expenses and other losses of \$6.3 million. Operating expenses decreased 17.0% in fiscal year 2020, 23.0% in fiscal year 2019, and 5.1% in fiscal year 2018. The primary cause for the decrease in operating expenses is related to the GASB 68 personnel costs.

### Natural Classification

Operating Expenses by Natural Classification For the Years Ended June 30,						
	2020		2019		2018	
Personnel costs	\$ 142,073,556	81.0%	\$ 151,638,451	71.8%	\$ 151,897,630	55.3%
Personnel costs (GASB 68)	(38,360,069)	-21.9%	(19,794,947)	-9.4%	41,859,099	15.3%
Personnel costs (GASB 75)	(274,049)	-0.2%	(6,438)	0.0%	36,136	0.0%
Cost of goods sold	3,603,107	2.1%	4,341,290	2.1%	4,643,599	1.7%
Other current expenses	49,654,815	28.3%	57,189,167	27.0%	58,735,531	21.4%
Depreciation	18,699,827	10.7%	17,948,148	8.5%	17,226,655	6.3%
Total Operating expenses	<u>\$ 175,397,187</u>	<u>100.0%</u>	<u>\$ 211,315,671</u>	<u>100.0%</u>	<u>\$ 274,398,650</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 \$9.6 million from fiscal year 2019 to 2020 and \$0.3 million from fiscal year 2018 to 2019. During fiscal year 2020, 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 \$0.7 million from fiscal year 2019 to 2020 and decreased \$0.3 million from fiscal year 2018 to 2019. 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 \$7.5 million from fiscal year 2019 to 2020 and decreased \$1.5 million from fiscal year 2018 to 2019. 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.

<b>Wages and Benefits</b> <b>For the Years Ended June 30,</b>				
	<b>2020</b>	<b>2019</b>	<b>2019 to 2020 Change</b>	
			<b>\$ Chg</b>	<b>% Chg</b>
Faculty	\$ 45,082,122	\$ 48,908,037	\$ (3,825,915)	-7.8%
Administrative	29,976,541	31,453,150	(1,476,609)	-4.7%
Graduate and Teaching Assistants	11,110,040	12,131,026	(1,020,986)	-8.4%
Classified	18,073,860	18,847,739	(773,879)	-4.1%
Student	6,888,072	7,281,435	(393,363)	-5.4%
Other	823,100	980,750	(157,650)	-16.1%
Subtotal wages	111,953,735	119,602,137	(7,648,402)	-6.4%
Fringe benefits	30,119,820	32,036,314	(1,916,494)	-6.0%
Fringe benefits (GASB 68)	(38,360,069)	(19,794,947)	(18,565,122)	93.8%
Fringe benefits (GASB 75)	(274,049)	(6,438)	(267,611)	4156.7%
Total wages and benefits	\$ 103,439,437	\$ 131,837,066	\$ (28,397,629)	-21.5%

In fiscal year 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 fiscal year 2018, salaries were increased with an overall 2.0% salary pool for faculty and exempt and 2.5% for state classified positions. The pool included a 1.0% maintenance of effort increase for faculty and a 1.25% maintenance of effort increase for exempt staff. Classified staff received a maintenance of effort increase of 1.75% in addition to performance-based increases ranging from 0.35% to 1.15% as approved by the State of Colorado. The remainder of the 2.0% faculty and exempt pool was utilized for faculty promotions and parity adjustments, and exempt increases to the minimum of their grade from the new human resources exempt compensation model.

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 2020 the change in net pension liability resulted in decreased non-cash accounting-only benefit expense of \$38.4 million. For fiscal years 2019 and 2018, there was increased non-cash accounting-only benefit expense of \$19.8, and \$41.9, 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.

<b>Operating Expenses by Functional Classification</b> <b>For the Years Ended June 30,</b>						
	<b>2020</b>		<b>2019</b>		<b>2018</b>	
Instruction	\$ 63,298,114	36.1%	\$ 76,737,758	36.3%	\$ 95,536,017	34.8%
Research	2,725,749	1.6%	3,604,958	1.7%	4,488,972	1.6%
Public service	1,462,491	0.8%	1,716,301	0.8%	2,003,994	0.7%
Academic support	13,924,261	7.9%	18,570,710	8.8%	26,058,018	9.5%
Student services	16,376,507	9.3%	29,771,497	14.1%	33,574,940	12.2%
Institutional support	10,142,870	5.8%	14,022,550	6.6%	26,912,753	9.8%
Operation of plant	4,740,185	2.7%	8,600,795	4.1%	21,061,371	7.7%
Scholarships and fellowships	15,768,438	9.0%	16,470,808	7.8%	17,499,491	6.4%
Auxiliary operating expenditures	28,258,745	16.1%	23,872,146	11.3%	30,036,439	11.0%
Depreciation	18,699,827	10.7%	17,948,148	8.5%	17,226,655	6.3%
Total operating expenses	<u>\$ 175,397,187</u>	<u>100.0%</u>	<u>\$ 211,315,671</u>	<u>100.0%</u>	<u>\$ 274,398,650</u>	<u>100.0%</u>

From 2019 to 2020 there were decreases in most 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:

<b>Operating Expenses by Functional Classification</b> <b>(without GASB 68 and GASB 75)</b> <b>For the Years Ended June 30,</b>						
	<b>2020</b>		<b>2019</b>		<b>2018</b>	
Instruction	\$ 76,298,090	35.6%	\$ 84,720,012	36.6%	\$ 84,704,710	36.5%
Research	2,954,813	1.4%	3,704,262	1.6%	4,266,844	1.8%
Public service	1,610,708	0.8%	1,765,707	0.8%	1,784,262	0.8%
Academic support	18,330,091	8.6%	20,848,505	9.0%	20,455,370	8.8%
Student services	18,950,533	8.9%	30,811,640	13.3%	30,314,050	13.0%
Institutional support	16,983,038	7.9%	17,123,080	7.4%	18,624,700	8.0%
Operation of plant	12,583,755	5.9%	12,156,426	5.3%	11,669,288	5.0%
Scholarships and fellowships	15,768,438	7.4%	16,470,808	7.1%	17,499,491	7.5%
Auxiliary operating expenditures	31,852,012	14.9%	25,568,468	11.1%	25,958,045	11.2%
Depreciation	18,699,827	8.7%	17,948,148	7.8%	17,226,655	7.4%
Total operating expenses	<u>\$214,031,305</u>	<u>100.0%</u>	<u>\$231,117,056</u>	<u>100.0%</u>	<u>\$232,503,415</u>	<u>100.0%</u>

**GASB 68 Functional Expense  
for the Years Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Instruction	\$(12,906,513)	\$ (7,980,531)	\$ 10,819,119
Research	(227,080)	(99,257)	221,864
Public service	(147,019)	(49,377)	219,573
Academic support	(4,377,020)	(2,277,037)	5,598,829
Student services	(2,555,078)	(1,039,615)	3,258,378
Institutional support	(6,791,648)	(3,099,264)	8,281,618
Operation of plant	(7,787,932)	(3,554,179)	9,384,704
Auxiliary operating expenditures	(3,567,779)	(1,695,687)	4,075,014
Total non-cash GASB 68 expense	<u><u>\$(38,360,069)</u></u>	<u><u>\$ (19,794,947)</u></u>	<u><u>\$ 41,859,099</u></u>

**GASB 75 Functional Expense  
for the Years Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Instruction	\$ (93,463)	\$ (1,723)	\$ 12,188
Research	(1,984)	(47)	264
Public service	(1,198)	(29)	159
Academic support	(28,810)	(758)	3,819
Student services	(18,948)	(528)	2,512
Institutional support	(48,520)	(1,266)	6,435
Operation of plant	(55,638)	(1,452)	7,379
Auxiliary operating expenditures	(25,488)	(635)	3,380
Total non-cash GASB 75 expense	<u><u>\$ (274,049)</u></u>	<u><u>\$ (6,438)</u></u>	<u><u>\$ 36,136</u></u>

When looking at expenditures without the impact of GASB 68 and GASB 75, operating expenditures decreased \$17.1 million dollars from fiscal year 2019 to fiscal year 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.

In fiscal year 2020, scholarships decreased \$0.7 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

The nonoperating financial statement line item titled “Federal grants and contracts revenue” is Pell grant revenue, which is the largest portion of nonoperating revenue. Pell decreased \$1.2 million from fiscal year 2019 to 2020. 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 costs of issuing bonds, the refunds of the Federal Capital Contributions required by the Federal Perkins Loan program and closing costs on the sale of properties.

The Perkins return of federal loan program contributions (expenses) was relatively unchanged from fiscal year 2019. 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 2020 of \$1.3 million it was offset by a \$1.1 million decrease in the total Perkins liability. In fiscal year 2019, the University did not have to remit funds due to excess liquid capital. In fiscal year 2018, the University remitted \$0.7 million.

Interest on capital asset related debt decreased \$0.4 million from fiscal year 2019 to 2020. The change is directly related to a decrease in expense for bond interest payments and the amortization of premiums/discounts. The Campus Commons building was completed in 2019 and the University was no longer able to capitalize the related interest resulting in a \$1.1 million increase in interest expense from fiscal year 2018 to 2019.

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 2020, the University received a total of \$2.6 million in state capital appropriations.

Other changes in fiscal year 2020 include 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. Additional information about this can be found in *Note 10: Defined Benefit Pension Plan*.

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.

Other changes in fiscal year 2019 include 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. Additional information about this can be found in *Note 10: Defined Benefit Pension Plan*.



In fiscal year 2018, the University received a total of \$22.2 million in state capital appropriations. This included \$20.8 million for the Campus Commons and \$1.4 million for fire sprinkler upgrades. The University utilized \$4.2 million in donations for capital items including \$3.8 million in donations for the Campus Commons and \$0.4 million for athletics video equipment, library materials, and research equipment.

Other changes in fiscal year 2018 include the sale and leaseback of Foundation Hall. The sales price was \$0.3 million and the book value was \$0.2 million resulting in a gain of \$0.1 million. Foundation Hall was leased back for the period December 20, 2017, to December 31, 2018, for \$50,000. The gain on the sale must be realized over the period of the lease term; therefore, half of the gain was recognized in fiscal year 2018 and the other half will be recognized in fiscal year 2019.

*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, but it is also affected by funding from the state legislature. The combination of tuition, fees, and auxiliary revenue generated from students is 56.5% of the University's operating revenue. The College Opportunity Fund plus the Fee-For-Service contract comprised 24.1% of the University's operating revenues in fiscal year 2020. The University received an increase of \$4.6 million for these state-funded revenues in fiscal year 2020.

U.S. and Colorado economic activity appears to have stabilized at low levels in May, following one of the steepest declines in economic activity on record in April 2020. In response to COVID-19-related business closures, unprecedented monetary policy and federal aid have helped to stabilize the economy and prevent further collapse. Current indicators of business and consumer activity point to a bounce back in growth as many businesses reopen. Businesses and households are assessing the health of their balance sheets, taking stock of ongoing risks, and adjusting to a new economic environment. These shifts pose challenges and opportunities for the year ahead. From April 2020 lows, this forecast assumes ongoing growth in economic activity for the state and nation in the years ahead. Yet, the recovery will take years to reach pre-recessionary levels of activity as businesses and households continue to be challenged by ongoing COVID-19-related health and economic uncertainty.

The University's management will continue to monitor the developments with the Legislative Council forecasts and the Governor's budget proposals for any potential impacts on higher education funding. University management continues to move forward to achieve long-term fiscal sustainability assuming limited state support.

### Student Headcount Enrollment

<u>Fall Final (for Fiscal Year)</u>	<u>Under- Graduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Percent Change</u>
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	1.4%
Fall 14 (FY15)	9,469	2,581	12,050	-5.2%

The outlook for fall 2020 is that overall student headcount enrollment will be less than fall 2019. We experienced decreases in enrollment across nearly every major, demographic and residency type. Across the country FAFSA (Free Application for Federal Student Aid) applications are down significantly. This decrease impacted our enrollment as well. We experienced losses among our neediest students compared to last year. We also saw a significant decrease in our new first time students who are first-generation. Our transfer population increased specific to first-generation and males as well as from our out of state/non-WUE (Western Undergraduate Exchange) markets. The yield for first time new students was significantly down compared to previous years. Enrollment Management and our Marketing and Communication team in University Advancement has been redesigning and redefining our strategies to stop the decline and change the trajectory of these yield rates for future terms.

While Graduate headcount remained consistent, the total FTE and average credit hour load increased in fall 2020 compared to fall 2019, indicative of an increase in full-time students. Focused assessment of particular populations demonstrated gains in enrolled resident, non-resident, and WICHE (Western Interstate Commission for Higher Education) students enrolled in masters programs. International student enrollment was impacted by COVID restrictions and difficulty in securing visas, particularly for our continuing masters students, which was expected.

After three consecutive years of improvement, the 2020 fall-to-fall retention rate fell from 72.3% to 70.2%.

The 4-year graduation rate for the Fall 2016 new first-time, full-time cohort is 36.8% (vs. 35.5% for the Fall 2015 cohort).

- This is the highest 4-year rate we have on record (looking back 25 years).
- This marks 4 consecutive years of improvement.

The 6-year graduation rate for the Fall 2014 new first-time, full-time cohort is 51.6% (vs. 52.2% for the Fall 2013 cohort).

- Despite a small decline, this is still the second highest 6-year rate we have on record (looking back 23 years).
- This marks the second consecutive year that the rate was over 50%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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For additional information regarding this report please contact:

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# **FINANCIAL STATEMENTS**

# FINANCIAL STATEMENTS

## STATEMENTS OF NET POSITION

AS OF JUNE 30, 2020

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
<b>ASSETS</b>		
<b>Current Assets</b>		
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	92,409,240	9,060,766
<b>Noncurrent Assets</b>		
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	287,680,130	125,860,561
<b>TOTAL ASSETS</b>	<b>380,089,370</b>	<b>134,921,327</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	2,194,682	-
Deferred amount on pensions	6,733,538	-
Deferred amount on other post-employment benefits	204,057	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,132,277</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
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	54,533,947	1,062,739
<b>Noncurrent Liabilities</b>		
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	258,246,756	129,444
<b>TOTAL LIABILITIES</b>	<b>312,780,703</b>	<b>1,192,183</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	747,291	-
Deferred amount on pensions	53,213,323	-
Deferred amount on other postemployment benefits	1,639,061	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>55,599,675</b>	<b>-</b>
<b>NET POSITION</b>		
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
<b>TOTAL NET POSITION</b>	<b>\$ 20,841,269</b>	<b>\$ 133,729,144</b>

See notes to the financial statements

# FINANCIAL STATEMENTS

## STATEMENTS OF NET POSITION

AS OF JUNE 30, 2019

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 42,487,337	\$ 1,562,152
Student accounts receivable, net	6,048,782	-
Pledges receivable, net, current portion	-	1,516,222
Other receivables, net	3,456,636	108,059
Investments, current portion	-	3,000,000
Inventories	1,004,371	-
Loans to students, net, current portion	329,948	-
Other assets	510,467	109,678
Total Current Assets	53,837,541	6,296,111
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	5,905,859	-
Restricted investments	540,536	-
Pledges receivable, net, noncurrent portion	-	1,425,193
Loans to students, net, noncurrent portion	4,077,392	-
Investments, noncurrent portion	-	123,587,857
Capital assets, net	289,358,643	853,409
Total Noncurrent Assets	299,882,430	125,866,459
<b>TOTAL ASSETS</b>	<b>353,719,971</b>	<b>132,162,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	2,350,043	-
Deferred amount on pensions	20,138,561	-
Deferred amount on other post-employment benefits	255,113	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>22,743,717</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	14,201,829	633,583
Unearned revenue	7,702,708	-
Bonds payable, current portion	4,385,000	-
Capital leases payable, current portion	611,691	-
Funds held for the University of Northern Colorado	-	546,424
Perkins liquidation liability, current portion	1,461,600	-
Other current liabilities	2,131,486	-
Total Current Liabilities	30,494,314	1,180,007
<b>Noncurrent Liabilities</b>		
Unearned revenue	30,000	-
Bonds payable, noncurrent portion	145,371,052	-
Capital leases payable, noncurrent portion	6,768,784	-
Other noncurrent liabilities	89,787	-
Net pension liabilities	127,932,022	-
Net other postemployment benefits liabilities	5,437,725	-
Perkins liquidation liability, noncurrent portion	2,904,441	-
Annuity obligations	-	132,721
Compensated absence liabilities	4,622,661	-
Total Noncurrent Liabilities	293,156,472	132,721
<b>TOTAL LIABILITIES</b>	<b>323,650,786</b>	<b>1,312,728</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on debt refundings	784,812	-
Deferred amount on pensions	76,193,407	-
Deferred amount on other postemployment benefits	526,874	-
Deferred amount on other	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>77,505,093</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	138,958,949	853,409
Restricted for:		
Nonexpendable		-
Scholarships and fellowships	306,155	55,142,185
Academic support	1,400	-
Other	-	36,990,424
Expendable		-
Scholarships and fellowships	230,250	5,593,853
Loans	1,139,450	-
Bond reserve	-	-
Other	724,202	21,640,586
Unrestricted	(166,052,597)	10,629,385
<b>TOTAL NET POSITION</b>	<b>\$ (24,692,191)</b>	<b>\$ 130,849,842</b>

See notes to the 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
<b>Operating Revenues</b>		
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
<b>Operating Expenses</b>		
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
<b>Operating Income</b>	20,066,913	2,879,302
<b>Nonoperating Revenues (Expenses)</b>		
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 - CARES Act	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	-
<b>Income Before Other Revenues (Expenses) or Gains (Losses)</b>	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	-	-
<b>Total Other Changes</b>	10,858,683	-
<b>Increase in Net Position</b>	45,533,460	2,879,302
<b>Net Position, Beginning of year</b>	(24,692,191)	130,849,842
<b>Net Position, End of Year</b>	\$ 20,841,269	\$ 133,729,144

See notes to the financial statements

# FINANCIAL STATEMENTS

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
<b>Operating Revenues</b>		
Student tuition and fees, net	\$ 113,778,534	\$ -
Contributions	-	9,303,162
Contributed services and donations of property	-	40,302
Federal grants and contracts	5,798,009	-
State and local grants and contracts	9,140,372	-
State Fee-For-Service contract	25,931,112	-
Nongovernmental grants and contracts	9,994,618	-
Sales and services of educational activities	364,688	-
Auxiliary operating revenue, net	31,437,537	-
Interest and dividends	-	2,345,117
Net realized and unrealized gain (loss)	-	2,073,229
Other operating revenue	10,114,700	191,422
Total Operating Revenues	206,559,570	13,953,232
<b>Operating Expenses</b>		
Educational and general		
Instruction	76,737,758	-
Research	3,604,958	-
Public service	1,716,301	-
Academic support	18,570,710	-
Student services	29,771,497	-
Institutional support	14,022,550	-
Operation of plant	8,600,795	-
Scholarships and fellowships	16,470,808	-
Program	-	12,633,090
Management and general	-	808,607
Pledges receivable write off	-	35,378
Impairment of land held for sale	-	2,620,800
Auxiliary operating expenditures	23,872,146	-
Depreciation	17,948,148	-
Total Operating Expenses	211,315,671	16,097,875
<b>Operating Income (Loss)</b>	<b>(4,756,101)</b>	<b>(2,144,643)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income, net of investment expense	1,908,531	-
Interest on capital asset related debt	(5,904,675)	-
Federal grants and contracts revenue	13,631,987	-
Perkins return of federal loan program contributions (expense)	(192,555)	-
Other nonoperating revenue (expense)	641,700	-
Net Nonoperating Revenues (Expenses)	10,084,988	-
<b>Income (Loss) Before Other Revenues (Expenses) or Gains (Losses)</b>	<b>5,328,887</b>	<b>(2,144,643)</b>
State support for pensions	882,458	-
Capital appropriations	4,857,892	-
Capital appropriations - certificates of participation	14,346	-
Capital grants and gifts	2,023,382	-
Student capital fee revenue	7,869,333	-
Gain (Loss) on disposal of capital assets	37,525	-
<b>Total Other Changes</b>	<b>15,684,936</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>21,013,823</b>	<b>(2,144,643)</b>
<b>Net Position, Beginning of year</b>	<b>(45,706,014)</b>	<b>132,994,485</b>
<b>Net Position, End of Year</b>	<b>\$ (24,692,191)</b>	<b>\$ 130,849,842</b>

See notes to the financial statements

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	2020	2019
<b>Operating Activities</b>		
<u>Cash Received</u>		
Tuition and fees	107,518,657	\$ 113,481,966
State Fee-For-Service contract	29,466,067	25,931,112
Sales and services of educational activities	541,023	775,696
Sales and services of auxiliary activities	25,663,627	31,278,854
Grants and contracts	26,236,317	6,915,635
Federal financial aid	904,071	853,509
State financial aid	9,162,315	8,301,651
UNC Foundation grants	1,026,638	747,937
UNC Foundation gifts	3,414,789	3,798,605
UNC Foundation scholarships	4,545,277	4,402,879
Other receipts	4,497,235	9,224,698
Student loans collected	941,598	844,580
<u>Cash Payments</u>		
Payments to or for employees	(148,107,071)	(148,117,452)
Payments to suppliers	(30,328,488)	(48,102,908)
Scholarships disbursed	(15,771,218)	(16,471,008)
Student loans disbursed	30,077	(287,036)
Net cash provided by operating activities	19,740,914	(6,421,282)
<b>Noncapital Financing Activities</b>		
Federal Pell grant nonoperating funds	12,402,367	13,631,987
Federal CARES Act nonoperating funds	6,013,181	-
Other nonoperating revenues (expenses) - rental, lease, other	(641,973)	39,688
Agency inflows - campus organizations and scholarships	8,345,811	10,348,195
Agency outflows - campus organizations and scholarships	(8,483,893)	(10,103,992)
Agency inflows - student loans	72,266,961	79,876,521
Agency outflows - student loans	(72,266,961)	(79,876,521)
Net cash provided by noncapital financing activities	17,635,493	13,915,878
<b>Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(8,743,775)	(26,415,102)
Net proceeds from disposal of capital assets	-	37,525
Proceeds from state capital appropriations		4,857,892
Proceeds from state capital appropriations - certificates of participation	515,486	14,346
Proceeds from UNC Foundation for capital gifts	1,638,073	2,023,382
Proceeds from Student Capital Fee	7,472,787	7,869,333
Proceeds from 2019 bonds issued	30,833,280	22,487,938
Proceeds from 2019 bonds used for refinancing	(32,580,052)	(20,712,818)
Bond refinancing costs paid	(267,757)	(168,568)
Principal paid on bonds payable	(2,735,000)	(5,350,000)
Principal paid on capital leases	(971,491)	(595,508)
Interest paid on capital debt	(6,366,621)	(6,713,583)
Net cash provided by capital and related financing activities	(11,205,070)	(22,665,163)
<b>Investing Activities</b>		
Investment and utilization of proceeds in escrow for energy performance capital lease	9,603	781,566
Investment earnings	2,452,571	1,908,039
Net cash provided by investing activities	2,462,174	2,689,605
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	28,633,511	(12,480,962)
<b>Cash and Cash Equivalents, Beginning of Year</b>	48,393,196	60,874,158
<b>Cash and Cash Equivalents, End of Year</b>	77,026,707	\$ 48,393,196

See notes to the financial statements

## STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

### Reconciliation of Net Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities

	2020	2019
Operating income (loss)	\$ 20,066,914	\$ (4,756,101)
Depreciation expense	18,699,827	17,948,148
Changes in the net pension liability and related deferred outflows and inflows	(37,846,480)	(18,918,927)
Student loan cancellations	-	49,359
Changes in operating assets and liabilities		
Student accounts receivable, net	(1,350,136)	(296,572)
Other receivables, net	(4,397,644)	118,999
Inventories	862,301	21,057
Loans to students, net	38,653	547,724
Other current assets	(243,078)	235,669
Accounts payable	3,384,284	(3,206,160)
Accrued payroll	(7,578,870)	2,750,464
Unearned revenues	23,702,113	(728,574)
Other current liabilities	4,200,804	(32,010)
Accrued compensated absences	202,226	(154,358)
Net cash provided (used) by operating activities	\$ 19,740,914	\$ (6,421,282)

### Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Cash and cash equivalents	\$ 74,762,304	\$ 42,487,337
Restricted cash and cash equivalents	2,264,403	5,905,859
Total cash and cash equivalents	\$ 77,026,707	\$ 48,393,196

## **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 will implement GASB 84 *Fiduciary Activities* and 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in fiscal year 2021.

As of July 1, 2018, and applied retrospectively, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Foundation, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general.

## **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 2019 or 2020.

## **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, 2020, 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 \$2,265,975 and \$2,137,816 as of June 30, 2020, and 2019, 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:

<b>University Interest Capitalized and Expensed</b>	<b>2020</b>	<b>2019</b>
Interest capitalized on self-funded capital projects	(36,958)	(417,870)
Interest costs incurred for bonds and capital leases	5,588,044	6,322,545
Total interest expense	<u>\$ 5,551,086</u>	<u>\$ 5,904,675</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 \$12,402,367 and \$13,631,987 on June 30, 2020, and 2019, 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, 2020. At June 30, 2019, this liability was \$56,269. 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 \$38.9 and \$38.8 million for the fiscal years ended June 30, 2020 and 2019, 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.

<b>Unrestricted Cash and Cash Equivalents</b>	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 52,195	\$ 52,195
Cash with U.S. financial institutions	25,829,031	10,877,395
Cash with Colorado State Treasury	47,338,958	31,383,245
Unrealized gain (loss) - cash with State Treasury	1,542,120	174,502
Total unrestricted cash and cash equivalents	<u>\$ 74,762,304</u>	<u>\$ 42,487,337</u>

## Restricted Cash and Cash Equivalents

The University holds restricted cash of \$2.3 million in unexpended proceeds from the Campus Commons bond issue with the State Treasury.

## State Treasury Pool

The University deposits the majority of its cash with the Colorado State Treasury as required by Colorado Revised Statutes (C.R.S.). The State Treasury 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. Money deposited in the State Treasury is invested until the cash is needed. As of June 30, 2020, the University had total cash on deposit with the State Treasury of \$49.6 million (\$47.3 million unrestricted and \$2.3 million restricted), which represented approximately 0.53% of the total \$9,633.8 million fair value of deposits in the State Treasury Pool (Pool). As of June 30, 2020, the Pool's resources included \$16.0 million of cash on hand and \$9,617.8 million of investments.

On the basis of the University's participation in the Pool, the University reports an increase or decrease in cash for its share of the Treasury's unrealized gains and losses on the Pool's underlying investments. The State Treasury 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 Treasury pool may be obtained in the State's Comprehensive Annual Financial Report for the year ended June 30, 2020.

## 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, 2020, 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 2020.

## 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, 2020, 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:

<b>Investment Types</b>	<b>2020</b>	<b>2019</b>	<b>Maturity</b>
Fixed Income U.S. Government Obligations	\$ 368,622	\$ 406,392	1-5 years
Fixed Income U.S. Government Obligations	152,309	101,119	Less than 1 year
Money Market Funds - Capital lease escrow	-	-	N/A
Money Market Funds	10,002	33,025	N/A
Total University restricted investments	<u>\$ 530,933</u>	<u>\$ 540,536</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	2020		Duration to Maturity	Weighted - Average	S&P Credit Rating
	Fair Value				
U.S. Government Obligations	\$	520,931	1.95 yrs	2.02 yrs	AA+
Money Market Funds		10,002	N/A	N/A	N/A
Total University investments as of June 30	\$	530,933			

Maturities and Credit Ratings by Investment Type	2019	Duration to Maturity	Weighted - Average	S&P Credit Rating
	Fair Value			
U.S. Government Obligations	\$ 507,511	2.03 yrs	2.11 yrs	AA+
Money Market Funds	33,025	N/A	N/A	N/A
Total University investments as of June 30	\$ 540,536			

## 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:

<b>University of Northern Colorado Foundation</b> <b>Summary of Investments</b> <b>as of June 30,</b>		
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 170,120	\$ 2,025,278
Equities	52,891,534	52,301,057
Fixed income	13,769,314	14,625,105
Alternative investments	28,409,427	27,658,782
Other	19,770,424	22,238,435
Total Foundation investments	<u>\$ 115,010,819</u>	<u>\$ 118,848,657</u>

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

<b>University of Northern Colorado Foundation</b> <b>Investments by Level</b> <b>as of June 30, 2020</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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	-	-	7,864,879	7,864,879
Alternative investments measured at NAV	-	-	-	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, holds 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.

<b>University of Northern Colorado Foundation</b> <b>Investments by Level</b> <b>as of June 30, 2019</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments				
Cash equivalent mutual funds	\$ 2,025,278	\$ -	\$ -	\$ 2,025,278
Equities				
Large cap	20,691,013	-	-	20,691,013
International	16,839,811	-	-	16,839,811
Small/mid cap	9,139,239	-	-	9,139,239
Emerging markets	5,630,994	-	-	5,630,994
Fixed income				
Floating rate corp loans	5,236,519	-	-	5,236,519
Domestic	8,832,359	-	-	8,832,359
High yield	-	15,690	-	15,690
Opportunistic	-	540,537	-	540,537
Student-managed funds	-	2,821,718	-	2,821,718
Stock/bond mixed mutual funds	1,175,886	-	-	1,175,886
Alternative investments				
Master limited partnerships	7,363,828	-	-	7,363,828
Real estate	2,705,859	-	-	2,705,859
Total Investments	79,640,786	3,377,945	-	83,018,731
Beneficial interest in long-term trusts held by others	-	-	8,171,144	8,171,144
Alternative investments measured at NAV	-	-	-	27,658,782
Total	\$ 79,640,786	\$ 3,377,945	\$ 8,171,144	\$ 118,848,657

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, 2019. 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,

<b>University of Northern Colorado Foundation</b> <b>Investment Earnings</b> <b>as of June 30,</b>		
	<b>2020</b>	<b>2019</b>
Interest and dividends	\$ 3,884,960	\$ 2,345,117
Realized and unrealized gains (losses) on investments, net of taxes	(2,477,750)	2,380,782
Less investment management fees	(284,008)	(357,232)
	<u>\$ 1,123,202</u>	<u>\$ 4,368,667</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, 2020 and 2019:

<b>University of Northern Colorado Foundation</b> <b>Level 3 Investment Changes</b> <b>as of June 30,</b>		
<b>Beneficial Interest in Long-Term Trusts Held by Others</b>		
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 8,171,144	\$ 8,130,780
Net investment income (loss)	(306,265)	40,364
	<u>\$ 7,864,879</u>	<u>\$ 8,171,144</u>



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

<b>University of Northern Colorado Foundation</b> <b>Investments in Certain Entities that Calculate Net Asset Value</b> <b>as of June 30, 2020</b>				
<b>Fund Description</b>	<b>Fair Value</b>	<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
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	3,871,458	1,604,334	Upon fund termination	N/A
Total	<u>\$28,409,427</u>	<u>\$ 2,849,350</u>		
*Subject to restrictions				

<b>University of Northern Colorado Foundation</b> <b>Investments in Certain Entities that Calculate Net Asset Value</b> <b>as of June 30, 2019</b>				
<b>Fund Description</b>	<b>Fair Value</b>	<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
Low correlated hedge	\$ 5,869,595	\$ -	Monthly, quarterly, semi-annually*	60-100 days
Low correlated hedge	10,397,391	-	Quarterly, semi-annually*	95 days, annual one-year lock up
Illiquid credit	3,547,122	1,252,668	Upon fund termination	N/A
Private equity	3,601,570	736,346	Upon fund termination	N/A
Real estate	4,243,104	1,604,334	Upon fund termination	N/A
Total	<u>\$27,658,782</u>	<u>\$ 3,593,348</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:

<b>Accounts, Contributions, and Loans Receivable</b>	<b>2020</b>	<b>2019</b>
Student accounts receivable - current	\$ 21,176,216	\$ 18,888,297
Allowance for doubtful accounts	(13,777,298)	(12,839,515)
Subtotal student accounts receivable - net	7,398,918	6,048,782
Student loans receivable - current	2,123,606	1,943,246
Allowance for doubtful accounts	(1,819,354)	(1,613,298)
Subtotal student loans receivable - net	304,252	329,948
Student loans receivable - noncurrent	3,687,407	4,601,910
Allowance for doubtful accounts	(446,621)	(524,518)
Subtotal noncurrent student loans receivable - net	3,240,786	4,077,392
Other receivables - current		
Sponsored programs - federal grants receivable	5,270,744	816,874
Sponsored programs - nonfederal grants receivable	50,840	63,381
Student loans program - federal loans receivable	56,695	167,172
Accounts receivable related party - the Foundation	592,575	706,525
Accounts receivable - State of Colorado	444,699	-
Other accounts receivable	1,808,950	1,702,684
Subtotal other receivables - current	8,224,503	3,456,636
Total University accounts, loans & other receivables	\$ 19,168,459	\$ 13,912,758

### Related Party Receivable

Gifts and grants receivable from the Foundation to the University were \$0.6 million as of June 30, 2020, and \$0.7 million as of June 30, 2019.

### 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:

<b>Other Assets</b>	<b>2020</b>	<b>2019</b>
The University		
Inventories for supply use	\$ 1,100,813	\$ 851,263
Inventories for resale	146,636	153,108
Total inventories	<u>1,247,449</u>	<u>1,004,371</u>
Prepaid expenses	<u>471,814</u>	<u>510,467</u>
Total other current assets	<u>471,814</u>	<u>510,467</u>
The Foundation		
Prepaid expenses and other current assets	<u>\$ 97,936</u>	<u>\$ 109,678</u>

## Note 6: Capital Assets

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.

During fiscal year 2019, the University completed construction on the Campus Commons building. The expenses were capitalized and reclassified from construction in progress to building as of June 30, 2019.

On December 19, 2017, the University entered into a sale-leaseback transaction on Foundation Hall. The sales price, net of concessions, was \$250,000 and the property had a book value of \$174,949, resulting in a gain on the sale of \$75,051. The transaction included closing costs of \$1,224, netting the University \$248,776 in cash at closing. Foundation Hall was leased back from December 20, 2017 to December 20, 2018 for \$50,000; therefore, the gain on the sale must be recognized over the term of the lease, with half, \$37,525 in fiscal year 2018 and the rest in fiscal year 2019.

# 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	<u>2020</u>			Ending Balance
		Additions	Disposals	Transfers	
<b>Capital Assets</b>					
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	614,412,672	10,985,192	(175,075)	-	625,222,789
<b>Less accumulated depreciation</b>					
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	325,054,029	18,699,827	(175,075)	-	343,578,781
<b>Net capital assets</b>	<b>\$ 289,358,643</b>	<b>\$ (7,714,635)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 281,644,008</b>

Capital Assets and Accumulated Depreciation	Beginning Balance	<u>2019</u>			Ending Balance
		Additions	Disposals	Transfers	
<b>Capital Assets</b>					
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	399,421,463	-	-	74,915,763	474,337,226
Equipment and vehicles	26,390,949	703,258	-	-	27,094,207
Software	3,363,869	-	-	-	3,363,869
Library materials	48,423,324	2,338,072	(501,211)	-	50,260,185
Non-depreciable art/historical	1,774,684	-	-	-	1,774,684
Leasehold improvements	1,059,732	-	-	-	1,059,732
Construction in progress	71,183,158	23,813,922	-	(74,915,763)	20,081,317
Total capital assets	588,058,631	26,855,252	(501,211)	-	614,412,672
<b>Less accumulated depreciation</b>					
Land improvements	14,929,608	859,760	-	-	15,789,368
Buildings and improvements	229,997,926	13,375,126	-	-	243,373,052
Equipment and vehicles	19,653,797	1,765,775	-	-	21,419,572
Software	3,032,623	132,498	-	-	3,165,121
Library materials	38,981,595	1,776,786	(501,211)	-	40,257,170
Leasehold improvements	1,011,543	38,203	-	-	1,049,746
Total accumulated depreciation	307,607,092	17,948,148	(501,211)	-	325,054,029
<b>Net capital assets</b>	<b>\$ 280,451,539</b>	<b>\$ 8,907,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 289,358,643</b>

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

<b>Foundation Capital Assets</b>	<b>2020</b>	<b>2019</b>
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>(546,628)</u>	<u>(508,613)</u>
Net investment in capital assets	<u>\$ 815,394</u>	<u>\$ 853,409</u>

## Note 7: Liabilities and Unearned Revenue

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

<b>The University Liabilities and Unearned Revenue</b>	<b>2020</b>	<b>2019</b>
Accounts payable and accrued liabilities		
Accounts payable	\$ 2,765,639	\$ 2,472,003
Accrued salaries and benefits	6,140,657	8,205,004
Accrued interest expense	461,560	532,685
Retainage payable and other liabilities	503,373	2,992,137
Total accounts payable and accrued liabilities	<u>9,871,229</u>	<u>14,201,829</u>
Current unearned revenue		
Summer tuition and other activities	5,734,669	6,807,493
Restricted grants and contracts	25,471,417	635,294
Auxiliary and housing	192,870	242,812
Broadband lease	5,865	17,109
Total current unearned revenue	<u>31,404,821</u>	<u>7,702,708</u>
Other current liabilities		
Deposits held	966,184	1,054,455
Insurance liability	52,000	55,000
Deposits held in custody for agency funds	322,070	529,542
Compensated absences liability	554,313	492,488
Perkins liquidation liability	1,021,086	1,461,600
Housing and dining credit liability	4,363,026	-
Nursing loan program liability	17,860	-
Total other current liabilities	<u>7,296,539</u>	<u>3,593,085</u>
Other noncurrent liabilities		
Unearned revenue	-	30,000
Long-term deposit liabilities held	48,836	89,787
Compensated absences liability	4,763,061	4,622,661
Net pension liability	99,147,013	127,932,022
Other postemployment benefits liability	4,000,432	5,437,725
Perkins liquidation liability	2,300,413	2,904,441
Nursing loan program liability	826,122	-
Total other noncurrent liabilities	<u>111,085,877</u>	<u>141,016,636</u>
Bonds, capital leases and notes payable		
Current bonds and capital leases	5,961,358	4,996,691
Noncurrent bonds and capital leases	147,160,879	152,139,836
Total bonds and capital leases	<u>153,122,237</u>	<u>157,136,527</u>
Total liabilities and unearned revenue	<u>\$ 312,780,703</u>	<u>\$ 323,650,785</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 \$33,321,498 was recorded for fiscal year end June 30, 2020. The liability recorded for fiscal year end June 30, 2019 was \$4,366,041.

The University recorded a net OPEB liability of \$4,000,432 and \$5,437,725 for fiscal year 2020 and 2019, 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:

<b>The Foundation Liabilities and Unearned Revenue</b>	<b>2020</b>	<b>2019</b>
Accounts payable and accrued liabilities	\$ 532,213	\$ 633,583
Funds held for the University	530,526	546,424
Annuity obligations	129,444	132,721
Total liabilities and unearned revenue	<u>\$ 1,192,183</u>	<u>\$ 1,312,728</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:

<b>Charitable Gift and Annuity Contracts</b>	<b>2020</b>	<b>2019</b>
Assets held under gift contracts	\$ 181,235	\$ 206,255
Less associated liabilities	(129,444)	(132,721)
Present value of assets held under contracts	<u>\$ 51,791</u>	<u>\$ 73,534</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:

<b>Bonds and Capital Leases Payable Summary</b>	<b>Interest Rates</b>	<b>Final Maturity</b>	<b>Balance 2020</b>	<b>Balance 2019</b>
Fixed rate bonds	2.0% - 5.0%	2046	\$ 136,490,000	\$ 139,225,000
Fixed rate - unamortized premiums			8,339,899	10,531,052
Total fixed rate bonds			144,829,899	149,756,052
Capital leases payable	2.17%-3.98%	2031	8,292,338	7,380,475
Total bonds and capital leases payable			<u>\$ 153,122,237</u>	<u>\$ 157,136,527</u>

### 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:

	<b>2020</b>				
<b>Changes in Bonds and Capital Leases Payable</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
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	<u>\$ 157,136,527</u>	<u>\$ 34,738,354</u>	<u>\$ 38,752,644</u>	<u>\$ 153,122,237</u>	<u>\$ 5,961,358</u>

	<b>2019</b>				
<b>Changes in Bonds and Capital Leases Payable</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Bonds payable	\$ 144,575,000	\$ 19,130,000	\$ 24,480,000	\$ 139,225,000	\$ 4,385,000
Plus unamortized premiums	9,413,992	1,775,121	658,061	10,531,052	-
Total revenue bonds payable	153,988,992	20,905,121	25,138,061	149,756,052	4,385,000
Capital leases payable	7,975,983	-	595,508	7,380,475	611,691
Total bonds and capital leases payable	<u>\$ 161,964,975</u>	<u>\$ 20,905,121</u>	<u>\$ 25,733,569</u>	<u>\$ 157,136,527</u>	<u>\$ 4,996,691</u>

### Revenue and Refunding Bonds

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2020, 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 \$136,490,000 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:

<b>Net Pledged Revenue Available for Revenue Bond Debt Service</b>	<b>2020</b>	<b>2019</b>
Gross auxiliary facility and student fee revenues	\$ 46,814,213	\$ 53,385,256
Less auxiliary facility and student fee operating expenses	25,691,751	30,686,857
Net auxiliary and student fee facility revenue	21,122,462	22,698,399
Other pledged tuition and revenue		
10% of tuition revenue	7,849,572	8,217,680
Indirect cost recoveries	576,077	574,371
Extended campus net revenue	12,005,918	11,939,599
Subtotal other pledged tuition and revenue	20,431,567	20,731,650
<b>Total Net Pledged Revenue</b>	<b>\$ 41,554,029</b>	<b>\$ 43,430,049</b>
Series 2014A, 2015A, 2016A, 2018A, 2018B and 2019A	10,507,291	10,232,639
<b>Total Net Debt Service</b>	<b>\$ 10,507,291</b>	<b>\$ 10,232,639</b>
2014A, 2015A, 2016A, 2018A, 2018B and 2019A bond debt service coverage	3.95x	4.24x
Total net debt service as a percentage of gross auxiliary facilities and student fee revenues	22.4%	19.2%
Total net debt service as a percentage of total net pledged revenues	25.3%	23.6%

## Revenue Bond Activity

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.

Revenue Bond Detail	Original Issuance	Outstanding Balance 2020	Outstanding Balance 2019
<b>Fixed Rate Revenue Bonds</b>			
<b>Series 2011A</b> 2.00%-5.00% Auxiliary Facilities System Revenue Refunding Bonds issued July 1, 2011, in the original amount of \$41,690,000 and maturing in varying amounts through June 1, 2031.	41,690,000	-	30,590,000
<b>Series 2014A</b> 2.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued April 2, 2014, in the original amount of \$52,465,000 and maturing in varying amounts through June 1, 2035. Proceeds from the sale of these bonds were used to advance refund a portion of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds, Series 2005.	52,465,000	43,185,000	45,005,000
<b>Series 2015A</b> 4.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued June 3, 2015, in the original amount of \$21,510,000 and maturing in varying amounts from June 1, 2036 to June 1, 2040. Proceeds from the sale of these bonds were used to refund the unrefunded portion of the Auxiliary Facilities System Revenue Refunding and Improvement Bonds, Series 2005.	21,510,000	21,510,000	21,510,000
<b>Series 2016A</b> 3.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued November 9, 2016, in the original amount of \$23,470,000 and maturing in varying amounts from June 1, 2020 to June 1, 2046. Proceeds from the sale of these bonds are being used to fund the construction of Campus Commons building.	23,470,000	23,010,000	23,470,000
<b>Series 2018A</b> 3.60%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, in the original amount of \$7,110,000 and maturing in varying amounts from June 1, 2019 to June 1, 2041. Proceeds from the sale of these bonds were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2008, as well as a portion of the Institutional Enterprise Revenue refunding Bonds, Series 2011B.	7,110,000	6,145,000	6,630,000
<b>Series 2018B</b> 4.00%-5.00% Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, in the original amount of \$12,020,000 and maturing in varying amounts from June 1, 2024 to June 1, 2036. Proceeds from the sale of these bonds were used to refund the Institutional Enterprise Revenue Refunding Bonds, Series 2011B.	12,020,000	12,020,000	12,020,000
<b>Series 2019A</b> 1.90%-2.60% Institutional Enterprise Revenue Refunding Bonds, issued August 29, 2019, in the original amount of \$32,855,000 and maturing in varying amounts from June 1, 2020 to June 1, 2031. Proceeds from the sale of these bonds were used to refund the Auxiliary Facilities Refunding Bonds, Series 2011A.	32,855,000	30,620,000	-
Total Fixed Rate Revenue Bonds	191,120,000	136,490,000	139,225,000
Add unamortized premium		8,339,899	10,531,052
Total Outstanding Fixed Rate Revenue Bonds Payable	\$191,120,000	\$ 144,829,899	\$ 149,756,052

## 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
2021	4,965,000	5,538,718	10,503,718
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	4,739,329	11,224,329
2026-2030	36,155,000	19,934,476	56,089,476
2031-2035	32,245,000	12,908,308	45,153,308
2036-2040	31,005,000	6,238,625	37,243,625
2041-2045	7,440,000	1,431,244	8,871,244
2046	1,520,000	76,000	1,596,000
Total	\$ 136,490,000	\$ 66,393,417	\$ 202,883,417

## Capital Lease Obligations

Assets under capital leases at June 30, 2020, include equipment totaling \$8,292,338. These agreements provide that any obligations payable after the current fiscal year are contingent upon funds for that purpose being available.

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

## Capital Lease Minimum Payments

<b>Fiscal Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 996,358	\$ 210,273	\$ 1,206,631
2022	1,021,866	184,765	1,206,631
2023	962,033	158,598	1,120,631
2024	986,572	134,058	1,120,630
2025	608,781	108,887	717,668
2026 - 2030	3,301,817	286,522	3,588,339
2031	414,911	3,729	418,640
<b>Total</b>	<b>\$8,292,338</b>	<b>\$1,086,832</b>	<b>\$ 9,379,170</b>

## Note 9: Operating Leases

The University leases property and equipment under operating leases expiring in various years through 2029. Rental expense under these agreements for the year ended June 30, 2020, was \$1,099,477. The University's future minimum lease payments under non-cancelable operating leases as of June 30 are detailed below:

<b>Fiscal Years Ending June 30,</b>	<b>Lease Payments</b>
2021	\$ 677,871
2022	653,686
2023	633,531
2024	602,184
2025	283,549
2026-2030	237,748
<b>Total</b>	<b>\$ 3,088,569</b>

## 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 and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

### 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 (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### *Benefits provided as of December 31, 2019*

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, 2019, 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, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all 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. Benefit recipients under the PERA benefit structure who began eligible employment 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, 2019***

Eligible employees and 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 2019 through June 2020 are summarized in the table below:

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.75%	10.00%
State Troopers only	10.00%	10.75%	12.00%

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



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

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer Contribution Rate <sup>1</sup>	10.15%	10.40%	10.90%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S., Section 24-51-208(1)(f) <sup>1</sup>	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF	9.13%	9.38%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411 <sup>1</sup>	5.00%	5.00%	5.00%
Total Employer Contribution Rate to the SDTF <sup>1</sup>	19.13%	19.38%	19.88%

<sup>1</sup> Rates 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 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. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SDTF's December 31, 2019, measurement date, HB 20-1379 Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 \$6,890,335 for the year ended June 30, 2020.

## **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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The University of Northern Colorado's proportion of the net pension liability was based on its contributions to the SDTF for the calendar year 2019 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

At June 30, 2020, the University of Northern Colorado reported a liability of \$99,147,013 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. 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	\$ 99,147,013
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the University of Northern Colorado	\$ 4,982,262
Total	\$ 104,129,275

At December 31, 2019, the University of Northern Colorado proportion was 1.02 percent, which was a decrease of 0.10 from its proportion measured as of December 31, 2018.

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. For the year ended June 30, 2019, the University of Northern Colorado recognized negative pension expense of \$12,557,545 and revenue of \$882,458 for support from the State as a nonemployer contributing entity.

On June 30, 2020, 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	\$ 3,704,351	\$ -
Changes of assumptions or other inputs	-	28,437,499
Net difference between projected and actual earnings on pension plan investments	-	10,681,917
Change in Proportionate Share	-	14,064,986
Difference in Total Employer Contribution and Proportionate Share Contribution	-	28,922
Contributions subsequent to the measurement date	3,029,187	-
Total	\$ 6,733,538	\$ 53,213,323

\$3,029,187 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, 2021.

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:	
2021	\$ (38,955,933)
2022	(6,826,701)
2023	(96,263)
2024	(3,630,076)
2025	-
Thereafter	-

## Actuarial assumptions

The total pension liability in the December 31, 2018, 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 (automatic) <sup>1</sup>	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

Healthy mortality assumptions for active members reflect 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.
- 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, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100%	

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 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 3.50 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 provides an annual direct distribution of \$225 million, which commenced 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.
- 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 Annual Increase Reserve (AIR) balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

## ***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	127,549,579	99,147,013	75,111,449

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

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

## **Payables to the pension plan**

The University of Northern Colorado did not report payables to the SDTF as of June 30, 2020.

## **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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

### **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 CAFR 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 2019 through June 2020 are summarized in the tables in the tables below:

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee Contribution Rates			
Employee contribution (all employees except State Troopers)	8.00%	8.75%	10.00%
State Troopers only	10.00%	10.75%	12.00%
Employee Contribution Rates			
Employee contribution (all employees except State Troopers)	10.15%	10.40%	10.90%
State Troopers only	12.85%	13.10%	13.60%

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

	As of June 30, 2019
Amortization Equalization Disbursement (AED) as specified in	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., § 24-51-411 <sup>1</sup>	5.00%
Total Employer Contribution Rate for AED and SAED <sup>1</sup>	10.00%

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S., § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan Contributed \$3,695.76.

## 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 \$6,736,886 in fiscal year 2020 and \$7,188,178 in fiscal year 2019. 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 2020 and \$50,000 for fiscal year 2019 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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***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 comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### ***Benefits Provided***

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). 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 basis for 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 \$326,543 for the year ended June 30, 2020.

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

On June 30, 2020, the University of Northern Colorado reported a liability of \$4,000,432 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. 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 2019 relative to the total contributions of participating employers to the HCTF.

## NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2019, the University of Northern Colorado's proportion was 0.36 percent, which was a decrease of 0.04 percent from its proportion measured as of December 31, 2018.

For the years ended June 30, 2020 and 2019, the University of Northern Colorado recognized OPEB expense of \$52,493 and \$338,354, respectively

On June 30, 2020, 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	\$ 13,275	\$ 672,220
Changes of assumptions or other inputs	33,189	
Net difference between projected and actual earnings on pension plan investments	-	66,772
Change in Proportionate Share	-	897,718
Difference in Total Employer Contribution and Proportionate Share Contribution	-	2,351
Contributions subsequent to the measurement date	157,593	
Total	\$ 204,057	\$ 1,639,061

\$157,593 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:	
2021	\$ (352,772)
2022	(352,772)
2023	(329,464)
2024	(313,162)
2025	(230,721)
Thereafter	(13,706)

## Actuarial assumptions

The total OPEB liability in the December 31, 2018, 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	3.5% 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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

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, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	\$605	\$237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	\$571

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, 2018, 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	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
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 for the determination of the total pension liability for each of the Division Trust Funds as shown below are 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.

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

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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected 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	4.60%	5.60%	6.60%
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	\$3,905,404	\$4,000,432	\$4,110,245

### ***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, 2019, 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 3.50 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. Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position 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	4,523,294	4,000,432	3,553,277

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

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

<b>2020</b>							
<b>Deferred Amounts on Debt Refundings</b>							
<b>Issue</b>	<b>Year of Maturity</b>	<b>Description</b>	<b>Original Deferred Amount on Refunding</b>	<b>Original Amortization Period in Years</b>	<b>Remaining Amortization Period in Years</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>							
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>
<b>Deferred inflows of resources</b>							
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>

<b>2019</b>							
<b>Deferred Amounts on Debt Refundings</b>							
<b>Issue</b>	<b>Year of Maturity</b>	<b>Description</b>	<b>Original Deferred Amount on Refunding</b>	<b>Original Amortization Period in Years</b>	<b>Remaining Amortization Period in Years</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>							
Series 2011A	2031	Refunding Series 1997 and 2001	1,795,766	20	12	848,184	118,447
Series 2014A	2035	Advance refunding of a portion of Series 2005	799,172	21	16	600,951	37,757
Series 2018A	2041	Refunding of Series 2008 and Series 2011B	230,132	23	22	220,090	10,043
Series 2018B	2036	Refunding of Series 2011B	720,867	18	17	680,818	40,048
Total deferred outflows of resources			<u>\$ 3,545,937</u>			<u>\$ 2,350,043</u>	<u>\$ 206,295</u>
<b>Deferred inflows of resources</b>							
Series 2015A	2040	Refunding of the remaining balance of Series 2005	(938,023)	25	21	(784,712)	(37,521)
Total deferred inflows of resources			<u>\$ (938,023)</u>			<u>\$ (784,712)</u>	<u>\$ (37,521)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position							<u>\$ 168,774</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.

# NOTES TO THE FINANCIAL STATEMENTS

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:

<b>2020</b>				
<b>Deferred Amounts Related to Net Pension Liability</b>				
<b>Description</b>	<b>Amortization Period</b>	<b>Cumulative Deferred Amount</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>				
Pension changes in assumptions	Service life	\$ 119,391,755	\$ -	\$ 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>\$ 134,489,274</u>	<u>\$ 6,733,538</u>	<u>\$ 34,550,173</u>
<b>Deferred inflows of resources</b>				
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.

<b>2019</b>				
<b>Deferred Amounts Related to Net Pension Liability</b>				
<b>Description</b>	<b>Amortization Period</b>	<b>Cumulative Deferred Amount</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>				
Pension changes in assumptions	Service life	\$ 42,483,171	7,165,975	\$ 35,677,197
Pension experience results	Service life	7,474,188	3,736,731	3,737,457
Pension investment results	Five years	9,005,064	\$ 6,107,455	2,897,609
Pension contributions after measurement date*	See footnote	-	3,128,400	-
Total deferred outflows of resources		<u>\$ 58,962,423</u>	<u>\$ 20,138,561</u>	<u>\$ 42,312,263</u>
<b>Deferred inflows of resources</b>				
Pension changes in assumptions	Service life	\$ (100,831,657)	(66,062,120)	\$ (34,769,537)
Pension experience results	Service life	-	-	-
Pension changes in proportionate share	Service life	(17,733,881)	(10,102,468)	(7,631,412)
Pension employer contribution difference	Service life	(59,903)	(28,819)	(31,084)
Total deferred inflows of resources		<u>\$ (118,625,441)</u>	<u>\$ (76,193,407)</u>	<u>\$ (42,432,033)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (119,770)</u>

\*Deferred outflows of resources originating from pension contributions made after the measurement date (January 1, 2019 to June 30, 2019) 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.

<b>2020</b>				
<b>Deferred Amounts Related to OPEB</b>				
<b>Description</b>	<b>Amortization Period</b>	<b>Cumulative Deferred Amount</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>				
OPEB changes in assumptions	Service life	52,855	33,189	12,097
OPEB experience results	Service life	26,365	13,275	7,910
OPEB contributions after measurement date*	See footnote	-	157,593	-
Total deferred outflows of resources		<u>\$ 79,220</u>	<u>\$ 204,057</u>	<u>\$ 20,007</u>
<b>Deferred inflows of resources</b>				
OPEB experience results	Service life	(807,915)	(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>\$ (2,195,682)</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.				

<b>2019</b>				
<b>Deferred Amounts Related to OPEB</b>				
<b>Description</b>	<b>Amortization Period</b>	<b>Cumulative Deferred Amount</b>	<b>Deferred Amount Remaining at June 30</b>	<b>Current Fiscal Year Amortization Expense</b>
<b>Deferred outflows of resources</b>				
OPEB changes in assumptions	Service life	45,715	38,146	7,569
OPEB experience results	Service life	26,365	21,185	5,180
OPEB investment results	Five years	27,291	30,647	(3,357)
OPEB contributions after measurement date*	See footnote	-	165,135	-
Total deferred outflows of resources		<u>\$ 99,371</u>	<u>\$ 255,113</u>	<u>\$ 9,392</u>
<b>Deferred inflows of resources</b>				
OPEB experience results	Service life	(9,920)	(8,278)	(1,642)
OPEB changes in proportionate share	Service life	(628,248)	(516,576)	(111,672)
OPEB employer contribution difference	Service life	(2,470)	(2,021)	(449)
Total deferred inflows of resources		<u>\$ (640,638)</u>	<u>\$ (526,875)</u>	<u>\$ (113,763)</u>
Total expense on Statement of Revenues, Expenses and Changes in Net Position				<u>\$ (104,371)</u>
*Deferred outflows of resources originating from OPEB made after the measurement date (January 1, 2019 to June 30, 2019) 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, 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

For the Year Ended June 30, 2019								
	Wages and Benefits	Cost of Sales	Other Current Expenses	Scholarships and Fellowships	Utilities	Travel	Depreciation	Total
Instruction	\$ 70,792,550	\$ 116,410	\$ 4,536,305	\$ -	\$ -	\$1,292,493	\$ -	\$ 76,737,758
Research	2,299,557	-	899,522	-	-	405,879	-	3,604,958
Public Service	1,076,574	89,273	517,253	-	225	32,976	-	1,716,301
Academic Support	12,433,658	7,683	6,001,335	-	-	128,034	-	18,570,710
Student Services	18,113,700	321,259	8,444,455	-	241,324	2,650,759	-	29,771,497
Institutional Support	8,117,921	(243,102)	6,023,982	-	(5,715)	129,464	-	14,022,550
Operation of Plant	3,688,379	-	2,539,916	-	2,371,528	972	-	8,600,795
Scholarships	-	-	-	16,470,808	-	-	-	16,470,808
Auxiliary	15,314,727	4,049,767	2,168,106	-	2,337,124	2,422	-	23,872,146
Depreciation	-	-	-	-	-	-	17,948,148	17,948,148
Total Operating Expenses	\$131,837,066	\$ 4,341,290	\$ 31,130,874	\$16,470,808	\$4,944,486	\$4,642,999	\$17,948,148	\$211,315,671

### Summary of Wages and Benefits

Wages and Benefits For the Year Ended June 30,					
	2020	2019	2019 to 2020 Change		
			\$ Chg	% Chg	
Faculty	\$ 45,082,122	\$ 48,908,037	\$ (3,825,915)	-7.8%	
Administrative	29,976,541	31,453,150	(1,476,609)	-4.7%	
Graduate and Teaching Assistants	11,110,040	12,131,026	(1,020,986)	-8.4%	
Classified	18,073,860	18,847,739	(773,879)	-4.1%	
Student	6,888,072	7,281,435	(393,363)	-5.4%	
Other	823,100	980,750	(157,650)	-16.1%	
Subtotal wages	111,953,735	119,602,137	(7,648,402)	-6.4%	
Fringe benefits	30,119,820	31,153,856	(1,034,036)	-3.3%	
Fringe benefits (GASB 68)	(38,360,069)	(18,912,489)	(19,447,580)	102.8%	
Fringe benefits (GASB 75)	(274,049)	(6,438)	(267,611)	4156.5%	
Total wages and benefits	\$ 103,439,437	\$ 131,837,066	\$ (28,397,629)	-21.5%	

## 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, 2020, the University had a total appropriation of \$47,079,463 and appropriated expenditures were within the authorized spending authority.

The University's appropriated funds consisted of \$17,613,396 received from students who qualified for stipends from the College Opportunity Fund and \$29,466,067 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 \$960,184 and \$4,857,892 in capital appropriations revenue in fiscal years 2020 and 2019, 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, 2020, and the unexpended balance:

State Capital Appropriations				
Project	Category	Total Appropriation	Expended as of 6/30/2020	Balance Remaining as of 6/30/2020
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>

State Capital Appropriations				
Project	Category	Total Appropriation	Expended as of 6/30/2019	Balance Remaining as of 6/30/2019
Campus Commons	State Appropriation - Capital Construction	\$ 38,000,000	\$ 38,000,000	\$ -
Campus Commons	State Appropriation - Cash Funded	35,533,668	31,749,205	3,784,463
Subtotal Campus Commons		<u>73,533,668</u>	<u>69,749,205</u>	<u>3,784,463</u>
Campus wireless	State Appropriation - Capital Construction	2,412,750	2,392,314	20,436
Butler-Hancock pool AHU	State Appropriation - Controlled Maintenance	937,268	-	937,268
Frasier tunnel piping abatement	State Appropriation - Controlled Maintenance	339,146	-	339,146
Fire sprinkler-Frasier (Phase I)	State Appropriation - Controlled Maintenance	1,611,931	347,200	1,264,731
Fire sprinkler upgrade	State Appropriation - Controlled Maintenance	3,198,128	3,198,128	-
Fire sprinkler-McKee Hall	State Appropriation - Controlled Maintenance	996,364	880,047	116,317
Total		<u>\$ 83,029,255</u>	<u>\$ 76,566,894</u>	<u>\$ 6,462,361</u>
	State Appropriation - Capital Construction	\$ 40,412,750	\$ 40,392,314	\$ 20,436
	State Appropriation - Cash Funded	35,533,668	31,749,205	3,784,463
	State Appropriation - Controlled Maintenance	7,082,837	4,425,375	2,657,462
		<u>\$ 83,029,255</u>	<u>\$ 76,566,894</u>	<u>\$ 6,462,361</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, 2020, was \$52,000 which represents deductibles based on an analysis of claims.

## Note 19: Other Disclosures

### Multi-Year Employment Contracts

During fiscal year 2020, 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 July 24, 2020 the Foundation sold land held for sale for approximately \$7.0 million which resulted in net consideration approximating the carrying value as of the statement of net position date, in a transaction financed by the Foundation. The net proceeds from the sale will be used to support the University according to a gift agreement.

In January 2021 as part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 the University has been appropriated approximately \$12.6 of additional Higher Education Emergency Relief Fund (HEERF) funding.

## **SUPPLEMENTARY INFORMATION**

University of Northern Colorado Schedule of Required Supplementary Information June 30, 2020					
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%

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	\$ -	\$ 31,269,867	22.06%

\*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 2019 Changes in benefit terms and actuarial assumptions**

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.

University of Northern Colorado Schedule of Required Supplementary Information June 30, 2020					
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%

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%
*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 2019**  
**Changes in benefit terms and actuarial assumptions**

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	FY20 Orig Budget	FY21 PreCOVID Budget	FY21 Budget	Variance fav (unfav)
<b>REVENUES</b>				
Tuition-Undergraduate Main Campus	75,463,664	72,233,666	63,720,378	(8,513,288)
Tuition-Graduate Main Campus	13,752,843	13,928,992	14,996,407	1,067,415
Tuition-Undergraduate Extended Campus	5,509,664	5,986,818	4,816,231	(1,170,587)
Tuition-Graduate Extended Campus	18,041,195	17,529,592	17,121,564	(408,028)
Student Fees	16,066,690	15,087,732	13,943,784	(1,143,948)
Academic Fees - Main Campus	6,304,911	5,942,745	5,245,913	(696,832)
Academic Fees - Extended Campus	136,658	128,331	119,545	(8,786)
Room and Board	31,751,675	29,519,474	22,255,209	(7,264,265)
<b>Subtotal Tuition, Fees and Room &amp; Board</b>	<b>167,027,300</b>	<b>160,357,350</b>	<b>142,219,031</b>	<b>(18,138,319)</b>
Scholarships (Institutional Discounting)	(29,904,386)	(28,181,449)	(23,524,057)	4,657,392
Graduate GATA Waivers	(4,657,364)	(4,596,283)	(4,338,483)	257,800
R & B Waivers	(1,090,448)	(943,569)	(781,000)	162,569
<b>Subtotal Discounting</b>	<b>(35,652,198)</b>	<b>(33,721,301)</b>	<b>(28,643,540)</b>	<b>5,077,761</b>
<b>NET STUDENT REVENUES</b>	<b>131,375,102</b>	<b>126,636,049</b>	<b>113,575,491</b>	<b>(13,060,558)</b>
State Funding	47,079,464	49,433,437	19,816,875	(29,616,562)
Federal Funding	-	-	24,875,245	24,875,245
<b>Subtotal State/Federal Funding</b>	<b>47,079,464</b>	<b>49,433,437</b>	<b>44,692,120</b>	<b>(4,741,317)</b>
Foundation Restricted Gifts for Operations	3,501,946	3,484,640	3,343,107	(141,533)
Foundation Restricted Capital Gifts	361,000	847,525	1,896,244	1,048,719
Foundation Unrest (design. for scholarships)	1,607,000	1,607,000	1,607,000	-
<b>Subtotal Foundation*</b>	<b>5,469,946</b>	<b>5,939,165</b>	<b>6,846,351</b>	<b>907,186</b>
Other Auxiliary Services	9,950,694	6,753,190	4,793,422	(1,959,768)
Restricted Grant Facilities/Admin Recovery	580,000	580,000	580,000	-
Other Revenue	5,930,357	8,262,000	4,824,143	(3,437,857)
Net Non-Operating Revenues	1,714,857	1,724,857	1,724,857	-
<b>Subtotal Other Revenue</b>	<b>18,175,908</b>	<b>17,320,047</b>	<b>11,922,422</b>	<b>(5,397,625)</b>
<b>NON-STUDENT REVENUES</b>	<b>28,126,602</b>	<b>72,692,649</b>	<b>63,460,893</b>	<b>(9,231,756)</b>
<b>NET REVENUES</b>	<b>202,100,420</b>	<b>199,328,698</b>	<b>177,036,384</b>	<b>(22,292,314)</b>
<b>EXPENDITURES</b>				
Faculty Salaries	46,646,265	44,941,452	42,461,990	2,479,462
Exempt Salaries	29,384,406	31,097,866	27,697,554	3,400,312
Classified Salaries	18,825,558	16,143,466	15,866,485	276,981
Graduate Stipends	4,911,308	4,872,123	4,194,317	677,806
Student and Other Wages	5,936,120	5,566,281	4,859,915	706,366
Fringe Benefits	30,427,490	29,527,623	27,977,550	1,550,073
<b>Subtotal Personnel Expenses</b>	<b>136,131,147</b>	<b>132,148,811</b>	<b>123,057,811</b>	<b>9,091,000</b>
Cost of Sales	4,727,516	3,960,596	3,310,483	650,113
Utilities	5,441,224	5,203,671	4,779,265	424,406
Travel	4,623,041	4,273,827	3,158,328	1,115,499
Services, Supplies, and Other Non-personnel	30,947,159	31,112,598	28,146,039	2,966,559
<b>Subtotal Non-personnel Expenses</b>	<b>45,738,940</b>	<b>44,550,692</b>	<b>39,394,115</b>	<b>5,156,577</b>
Debt Service on Bonds	10,777,219	10,503,718	10,503,718	-
Capital Lease Payment	803,668	1,206,631	1,206,631	-
<b>Subtotal Debt Payments</b>	<b>11,580,887</b>	<b>11,710,349</b>	<b>11,710,349</b>	<b>-</b>
<b>Multiyear Projects</b>	<b>3,906,424</b>	<b>2,978,760</b>	<b>2,481,619</b>	<b>497,141</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>197,357,398</b>	<b>191,388,612</b>	<b>176,643,894</b>	<b>14,744,718</b>
Foundation Capital Transfer(s)	361,000	847,525	1,896,244	(1,048,719)
Institutionally Funded Capital Transfer(s)	7,300,022	5,946,845	4,000,827	1,946,018
<b>Subtotal Capital Transfers</b>	<b>7,661,022</b>	<b>6,794,370</b>	<b>5,897,071</b>	<b>897,299</b>
<b>TOTAL EXPENDITURES</b>	<b>205,018,420</b>	<b>198,182,982</b>	<b>182,540,965</b>	<b>15,642,017</b>
<b>TOTAL OPERATING INFLOW / (OUTFLOW)</b>	<b>(2,918,000)</b>	<b>1,145,716</b>	<b>(5,504,581)</b>	<b>(6,650,297)</b>
Balance Sheet Changes/Timing	1,822,145	-	(537,919)	(537,919)
<b>UNIVERSITY RESERVES INFLOW / (OUTFLOW)</b>	<b>(1,095,855)</b>	<b>1,145,716</b>	<b>(6,042,500)</b>	<b>(7,188,216)</b>



# ACTUAL AND PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Projected <sup>8</sup> FY 2021	Projected <sup>8</sup> FY 2022
<b>OPERATING REVENUES</b>					
Housing and food contracts <sup>9</sup>	\$ 34,386,974	\$ 32,519,883	\$ 28,872,228	\$ 26,080,316	\$ 22,252,409
Short-term room and board <sup>10</sup>	2,326,195	2,510,110	1,620,658	1,026,043	1,815,617
Student fees <sup>11</sup>	10,190,510	10,501,199	10,480,366	9,700,527	9,700,527
Parking fees	2,222,924	2,153,626	1,527,237	980,850	1,943,900
Other auxiliary sales and services	5,309,394	5,530,125	4,144,561	2,574,765	4,931,081
Other auxiliary investment revenues	171,586	170,313	169,164	170,429	170,429
<b>Gross revenues</b>	<b>54,607,583</b>	<b>53,385,256</b>	<b>46,814,214</b>	<b>40,532,930</b>	<b>40,813,963</b>
Operating expenses					
Cost of sales	6,807,922	6,567,668	4,444,860	3,640,534	5,310,040
Personal services <sup>12</sup>	13,095,086	13,162,410	11,907,870	9,537,454	10,536,116
Other general expenses	8,640,715	8,208,136	6,967,286	8,233,640	8,667,807
Utilities	2,519,534	2,552,868	2,289,298	2,379,498	2,745,191
Room and board scholarships <sup>7</sup>	330,618	114,707	81,814	-	-
Travel and subsistence	25,463	2,921	623	500	18,297
Capital outlay, operations	49,595	78,147	-	2,291	2,291
<b>Total operating expenses</b>	<b>31,468,933</b>	<b>30,686,857</b>	<b>25,691,751</b>	<b>23,793,917</b>	<b>27,279,742</b>
<b>Net auxiliary and student fee facility revenues</b>	<b>23,138,650</b>	<b>22,698,399</b>	<b>21,122,463</b>	<b>16,739,013</b>	<b>13,534,221</b>
10% of tuition revenues <sup>1, 13</sup>	8,159,304	8,217,680	7,849,572	6,342,834	6,342,834
Other net revenues					
Indirect cost recoveries <sup>2</sup>	625,586	574,371	576,077	535,000	535,000
Extended Campus net revenues	10,418,081	11,939,599	12,005,918	16,373,044	16,297,509
<b>Other pledged tuition and revenues</b>	<b>19,202,971</b>	<b>20,731,650</b>	<b>20,431,567</b>	<b>23,250,878</b>	<b>23,175,343</b>
<b>TOTAL NET PLEDGED REVENUES</b>	<b>42,341,621</b>	<b>43,430,049</b>	<b>41,554,030</b>	<b>39,989,891</b>	<b>36,709,564</b>
<b>Debt service</b>					
Prior bond debt service <sup>3, 4</sup>	641,306	-	-	-	-
<b>Subtotal prior bond debt service</b>	<b>641,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Series 2011A debt service <sup>5</sup>	3,086,169	3,087,619	-	-	-
Series 2011B debt service <sup>4</sup>	1,316,575	-	-	-	-
Series 2014A debt service	3,861,912	3,869,712	3,864,513	3,861,712	3,857,212
Series 2015A debt service	910,400	910,400	910,400	910,400	910,400
Series 2016A debt service	1,139,500	1,139,500	1,599,500	1,596,100	1,596,850
Series 2018A debt service <sup>4</sup>	-	732,998	756,788	752,388	752,388
Series 2018B debt service <sup>4</sup>	-	492,410	566,350	566,350	566,350
Series 2019A debt service <sup>5</sup>	-	-	2,809,741	2,816,768	2,824,453
<b>Subtotal remaining bond debt service</b>	<b>10,314,556</b>	<b>10,232,639</b>	<b>10,507,292</b>	<b>10,503,718</b>	<b>10,507,653</b>
<b>TOTAL DEBT SERVICE</b>	<b>\$10,955,862</b>	<b>\$10,232,639</b>	<b>\$10,507,292</b>	<b>\$10,773,019</b>	<b>\$10,507,653</b>
<b>Prior debt service coverage (2008 Bonds)<sup>3</sup></b>	<b>48.8 x</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Remaining bond debt service coverage (2011 thru 2019 Bonds)<sup>6</sup></b>	<b>4.04 x</b>	<b>4.24 x</b>	<b>3.95 x</b>	<b>3.81 x</b>	<b>3.49 x</b>
<sup>1</sup> 10% of Tuition includes general fund tuition. Extended Campus tuition is included in Extended Campus net revenues. <sup>2</sup> Indirect cost recoveries are also commonly referred to as grant facilities & administrative costs. <sup>3</sup> Starting in FY 2016 prior bond debt service includes only the Series 2008 bonds. <sup>4</sup> Starting in FY 2019 the Series 2008 and 2011B bonds were refinanced into the 2018A and 2018B bond issues. <sup>5</sup> Starting in FY 2020 the Series 2011A bonds were refinanced into the 2019A bond issue. <sup>6</sup> Calculation assumes the prior bond debt service is paid before calculating coverage for the 2011A, 2011B, 2014A, 2015A, 2016A, 2018A, 2018B and 2019A issues. <sup>7</sup> 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. <sup>8</sup> FY 2020 Projected and FY 2021 Projected include the following assumptions: \$3.8M. <sup>10</sup> Short term room and board is expected to decrease significantly in FY 2021 due to COVID19 shutdowns. Revenues are projected to partially rebound in FY 2022. <sup>11</sup> An average student fee rate increase of 3% coupled with a decrease in enrollment due to COVID19 results in a projected revenue decrease of 7.4% in FY 2021. Enrollment and student fee rates are projected to remain flat in FY2022. FY 2019 was the final year in a 5-year Capital Fee phase-in. <sup>12</sup> For FY 2021 personnel expenses include no salary increases as well as a reduction in workforce--partially permanent and partially temporary due to COVID19. No salary increases are projected in FY 2022; however temporary reductions in staff will sunset on 6/30/2021 resulting in a projected increase in personnel expenses for FY 2022. <sup>13</sup> All tuition rates are projected to remain flat in FY 2021 and FY 2022.					

## 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:

State Support 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
2015-2016	15,075,115	26,017,614	41,092,729	195,058,054	21%
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%

## 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.

Student Housing Utilization		
Fiscal Year	Capacity <sup>1</sup>	Utilization Rate
2015-2016	3088	86.2%
2016-2017	3039	91.7%
2017-2018	3068	92.9%
2018-2019	3068	86.7%
2019-2020	3068	69.3%
<sup>1</sup> Capacity does not include Arlington Park Apartments or University Apartments		

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

<b>Room and Board Rates and Revenues</b>						
<b>(in dollars)</b>						
<u>Fiscal Year</u>	<u>Low Room Rate <sup>1</sup></u>	<u>High Room Rate <sup>1</sup></u>	<u>University Apartments<sup>2</sup></u>	<u>Arlington Park Apartments</u>	<u>19-Meal Plan</u>	<u>Total Revenue</u>
2015-2016	2,400	3,261	736/month	524/month	2,780	31,870,053
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

<sup>1</sup> 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.

<sup>2</sup> 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.

<b>Short-Term Room and Board</b>	
<u>Fiscal Year</u>	<u>Total Revenue</u>
2015-2016	2,800,675
2016-2017	2,628,387
2017-2018	2,326,195
2018-2019	2,510,110
2019-2020	1,620,658

## 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.

Student Activity Fees (in dollars)								
Fiscal Year	Academic Year Student Fee <sup>1</sup>	Academic Year Capital Fee	Total Student Fee Revenue <sup>2</sup>	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
2015-2016	857	500	11,542,094	7,617,628	3,282,269	4,335,359	1,649,464	2,541,912
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

<sup>1</sup> Includes LEAF Fee

<sup>2</sup> 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.

<b>Parking Permits and Fines Revenues</b> (in dollars)		
<u>Fiscal Year</u>	<u>Permit Basic Fee</u>	<u>Total Revenue</u>
2015-2016	285	2,184,950
2016-2017	285	2,255,245
2017-2018	285	2,222,924
2018-2019	285	2,153,626
2019-2020	285	1,541,971

## 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.

<b>Other Auxiliary Sales and Services Revenues</b> (in dollars)	
<u>Fiscal Year</u>	<u>Revenue</u>
2015-2016	5,459,990
2016-2017	5,947,592
2017-2018	5,309,394
2018-2019	5,530,125
2019-2020	4,129,807

Enrollment Data for Annual Financial Report					
ENROLLMENT					
Fall	2015	2016	2017	2018	2019
HEADCOUNT (Fall Final)					
Total Headcount	12,216	13,087	13,399	13,437	12,930
% Change	1.4%	7.1%	2.4%	0.3%	-3.8%
Undergraduate Headcount	9,430	10,011	10,092	10,232	9,810
% Change	-0.4%	6.2%	0.8%	1.4%	-4.1%
% Undergraduate Headcount	77.2%	76.5%	75.3%	76.1%	75.9%
Full Time Undergraduate Headcount	8,196	8,348	8,328	8,064	7,752
% Change	-1.7%	1.9%	-0.2%	-3.2%	-3.9%
% Full time Undergraduate Headcount	86.9%	83.4%	82.5%	78.8%	79.0%
Part Time Undergraduate Headcount	1,234	1,663	1,764	2,168	2,058
% Change	9.2%	34.8%	6.1%	22.9%	-5.1%
% Part time Undergraduate Headcount	13.1%	16.6%	17.5%	21.2%	21.0%
Graduate Headcount	2,786	3,076	3,307	3,205	3,120
% Change	7.9%	10.4%	7.5%	-3.1%	-2.7%
% Graduate Headcount	22.8%	23.5%	24.7%	23.9%	24.1%
Extended Campus Headcount	2,158	2,946	3,304	3,677	3,640
% Change	21.6%	36.5%	12.2%	11.3%	-1.0%
FTE (Fall Final)					
Total FTE	10,634	11,126	11,337	11,179	10,720
% Change	0.2%	4.6%	1.9%	-1.4%	-4.1%
Undergraduate Resident FTE	7,430	7,439	7,661	7,612	7,394
% Change	-2.6%	0.1%	3.0%	-0.6%	-2.9%
Undergraduate Non-Resident FTE	686	919	732	728	647
% Change	6.2%	34.0%	-20.3%	-0.5%	-11.1%
Undergraduate WUE FTE	674	728	736	683	636
% Change	8.4%	8.0%	1.1%	-7.2%	-6.9%
Undergraduate Total FTE	8,790	9,086	9,129	9,023	8,677
% Change	-1.2%	3.4%	0.5%	-1.2%	-3.8%
% Undergraduate FTE	82.7%	81.7%	80.5%	80.7%	80.9%
Graduate Resident/WICHE FTE	1,360	1,453	1,530	1,496	1,403
% Change	4.8%	6.8%	5.3%	-2.2%	-6.2%
Graduate Non-Resident FTE	484	587	678	660	640
% Change	16.3%	21.3%	15.5%	-2.7%	-3.0%
Graduate Total FTE	1,844	2,040	2,208	2,156	2,043
% Change	7.6%	10.6%	8.2%	-2.4%	-5.2%
% Graduate FTE	17.3%	18.3%	19.5%	19.3%	19.1%
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

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Credit Hours (Complete Year: Fall, Interim, Spring, Summer)</b>					
<b>Total Annual Credit Hours</b>	301,297	311,049	315,145	308,659	294,875
% Change	0.2%	3.2%	1.3%	-2.1%	-4.5%
<b>Credit Hours by Residency</b>					
Main campus - Resident/WICHE	223,501	221,043	220,787	213,918	206,068
Main campus - Nonresident	19,864	22,242	23,621	22,942	20,129
Main campus - WUE	19,076	20,356	20,481	18,785	17,559
Extended Campus	38,856	47,408	50,256	53,014	51,119
<b>Credit Hours by Term</b>					
Fall	142,374	147,878	149,817	147,663	141,666
Interim	1,866	1,919	2,191	1,917	1,837
Spring	128,432	131,146	132,536	129,519	123,053
Summer	28,625	30,106	30,601	29,560	28,319
<b>Credit Hours by Student Level and Campus</b>					
Undergraduate - Main Campus	241,548	242,863	243,834	235,907	223,873
% Change	-1.3%	0.5%	0.4%	-3.3%	-5.1%
Undergraduate - Extended Campus	13,912	15,929	16,795	20,180	19,488
% Change	12.5%	14.5%	5.4%	20.2%	-3.4%
Graduate - Main Campus	20,893	20,778	21,055	19,738	19,883
% Change	-8.9%	-0.6%	1.3%	-6.3%	0.7%
Graduate - Extended Campus	24,944	31,479	33,461	32,834	31,631
% Change	21.4%	26.2%	6.3%	-1.9%	-3.7%



ADMISSIONS					
Fall	2015	2016	2017	2018	2019
<b>New Domestic First-Time UG Admissions (Fall Final)</b>					
<b>New Domestic First-Time UG Applicants</b>	8,775	6,741	7,439	8,253	9,250
% Change	11.5%	-23.2%	10.4%	10.9%	12.1%
<b>New Domestic First-Time UG Acceptances</b>	6,351	6,094	6,629	7,496	8,398
% Accepted	72.4%	90.4%	89.1%	90.8%	90.8%
<b>New Domestic First-Time UG Matriculants</b>	2,039	2,144	2,137	1,948	1,806
% Matriculated	32.1%	35.2%	32.2%	26.0%	21.5%
<b>Matriculants / Applicants</b>	23.2%	31.8%	28.7%	23.6%	19.5%
% Instate Students	86.2%	85.2%	84.9%	84.0%	87.1%
<b>New Domestic Transfer Student Admissions (Fall Final)</b>					
<b>New Transfer Applicants</b>	2,226	1,513	1,708	1,588	1,552
% Change	2.3%	-32.0%	12.9%	-7.0%	-2.3%
<b>New Transfer Acceptances</b>	1,465	1,446	1,645	1,534	1,509
% Accepted	65.8%	95.6%	96.3%	96.6%	97.2%
<b>New Transfer Matriculants</b>	741	793	807	711	713
% Matriculated	50.6%	54.8%	49.1%	46.3%	47.2%
<b>Matriculants / Applicants</b>	33.3%	52.4%	47.2%	44.8%	45.9%
% Instate Students	77.1%	71.8%	77.0%	77.3%	80.5%
<b>International Undergraduate Student Admissions (Fall Final)</b>					
<b>International UG Applicants</b>	249	195	187	138	168
% Change	22.1%	-21.7%	-4.1%	-26.2%	21.7%
<b>International UG Acceptances</b>	130	189	184	136	164
% Accepted	52.2%	96.9%	98.4%	98.6%	97.6%
<b>International UG Matriculants</b>	74	122	102	94	93
% Matriculated	56.9%	64.6%	55.4%	69.1%	56.7%
<b>Matriculants / Applicants</b>	29.7%	62.6%	54.5%	68.1%	55.4%
<b>Graduate Student Admissions (Fall Final)</b>					
<b>Graduate Applicants</b>	3,119	3,111	2,858	3,134	2,628
% Change	17.9%	-0.3%	-8.1%	9.7%	-16.1%
<b>Graduate Acceptances</b>	1,441	1,632	1,799	1,646	1,783
% Accepted	46.2%	52.5%	62.9%	52.5%	67.8%
<b>Graduate Matriculants</b>	924	1,005	1,081	954	1,061
% Matriculated	64.1%	61.6%	60.1%	58.0%	59.5%
<b>Matriculants / Applicants</b>	29.6%	32.3%	37.8%	30.4%	40.4%
% Instate Students	64.5%	59.6%	59.7%	60.3%	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	2015	2016	2017	2018	2019
SAT Scores	1,039	1,048	1,110	1,088	1,082
ACT Scores	22.4	22.4	22.5	22.4	22.4
% of New Students in Top 25% of their H.S.	35%	36%	35%	35%	37%
NEW FIRST-TIME FULL TIME UG RETENTION AND GRADUATION RATES					
Cohort Year (First Fall at UNC)	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Retention Rate (First Fall to Next Fall)	71.5%	70.7%	71.5%	72.1%	72.3%
Cohort Year (First Fall at UNC)	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Graduation Rate (within 4 years)	28.2%	28.0%	31.0%	32.8%	35.5%
Cohort Year (First Fall at UNC)	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
Graduation Rate (within 5 years)	45.5%	44.3%	44.0%	48.7%	48.7%
Cohort Year (First Fall at UNC)	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
Graduation Rate (within 6 years)	47.6%	48.4%	47.7%	47.3%	52.2%
<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

<b>Enrollment Data for Annual Financial Report</b>					
<b>STUDENT CHARGES - UNDERGRADUATE</b>					
<b>Fiscal Year/Academic Fall &amp; Spring</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Tuition - Resident (15 cr hrs per sem)</b>	\$6,372	\$6,906	\$7,374	\$7,596	\$7,596
% Change	5.8%	8.4%	6.8%	3.0%	0.0%
<b>Tuition - Nonresident (15 cr hrs per sem)</b>	\$17,958	\$18,492	\$18,960	\$19,464	\$19,854
% Change	2.2%	3.0%	2.5%	2.7%	2.0%
<b>Room and Board (Tier 1 Dorm and 19 meals)</b>	\$10,360	\$10,566	\$10,770	\$10,990	\$10,990
% Change	0.0%	2.0%	1.9%	2.0%	0.0%
<b>Required Fees and Charges* (15 cr hrs per sem)</b>	\$1,794	\$1,982	\$2,172	\$2,322	\$2,390
% Change	5.0%	10.5%	9.6%	6.9%	2.9%
<b>Total Costs Charged - Resident</b>	\$18,526	\$19,454	\$20,316	\$20,908	\$20,976
% Change	2.4%	5.0%	4.4%	2.9%	0.3%
<b>Total Costs Charged - Nonresident</b>	\$30,112	\$31,040	\$31,902	\$32,776	\$33,234
% Change	1.6%	3.1%	2.8%	2.7%	1.4%
*Includes student services, technology, library and capital fees.					
<b>TUITION CHARGES - GRADUATE*</b>					
<b>Fiscal Year/Academic Fall-Spring</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Tuition Master's Low - Resident</b>	\$8,622	\$8,820	\$9,090	\$9,540	\$10,080
% Change	5.0%	2.3%	3.1%	5.0%	5.7%
<b>Tuition Master's High - Resident</b>	\$9,972	\$10,800	\$11,124	\$11,340	\$11,340
% Change	2.0%	8.3%	3.0%	1.9%	0.0%
<b>Tuition Doctoral Low - Resident</b>	\$9,108	\$9,450	\$9,918	\$10,440	\$10,800
% Change	3.9%	3.8%	5.0%	5.3%	3.4%
<b>Tuition Doctoral High - Resident</b>	\$10,962	\$11,250	\$11,700	\$11,970	\$11,970
% Change	2.0%	2.6%	4.0%	2.3%	0.0%
<b>Tuition Master's Low - Nonresident</b>	\$14,634	\$15,192	\$15,480	\$15,948	\$16,488
% Change	1.9%	3.8%	1.9%	3.0%	3.4%
<b>Tuition Master's High - Nonresident</b>	\$19,566	\$20,736	\$21,060	\$21,276	\$21,276
% Change	1.0%	6.0%	1.6%	1.0%	0.0%
<b>Tuition Doctoral Low - Nonresident</b>	\$20,196	\$20,538	\$21,006	\$21,528	\$21,888
% Change	1.7%	1.7%	2.3%	2.5%	1.7%
<b>Tuition Doctoral High - Nonresident</b>	\$21,744	\$22,158	\$22,374	\$22,644	\$22,644
% Change	1.4%	1.9%	1.0%	1.2%	0.0%
*Academic year amount (based on 9 credit hours per semester). Programs in some cases have rate amount and percentage changes different from indicated, due to consolidation of tiers in various years.					
<b>FACULTY DATA - FALL CENSUS</b>					
<b>Fall</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total Faculty	799	790	837	872	821
Full time Faculty	485	485	509	514	482
Part time Faculty	314	305	328	358	339
Student to Faculty Ratio*	18	19	18	17	17
*[(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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