

**AURARIA HIGHER
EDUCATION CENTER**

Financial and Compliance Audits

June 30, 2004 and 2003

LEGISLATIVE AUDIT COMMITTEE
2004 MEMBERS
Effective as of August 2, 2004

Representative Val Vigil
Vice-Chairman

Senator Norma Anderson
Representative Fran Coleman
Representative Pamela Rhodes
Representative Lola Spradley
Senator Stephanie Takis
Senator Jack Taylor
Senator Ron Tupa

Office of the State Auditor Staff

Joanne Hill
State Auditor

Sally Symanski
Deputy State Auditor

Deb Burgess
Legislative Auditor

Contract Auditor
Kunding, Corder & Engle, P.C.

Members of the Legislative Audit Committee:

We have completed the financial statement audit of Auraria Higher Education Center as of and for the year ended June 30, 2004. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all state agencies. The reports that we have issued as a result of this engagement are set forth in the table of contents, which follows.

October 12, 2004

**AURARIA HIGHER EDUCATION CENTER
FINANCIAL AND COMPLIANCE AUDITS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003
TABLE OF CONTENTS**

Audit Report Summary	1
Recommendation Locator	4
Description of Auraria Higher Education Center	6
FINDINGS AND RECOMMENDATIONS REPORT SECTION	
Auditor’s Findings and Recommendations	7
Disposition of Prior Audit Findings	13
FINANCIAL STATEMENTS REPORT SECTION	
Independent Auditor’s Report	14
Management’s Discussion and Analysis	15
Financial Statements:	
Auraria Higher Education Center’s Statements of Net Assets	21
Auraria Foundation’s Statements of Financial Position.....	22
Auraria Higher Education Center’s Statements of Revenues, Expenses, and Changes in Net Assets	24
Auraria Foundation’s Statements of Activities.....	25
Auraria Higher Education Center’s Statements of Cash Flows.....	26
Notes to Financial Statements.....	28
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.....	50
Required Communication Letter.....	52

**AURARIA HIGHER EDUCATION CENTER
AUDIT REPORT SUMMARY
YEAR ENDED JUNE 30, 2004**

Authority, Purpose and Scope

The Office of the State Auditor, State of Colorado engaged Kunderling, Corder & Engle, P.C. to conduct certain financial and compliance audits of Auraria Higher Education Center (the Center) for the year ended June 30, 2004. The audits were made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted the related fieldwork from May through October, 2004.

The purpose and scope of our audits were to:

- § Express an opinion on the financial statements of the Center for the year ended June 30, 2004. This included a review of internal control as required by U.S. generally accepted auditing standards and *Government Auditing Standards*.
- § Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- § Express an opinion on the Center's compliance and internal control over financial reporting based on our audit of the financial statements performed in accordance with *Government Auditing Standards*.
- § Evaluate the Center's progress in implementing prior audit findings and recommendations.
- § Evaluate compliance with restrictive covenants of the Center's revenue bond funds.

Audit Opinions and Report

We expressed an unqualified opinion on the Center's financial statements for the year ended June 30, 2004.

We issued a report on the Center's compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. We noted two material weaknesses in internal control based on our audit of the financial statements. We noted several other areas where the Center could improve its internal control. These are described in the Findings and Recommendations section of this report.

**AURARIA HIGHER EDUCATION CENTER
REPORT SUMMARY, CONTINUED**

Audit Opinions and Report, Continued

We also issued certain required communications related to the conduct of an audit including our responsibility under generally accepted auditing standards, significant accounting policies, audit adjustments, and accounting estimates. We have communicated the difficulties encountered in performing the audit and audit adjustments to management. In addition, twelve audit adjustments were proposed but not recorded in the financial statements. Had these adjustments been made, net assets would have increased \$192,972. These passed adjustments are not considered material to the Center's financial statements.

Summary of Key Findings and Recommendations

- § We noted a number of significant breakdowns in the Center's accounting department. The Center should upgrade the level of skills in the accounting department and put in place adequate controls to ensure the completeness and accuracy of financial statements and other financial information. The Center should also ensure that receivables are collected in a timely manner.
- § The Controller has the ability to initiate wire transfers from investment accounts and has access to the general ledger. The Center should ensure that there is an adequate segregation of duties between persons responsible for general ledger functions and wire transfers.
- § The Center does not produce monthly financial statements for board review. The Center should prepare monthly financial statements for use by the Board of Directors. Variances between budgeted, actual, and prior year results should be identified and investigated by management and explained to the Board of Directors.
- § Accounts payable staff have the ability to set up new vendors in the accounting system and input and process invoices for payment. The Center should establish procedures to limit system access for new vendor input.
- § The Center pays income tax on unrelated business income related to parking activities. Estimated tax payments were not made during 2004. The Center should make quarterly tax payments to avoid the underpayment penalties on unrelated business income tax.
- § The Center should perform periodic audits during the year of procurement card statements to reinforce the policy that all statements need to have the proper support and authorization for purchases.
- § The Center should require all cash advance documentation to be accurately completed by Book Center Personnel.

A summary of the recommendations is included in the Recommendation Locator on page 4 of this report. A detailed description of the findings and recommendations begin on page 7 of this report. The Center has agreed to implement these recommendations.

**AURARIA HIGHER EDUCATION CENTER
REPORT SUMMARY, CONTINUED**

Summary of Progress in Implementing Prior Audit Recommendations

The audit report for the year ended June 30, 2003 included four recommendations. Two of the recommendations have been implemented and two have not been implemented. See Disposition of Prior Audit Findings on page 13.

**AURARIA HIGHER EDUCATION CENTER
RECOMMENDATION LOCATOR
YEAR ENDED JUNE 30, 2004**

Record No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	7	The Center should upgrade the level of skills in the accounting department and put in place adequate controls to ensure the completeness and accuracy of financial statements and other financial information. The Center should also ensure that receivables are collected in a timely manner.	Agree. The Center will advertise for a qualified Controller on Sunday, November 7, 2004, with the objective of hiring an individual who has the requisite skills to train existing staff by December 1, 2004. Procedures for collecting receivables will be updated to expedite timely collection.	December 1, 2004
2	8	The Center should ensure that there is an adequate segregation of duties between persons responsible for general ledger functions and wire transfers.	Agree. A new procedure will be established where one person initiates the wire transfer, the controller approves and sends the transfer and the Director of Business Services has responsibility for the bank call back.	December 1, 2004
3	8	The Center should prepare monthly financial statements for use by the Board of Directors. Variances between budgeted, actual, and prior year results should be identified and investigated by management and explained to the Board of Directors.	Agree.	January 1, 2005

**AURARIA HIGHER EDUCATION CENTER
RECOMMENDATION LOCATOR
YEAR ENDED JUNE 30, 2004**

Record No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
4	9	The Center should establish procedures to limit system access for new vendor input.	Agree. A new procedure will be established where the accounting technicians that have access to input into the accounts payable module will not have access to the vendor create/modify module. The access to the vendor create/modify module will be limited to the controller. A vendor request form will be designed for all new vendors or vendor changes. This form will have two levels of approval: (1) purchasing department and (2) the controller.	December 1, 2004
5	9	The Center should make quarterly tax payments to ensure that underpayment penalties on unrelated business income are not incurred.	Agree. The first quarter estimate for 2005 was done in October and the next three quarterly payments will be done on a timely basis.	Implemented in October, 2004
6	10	The Center should perform periodic audits during the year of the procurement card statements to reinforce the policy that all statements need to have the proper approval for purchases.	Agree. Due to limited personnel, a semi-annual audit has been implemented at this time. During the first audit, occurring in October, 2004, a significant improvement has been documented. We will perform semi-annual audits on those departments that demonstrate no problems. We will perform quarterly audits on problem departments until improvement is demonstrated.	November 3, 2004
7	11	The Center should require all cash advance documentation to be accurately completed by Book Center Personnel.	Agree. An audit will be done twice during the current fiscal year to ensure that Book Center personnel are obtaining required signatures on all documentation.	December 1, 2004

**AURARIA HIGHER EDUCATION CENTER
FINANCIAL AND COMPLIANCE AUDITS
DESCRIPTION OF AURARIA HIGHER EDUCATION CENTER
FOR THE YEAR ENDED JUNE 30, 2004**

The Board of Directors of the Auraria Higher Education Center (the Center) is a body corporate created by the State of Colorado. The authority under which the Center operates is Article 70 of Title 23, C.R.S. Its mission is to plan, manage and operate the physical plant, facilities, buildings and grounds of the Auraria Campus. The Auraria Campus houses the University of Colorado at Denver, the Metropolitan State College of Denver and the Community College of Denver (the constituent institutions). The Center operates shared facilities on the Campus that, in addition to classrooms and offices, include the Auraria Book Center; the Tivoli Student Union; the Health, Physical Education and Recreation facility; the Child Care Center; and parking facilities. The Center provides a number of shared student and administrative services to the constituent institutions.

The Center's Board of Directors consists of nine voting members and two non-voting members. Three of the voting members are appointed by the Governor of the State of Colorado. In addition, the governing boards of each of the three constituent institutions appoint a voting member, and the president of each of those systems or the chief executive officer of the constituent institution also serves as a voting member. The non-voting members are appointed by the students and faculties of the constituent institutions.

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2004**

In planning and performing our audit of the financial statements of Auraria Higher Education Center for the year ended June 30, 2004 (on which we have issued our report dated October 12, 2004), we noted certain findings related to the Center's internal control. Two of the findings are considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our findings and recommendations are as follows:

Material Weaknesses

Breakdowns in the Accounting Department

During fiscal year 2004, we reviewed the accounting department's processes and procedures and noted a number of significant breakdowns, including the following:

- § **The financial statements and exhibits were not submitted to the State Controller's Office and the auditors in a timely manner.** This financial information was due to the State Controller's Office on August 18, 2004 and was not submitted until September 28, 2004. The August deadline allows the SCO to compile the financial information of all State agencies into the Statewide financial statements.

Extensive assistance was provided by accounting personnel at Metropolitan State College. This assistance was necessary to balance the books, prepare the financial statements and footnotes, reconcile the statements to the State's accounting system, and review and correct exhibits.

- § **Timely and accurate reconciliations of internal balance sheet accounts and COFRS accounts were not performed throughout the year.** This resulted in adjustments to beginning fund balance, accounts payable, interest payable, deferred revenue, prepaid expense, interest receivable, capitalized interest and current and long-term debt.
- § **Collection of federal grants receivable was not pursued during the year.** We noted that the past three semi-annual payments from the Department of Housing and Urban Development had not been requested, resulting in a receivable balance at year end of approximately \$253,000. While the receivable was recorded properly, it is essential to collect monies owed as they become due.
- § **Payables related to construction in progress were not properly accrued.** At year-end, approximately \$2,400,000 in amounts due on construction contracts was not recorded in the accounts payable system. This was subsequently corrected when we brought it to the Center's attention.

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS, CONTINUED**

Breakdowns in the Accounting Department, Continued

§ **Interest expense, and amortization of bond premiums, discounts and issuance costs were not properly recorded during the year.** Interest expense was overstated by a net amount of \$285,250 due to errors in journal entries. The overstatement was corrected when we brought it to the Center's attention. However, amortization of premiums, discounts, and issuance costs were overstated by approximately \$28,000 and were not corrected. While the dollar amount is small, it is important that the financial statements be complete and accurate.

In addition, we had difficulty in obtaining basic accounting information necessary for the timely completion of the audit. As a result, the completion of the audit and the release of the financial information to the State Controller's Office was delayed.

In Fiscal Year 2003, similar weaknesses with the Center's preparation and submission of year-end financial statements and exhibits were identified and reported. The Department is continuing to have difficulties ensuring that financial information is complete and accurate. In our opinion, the aforementioned breakdowns were due to the fact that the skill-level and staffing in the accounting department were not appropriate for the required tasks. The Center must take appropriate measures to strengthen the accounting function. The risk of errors and irregularities remains at an unacceptable level.

Recommendation No. 1

The Center should upgrade the level of skills in the accounting department and put in place adequate controls to ensure the completeness and accuracy of financial statements and other financial information. The Center should also ensure that receivables are collected in a timely manner.

Center Response

Agree. The Center will advertise for a qualified Controller on Sunday, November 7, 2004, with the objective of hiring an individual who has the requisite skills to train existing staff by December 1, 2004. Procedures for collecting receivables will be updated to expedite timely collection.

Implementation date: December 1, 2004

Wire Transfers

At June 30, 2004, the Center had about \$128.5 million in outstanding bond obligations. Bond principal and interest payments totaled about \$7.7 million in fiscal year 2004 and about \$20.7 million in 2003. Wire transfers for construction draws totaled approximately \$10 million in fiscal year 2004 and about \$1.6 million in fiscal year 2003.

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS, CONTINUED**

Wire Transfers, Continued

The Controller initiates and authorizes wire transfers from investment accounts for bond principal and interest payments, and construction draws. The Controller also receives the call-back from the bank if there are any questions about the transfer request. Transfers can be made both between and out of Center accounts. Since the Controller has the ability to initiate wire transfers from investment accounts and has access to the general ledger, there is a lack of segregation of duties that could result in the misappropriation of assets going undetected.

The bank should be instructed to verify each transfer authorization with the Director of Business Services before completing the transaction. The Director of Business Services should be given a list of all accounts to which transfers will be made and should verify that the accounts are appropriate prior to approving the transfer.

Recommendation No. 2

The Center should ensure that there is an adequate segregation of duties between persons responsible for general ledger functions and wire transfers.

Center Response

Agree. A new procedure will be established where one person initiates the wire transfer, the controller approves and sends the transfer and the Director of Business Services has responsibility for the bank call back.

Implementation date: December 1, 2004

Other Comments

Monthly Financial Statements

As part of our audit, we reviewed the financial information that is provided to the Center's Board of Directors on a monthly basis. We found that the Board of Directors does not receive financial statements except during the annual budgeting process.

Monthly financial statement information can be used to monitor revenue and expenses by comparing them to prior periods and budgeted amounts; plan the need for additions or reductions to programs and services for the current or future years depending on actual and anticipated financial results; analyze the results of a particular program or activity; and determine management's ability to use funds effectively and efficiently to meet the goals of the organization.

Variances between budgeted, actual and prior year results should be identified and investigated by management and explained to the Board of Directors at each board meeting. This information will assist the Board in the performance of their oversight responsibilities.

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS, CONTINUED**

Recommendation No. 3

The Center should prepare monthly financial statements for use by the Board of Directors. Variances between budgeted, actual, and prior year results should be identified and investigated by management and explained to the Board of Directors.

Center Response

Agree.

Implementation date: January 1, 2005

Authorized Vendors

The Center maintains a list of all approved vendors for Center purchases. Currently, the accounts payable technicians have the ability to input a new vendor into the accounts payable system. These employees also input and process invoices for payment. This lack of segregation of duties could enable an accounts payable technician to create a false vendor in the system and then process a fraudulent invoice for payment.

The Center should establish procedures to limit system access for new vendor input to the Center's Controller. A process should be implemented requiring the cost center administrator utilizing the new vendor to complete an approval worksheet providing the necessary vendor information and justification. This information should be provided to the Controller for approval and processing of the new vendor on the system. Since the Controller does not have access to the accounts payable module, this would provide an adequate segregation of duties.

Recommendation No. 4

The Center should establish procedures to limit system access for new vendor input.

Center Response

Agree. A new procedure will be established where the accounting technicians that have access to input into the accounts payable module will not have access to the vendor create/modify module. The access to the vendor create/modify module will be limited to the controller. A vendor request form will be designed for all new vendors or vendor changes. This form will have two levels of approval: (1) purchasing department and (2) the controller.

Implementation date: December 1, 2004

Unrelated Business Income Tax

The Center pays income tax on unrelated business income related primarily to the use of parking facilities for non-school related activities such as Broncos games. The Internal Revenue Service requires tax-exempt organizations to make estimated tax payments if the total expected tax for the tax year is \$500 or more. An organization that does not pay the estimated tax when due may be charged an underpayment penalty for the period of underpayment.

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS, CONTINUED**

Unrelated Business Income Tax, Continued

The Center incurred income taxes of \$8,744 and \$4,193 in 2003 and 2002, respectively. If the tax expense for 2004 is similar to the prior year, as expected, quarterly estimated tax payments should have been made during 2004 to avoid the underpayment penalty. Estimated tax payments were not made during 2004 or 2003.

Recommendation No. 5

The Center should make quarterly tax payments to ensure that underpayment penalties on unrelated business income are not incurred.

Center's Response

Agree. The first quarter estimate for 2005 was done in October and the next three quarterly payments will be done on a timely basis.

Implementation date: Implemented in October, 2004.

Procurement Cards

Procurement cards are utilized by many State agencies to facilitate small dollar purchases (less than \$5,000) by agency personnel. During 2004, the Center issued approximately 100 procurement cards to Center employees and incurred approximately \$541,000 in expenditures on the cards. The Center has adopted certain policies to ensure that procurement card purchases are valid and appropriately supported and approved. We tested five randomly selected monthly procurement card statements. We found that two of the five statements did not have the appropriate approval.

In order to prevent unauthorized purchases by Center personnel, it is essential that all purchases be reviewed by an appropriate individual within each department. The reviewer should determine that the purchases represent valid Center expenses, contain all of the necessary supporting documentation, were purchased by authorized employees and are coded to the appropriate expense account.

Recommendation No. 6

The Center should perform periodic audits during the year of the procurement card statements to reinforce the policy that all statements need to have the proper approval for purchases.

Center's Response

Agree. Due to limited personnel a semi-annual audit has been implemented at this time. During the first audit, occurring in October, 2004, a significant improvement has been documented. We will continue to do a semi-annual audit on those departments that demonstrate no problems. We will perform quarterly audits on problem departments until improvement is demonstrated.

Implementation date: November 3, 2004

**AURARIA HIGHER EDUCATION CENTER
AUDITORS' FINDINGS AND RECOMMENDATIONS, CONTINUED**

Book Center Controls

Our audit of the Center included a review of controls in place at the Auraria Higher Education Center Book Center. During our testing, we noted instances of incomplete documentation related to cashier receipts of cash advances from the Book Center safe.

Cash advances out of the vault are initiated by a vault supervisor and require the lead cashier and cashier requesting the advance to sign a "Cash Register Advance" slip. As noted in the prior year audit, Book Center personnel do not consistently adhere to the required procedures. Our testing disclosed that on eight out of ten days tested, at least one advance on each day did not contain all of the required signatures. This procedure is necessary in order to track the flow of cash funds should there be a loss of cash in one of the tills.

Recommendation No. 7

The Center should require all cash advance documentation to be accurately completed by Book Center Personnel.

Center's Response

Agree. An audit will be done twice during the current fiscal year to ensure the Book Center personnel are obtaining required signatures on all documentation.

Implementation date: December 1, 2004

**AURARIA HIGHER EDUCATION CENTER
DISPOSITION OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2004**

The following is a summary of the prior year audit recommendations and their disposition as of June 30, 2004:

Prior Year Audit Recommendations

Disposition

No. 1

The Center should strengthen the accounting function and put in place adequate controls to ensure that complete and accurate financial statements and other financial information are provided to the State Controller's Office and the auditor in accordance with established timelines.

No. 1

Not implemented. See current year Recommendation No. 1.

No. 2

The Center should require all cash advance and refund documentation to be accurately completed by Book Center personnel and customers.

No. 2

Not implemented. See current year comment No. 7.

No. 3

The Center should require Parking cashiers to sign off on the Attendant's Receipt Control Sheets as specified by Center policies.

No. 3

Implemented.

No. 4

The Center should maintain copies of time sheets for all employees to document that the Center has complied with internal controls related to payroll processing as well as State and federal guidelines.

No. 4

Implemented.

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying statement of net assets of Auraria Higher Education Center (the Center), a blended component unit of the State of Colorado, as of and for the year ended June 30, 2004, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Center for the year ended June 30, 2003. These financial statements were audited by other auditors whose report, dated November 12, 2003, expressed an unqualified opinion on those statements.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Auraria Higher Education Center implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Auraria Higher Education Center as of June 30, 2004, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have issued our report dated October 12, 2004, on our consideration of Auraria Higher Education Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

October 12, 2004

**Auraria Higher Education Center
Management's Discussion and Analysis
Year Ended June 30, 2004**

This section of the Auraria Higher Education Center's (the Center) financial statements presents discussion and analysis, prepared by the Center's management, of the Center's financial performance during the fiscal year ended June 30, 2004. The purpose of this section is to provide an objective and easily readable analysis of the Center's financial position based on currently known facts, decisions and opinions. It should be read in conjunction with the basic financial statements and their footnotes.

Understanding the Comparative Financial Report

The financial statements of the Center are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement of Accounting Standards No. 34, *Basic Financial Statements – and Management's Discussion and Analysis –for State and Local Governments* and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Effective June 30, 2004, the Center adopted GASB 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Auraria Foundation are attached to the Center's financial statements.

This report contains three basic financial statements: the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. The statements report on all of the Center activities including services provided to its constituent institutions, parking operations and student fee bond operations.

The statement of net assets and the statements of revenues, expenses and changes in net assets report the Center's net assets and how they have changed using the accrual basis of accounting. This means that all revenues and expenses are reported in the year in which they are earned or incurred and not when the cash is received or paid.

Statement of Net Assets

The Center's net assets – the difference between assets and liabilities – is one way to measure the Center's financial health (or financial position). Over time, increases or decreases in the Center's net assets are one indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment at the constituent institutions and the condition of campus buildings.

**Auraria Higher Education Center
Management's Discussion and Analysis, Continued**

Statement of Net Assets, Continued

Condensed Statements of Net Assets (in thousands)

	June 30,	
	<u>2004</u>	<u>2003</u>
Assets		
Current assets	\$ 15,794	23,842
Capital assets	149,855	140,103
Other non-current assets	<u>45,241</u>	<u>28,870</u>
Total assets	\$ <u>210,890</u>	<u>192,815</u>
Liabilities		
Current liabilities	\$ 11,445	8,503
Non-current liabilities	<u>93,251</u>	<u>76,782</u>
Total liabilities	\$ <u>104,696</u>	<u>85,285</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 91,347	87,914
Restricted – expendable	5,285	1,125
Unrestricted	<u>9,562</u>	<u>18,491</u>
Total net assets	\$ <u>106,194</u>	<u>107,530</u>

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets reports operating and non-operating revenues and expenses during the year and the resulting increase or decrease in net assets at the end of the year.

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
(in thousands)**

	Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
Operating revenues		
Auxiliary enterprises	\$ 30,236	33,055
Operating transfers from constituent institutions	13,474	16,003
Student fees	6,416	6,500
Other	<u>160</u>	<u>141</u>
Total operating revenues	\$ <u>50,286</u>	<u>55,699</u>

**Auraria Higher Education Center
Management's Discussion and Analysis, Continued**

Statements of Revenues, Expenses and Changes in Net Assets, Continued

	Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
Operating Expenses		
Auxiliary enterprises	\$ 27,757	30,059
Operation and maintenance of plant	11,535	13,122
Institutional support	820	1,147
Academic support	1,052	1,416
Student services	-	394
Depreciation	<u>8,097</u>	<u>8,099</u>
Total operating expenses	<u>49,261</u>	<u>54,237</u>
Operating income	\$ <u>1,025</u>	<u>1,462</u>
Non-operating revenues and expenses		
Investment income	\$ 292	403
Interest on capital asset-related debt	(2,843)	(3,000)
Loss on disposal of capital assets	-	(132)
Other non-operating revenues	<u>1</u>	<u>122</u>
Total non-operating revenues (expenses)	(2,550)	(2,607)
Capital appropriations, gifts and grants	<u>189</u>	<u>1,265</u>
Change in net assets	(1,336)	120
Net assets, beginning of year	<u>107,530</u>	<u>107,410</u>
Net assets, end of year	\$ <u>106,194</u>	<u>107,530</u>

The statement of cash flows reports relevant information about the Center's cash receipts and cash payments during the year. The statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due and needs for external financing.

**Auraria Higher Education Center
Management's Discussion and Analysis, Continued**

**Condensed Statements of Cash Flows
(in thousands)**

	Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
Cash (used in) provided by:		
Operating activities	\$ 9,081	9,950
Non-capital financing activities	1	122
Capital and related financing activities	(497)	10,675
Investing activities	<u>(15,726)</u>	<u>(20,274)</u>
Net (decrease) increase in cash	(7,141)	473
Cash and cash equivalents, beginning of year	<u>21,031</u>	<u>20,558</u>
Cash and cash equivalents, end of year	\$ <u>13,890</u>	<u>21,031</u>

Center's Revenues and Financial Position

Headcount enrollment (as measured by the student fees paid to the Center) at the constituent institutions decreased slightly, contributing to the relatively small change in student fees paid to the Center by the constituent institutions. Increases in parking enterprise revenues occurred as a result of the parking enterprise lot improvement program and class scheduling. Revenue reductions and spending restrictions faced by the State of Colorado resulted in reduced funding to the constituent institutions. The constituent institutions reduced their allocations to the Center 15.8% or \$2,529,471 to \$13,473,599 in fiscal year 2004 from \$16,003,070 in fiscal year 2003.

Capital Assets

At June 30, 2004, the Center had \$149,855,183 invested in capital assets, net of accumulated depreciation of \$102,339,560. For the year ending June 30, 2004, depreciation charges were \$8,096,555.

**Capital Assets, Net
(in thousands)**

	Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
Land	\$ 11,753	11,649
Land improvements	11,774	8,524
Buildings and improvements	119,181	113,726
Equipment	2,407	3,772
Construction in progress	4,475	2,142
Film collection	<u>265</u>	<u>290</u>
Total	\$ <u>149,855</u>	<u>140,103</u>

Auraria Higher Education Center Management's Discussion and Analysis, Continued

Capital Assets, Continued

See Note 3 of the financial statements for additional information on capital assets activity during the fiscal year.

State funding was cut for capital construction and controlled maintenance projects in fiscal year 2004. The Governor's emergency funds were provided for funding half of a roof repair on the Center's Physical Education and Events Center facility. The Parking Enterprise contributed the remaining portion to ensure proper completion of the project. Emergency funds were also provided for repairs and upgrades to the campus fire alarm systems. The Center's auxiliary enterprises continued to fund parking and student bond funded projects.

Bonds and Capital Leases

At June 30, 2004, the Center had \$95,755,843 of bond and capital lease debt outstanding. The table below summarizes this debt by type.

Bond and Capital Lease Debt (in thousands)

	Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
Auxiliary enterprise revenue bonds	\$ 77,206	60,263
Capital lease obligations	<u>18,550</u>	<u>18,554</u>
Total	\$ <u>95,756</u>	<u>78,817</u>

On March 10, 2004, the Center issued Parking Enterprise Revenue Bonds in the amount of \$19,562,401 for the construction of a 325,500 square foot parking garage that will provide parking for 850 cars.

Economic Outlook

Declines in State revenues and limits resulting from the Taxpayer's Bill of Rights amendment to the Colorado Constitution (TABOR) have resulted in serious funding reductions to the constituent institutions for operating revenue and to the Center for funding deferred maintenance needs of the campus facilities. The constituent institutions will fund the Center's general operations in fiscal year 2005 at the same level as fiscal year 2004: \$13.5 million. The Center has relied on its auxiliary enterprise operations to fund needed projects and operational requirements; however, this trend cannot continue. The auxiliary enterprises are restricted by bond covenants to maintain reserve levels and cash flows to secure the pledges of debt service coverage. To help meet this requirement, the parking enterprise has increased parking rates for fiscal year 2005.

Auraria Higher Education Center Management's Discussion and Analysis, Continued

Economic Outlook, Continued

Since most of the Center's classroom facilities were built at approximately the same time (25 years ago), the funding of deferred maintenance (controlled maintenance) is critical. With no prospect of State funding for these needs in the future, the Center is currently studying various student fee options for funding facility annual owning and operating costs. The Center's auxiliary enterprise facilities are funded with student fees and user charges. These revenues are currently sufficient to maintain adequate levels of maintenance for the Tivoli Student Union, the recreation center, the child care center and all parking facilities. Continuing declines in State support could eventually impact the ability of the Center to fund necessary repair and maintenance costs of the facilities unless the Center's auxiliary enterprises or other funding options can cover these expenses.

AURARIA HIGHER EDUCATION CENTER
STATEMENTS OF NET ASSETS
JUNE 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash & cash equivalents	\$ 12,532,197	19,748,395
Accounts receivable (net of allowance of \$616,313 and \$490,586, respectively)	1,859,829	1,874,171
Inventories	1,179,356	1,814,427
Prepaid expense	118,753	331,370
Deferred debt issuance costs (notes 1 and 4)	103,755	74,033
Total current assets	<u>15,793,890</u>	<u>23,842,396</u>
Non-current assets:		
Restricted cash and cash equivalents	1,357,562	1,282,317
Restricted investments (note 2)	42,381,433	26,470,511
Capital assets (net of accumulated depreciation of \$102,339,560 and \$94,425,761, respectively) (note 3)	149,855,183	140,102,857
Deferred debt issuance costs (notes 1 and 4)	1,502,375	1,117,053
Total non-current assets	<u>195,096,553</u>	<u>168,972,738</u>
Total assets	<u>\$ 210,890,443</u>	<u>192,815,134</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,469,738	4,888,100
Compensated absences (note 4)	83,814	86,095
Deferred revenue	339,128	421,489
Current portion of long-term debt (note 4)	3,537,979	3,095,814
Other current liabilities	14,681	11,794
Total current liabilities	<u>11,445,340</u>	<u>8,503,292</u>
Non-current liabilities:		
Compensated absences (note 4)	1,032,660	1,060,767
Long-term debt (note 4)	92,217,864	75,721,322
Total non-current liabilities	<u>93,250,524</u>	<u>76,782,089</u>
Total liabilities	<u>104,695,864</u>	<u>85,285,381</u>
Net assets:		
Invested in capital assets	91,347,315	87,914,190
Restricted for expendable purposes	5,285,462	1,124,359
Unrestricted	9,561,803	18,491,204
Total net assets	<u>\$ 106,194,580</u>	<u>107,529,753</u>

See accompanying notes to financial statements.

THE AURARIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 and 2003

	2004	2003
Assets:		
General Operations		
Cash and cash equivalents	\$ 228,758	346,771
Short term investments	40,330	41,073
Accounts receivable	57,916	-
Prepaid expenses	3,560	3,670
Pledges receivable	200,000	201,000
Property and equipment	1,057,472	1,100,110
Total assets, general operations	1,588,036	1,692,624
Dravo Building		
Rental and interest receivable	134,726	470,446
Cash held by trustee	355,411	174,457
Investments held by trustee		
Escrowed for 1995 bonds	8,752,916	9,672,536
Bond and lease funds	104,258	924,632
Bond issuance costs	372,631	401,275
Investment in direct financing lease	9,654,891	5,078,692
Property and equipment	230,319	4,903,677
Total Dravo Building assets	19,605,152	21,625,715
Lawrence Street Center		
Interest receivable	428,569	317,571
Cash held by trustee	65	1,780
Investments held by trustee	279,262	711,055
Bond issuance costs	320,595	333,861
Investment in direct financing lease	17,246,007	18,546,427
Property and equipment	931,406	970,713
Total Lawrence Street Center assets	19,205,904	20,881,407
Total assets	\$ 40,399,092	44,199,746

(continued)

THE AURARIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION, CONTINUED
JUNE 30, 2004 and 2003

	2004	2003
Liabilities:		
General operations		
Accounts payable	\$ 5,751	129,511
Performing Arts Center loan agreement	-	718,442
Deferred income	718,442	-
Total general operations liabilities	724,193	847,953
Dravo Building		
Accrued interest	303,227	315,794
Amounts held in custody for others	434,631	1,073,954
Bonds payable		
1995 bonds (advance refunded)	8,197,760	8,662,672
2001 bonds	9,098,238	9,447,562
Total Dravo Building liabilities	18,033,856	19,499,982
Lawrence Street Center		
Accrued interest	397,190	402,630
Deferred interest income	-	1,077,993
Amounts held in custody for others	279,262	711,054
Bonds payable	19,614,273	19,919,105
Total Lawrence Street Center liabilities	20,290,725	22,110,782
Total liabilities	39,048,774	42,458,717
Net Assets:		
Unrestricted	1,350,318	1,741,029
Total net assets	1,350,318	1,741,029
Commitments		
Total liabilities and net assets	\$ 40,399,092	44,199,746

See notes 1 and 8 to financial statements.

AURARIA HIGHER EDUCATION CENTER
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Auxiliary enterprises	\$ 30,236,596	33,055,072
Operating transfers from constituent institutions	13,473,599	16,003,070
Student fees	6,416,405	6,500,045
Gifts and grants	159,888	120,399
Other operating revenues	-	20,404
Total operating revenues	<u>50,286,488</u>	<u>55,698,990</u>
Operating expenses:		
Auxiliary enterprise expenditures	27,756,635	30,059,499
Operation and maintenance of plant	11,535,171	13,121,857
Institutional support	820,317	1,147,482
Academic support	1,052,322	1,415,942
Student services	-	393,852
Depreciation	8,096,555	8,098,671
Total operating expenses	<u>49,261,000</u>	<u>54,237,303</u>
Operating income	1,025,488	1,461,687
Non-operating revenues (expenses):		
State appropriations, non-capital	-	-
Investment income (note 2)	291,761	403,146
Interest on capital asset related debt	(2,842,947)	(2,999,605)
Loss on disposal of assets	-	(131,936)
Other non-operating revenue	1,000	121,785
Net non-operating revenues (expenses)	<u>(2,550,186)</u>	<u>(2,606,610)</u>
Loss before other revenues, expenses, gains or losses	(1,524,698)	(1,144,923)
State Capital Appropriations	-	1,096,237
Capital grants and gifts	<u>189,525</u>	<u>168,440</u>
Change in net assets, (decrease) increase	(1,335,173)	119,754
Net assets, beginning of year	<u>107,529,753</u>	<u>107,409,999</u>
Net assets, end of year	<u>\$ 106,194,580</u>	<u>107,529,753</u>

See accompanying notes to financial statements.

**THE AURARIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
General Operations		
Revenues and other support		
Contributions, Performing Arts Center	\$ 1,075	54,236
Rental income, St. Francis Center	38,625	84,394
Management fees	125,000	125,000
Investment income	2,053	27,539
Miscellaneous income	717	1,877
Total revenues and other support	<u>167,470</u>	<u>293,046</u>
Expenses		
St. Francis Center program expenses	54,582	175,921
Donations to other organizations	25,241	10,964
General and administrative	61,148	30,748
Performing Arts Center fundraising	7,327	182,268
Total expenses	<u>148,298</u>	<u>399,901</u>
Increase (decrease) in unrestricted net assets-general operations	<u>19,172</u>	<u>(106,855)</u>
Dravo Building		
Revenues		
Interest on direct financing lease	379,659	292,122
Rental income	-	345,078
Investment income	41,093	703,426
Total revenues	<u>420,752</u>	<u>1,340,626</u>
Expenses	<u>975,189</u>	<u>1,012,341</u>
Increase (decrease) in unrestricted net assets-Dravo Building	<u>(554,437)</u>	<u>328,285</u>
Lawrence Street Center		
Revenues		
Interest on direct financing lease	1,401,388	959,857
Investment income	201	1,169
Total revenues	<u>1,401,589</u>	<u>961,026</u>
Expenses	<u>1,257,035</u>	<u>1,262,982</u>
Increase (decrease) in unrestricted net assets-Lawrence Street Center	<u>144,554</u>	<u>(301,956)</u>
Total increase (decrease) in unrestricted net assets	<u>(390,711)</u>	<u>(80,526)</u>
Net assets at beginning of year	<u>1,741,029</u>	<u>1,821,555</u>
Net assets at end of year	<u>\$ 1,350,318</u>	<u>1,741,029</u>

See notes 1 and 8 to financial statements.

**THE AURARIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
General Operations		
Revenues and other support		
Contributions, Performing Arts Center	\$ 1,075	54,236
Rental income, St. Francis Center	38,625	84,394
Management fees	125,000	125,000
Investment income	2,053	27,539
Miscellaneous income	717	1,877
Total revenues and other support	<u>167,470</u>	<u>293,046</u>
Expenses		
St. Francis Center program expenses	54,582	175,921
Donations to other organizations	25,241	10,964
General and administrative	61,148	30,748
Performing Arts Center fundraising	7,327	182,268
Total expenses	<u>148,298</u>	<u>399,901</u>
Increase (decrease) in unrestricted net assets-general operations	<u>19,172</u>	<u>(106,855)</u>
Dravo Building		
Revenues		
Interest on direct financing lease	379,659	292,122
Rental income	-	345,078
Investment income	41,093	703,426
Total revenues	<u>420,752</u>	<u>1,340,626</u>
Expenses	<u>975,189</u>	<u>1,012,341</u>
Increase (decrease) in unrestricted net assets-Dravo Building	<u>(554,437)</u>	<u>328,285</u>
Lawrence Street Center		
Revenues		
Interest on direct financing lease	1,401,388	959,857
Investment income	201	1,169
Total revenues	<u>1,401,589</u>	<u>961,026</u>
Expenses	<u>1,257,035</u>	<u>1,262,982</u>
Increase (decrease) in unrestricted net assets-Lawrence Street Center	<u>144,554</u>	<u>(301,956)</u>
Total increase (decrease) in unrestricted net assets	<u>(390,711)</u>	<u>(80,526)</u>
Net assets at beginning of year	<u>1,741,029</u>	<u>1,821,555</u>
Net assets at end of year	<u>\$ 1,350,318</u>	<u>1,741,029</u>

See notes 1 and 8 to financial statements.

AURARIA HIGHER EDUCATION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Cash received:		
Student fees	\$ 6,447,267	6,393,082
Transfers from constituent institutions	13,359,528	15,978,601
Gifts and grants	159,888	120,399
Sales of services	15,516,189	16,629,529
Sales of products	14,787,388	16,303,904
Other receipts	2,887	13,182
Cash paid:		
Payments to or for employees	(15,642,570)	(18,120,236)
Payments to suppliers	(25,549,688)	(27,368,493)
Net cash used by operating activities	<u>9,080,889</u>	<u>9,949,968</u>
Cash flows from noncapital financing activities:		
Other receipts	<u>1,000</u>	<u>121,785</u>
Net cash provided by noncapital financing activities	<u>1,000</u>	<u>121,785</u>
Cash flows from capital and related financing activities:		
Capital grants and gifts received	105,305	-
Purchases of capital assets	(13,069,101)	(6,908,163)
Proceeds from issuance of capital debt	20,168,195	38,239,859
Principal paid on capital debt and leases	(3,375,523)	(16,580,950)
Payment of debt issuance costs	(503,066)	(545,113)
Payment of bond refinancing costs	-	(525,145)
Interest paid on capital debt and leases	(3,823,008)	(3,005,637)
Net cash (used in) provided by capital and related financing activities	<u>(497,198)</u>	<u>10,674,851</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	5,263,899	5,225,572
Purchases of investments	(21,174,821)	(26,038,269)
Investment income	185,278	538,868
Net cash used in investing activities	<u>(15,725,644)</u>	<u>(20,273,829)</u>
Net increase in cash and cash equivalents	(7,140,953)	472,775
Cash and cash equivalents, beginning of year	21,030,712	20,557,937
Cash and cash equivalents, end of year	<u>\$ 13,889,759</u>	<u>21,030,712</u>

(Continued)

**AURARIA HIGHER EDUCATION CENTER
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED JUNE 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Reconciliation of cash and cash equivalents to the		
Statement of Net Assets:		
Cash and cash equivalents	\$ 12,532,197	19,748,395
Restricted cash and cash equivalents - noncurrent	1,357,562	1,282,317
	<u>\$ 13,889,759</u>	<u>21,030,712</u>
 Reconciliation of operating loss to net cash provided by		
operating activities:		
Operating income	\$ 1,025,488	1,461,687
Adjustments to reconcile operating loss to net cash provided by		
operating activities:		
Depreciation and amortization expense	8,114,470	8,098,671
Bad debt expense	172,831	170,578
Changes in operating assets and liabilities:		
Accounts receivable	32,214	(27,889)
Inventories	635,071	(568,659)
Prepaid expense	212,617	(236,363)
Accounts payable and accrued liabilities	(1,001,940)	1,306,480
Deferred revenue	(82,361)	(101,530)
Accrued compensated absences	(30,388)	(145,785)
Other liabilities	2,887	(7,222)
Net cash used by operating activities	<u>\$ 9,080,889</u>	<u>9,949,968</u>
 Supplemental cash flow information:		
Accounts payable incurred for capital asset purchases	<u>\$ 3,494,015</u>	<u>430,388</u>
Deferred loss on refinancing	<u>\$ -</u>	<u>241,725</u>
On-behalf payments by the State for capital assets and related expenses	<u>\$ -</u>	<u>1,096,237</u>

See accompanying notes to financial statements.

Auraria Higher Education Center

Notes to Financial Statements

June 30, 2004 and 2003

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Auraria Higher Education Center (the Center) is an agency of the State of Colorado (the State), and its operations are funded largely through State appropriations transferred from its constituent institutions, student fees and fees for services. The Center is responsible for planning and managing the physical plant, auxiliary enterprises and other support services of the Auraria Campus in Denver, Colorado (the Campus). Educational services at the Campus are provided by the University of Colorado at Denver, Metropolitan State College of Denver and the Community College of Denver.

Basis of Accounting and Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Center first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The Center has the option to apply all Financial Accounting Standards Board (FASB) pronouncements that were issued after November 30, 1989, unless the FASB pronouncement conflicts with or contradicts a GASB pronouncement. The Center has elected not to apply FASB pronouncements issued after the applicable date.

Effective June 30, 2004, the Center adopted GASB 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Auraria Foundation are attached to the Center's financial statements. The Foundation is a private non-profit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Center's financial reporting entity for these differences. A complete copy of the Auraria Foundation financial statements can be obtained by contacting: Auraria Foundation, Box 173361 Campus Box A, Denver, Colorado 80217-3361.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 1: Summary of Significant Accounting Policies, Continued

Use of Estimates

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

Cash Equivalents

The Center considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2004 and 2003, cash equivalents consisted primarily of U.S. Treasury money market funds, certificates of deposit and a repurchase agreement.

Investments and Investment Income

Investments in equity and debt securities are carried at cost, which approximates fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

Investment income consists of interest and dividend income and realized gains and losses.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and restricted investments consist of bond proceeds restricted for project construction and debt service reserves.

Accounts Receivable

At June 30, accounts receivable consists of:

	<u>2004</u>	<u>2003</u>
Constituent institutions	\$ 361,224	521,836
At State Central Collections	614,076	455,886
Book Center credit memos due from vendors	421,244	387,326
Auxiliary enterprises	537,521	266,266
Interest	285,642	179,159
Auraria Foundation	-	127,914
Other	<u>256,435</u>	<u>426,370</u>
	<u>\$ 2,476,142</u>	<u>2,364,757</u>

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 1: Summary of Significant Accounting Policies, Continued

Accounts Receivable, Continued

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is based on past experience and analysis of the collectibility of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms. Accounts receivable is recorded net of the following related allowances for doubtful accounts at June 30:

	<u>2004</u>	<u>2003</u>
Prior year parking fines	\$ 448,205	318,151
Book Center bad checks	73,924	85,882
Child Care Center and other auxiliaries	68,471	64,222
Tivoli Student Union building accounts	17,471	16,841
Book Center credit memos	<u>8,242</u>	<u>5,490</u>
	\$ <u>616,313</u>	<u>490,586</u>

Inventories

Book Center inventory is carried at the lower of cost or market. Supply inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid Expenses

Prepaid expenses consist primarily of summer student bus pass fees and utility fees paid in advance.

Deferred Debt Issue Costs

Debt issue costs incurred on the revenue bond issues and capital leases have been deferred and are being amortized over the life of the bonds using the straight-line method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Center:

Land improvements	5 – 20 years
Buildings and improvements	27.5 – 40 years
Equipment	3 – 10 years
Film collections	23.5 years

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 1: Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

The Center capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized during the years ended June 30, 2004 and 2003 was \$514,063 and \$187,370, respectively.

Accrued Salaries

State Senate Bill 03-197 required monthly and bi-weekly salaries for June that would normally be paid at the end of June to be paid in July. This resulted in an accrual of \$1,353,990 and \$1,131,384 that was included in accounts payable and accrued liabilities at June 30, 2004 and 2003, respectively.

Compensated Absences

Center employees may accrue annual and sick leave based on length of service and subject to certain limitations regarding the amount that will be paid upon termination. The estimated cost of compensated absences for which employees are vested at June 30, 2004 and 2003 is \$1,116,474 and \$1,146,862, respectively. Operating income for the years ended June 30, 2004 and 2003 includes \$(30,389) and \$(145,785), respectively, representing the decrease in the estimated compensated absence liability.

Deferred Revenue

Deferred revenue represents unearned fees and advance payments for which the Center has not earned the revenue. Deferred revenue for the years ended June 30 includes the following:

	<u>2004</u>	<u>2003</u>
Student fees for the summer semester	\$ 229,051	259,940
RTD bus pass fees	77,776	78,677
Advance payments from constituent institutions for remodeling work	-	82,872
Advance rent for Tivoli Student Union space	<u>32,301</u>	<u>-</u>
	<u>\$ 339,128</u>	<u>421,489</u>

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 1: Summary of Significant Accounting Policies, Continued

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) transfers from constituent institutions for use of facilities and services, (2) student fees and (3) sales and services of auxiliary enterprises.

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

Functional Allocation of Expenses

The costs of supporting the various services and other activities of the Center have been summarized on a functional basis in the statements of revenues, expenses and changes in net assets. Costs for each category are directly tracked by cost center in the Center's accounting system.

Income Taxes

As a state institution of higher education, the income of the Center is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the Center is subject to federal income tax on any unrelated business taxable income.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

Note 2: Deposits, Investments and Investment Return

Deposits

At June 30, 2004, the carrying value of the Center's deposits was \$13,889,759. It consists of \$12,248,733 on deposit with the State Treasurer, \$1,588,235 in bank deposits and \$52,791 of cash on hand. The Center's bank balance at June 30, 2004 was \$1,370,978. The bank balance classified by custodial credit risk category includes \$100,000 covered by federal depository insurance and \$1,270,978 covered by collateral held by the pledging institutions' trust departments in the name of the public deposit pool as required by the Public Deposit Protection Act.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 2: Deposits, Investments and Investment Return, Continued

Investments

The Center has authority to invest in equity or non-equity investments as authorized by the Director of Business Services. The Center's investments are categorized to give an indication of the level of custodial credit risk assumed by the Center. Category 1 includes investments that are insured or registered or for which the securities are held by the Center or its agent in the Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department in other than the Center's name, by the broker/dealer, by the dealer bank or by another bank that is a subsidiary of the same holding company as the dealer bank.

Investments at June 30, 2004 total \$42,381,433 and consist of \$35,143,653 in the State investment pool, \$5,282,466 in U.S. Government Securities and \$1,955,314 in commercial paper. All investments are Category 2 investments and are carried at fair value.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of net assets for the years ended June 30 as follows:

	<u>2004</u>	<u>2003</u>
Deposits	\$ 13,889,759	18,802,491
Investments	<u>42,381,433</u>	<u>28,698,732</u>
	\$ <u>56,271,192</u>	<u>47,501,223</u>

Deposits and investments are included in the following categories in the statements of net assets for the ended June 30 as follows:

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 12,532,197	19,748,395
Restricted cash and cash equivalents, non-current	1,357,562	1,282,317
Restricted investments, non-current	<u>42,381,433</u>	<u>26,470,511</u>
	\$ <u>56,271,192</u>	<u>47,501,223</u>

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 2: Deposits, Investments and Investment Return, Continued

Investment Income

Investment income for the years ended June 30 consists of:

	<u>2004</u>	<u>2003</u>
Interest and dividend income	\$ 1,063,464	555,838
Net decrease in fair value of investment	<u>-</u>	<u>(152,692)</u>
	1,063,464	403,146
Income capitalized	<u>(771,703)</u>	<u>-</u>
	<u>\$ 291,761</u>	<u>403,146</u>

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2004 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>Ending Balance</u>
Land	\$ 11,648,961	104,000	-	-	11,752,961
Land improvements	18,462,283	-	-	3,988,297	22,450,580
Buildings and improvements	195,318,615	-	-	12,323,496	207,642,111
Equipment	4,759,325	730,371	(182,757)	-	5,306,939
Film collection	566,989	-	-	-	566,989
Construction in progress	<u>3,772,445</u>	<u>17,014,511</u>	<u>-</u>	<u>(16,311,793)</u>	<u>4,475,163</u>
	234,528,618	17,848,882	(182,757)	-	252,194,743
Less accumulated depreciation:					
Land improvements	9,938,605	738,316	-	-	10,676,921
Buildings and improvements	81,593,067	6,867,947	-	-	88,461,014
Equipment	2,616,626	466,166	(182,757)	-	2,900,035
Film collection	<u>277,463</u>	<u>24,127</u>	<u>-</u>	<u>-</u>	<u>301,590</u>
	<u>94,425,761</u>	<u>8,096,556</u>	<u>(182,757)</u>	<u>-</u>	<u>102,339,560</u>
Net capital assets	<u>\$ 140,102,857</u>	<u>9,752,326</u>	<u>-</u>	<u>-</u>	<u>149,855,183</u>

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 3: Capital Assets, Continued

Capital asset activity for the year ended June 30, 2003 is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	Ending <u>Balance</u>
Land	\$ 9,620,437	2,028,524	-	-	11,648,961
Land improvements	15,870,243	327,603	-	2,264,437	18,462,283
Buildings and improvements	194,300,686	20,007	-	997,922	195,318,615
Equipment	4,868,185	581,217	(690,077)	-	4,759,325
Film collection	566,989	-	-	-	566,989
Construction in progress	<u>1,370,051</u>	<u>5,664,753</u>	<u>-</u>	<u>(3,262,359)</u>	<u>3,772,445</u>
	226,596,591	8,622,104	(690,077)	-	234,528,618
Less accumulated depreciation:					
Land improvements	9,358,802	579,803	-	-	9,938,605
Buildings and improvements	74,690,556	6,902,511	-	-	81,593,067
Equipment	2,582,592	592,229	(558,195)	-	2,616,626
Film collection	<u>253,335</u>	<u>24,128</u>	<u>-</u>	<u>-</u>	<u>227,463</u>
	<u>86,885,285</u>	<u>8,098,671</u>	<u>(558,195)</u>	<u>-</u>	<u>94,425,761</u>
Net capital assets	\$ <u>139,711,306</u>	<u>523,433</u>	<u>(131,882)</u>	<u>-</u>	<u>140,102,857</u>

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 4: Long-term Liabilities

The following is a summary of long-term obligation transactions for the Center for the year ended June 30, 2004:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue bonds payable:					
Series 1996	\$ 15,837,528	14,929	(360,000)	15,492,457	360,071
Series 2000	6,926,390	4,191	-	6,930,581	(4,191)
Series 2003					
Parking	14,155,976	102,443	(1,475,000)	12,783,419	1,437,886
Series 2003					
Student Fee	23,343,193	4,855	(815,000)	22,533,048	830,145
Series 2004					
Parking	<u>-</u>	<u>19,466,049</u>	<u>-</u>	<u>19,466,049</u>	<u>(4,086)</u>
Total revenue bonds payable	60,263,087	19,592,467	(2,650,000)	77,205,554	2,619,825
Capital lease obligations	<u>18,554,049</u>	<u>721,763</u>	<u>(725,523)</u>	<u>18,550,289</u>	<u>918,154</u>
Total bonds and Capital leases	<u>78,817,136</u>	<u>20,314,230</u>	<u>(3,375,523)</u>	<u>95,755,843</u>	<u>3,537,979</u>
Other non-current liabilities:					
Compensated absences	<u>1,146,862</u>	<u>-</u>	<u>(30,388)</u>	<u>1,116,474</u>	<u>83,814</u>
Total non-current liabilities	\$ <u>79,963,998</u>	<u>20,314,230</u>	<u>(3,405,911)</u>	<u>96,872,317</u>	<u>3,621,793</u>

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

The following is a summary of long-term obligation transactions for the Center for the year ended June 30, 2003:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue bonds payable:					
Series 1993	\$ 15,835,000	-	(15,835,000)	-	-
Series 1996	16,157,598	14,930	(335,000)	15,837,528	345,071
Series 2000	6,922,200	4,190	-	6,926,390	(4,191)
Series 2003					
Parking	-	14,165,628	(9,652)	14,155,976	1,332,591
Series 2003 Student Fee	-	<u>23,343,193</u>	-	<u>23,343,193</u>	<u>810,145</u>
Total revenue bonds payable	38,914,798	37,527,941	(16,179,652)	60,263,087	2,483,616
Capital lease obligations	<u>18,947,084</u>	<u>25,583</u>	<u>(418,618)</u>	<u>18,554,049</u>	<u>612,198</u>
Total bonds and capital leases	<u>57,861,882</u>	<u>37,553,524</u>	<u>(16,598,270)</u>	<u>78,817,136</u>	<u>3,095,814</u>
Other non-current liabilities:					
Compensated absences	1,292,647	-	(145,785)	1,146,862	86,095
Other	<u>2,148</u>	-	<u>(2,148)</u>	-	-
Total non-current liabilities	\$ <u>59,156,677</u>	<u>37,553,524</u>	<u>(16,746,203)</u>	<u>79,963,998</u>	<u>3,181,909</u>

Revenue Bonds Payable

The Center had the following bonds outstanding at June 30, 2004:

- Ø Student Fee Revenue Refunding Bonds, Series 1996 (Series 1996 Bonds)
- Ø Parking Facilities System Revenue Bonds, Series 2000 (Series 2000 Bonds)
- Ø Parking Enterprise Refunding Revenue Bonds, Series 2003 (Series 2003 Parking Bonds)
- Ø Student Fee Revenue Bonds, Series 2003 (Series 2003 Student Fee Bonds)
- Ø Parking Enterprise Refunding Revenue Bonds, Series 2004 (Series 2004 Parking Bonds)

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Series 1996 Bonds

On February 15, 1996, the Center issued \$18,030,000 in Series 1996 Bonds for the purpose of refunding \$10,480,000 of Student Fee Revenue Bonds, Series 1991B (Series 1991B Bonds), \$1,850,000 of Student Fee Revenue Bonds, Series 1992 (Series 1992 Bonds) and \$3,975,000 of Student Fee Revenue Bonds, Series 1989 (Series 1989 Bonds). The Center refunded and defeased in substance these bonds by placing the proceeds of the Series 1996 Bonds in an irrevocable trust to provide for all future debt service payments on the Series 1991B, Series 1992 and Series 1989 Bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Center's financial statements. On May 1, 2000, the outstanding Series 1989 Bonds were called. At June 30, 2004, the following amounts of bonds outstanding are considered defeased:

Series 1991 B Bonds	\$ 8,175,000
Series 1992 Bonds	<u>1,240,000</u>
	\$ <u>9,415,000</u>

The Series 1996 Bonds are payable in semiannual installments with annual principal payments ranging from \$335,000 to \$1,560,000 and interest ranging from 4.50 percent to 5.30 percent. The final installment is due May 1, 2021. Bonds maturing on or after May 1, 2007 can be called for redemption at the option of the Center's Board of Directors, in whole at any time or in part on any interest payment date on or after May 1, 2006. A premium of one percent of principal will be paid on redemption's from May 1, 2006 through April 30, 2007. The bonds are redeemable at par thereafter. The Series 1996 Bonds are collateralized by revenues from student fees assessed for student facilities and from an agreement with the Department of Housing and Urban Development. The Bond Resolution requires that the collateral exceed 1.25 of the combined maximum annual debt service on the outstanding bonds during the fiscal year.

At June 30, 2004 and 2003, the Series 1996 Bonds are shown net of a discount of \$252,544 and \$267,473, respectively, and have related unamortized issue costs of \$202,382 and \$214,838, respectively.

Series 2000 Bonds

On December 7, 2000, the Center issued \$7,020,000 in Series 2000 Bonds for the purpose of financing the costs of improving the Center's parking facilities. The Series 2000 Bonds are payable in semiannual installments with annual principal payments ranging from \$315,000 to \$1,330,000 and interest ranging from 5.0 percent to 5.5 percent. The final installment is due April 1, 2026. Bonds maturing on or after April 1, 2010 can be called for redemption at par at the option of the Center's Board of Directors, in whole or in part at any time on or after April 1, 2010. The Series 2000 Bonds are collateralized by revenues from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Series 2000 Bonds, Continued

At June 30, 2004 and 2003, the Series 2000 Bonds are shown net of a discount of \$89,418 and \$93,609, respectively, and have related unamortized issue costs of \$172,932 and \$181,038, respectively.

Series 2003 Parking Bonds

On January 30, 2003, the Center issued Series 2003 Parking Bonds in the amount of \$14,805,000 for the purpose of refunding \$15,835,000 of Series 1993 Bonds. The Center refunded those bonds by placing the proceeds of the Series 2003 Parking Bonds and amounts held in reserve related to the Series 1993 Bonds (total \$16,360,146) in an irrevocable trust to provide for the early redemption of the Series 1993 Bonds. As a result, the Series 1993 Bonds are considered defeased and the liability for those bonds has been removed from the Center's statements of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$766,420, and was recorded as a loss on the refinancing of the bonds. The loss is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2012. The Center completed the advance refunding to reduce its total debt service payments by \$4.77 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4.14 million.

On April 1, 2003, the outstanding Series 1993 Bonds were called at 101% of their face value.

The Series 2003 Parking Bonds are due in semiannual installments with annual principal payments ranging from \$1,475,000 to \$1,855,000 and interest ranging from 2.50 percent to 3.625 percent. The final installment is due April 1, 2012. The Series 2003 Parking Bonds are collateralized by revenues from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2004 and 2003, the Series 2003 Parking Bonds are shown net of unamortized premium of \$77,217 and \$86,869, respectively, unamortized deferred loss on refinancing of \$654,127 and \$735,893, respectively, and have related unamortized issue costs of \$165,419 and \$186,098, respectively.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Series 2003 Student Fee Bonds

On April 29, 2003, the Center issued \$23,450,000 in Series 2003 Student Fee Bonds for the purpose of financing the costs of various renovation projects and capital improvements to the Tivoli Student Union. The Series 2003 Student Fee Bonds are payable in semiannual installments with annual principal payments ranging from \$815,000 to \$2,725,000 and interest ranging from 2.0 percent to 4.5 percent. The final installment is due May 1, 2025. Bonds maturing on or after May 1, 2014 can be called for redemption at par at the option of the Center's Board of Directors, in whole or in part at any time on or after May 1, 2013. The Series 2003 Student Fee are collateralized by revenues from student fees assessed for student facilities, revenues from an agreement with the Department of Housing and Urban Development and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2004 and 2003, the Series 2003 Student Fee Bonds are shown net of a discount of \$101,952 and \$106,807, respectively, and have related unamortized issue costs of \$308,918 and \$323,628, respectively.

Series 2004 Parking Bonds

On March 10, 2004, the Center issued Series 2004A and 2004B Parking Enterprise Revenue Bonds in the amounts of \$6,550,000 and \$13,012,401, respectively, for the acquisition, construction and equipping of an 850 car parking garage to be located at the Center and to relocate and construct eight tennis courts at the Center.

Interest on the Series 2004A bonds is payable in semiannual installments commencing on April 1, 2004. The principal amount of \$6,550,000 is due on April 1, 2029. The series 2004B bonds accrete in value from the date of issuance, compounding semiannually, beginning April 1, 2004. Principal payments begin on April 1, 2012 and range from \$518,455 to \$4,330,000. Interest payments also begin on April 1, 2012 and range from 3.63% to 5.18%. The final installment is due April 1, 2028. The Series 2004A and 2004B Parking Bonds are collateralized by revenues from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2004, the Series 2004 Parking Bonds are shown net of a discount of \$96,352, and have related unamortized issue costs of \$496,358.

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Bond Maturity Schedule

Debt service to maturity for all as of June 30, 2004 is as follows:

<u>Years Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 5,530,388	2,720,000	2,810,388
2006	5,533,312	2,795,000	2,738,312
2007	5,538,742	2,875,000	2,663,742
2008	5,537,652	2,960,000	2,577,652
2009	5,529,934	3,050,000	2,479,934
2010-2014	29,146,301	17,220,244	11,926,057
2015-2019	27,160,068	15,877,867	11,282,201
2020-2024	27,170,251	17,799,267	9,370,984
2025-2029	<u>18,404,968</u>	<u>12,995,023</u>	<u>5,409,945</u>
	129,551,616	78,292,401	51,259,215
Less unamortized discount/premium and deferred loss on refinancing	<u>1,086,847</u>	<u>1,086,847</u>	<u>-</u>
	<u>\$ 128,464,769</u>	<u>77,205,554</u>	<u>51,259,215</u>

Capital Lease Obligations

The Center is obligated under leases accounted for as capital leases. Assets under capital leases are included in the statement of net assets at June 30, 2004 as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Administrative facility	\$ 15,518,172	2,534,819	12,983,353
Equipment	<u>2,282,655</u>	<u>780,848</u>	<u>1,501,807</u>
	<u>\$ 17,800,827</u>	<u>3,315,667</u>	<u>14,485,160</u>

Energy Certificates

On October 15, 1996, the Center entered into an agreement with the Auraria Foundation to finance certain energy saving modifications to heating, ventilation and air conditioning and lighting equipment in Campus buildings. The Foundation acted as an intermediary in the issuance of Certificates of Participation (Energy Certificates) in the amount of \$2,130,000 to fund the improvements. Under the terms of the Energy Certificates, the Center is directly liable for the repayment of the debt and has title to the equipment and improvements. Interest rates on the Energy Certificates range from 4.85 percent to 5.20 percent.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Energy Certificates, Continued

At June 30, 2004 and 2003, the Energy Certificates are shown net of a discount of \$2,264 and \$3,040, respectively, and have related unamortized issue costs of \$24,179 and \$32,470, respectively.

Administrative Facility Certificates

On May 1, 1998, the Center entered into an agreement with the Auraria Foundation to finance the acquisition, construction and equipping of an Administrative Office Facility. The Foundation acted as an intermediary in the issuance of Certificates of Participation (Administrative Facility Certificates) in the amount of \$16,905,000 to fund the project. The Administrative Facility Certificates and the interest thereon are payable solely from annually appropriated base rentals to be paid by the Center. Upon full payment of the base rentals or the purchase option price, the Foundation will transfer and convey the office facility to the Center. Interest rates on the Administrative Facility Certificates range from 4.50 percent to 5.125 percent.

Approximately 75 percent of the Administrative Office Facility is occupied by the Center's three constituent institutions. It is anticipated that the institutions will share in the costs of debt service and operations of the facility through their annual allocation of State appropriated funds to the Center.

At June 30, 2004 and 2003, the Administrative Facility Certificates are shown net of a discount of \$408,480 and \$425,619, respectively, and have related unamortized issue costs of \$243,426 and \$253,014, respectively.

Equipment Leases

The Center has also entered into lease-purchase contracts for telephone and copier equipment. The interest rate on those leases is 10.01 percent and 9.13 percent in fiscal years 2004 and 2003, respectively.

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 4: Long-term Liabilities, Continued

Future Minimum Lease Payments

The following is a schedule of future minimum lease payments under all capital leases for the year ended June 30, 2004:

	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,939,765	928,467	1,003,698
2006	1,944,047	998,089	945,958
2007	2,108,873	1,232,613	876,260
2008	1,375,545	564,269	811,276
2009	1,380,120	602,595	777,525
2010-2014	6,117,406	2,630,000	3,487,406
2015-2019	6,113,025	3,365,000	2,748,025
2020-2024	6,113,494	4,320,000	1,793,494
2025-2029	<u>4,887,594</u>	<u>4,320,000</u>	<u>567,594</u>
	31,979,869	18,961,033	13,011,236
Less unamortized discount	<u>410,744</u>	<u>410,744</u>	-
	<u>\$ 31,569,125</u>	<u>18,550,289</u>	<u>13,011,236</u>

Note 5: Reserve Balances

Reserve balances and requirements for outstanding bond issues at June 30, 2004 are as follows:

	<u>Reserve Balance</u>	<u>Reserve Required</u>
Series 2004, Series 2003 Parking Bonds and Series 2000 Bonds:		
Debt Service Reserve	\$ 4,638,692	4,580,896
Replacement Reserve	\$ 570,151	576,802
Series 2003 Student Fee Bonds and Series 1996 Bonds:		
Repair and Replacement Reserve	\$ 381,447	300,000

The Center has purchased a surety bond as insurance to satisfy the combined debt service reserve requirement of the Series 2003 Student Fee Bonds and Series 1996 Bonds.

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 6: Revenue Bond Fund Information

The following financial information represents identifiable activities for which one or more revenue bonds is outstanding. The accounts related to the Series 2003 and 2000 Parking Facilities Revenue Bonds meet the definition of a segment in GASB Statement No. 34, as amended, and are included below. The bond covenants of the Series 2003 and 1996 Student Fee Revenue Bonds require reporting of the revenues and expenses of bond-related activities. Although this requirement does not qualify the Series 2003 Student Fee and Series 1996 Bonds as a segment, the Center is voluntarily disclosing all the data that it would be required to report if the bonds met the definition of a segment. See Note 4 for a description of the revenue bonds outstanding.

	Series 2003 and 1996 Student Fee Revenue Bonds		Series 2004, 2003, 2000 and 1993 Parking Facilities Revenue Bonds	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	Condensed Statements of Net Assets			
Assets				
Current assets	\$ 6,675,561	11,306,573	5,794,403	9,762,359
Other assets	17,978,291	23,881,835	25,262,661	4,387,207
Capital assets	<u>28,797,174</u>	<u>16,671,779</u>	<u>25,692,330</u>	<u>22,992,021</u>
Total assets	<u>53,451,026</u>	<u>51,860,187</u>	<u>56,749,394</u>	<u>37,141,587</u>
Liabilities				
Current liabilities	6,099,200	3,527,880	2,520,240	2,332,098
Non-current liabilities	<u>37,597,918</u>	<u>38,288,969</u>	<u>37,814,464</u>	<u>19,816,285</u>
Total liabilities	<u>43,697,118</u>	<u>41,816,849</u>	<u>40,334,704</u>	<u>22,148,383</u>
Net assets				
Invested in capital assets net of related debt	5,209,586	791,059	7,738,309	5,025,124
Restricted – expendable	937,504	70,535	2,809,856	933,385
Unrestricted	<u>3,606,818</u>	<u>9,181,744</u>	<u>5,866,525</u>	<u>9,034,695</u>
Total net assets	\$ <u>9,753,908</u>	<u>10,043,338</u>	<u>16,414,690</u>	<u>14,993,204</u>
Condensed Statements of Revenues, Expenses and Changes in Net Assets				
Operating revenues	\$ 24,523,080	25,758,737	7,571,695	7,239,384
Operating expenses	(22,708,612)	(20,944,325)	(4,671,757)	(2,711,911)
Depreciation	<u>(1,358,583)</u>	<u>(1,087,740)</u>	<u>(856,236)</u>	<u>(742,627)</u>
Operating income	\$ <u>455,885</u>	<u>3,726,672</u>	<u>2,043,702</u>	<u>3,784,846</u>

(Continued)

Auraria Higher Education Center
Notes to Financial Statements, Continued

Note 6: Revenue Bond Fund Information, Continued

	Series 2003 and 1996 Student		Series 2004, 2003, 2000 and	
	Fee Revenue Bonds		1993 Parking Facilities	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Non-Operating Revenues				
(Expenses)				
Capital Grants	\$ 168,440	168,440	-	-
Investment income	76,140	291,221	206,785	95,559
Loss on disposal of assets	-	-	-	(113,593)
Interest expense on capital debt	(989,895)	(1,057,088)	(829,001)	(889,165)
Transfers	-	(123,355)	-	69,955
Total other revenues	<u>(745,315)</u>	<u>(720,782)</u>	<u>(622,216)</u>	<u>(837,244)</u>
Change in net assets	(289,430)	3,005,890	1,421,486	2,947,602
Net assets, beginning of year	<u>10,043,338</u>	<u>7,037,448</u>	<u>14,993,204</u>	<u>12,045,602</u>
Net assets, end of year	\$ <u>9,753,908</u>	<u>10,043,338</u>	<u>16,414,690</u>	<u>14,993,204</u>
Condensed Statements of				
Cash Flows				
Net cash flows provided by operating activities	\$ 2,699,750	4,858,842	2,228,719	4,463,900
Net cash flows provided by (used in) capital and related financing activities	(12,674,225)	20,170,053	13,812,932	(7,711,215)
Net cash flows provided by (used in) investing activities	<u>6,062,119</u>	<u>(23,231,392)</u>	<u>(20,651,465)</u>	<u>2,942,280</u>
Net increase (decrease) in cash	(3,912,356)	1,797,503	(4,609,814)	(305,035)
Cash and cash equivalents, beginning of year	<u>8,297,036</u>	<u>6,499,533</u>	<u>10,522,362</u>	<u>10,827,397</u>
Cash and cash equivalents, end of year	\$ <u>4,384,680</u>	<u>8,297,036</u>	<u>5,912,548</u>	<u>10,522,362</u>

Note 7: State Appropriations and Allocations from Other State Agencies

The Colorado State General Assembly establishes spending authority to the Center in its annual Long Appropriations Bill. Long Bill appropriated funds may include an amount from the State of Colorado's General fund as well as certain cash funds. The source of nearly all appropriated funds for the Center is cash, primarily in the form of appropriated funds transferred from the constituent institutions. Other sources of appropriated cash funds are the sale of goods and services and certain other revenues.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 7: State Appropriations and Allocations from Other State Agencies, Continued

For the year ended June 30, 2004, appropriated expenditures were within the authorized spending authority. The Center had a total current funds appropriation of \$13,473,599. Expenditures that, for the purposes of State spending authority, are defined as expenditures and transfers for the retirement of long-term debt and the purchase of capital assets exclusive of changes in the compensated absence liability plus any increase or minus any decrease in fund balance, were \$13,317,771.

All other revenues, expenditures and transfers reported by the Center represent non-appropriated funds and are excluded from the annual appropriations bill.

Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain revenues of auxiliary, self-funding activities and miscellaneous revenues.

Note 8: The Auraria Foundation

The Auraria Foundation (the Foundation) is a legally separate, tax-exempt component unit of the Auraria Higher Education Center. The Foundation was organized and incorporated in 1983 for the purpose of receiving gifts, legacies and grants of money and property and administering those exclusively for educational purposes entirely benefiting the Center and its constituent institutions. Although the Center does not control the timing or amount of receipts from the Foundation, the majority of resources that the Foundation hold and invests are restricted to the activities of the Center. Therefore, the Foundation is considered a component unit of the Center and is discretely presented in the Center's financial statements. The Chairman of the Board of Directors of the Center and the Center's Executive Vice President of Administration serve on the Foundation's ten-person Board of Directors.

The Foundation has a contract with the Center under which the Center provides staff for the management of the Foundation. Under that agreement, the Foundation paid the Center \$14,000 during each of the years ended June 30, 2004 and 2003. In addition, the Foundation paid the Center \$114,000 during 2003 for the reimbursement of expenses associated with the St. Francis Center, a building on the Auraria Campus which is owned by the Foundation. In April, 2003, the Foundation entered into an agreement with the Center whereby the Center would take over the scheduling and hosting of events held at the St. Francis Center. During fiscal year 2004, the Center paid the Foundation \$38,625 for the use of the St. Francis Center.

The Center received capital gifts of \$10,505 from the Foundation during the year ended June 30, 2003. The Center paid the Foundation \$25,000 during each of the years ended June 30, 2004 and 2003, for rent of meeting space, building repairs and fees related to the financing of the administrative office facility.

The Foundation, in conjunction with the Colorado Postsecondary Educational Facilities Authority and the Colorado Educational and Cultural Facilities Authority, has issued tax-exempt bonds for the purchase of buildings that are leased to one of the Center's constituent institutions.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 9: Pension Plan

Plan Description

Virtually all Center employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan, administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

Plan members vest after 5 years of service and most are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service or at age 65 with 5 years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one twelfth of the average of the highest salaries on which contributions were paid, associated with 3 periods of 12 consecutive months of service credit.

Funding Policy

Most employees contribute 8.0 percent of their gross covered wages to an individual account in the plan. During fiscal year 2004, the state contributed 10.04 percent of the employee's gross covered wages. Before January 1, 2003, 1.64 percent was allocated to the Health Care Trust Fund, and after January 1, 2003, 1.1 percent was allocated to the Health Care Trust Fund. Throughout the fiscal year, the amount needed to meet the match requirement established by the PERA Board was allocated to the Matchmaker program (see Note 10 below.) The balance remaining after allocations to the Matchmaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

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

The Center's contributions to the three programs described above for the fiscal years ending June 30, 2004, 2003 and 2002 were \$1,201,917, \$1,387,899 and \$1,351,344, respectively. These contributions met the contribution requirement for each year.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 9: Pension Plan, Continued

Disabled members that have 5 or more years of service credit, 6 months of which has been earned since the most recent period of membership, may receive retirement benefits if they are determined to be permanently disabled. If a member dies before retirement, his spouse or eligible children under the age of 18 (23 if a full time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

Note 10: Voluntary Tax-Deferred Retirement Plans

Beginning on January 1, 2001, the Matchmaker Program established a state match for PERA member's voluntary contributions to tax-deferred retirement plans. For calendar years 2002 and 2001, the match was 100 percent of up to 3 percent of the employee's gross covered wages paid during the month. For calendar 2004, the match was 100 percent of up to 1 percent of the employee's gross covered wages paid during the month. The PERA Board sets the level of the match annually based on the actuarial funding of the defined benefit pension plan. Two percent of gross salary plus 50 percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match. While the plan was not overfunded, the maximum one-year change in the match rate is statutorily limited to one percent, and therefore, the match changed from 2 percent to 1 percent. PERA offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer a 403(b) plan. Members who contribute to any of these plans also receive the state match.

Note 11: Postretirement Health Care and Life Insurance Benefits

Health Care Program

PERACare (formerly known as the PERA Health Care Program) began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During fiscal year 2004, the premium subsidy was \$115.00 for those with 20 years of service credit (\$230.00 for members under age 65), and it was reduced by 5 percent for each year of service fewer than 20. Medicare eligibility also affects the premium subsidy.

The Health Care Trust Fund is maintained by an employer's contribution as discussed above in Note 9.

Auraria Higher Education Center

Notes to Financial Statements, Continued

Note 11: Postretirement Health Care and Life Insurance Benefits, Continued

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans and with health maintenance organizations providing services within Colorado. As of December 31, 2003, there were 37,067 enrollees in the plan.

Life Insurance Program

PERA provides its members access to two group life insurance plans offered by Prudential and Anthem Life (formerly known as Rocky Mountain Life). Members may join one or both plans, and they may continue coverage into retirement. Premiums are collected monthly by payroll deduction or other means.

Note 12: Risk Management

The Center is subject to risks of loss from liability for accident, property damage and personal injury. These risks are managed by the State Division of Risk Management, an agency formed by statute and funded by the Long Appropriations Bill. Therefore, the Center is not required to obtain insurance and, accordingly, no reduction occurred in coverage nor did any settlements exceed coverage. The Center does not retain risk of loss except for damage incurred to property belonging to the State, limited to a \$1,000 deductible per incident.

The State Division of Risk Management is deemed to be a public entity risk pool; therefore, under the Governmental Immunity Act, the Center is protected from suit by the Doctrine of Sovereign Immunity except under certain circumstances in which immunity is waived.

Note 13: Litigation

The Center is at times involved in litigation arising from the normal course of business. Management has consulted with legal counsel and estimates that these matters will be resolved without a material impact on the operations or financial position of the Center.

**Report on Compliance and on Internal
Control Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of the Legislative Audit Committee:

We have audited the basic financial statements of Auraria Higher Education Center (the Center) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 12, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Auditor's Findings and Recommendations as Recommendations Nos. 1 and 2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions considered to be material weaknesses. However, we consider Recommendations Nos. 1 and 2 to be material weaknesses.

Members of the Legislative Audit Committee

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Audit Committee and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record upon release by the Legislative Audit Committee.

October 12, 2004

REQUIRED COMMUNICATION LETTER

October 12, 2004

Members of the Legislative Audit Committee:

We have audited the basic financial statements of Auraria Higher Education Center (the Center), a blended component unit of the State of Colorado, for the year ended June 30, 2004 and have issued our report thereon dated October 12, 2004.

Our professional standards require that we provide you with information about significant matters related to our audit in order to assist you with your oversight responsibilities of the financial reporting process, and to comply with our professional responsibilities to the Members of the Legislative Audit Committee. We have prepared the following comments:

Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*, Issued by the Comptroller General of the United States.

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally Accepted Accounting Principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

In planning our audit, we considered the internal control of the Center for the purpose of determining our audit procedures and not to provide any assurance concerning internal control. Our comment on the Center's internal control can be found on page 7 of this document.

Significant Accounting Policies

The Center's significant accounting policies are discussed in Note 1 to the Center's 2004 financial statements. During fiscal year 2004, the Center adopted GASB 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Auraria Foundation are attached to the Center's financial statements.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management's use of estimates is disclosed in the notes to the basic financial statements, and include estimates for items such as allowances for doubtful accounts, useful lives of capital assets, and compensated absences. We have performed analytical procedures and made inquiries related to significant estimates.

Audit Adjustments

Our audit was designed to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. In addition, we are obligated by generally accepted auditing standards to inform you of any adjustments arising from the audit that could, in our judgment, either individually or in the aggregate, have a significant effect on the Center's reporting process. All proposed audit adjustments (whether recorded or uncorrected) were reviewed with management. Audit adjustments were posted to the following financial statement line items:

- § Cash and restricted cash
- § Beginning fund balance
- § Construction in progress
- § Interest expense
- § Interest income
- § Accounts receivable
- § Accounts payable
- § Deferred revenue
- § Prepaid expense
- § Current and long-term liabilities

In addition, we are obligated by generally accepted auditing standards to inform you about uncorrected misstatements (regardless of whether they have a significant effect on the financial reporting process) aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There were 12 uncorrected misstatements aggregated by us during our current audit and pertaining to the most recent period presented in the basic financial statements which would have increased net assets and the change in net assets by \$192,972, on the Center's basic financial statements at June 30, 2004. These uncorrected misstatements, in our judgment, are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. Attached is a summary of uncorrected misstatements.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to the Center's basic financial statements or our report on those financial statements.

Consultations with Other Accountants

We are not aware of any consultations management may have had with other accountants on the application of U.S. generally accepted accounting principles and U.S. generally accepted auditing standards.

Major Issues Discussed with Management Prior to Retention

There were no major issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

Difficulties Encountered in Performing the Audit

Difficulties were encountered during the audit, including:

- § The items requested for our final fieldwork were not prepared by the client prior to beginning the audit.
- § The required exhibits to the State Controller's Office were not prepared by the client prior to beginning the audit.
- § The financial statements were not prepared prior to the audit and required numerous adjustments during the audit.

* * * * *

This report is intended solely for the information and use of the Legislative Audit Committee, the Board of Directors, and management of the Center, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record upon release by the Legislative Audit Committee.

**AURARIA HIGHER EDUCATION CENTER
SUMMARY OF UNCORRECTED
FINANCIAL STATEMENT MISSTATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Change in Net Assets</u>
Balances as reported at June 30, 2004	\$ 208,260,015	102,295,668	105,964,347	(1,565,406)
Known misstatements:				
1 Increase in market value of investments	64,358	-	64,358	64,358
2 Interest expense	-	21,635	(21,635)	(21,635)
3 Amortization expense	22,914	-	22,914	22,914
4 Amortization expense	(30,331)	-	(30,331)	(30,331)
5 Amortization expense	23,019	-	23,019	23,019
6 Amortization expense	(9,793)	-	(9,793)	(9,793)
7 Amortization expense	(8,332)	-	(8,332)	(8,332)
8 Amortization expense	30,329	-	30,329	30,329
9 Bus pass and student bond fees	190,278	190,278	-	-
10 Bus pass and student bond fees - summer 04	252,083	252,083	-	-
11 Compensated absences	-	27,427	27,427	27,427
12 Interest revenue	95,016	-	95,016	95,016
Net Effect of Known Misstatements	<u>629,541</u>	<u>491,423</u>	<u>192,972</u>	<u>192,972</u>
Pro Forma Balances for the Year Ended June 30, 2004	<u>\$ 208,889,556</u>	<u>102,787,091</u>	<u>106,157,319</u>	<u>(1,372,434)</u>

The electronic version of this report is available on the Web site of the
Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number 1603