FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2021 and 2020

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

LEGISLATIVE AUDIT COMMITTEE

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FORT LEWIS COLLEGE

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FORT LEWIS COLLEGE

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the Years Ended June 30, 2021 and 2020

Authority, Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged Dalby, Wendland, & Co., P.C. (DWC) to conduct a financial and compliance audit of Fort Lewis College (the College) for the year ended June 30, 2021. DWC performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. We conducted our fieldwork from June through October 2021.

The purposes and scope of the audit were to:

- Express an opinion on the financial statements of the College as of and for the years ended June 30, 2021 and 2020. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.

The College's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the Fiscal Year 2021 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports Summary

We expressed an unmodified opinion on the College's financial statements as of and for the year ended June 30, 2021.

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

We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses.

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Summary of Findings and Recommendations

There were no reported findings or recommendations resulting from the audit of the College for the year ended June 30, 2021.

Summary of Progress in Implementing Prior Audit Findings

The College's audit report for the year ended June 30, 2020 did not include any findings or recommendations that were required to be implemented during the year ended June 30, 2021.

HISTORY

Fort Lewis College is named for Fort Lewis, a U.S. Army Post established in 1878 at Pagosa Springs, Colorado. Two years later, the military post moved to Hesperus, Colorado, a location more central to Native American settlements and pioneer communities. The U.S. government abandoned the site as a military post in 1891, and in its stead, established Fort Lewis as a school offering free education to Native American students.

By 1911, Congress had deeded the Hesperus site to the State of Colorado, which then established a high school of agriculture under the supervision of the State Board of Agriculture. The school began to offer some college-level courses in 1925, and in 1933, Fort Lewis began to offer college courses exclusively. In 1948, Fort Lewis was officially designated a junior college with its own president.

Fort Lewis moved to the Durango campus in 1956. The first baccalaureate degrees were granted in 1964. In 1986, Fort Lewis joined the Colorado State University System under the governance of the State Board of Agriculture. Colorado State University in Fort Collins and the University of Southern Colorado in Pueblo were sister institutions in the system. In 2002, the Board of Trustees for Fort Lewis College began governance of the College separate from the State Board of Agriculture.

Fort Lewis continues to honor its historic commitment to Native Americans by offering full tuition scholarships to all qualified Native Americans who meet admission requirements. It is the only college in Colorado to do so, as it has for more than 100 years.

Fort Lewis College’s statutory authority is in the Colorado Revised Statutes (CRS) Section 23-52-101.

MISSION AND CORE VALUES

The following have been adopted by the Board of Trustees for Fort Lewis College:

Mission

Students are at the center of Fort Lewis College, where we create inclusive, experiential learning environments that foster innovation, growth, and community engagement.

Core Value Statements

<u>Academic Excellence</u>

- Honor our liberal arts roots by promoting, supporting, and inspiring students to action through interdisciplinary studies and experiential learning
- Respond to disparities in health, wellness, education, and economic outcomes by addressing moral, historical, and ethical aspects of these issues
- Provide a personalized education through work with high-quality faculty and staff
- Foster students’ abilities to confront scientific, social, and environmental challenges through transferable skills in critical thinking, communication, and technical knowledge

Student-Centered Approach

- Value a diversity of cultures and perspectives as a source of intellectual strength and strive to create an inclusive, equitable environment in which students flourish and become resilient
- Challenge each other to think critically, communicate effectively, and solve complex problems
- Create an engaging, supportive, and inclusive environment through a culture of caring and personalization
- Provide accessible higher education to students from a wide variety of backgrounds

Community Engagement

- Honor our historic commitment to Native American and Alaska Native education and work towards reconciling our complicated past
- Connect faculty, staff, and student expertise to a range of community priorities and interests
- Build programs that respond to and serve regional and global needs
- Collaborate across settings to support economic and workforce development
- Learn from and engage in our diverse natural and cultural environments

ENROLLMENT

Enrollment data for the past three years are presented below as undergraduate student full-time equivalents (FTE). Each FTE is equal to 30 credit hours during the fiscal year.

	FY 2020-21	FY 2019-20	FY 2018-19
Resident FTE	1,256	1,292	1,361
Non-Resident FTE	1,603	1,559	1,518
Total FTE Students	2,859	2,851	2,879

STAFFING

Staffing data for the past three years are presented below as employee full-time equivalents (FTE). Each faculty FTE is equal to 24 credit hours taught during the fiscal year. Each staff FTE is equal to working 2,080 hours each fiscal year.

	FY 2020-21	FY 2019-20	FY 2018-19
Faculty FTE	214	195	191
Staff FTE	323	330	316
Total FTE	537	525	507

D&C W
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CPAs and Business Advisors

Grand Junction
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INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Fort Lewis College (the College), an institution of higher education, State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2021 and 2020, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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

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

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, an institution of higher education, State of Colorado, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the College, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the State that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2021 and 2020, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 22 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Pension Liability and the Schedules of College Contributions to the PERA Pension Plan on pages 78 through 79 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* requires that the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefit (OPEB) Liability and the Schedules of College Contributions to the PERA Healthcare Trust Fund on pages 82 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds for the years ended June 30, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College.

The Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds for the years ended June 30, 2021 and 2020 are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

DWC

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

December 1, 2021

This section of Fort Lewis College's (the College) financial report presents management's discussion and analysis for the College's financial position and results of operations as of and for the years ended June 30, 2021 and 2020, with comparative information presented for the year ended June 30, 2019. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and notes.

The presented information relates to the financial activities of the College, a public institution dedicated to the liberal arts and professional education and focuses on the financial condition and results of operations. The financial statements for the Fort Lewis College Foundation (the Foundation), a legally separate organization whose operations benefit the College, are discretely presented within the College's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the College.

The College was established under an agreement with the federal government whereby all qualified Native American students would be admitted tuition free and on terms of equality with other students. The Native American Tuition Funding, included in State and Local Grants and Contracts on the financial statements, represents reimbursement for tuition waived in the previous fiscal year. Tuition from Native American students, reimbursed by the State of Colorado, accounts for approximately 43% of the education and general budget.

Understanding the Financial Statements

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

• ***Report of Independent Auditors*** presents an unmodified opinion prepared by the College's auditors (an independent certified public accounting firm, Dalby, Wendland & Co., P.C.) indicating that the College's financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the Unites States of America.

• ***Statements of Net Position*** present the assets, liabilities, and net position of the College as of June 30, 2021 and 2020. Its purpose is to present a financial snapshot of the College. The statements aid readers in determining the assets available to continue the College's operations; evaluating how much the College owes to vendors and lending institutions; and understanding the College's net position and the availability of assets for expenditure by the College.

• ***Statements of Revenues, Expenses, and Changes in Net Position*** present the total revenues earned and expenses incurred by the College for operating, non-operating, and other related activities for the years ended June 30, 2021 and 2020. The statements purpose is to assess the College's operating results.

• ***Statements of Cash Flows*** present the College's cash receipts and payments for the years ended June 30, 2021 and 2020. The statements purpose is to assess the College's ability to generate net cash flows and meet its payment obligations as they come due.

• ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Note(s). The purpose of the Notes is to clarify and expand on the information in the financial statements.

• ***Required Supplementary Information (RSI)*** presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis as well as certain RSI required by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) including the following:

- Schedules of the College's Proportionate Share of the Net Pension Liability
- Schedules of Contributions Colorado PERA Pension Plan
- Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefit Liability
- Schedules of Contributions Colorado PERA Healthcare Trust Fund

The financial statements of the College include all integral parts of the College's operations. The College applied required criteria to determine whether any organization should be included in the College's reporting entity. Management of the College has considered the criteria described in GASB Statement No. 61, The Financial Reporting Entity: Omnibus and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, paragraph 47, and management of the College has determined that the Foundation meets the criteria to be included in the College's financial statements as a discretely presented component unit.

FINANCIAL HIGHLIGHTS

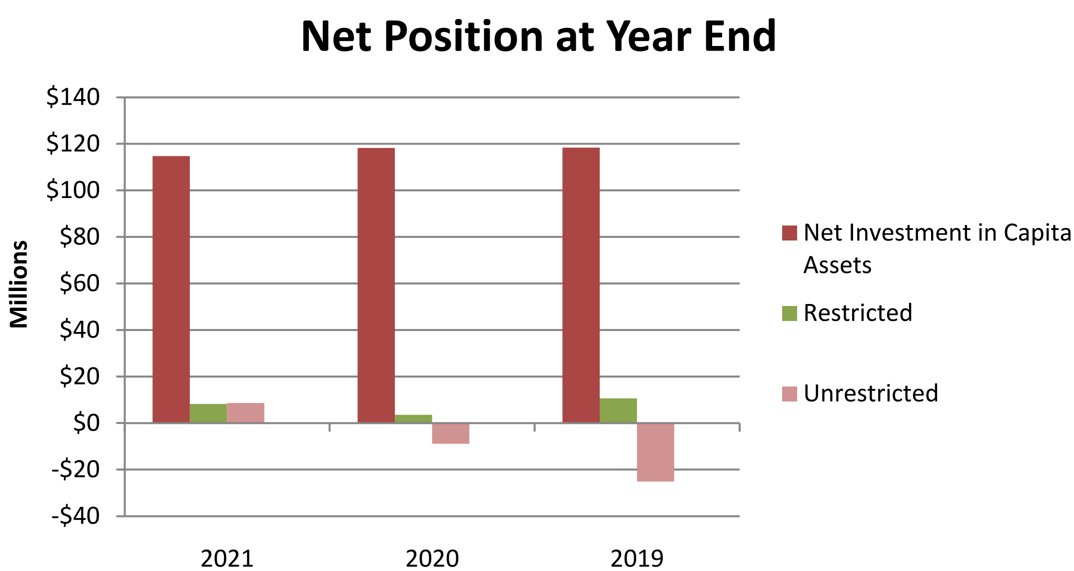
Year Ended June 30, 2021:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2021 by $18.7 million or 17%. There are several factors contributing to this increase. The net increase in Nonoperating Federal Grants and Contracts over the net increase in Operating Loss contributed to $8 million of the increase. The increase in Nonoperating Federal Grants and Contracts revenue is due to Federal Coronavirus relief funding the College received during the fiscal year. The increase in Operating Loss is due to a cut in State funding for the year. There was a reduction of the impact of GASB 68 and GASB 75 on net position which accounted for a $7.9 million reduction in pension expense included within Operating Expenses. Interest Expense decreased by $1.4 million due to the refinancing of the 2016 series bonds. Lastly, State Capital Contribution revenue increased by $1.3 million because construction started on the new Health Science Center building this fiscal year.

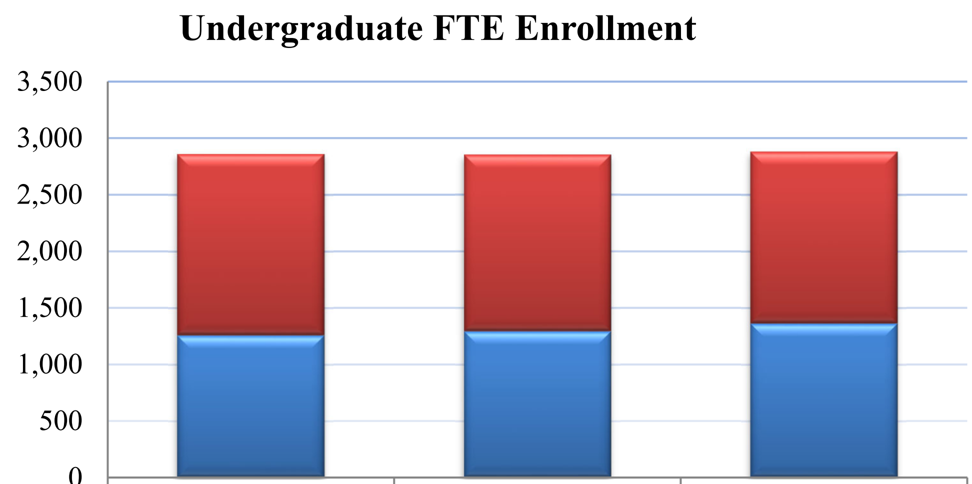
  The unrestricted net position at June 30, 2021 was $8.6 million. Adjusted for the impacts of GASB 68 and GASB 75, unrestricted net position is $35.9 million at June 30, 2021. The effects on Net Position of these GASB statements are reflected in the tables below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	$ 131,601,514	$ 112,866,931
Effects of GASB 68 – Pension – Add Back In	26,047,138	33,871,628
Effects of GASB 75 – OPEB – Add Back In	1,162,675	1,261,006
Net Position Excluding Pension and OPEB	$ 158,811,327	$ 147,999,565

	Fiscal Year 2021	Fiscal Year 2020
Unrestricted Net Position (GAAP Basis)	$ 8,641,900	$ (8,881,708)
Effects of GASB 68 - Pension - Add Back In	26,047,138	33,871,628
Effects of GASB 75 - OPEB - Add Back In	1,162,675	1,261,006
Unrestricted Net Position Excluding Pension and OPEB Expense	$ 35,851,713	$ 26,250,926

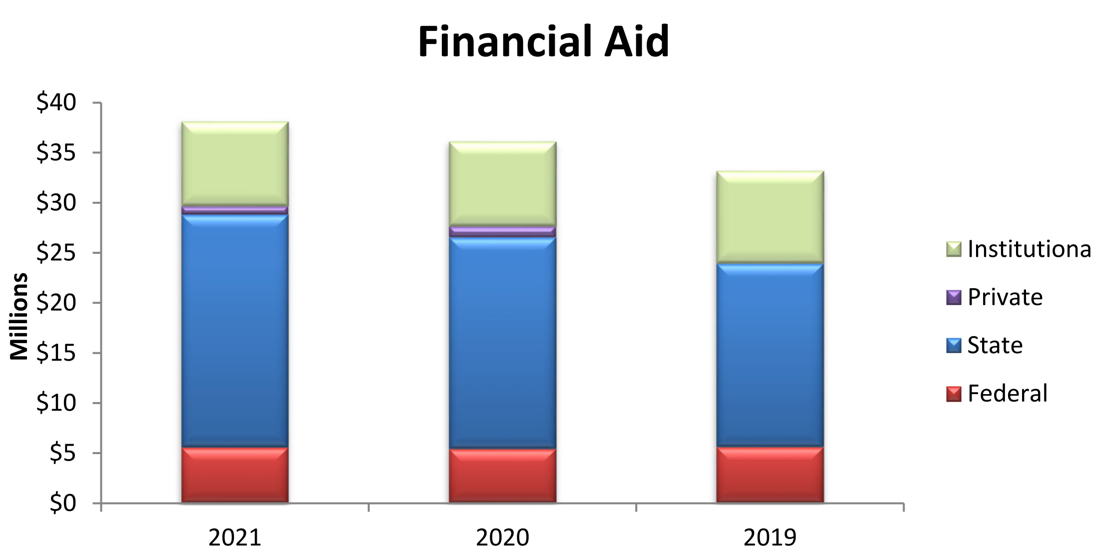


- **Enrollment** – In fiscal year 2021, undergraduate full-time equivalent (FTE) enrollment increased by 0.3% (8 students); in-state enrollment declined by 2.8% while out-of-state enrollment increased approximately 2.8%.



	2021	2020	2019
Out-of-State	1,603	1,559	1,518
In-state	1,256	1,292	1,361

- **Scholarships** – The discount rate for fiscal year 2021 (adjusted for the effect of the Native American Tuition Waiver) was 44.6%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $2.1 million or 10% with the increase coming from the Native American Tuition Waiver which went from $19.6 million in fiscal year 2020 to $21.8 million in fiscal year 2021. This will be discussed in more detail below in the State Funding section. Financial aid awards over the past three fiscal years are depicted below.



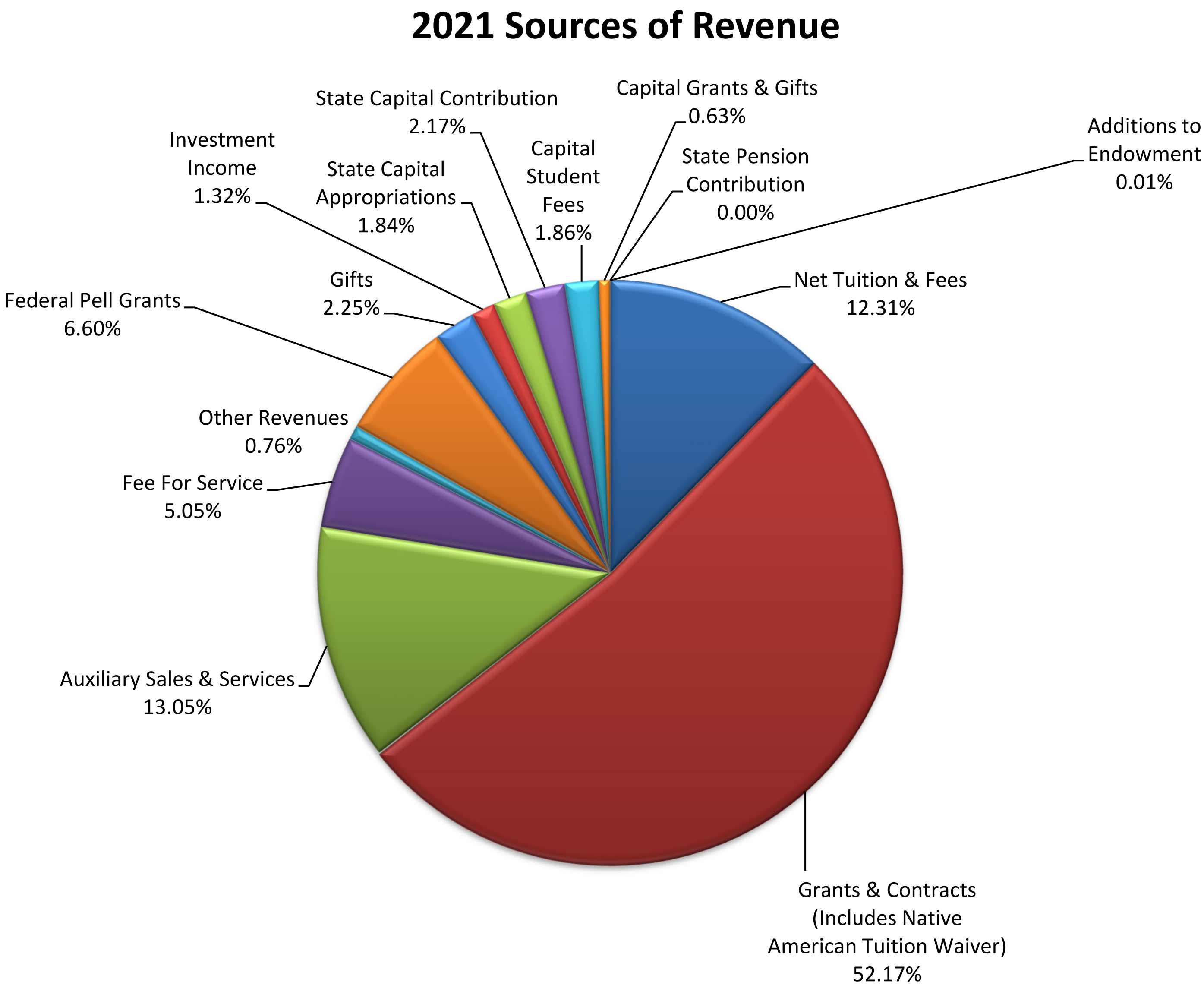
- **State Funding** – Funding for Higher Education in the State of Colorado is allocated in two ways: College Opportunity Fund (COF) stipends and Fee for Service (FFS) contracts. The following table provides the combined COF and FFS received by the College between fiscal year 2019 and fiscal year 2021.

	2021	2020	2019
Total State Funding	$5,937,304	$14,136,437	$13,053,096
Change from Previous Year	(58%)	8.3%	

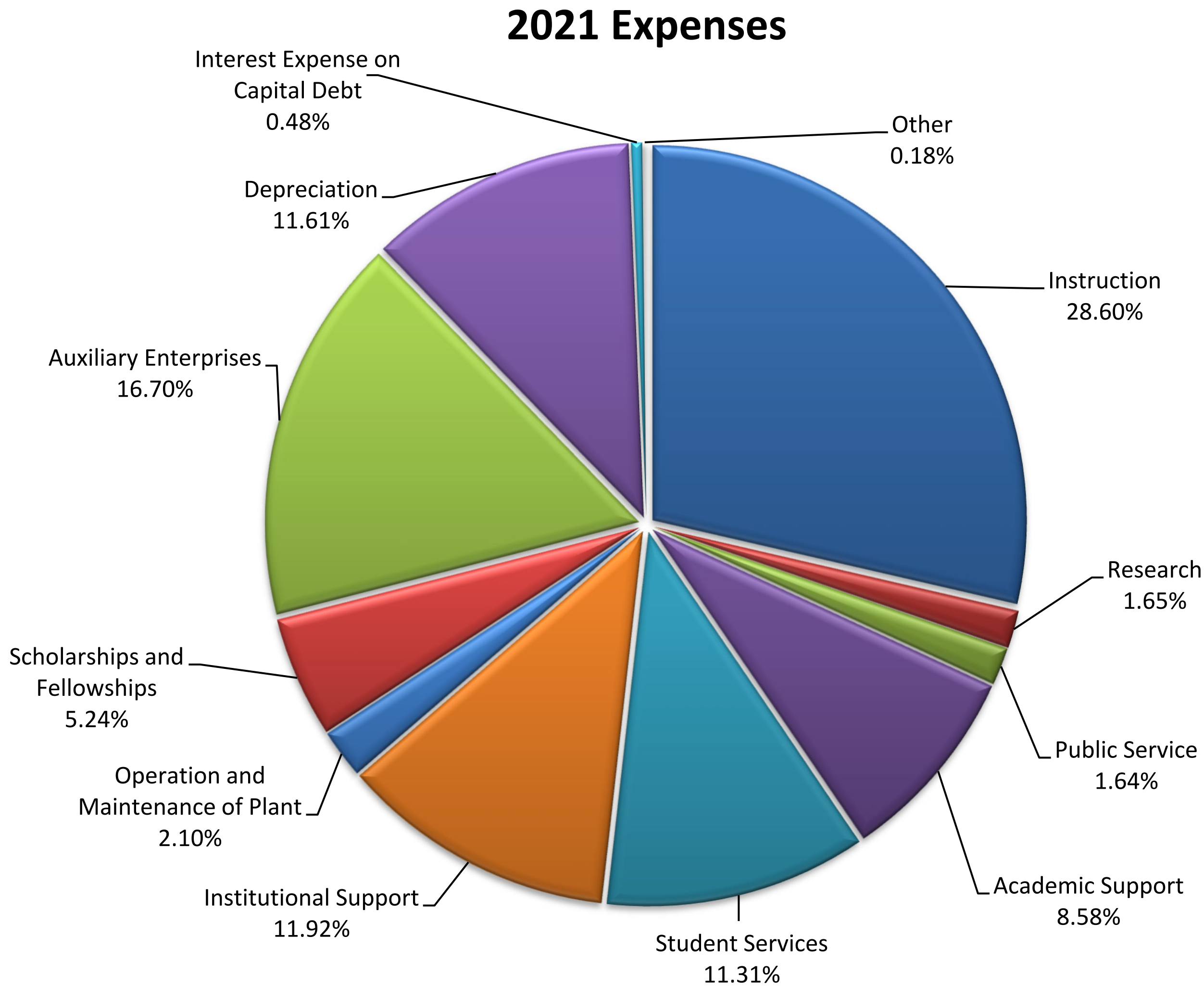
In addition to regular State funding, the College also receives reimbursement from the State for tuition waived to qualified Native American students, as a result of a 1911 Federal mandate. The reimbursement is funded one year in arrears; the tuition waived is paid in the following year. The funding received for Native American Tuition waivers is considered financial aid, as the waiver directly benefits the students. The College has pursued legislation that would require the Federal government to reimburse a portion of this tuition, without success to date. The following table represents the Native American tuition reimbursement received from fiscal year 2019 to fiscal year 2021.

	2021	2020	2019
Native American Tuition Reimbursement	$21,790,595	$19,626,040	$17,024,859
Change from Previous Year	11%	15.3%	

- **Total revenues** received in fiscal year 2021 and 2020 were $90,982,274 and $80,772,567, respectively. There are several factors contributing to the net increase of $10.2 million. The largest increase in revenue relates to the CARES Act Higher Education Emergency Relief funding the College received in fiscal year 2021 which totaled $17.9 million. This is discussed in more detail below in the Other Highlights-COVID-19 section. The largest decrease was State funding for the College Opportunity Fund (COF) stipends and Fee for Service (FFS) contracts which were reduced by $8.2 million. Total fiscal year 2021 revenues are depicted below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position.



- **Total expenses** for fiscal year 2021 and 2020 were $72,247,691 and $71,700,979, respectively. Total fiscal year 2021 expenses increased by approximately $547 thousand. Expenses did not increase proportionality with revenue due to the CARES Act Higher Education Emergency Relief funding. Total fiscal year 2021 expenses are illustrated in the chart below without distinction as to whether they are classified as Operating or Nonoperating on the Statements of Revenues, Expenses and Changes in Net Position.



Year Ended June 30, 2020:

- **Net Position** – The College's Net Position increased during the year ended June 30, 2020 by $9.1 million or 9%. This was due to a reduction of the impact of GASB 68 and GASB 75 on net position by $8.5 million. The unrestricted net position at June 30, 2020 was negative $8.9 million. The negative net position was due to the impact of GASB 68 and GASB 75 in the amount of $35.1 million at June 30, 2020.

- **Enrollment** – In fiscal year 2020, undergraduate full-time equivalent (FTE) enrollment decreased by 1.0% (28 students); in-state enrollment declined by 5.0% while out-of-state enrollment increased approximately 2.7%.

- **Scholarships –** The discount rate for fiscal year 2020 (adjusted for the effect of the Native American Tuition Waiver) was 42.1%. Scholarship awards have been strategically awarded with the goal of increasing enrollment and retention. State-funded financial aid increased by $2.8 million or 15% with most of the increase coming from the Native American Tuition Waiver.

CONDENSED FINANCIAL STATEMENTS FOR THE COLLEGE

The financial statements and notes are presented for the reporting entity that includes the College and the Foundation, a discretely presented component unit. (See Note 1 for additional information on the reporting entity). Condensed Financial Statements for the College are presented below.

- **The Statements of Net Position** report assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources.) Condensed Statements of Net Position are shown below.

	June 30, 2021	June 30, 2020	June 30, 2019
Current Assets	$52,721,296	$43,489,534	$35,574,980
Noncurrent Assets	163,693,833	167,390,944	168,456,582
Total Assets	216,415,129	210,880,478	204,031,562
Deferred Outflows of Resources	7,098,170	4,494,162	7,515,539
Current Liabilities	9,480,157	16,006,834	8,429,255
Noncurrent Liabilities	76,604,957	75,127,091	81,607,690
Total Liabilities	86,085,114	91,133,925	90,036,945
Deferred Inflows of Resources	5,826,671	11,373,784	17,714,813
Net Position			
Net Investment in Capital Assets	114,735,833	118,213,861	118,329,281
Restricted	8,223,781	3,534,778	10,594,590
Unrestricted	8,641,900	(8,881,708)	(25,128,528)
Total Net Position	$131,601,514	$112,866,931	$103,795,343

The Statements of Revenues, Expenses and Changes in Net Position report the results of operating and non-operating revenues and expenses during the year, as well as the resulting increase or decrease in net position at the end of the year.

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Operating Revenues			
Tuition and Fees, Net	$ 11,200,407	$ 13,454,265	$ 14,686,685
Grants and Contracts	29,540,550	26,300,524	23,831,257
Auxiliary Enterprises, Net	11,868,735	11,516,218	14,626,401
Other	5,286,783	11,504,122	10,558,208
Total Operating Revenues	57,896,475	62,775,129	63,702,551
Operating Expenses	71,773,983	69,946,923	68,868,776
Operating Income (Loss)	**(13,877,508)**	**(7,171,794)**	**(5,166,225)**
Non-operating Revenues (Expenses):			
Federal Pell Grants	6,001,783	5,658,599	5,716,261
Nonoperating Federal Grants and Contracts	17,922,265	3,188,497	-
Other Net Non-Operating Revenues (Expenses)	2,768,187	2,781,471	1,910,499
Net Non-operating Revenues	26,692,235	11,628,567	7,626,760
Income (Loss) Before Other Revenues, Expenses, or Transfers	**12,814,727**	**4,456,774**	**2,460,535**
Other Revenues, (Expenses), or Transfers:			
Gain (Loss) on Disposal of Assets	-	-	(10,631)
State Capital Appropriations	1,676,838	1,932,698	1,137,316
State Capital Contribution	1,972,541	656,886	19,864
Capital Student Fees, Net	1,692,453	1,682,774	2,321,852
Capital Grants and Gifts	571,779	136,400	726,763
State Pension Contribution	-	195,433	202,813
Additions to Endowments	6,245	10,624	11,150
Increase (Decrease) in Net Position	**18,734,583**	**9,071,588**	**6,869,662**
Net Position – Beginning of Year	112,866,931	103,795,343	96,925,681
Net Position – End of Year	**$131,601,514**	**$112,866,931**	**$103,795,343**

CAPITAL ASSETS

At June 30, 2021, the College had approximately $161.1 million invested in capital assets, net of accumulated depreciation of $147 million. Depreciation expense was $8.4 million for the year ended June 30, 2021. At June 30, 2020, the College had approximately $164.7 million invested in capital assets, net of accumulated depreciation of $139 million. Depreciation expense was $8.6 million for the year ended June 30, 2020. Details of these assets are shown below.

	June 30, 2021	June 30, 2020	June 30, 2019
Land	$286,301	$286,301	$106,301
Construction in Progress	7,685,363	3,684,048	5,287,345
Collections	1,440,966	1,433,404	1,413,483
Land Improvements, Net	6,780,822	7,587,044	8,171,133
Buildings and Improvements, Net	140,980,746	147,601,102	146,848,845
Equipment, Net	3,594,843	3,711,027	4,032,792
Library Materials, Net	361,415	406,376	438,342
Total	$161,130,456	$164,709,302	$166,298,241

Major capital additions completed in fiscal year 2021 and the resources that funded their acquisition include:

Berndt Hall Math/STEM renovation, funded by the College	$ 116,779
SUS Dining Hall Improvements, funded by the College	22,364
Cooper Residence Hall Improvements, funded by the College	43,280

The following significant capital projects were in progress at June 30, 2021:

Health Sciences Center, funded by the State	$4,516,485
North Campus Heating and Cooling lines, funded by the State	1,941,340
Boiler Replacement, Whalen Gymnasium, funded by the State	129,113
Reed Library, Academic Hub Renovation, funded by the College	129,118
Theater Pipe Grid Replacement, funded by the College	85,759
Miller Roof & Replacement, funded by the State	828,623

Major capital additions completed in fiscal year 2020 and the resources that funded their acquisition include:

Cooper Residence Hall Improvements, funded by the College	$7,099,709
SUS Dining Hall Improvements, funded by the College	188,852
Front Hill Improvements, funded by the College	218,727
River Rights/Permit/Easement, funded by the College	180,000
Miller Roof & Replacement, funded by the State	153,620
Miller/Skyhawk Station Improvements, funded by the College	153,865

The following significant capital projects were in progress at June 30, 2020:

Whalen Gymnasium Expansion/Renovation, funded by the State	$2,717,391
Berndt Math/STEM Renovation, funded by the College	110,404
Miller Roof & Replacement, funded by the State	666,466

DEBT

At June 30, 2021, 2020, and 2019, the College had approximately \$50.5 million, \$49.2 million, and \$50.8 million in long-term debt outstanding, respectively. The table below summarizes debt over the past three fiscal years.

	June 30, 2021	June 30, 2020	June 30, 2019
Auxiliary Revenue Bonds, Net	\$50,460,594	\$49,158,865	\$50,807,847

On September 23, 2020 the Board issued its Enterprise Refunding Revenue Bonds (Series 2020) to pay and defease certain maturities of the College's outstanding Series 2016 bonds, refund other interest payable on certain of the remaining outstanding portions of the Series 2016 bonds, and to pay certain costs relating to the issuance of the Series 2020 bonds.

OTHER HIGHLIGHTS

- **Strategic Plan –** The College's administrative decisions continue to be guided by the strategic plan adopted by the College's Board of Trustees in February 2019. The plan focuses on four major areas including Students at the Center, Community Responsiveness, Knowledge in Action, and Systems to Facilitate Success. The plan allows the College to adapt within the areas of focus as faculty and staff chart a course to student success, fiscal sustainability, and academic excellence. The plan continues to put concentration on the key factors that distinguish the College, including cultural and natural diversity of the region, the College's faculty and degree options, commitment to access and affordability, experiential learning, and diversity in students and staff. The Strategic Plan set a goal of increasing enrollment to 3,700 students in three years. The Board of Trustees reviews progress towards the strategic plan annually.

- **COVID-19 –** The COVID-19 pandemic had a significant impact on the College's operations starting in the Spring of 2020 and into the fiscal year ending June 30, 2021.
    - All course instruction was moved online in March 2020 and completed virtually, and all non-essential staff began working remotely. Pro-rated refunds for some services were given for the Spring 2020 term, this included refunds for housing, meals, and parking totaling \$2.1 million.
    - The schedule for Fall 2020 was adjusted so that all courses would be online after Thanksgiving, providing mitigation against potential COVID-19 spread from students traveling during the holiday. Courses were offered utilizing the highest flexibility in delivery possible. Additionally, testing was required of all students, faculty and staff upon return to campus at the beginning of the semester and random testing was required throughout the semester. The College reduced density in classrooms and residence halls, requiring the procurement of a block of rooms at a local hotel for students requesting "on campus" housing.
    - During Spring 2021, classes were started later than usual and spring break was removed from the schedule, again to provide mitigation against spread from travel. The focus on flexible modalities of courses continued. The testing requirements continued during this semester. During this semester, the College procured a block of hotel rooms in order to provide for quarantine and isolation housing for students either testing positive for or exposed to COVID-19.
  - A total of three financial relief packages were passed by the federal government which included assistance to higher education. Funds were provided for emergency financial aid grants to students for expenses related

to the disruption of campus operations due to COVID-19. Additionally, funds were allocated to the College to help alleviate the impacts of lost revenue and expenses related to COVID-19 mitigation. Finally, additional funding was allocated to FLC due to its status as a minority serving institution (MSI).

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020
- Supplemental CARES funding was approved in December 2020
- The American Rescue Plan was enacted in March 2021.

- The following table shows the total funds awarded to the College for emergency financial support for students, the institution, and MSI categories for each of the three stimulus packages between fiscal years 2021 and 2020. For fiscal years 2021 and 2020, these specific awards are shown in the financial statements in the Nonoperating Federal Grants and Contracts line item and totaled $9.8 million (2021) and $1.9 million (2020), while the awards to students were recorded in the Scholarships and Fellowships operating expense line item and totaled $1.7 million (2021) and $1.3 million (2020). At June 30, 2021, $5,307,181 of these funds were not yet expended.

	Financial Support for Students	Institutional Allocation	MSI Allocation
CARES	$1,519,319	$1,519,318	$ 352,541
CARES Supplemental	$1,519,319	3,372,570	510,831
American Rescue Plan	$4,303,027	4,294,772	868,570
Total	$7,341,665	$9,186,660	$1,731,942

- Indirect CARES Act Coronavirus Relief Fund funding of $7.5 million was allocated to the College in May 2020 by Governor Polis in Executive Order D 2020 070 to be used for health and safety precautions; student mental health services; school closure and re-opening costs; to facilitate distance learning with closings; expenses to recover lost learning time; personnel expenses; and economic support to educate students by maintaining enrollment, retention and credential completion. The College did not spend any of this money in fiscal year 2020 and, as such, recorded it in the Statements of Net Position in line items Restricted Cash and Cash Equivalents and Unearned Revenue. The College expended all of these funds in the fiscal year 2021 on economic support to educate students by maintaining enrollment, retention and credential completion. The revenue is recorded in the financial statements in the Nonoperating Federal Grants and Contracts line.

- **FLC Tuition Promise –** In fiscal year 2020, the College rolled out the Tuition Promise, effective for Fall 2020, which covers the cost of tuition for any admitted Colorado resident whose family income is $60,000 or less. For the year ended June 30, 2021, the College paid $115,816 toward the cost of tuition covered under the Tuition Promise using institutional scholarship funds.

- **SkyHawk Station –** The College opened the SkyHawk Station in August of 2019 which is a 'one-stop shop' for student services including financial aid, registration, advising, and student billing. The SkyHawk Station contains many services that were previously decentralized. As part of the Students at the Center initiative in the strategic plan, the SkyHawk Station is making the business of being a student easier to accomplish. The

SkyHawk Station has been well received by students and is having a positive impact on the students' customer service experience.

- **Academic Hub at Reed Library –** A new Academic Hub at Reed Library is being developed. This idea, envisioned in the strategic plan, was made possible with a $1.5 million grant through the Federal Department of Education Native American Serving Non-Tribal Institutions Title III program. The hub will become the 'one-stop shop' for student academic needs and will house centralized peer education and tutoring, the Federal TRIO programs, undergraduate research, career and internship services, as well as state-of-the-art learning labs.

- **Business Innovation Center –** The College's School of Business Administration opened the Center for Innovation (C4I) in downtown Durango. The overarching purpose of the Center is to spur economic development in Durango and Southwest Colorado. The Center creates a location for cooperative efforts among regional governmental agencies including municipalities, counties, and tribes. The Center provides mentorship for businesses, business students, and residents looking to start businesses. The C4I also has a focus on increasing internship opportunities for students.

- **USDA Grant and Technology Rental Program** – The COVID-19 pandemic highlighted the technology/connectivity issues facing many of our students, especially those of color. To improve student access to technology, the College created a technology rental program that students can use to rent laptops, smartphones, and hotspots. Students can receive funding to help alleviate these costs through the CARES grants and donor supported funds. Additionally, the College applied for and received a grant from the USDA to provide technology infrastructure in five remote locations to improve educational opportunities throughout the Four Corners region.

- **Board of Trustees –** In March of 2020, Governor Polis signed HB20-1108 creating two new seats on the Fort Lewis College Board of Trustees, increasing the Board from seven to nine members, all Governor appointed. One member is now required to be an enrolled member of a Federally recognized Native American tribe.

- **New Programs –** The Board of Trustees approved the offering of a Bachelor of Arts in Nutrition at its October 2020 meeting. The Nutrition major is designed with three emphasis areas: Public Health, Exercise Science and Biomedical. This degree will position graduates to pursue employment after graduation or prepare graduates for graduate school or a professional degree program.

  The Restorative Food Systems Certificate was added for Fall 2021. Housed in the Sociology and Human Services Department, the program provides firsthand experience related to sustainable food systems.

ECONOMIC OUTLOOK & FORT LEWIS COLLEGE FUTURE

Enrollment

Enrollment (headcount) increased by slightly over 3% for the Fall 2021 semester, adding to the increase of 4% in Fall 2020. Students of color constitute a majority of the student body, making up 59% of all students, compared to 57% in 2020. Native American students represent 46% of the student body, compared to 45% for Fall 2020. Incoming first year students increased 18% over 2020. The College saw an increase of 6.4% in first year students from Colorado.

Faculty participated in recruitment efforts by contacting prospective students and their parents to persuade students to enroll, with an emphasis placed on Colorado and regional students. Other initiatives started in 2019, such as the

First Year Launch program and the Skyhawk Station, are credited with helping create a sense of wellbeing and belonging on campus. As mentioned earlier, the Academic Hub was introduced in Fall 2020 with the aid of a Title III grant. The Hub brings together many student support services under one roof with a focus on retention programs.

COVID-19

For the Fall 2020 semester, the College implemented many processes, procedures, and instructional delivery methods to reduce the transmission risk of COVID-19 on campus. These changes included mandatory testing at the beginning of the semester, random testing throughout the semester, a daily symptom checker through the Fort Lewis College smartphone app, and a mask requirement at all times while on campus. In Fall 2021, all students, faculty and staff are required to comply with the mandatory vaccination policy, and masks are required in classroom and indoor public places. Tents were erected to establish outdoor learning spaces in Fall 2020. These outdoor learning spaces were so popular with students and faculty that the college has continued to provide these spaces into Fall 2021. A COVID response team was created in fiscal year 2021 to assist students impacted by the pandemic. This team has been continued into fiscal year 2022.

Budget

COVID-19 impacted the fiscal year 2021 budget cycle revenue assumptions. The Board of Trustees assumed an enrollment decline of 7.5%, given the enrollment trends across the country. Native American enrollment was assumed to decline, and the impact of such downturn would be felt in fiscal year 2022. As a result, the College reduced the general fund budget by $1.6 million by using both temporary and permanent reduction strategies. Actual fall enrollment was up 3.7% overall with Native American enrollment up over 10%.

The fiscal year 2022 budget cycle assumed an undergraduate enrollment increase of 1.4%. As of fall census information, undergraduate headcount had grown by approximately 3%. Fiscal year 2022 revenue should exceed budget by approximately $700 thousand.

Capital Construction

Funding for the second phase of the Health Sciences Center (formerly Whalen Gymnasium Expansion for Exercise Science) was approved in the 2020 legislative cycle. This project addresses the needs of the Health Sciences department, including both Exercise Science and Public Health majors, two of the College's fastest growing academic departments. The Health Sciences Center project will provide a state-of-the-art facility that will help with recruitment in these growing programs. The project will cost approximately $32.9 million, with the State of Colorado contributing $29.6 million, and the College contributing 10%, or approximately $3.3 million, through donations, grants, and partnerships.

State Funding

As outlined earlier, the College receives funding from the State of Colorado for the College Opportunity Fund (COF), Fee for Service Contract (FFS) and the Native American tuition waiver reimbursement. The combination of this funding makes the College more dependent on State funding than most other colleges and universities in the State of Colorado.

During fiscal year 2021, higher education funding was reduced by 58% in the State budget. The impacts of this reduction were minimized by a one-time allocation of indirect CARES Act funding of approximately 53% of total funding, resulting in a net reduction of 5%. This funding was restored in the fiscal year 2022 budget and increased by approximately 10%. As a result of increases in Native American enrollment, the fiscal year 2022 Tuition Waiver allocation increased by 10% to approximately $24 million.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide users of our financial statements with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fort Lewis College Accounting Office at Room 140 Berndt Hall, 1000 Rim Drive, Durango, Colorado, 81301, call (970) 247-7364, or email AskAccounting@fortlewis.edu.

BASIC FINANCIAL STATEMENTS SECTION

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

ASSETS	2021	2020
Current Assets:		
Cash and Cash Equivalents	$ 34,441,599	$ 25,044,968
Restricted Cash and Cash Equivalents	-	7,481,148
Investments	9,394,150	7,942,919
Student Accounts Receivable, Net	945,434	544,782
Accounts Receivable - Fort Lewis College Foundation, Net	128,499	592,472
Other Accounts Receivable	6,990,334	1,170,413
Inventories	60,485	60,878
Prepaid Expense	760,795	651,954
Total Current Assets	52,721,296	43,489,534
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	2,563,377	2,681,642
Nondepreciable Capital Assets:		
Land	286,301	286,301
Construction in Progress	7,685,363	3,684,048
Collections	1,440,966	1,433,404
Total Nondepreciable Capital Assets	9,412,630	5,403,753
Depreciable Capital Assets:		
Land Improvements, Net	6,780,822	7,587,044
Buildings and Improvements, Net	140,980,746	147,601,102
Equipment, Net	3,594,843	3,711,027
Library Materials, Net	361,415	406,376
Total Depreciable Capital Assets, Net	151,717,826	159,305,549
Total Noncurrent Assets	163,693,833	167,390,944
Total Assets	216,415,129	210,880,478
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	7,098,170	4,494,162

The accompanying notes are an integral part of this financial statement.

FORT LEWIS COLLEGE
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

LIABILITIES	2021	2020
Current Liabilities:		
Accounts Payable	2,790,909	1,712,290
Accrued Liabilities	2,800,856	3,023,338
Unearned Revenue	2,760,285	9,121,941
Deposits Held for Others	299,256	269,341
Bonds Payable, Current Portion	501,778	1,552,572
Compensated Absence Liabilities	327,073	327,352
Total Current Liabilities	9,480,157	16,006,834
Noncurrent Liabilities:		
Bonds Payable, Net	49,958,816	47,606,293
Compensated Absence Liabilities	2,230,800	1,931,211
Pension Liability	23,592,491	24,600,801
Other Post Employment Benefits Liability	822,850	988,786
Total Noncurrent Liabilities	76,604,957	75,127,091
Total Liabilities	86,085,114	91,133,925
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	5,826,671	11,373,784
NET POSITION		
Net Investment in Capital Assets	114,735,833	118,213,861
Restricted for Nonexpendable Purposes:		
Endowment	25,000	25,000
Restricted for Expendable Purposes		
Endowment	676,535	670,290
Other	7,522,246	2,839,488
Unrestricted	8,641,900	(8,881,708)
Total Net Position	$ 131,601,514	$ 112,866,931

The accompanying notes are an integral part of this financial statement.

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	(Restated) 2020
ASSETS		
Cash and cash equivalents	$ 326,405	$ 545,287
Promises to give, net	1,728,186	3,364,191
Advance to Fort Lewis College for programs	165,734	132,654
Investments	27,890,878	21,575,780
Property and equipment, net	1,102,619	1,139,381
Collection items	5,677,400	5,667,400
Beneficial interest in assets held by others	762,842	684,804
Total assets	**$ 37,654,064**	$ 33,109,497
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 3,609	$ 315
Due to Fort Lewis College	53,499	592,473
Gift annuity obligation payable	1,596	2,156
Total liabilities	58,704	594,944
Net Assets		
Net assets without donor restrictions		
Undesignated	1,748,165	2,467,226
Board designated	2,019,612	1,695,453
Total net assets without donor restrictions	3,767,777	4,162,679
Net assets with donor restrictions	33,827,583	28,351,874
Total net assets	37,595,360	32,514,553
Total liabilities and net assets	**$ 37,654,064**	$ 33,109,497

The accompanying notes are an integral part of these financial statements.

FORT LEWIS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2021 and 2020

REVENUES	2021	2020
Operating Revenues:		
Student Tuition and Fees (including pledged revenues of $3,928,901 - 2021 and $3,943,507 - 2020, net of scholarship allowances of $35,754,443- 2021 and $33,923,630- 2020, and net of bad debt of $24,682 - 2021 and $91,219 - 2020)	$ 11,200,407	$ 13,454,265
Federal Grants and Contracts (including pledged revenus of $21,339 - 2021 and $0 - 2020)	3,980,044	3,544,207
State and Local Grants and Contracts	24,143,719	21,853,609
Non-Governmental Grants and Contracts (including pledged revenues of $507,445 - 2021 and $0 - 2020)	1,416,787	902,708
Auxiliary Enterprises (including pledged revenues of $13,321,326 - 2021, and $14,185,365 - 2020, net of scholarship allowances of $2,307,917- 2021 and $2,168,518- 2020, and net of bad debt of $184,456 - 2021 and $113,908 - 2020)	11,868,735	11,516,218
Fee For Service Contract Revenue	4,596,888	10,742,284
Other Operating Revenues (including pledged revenues of $4,588 - 2021 and $291 - 2020 and bad debt of $3,137- 2021 and $11,161- 2020)	689,895	761,838
Total Operating Revenues	57,896,475	62,775,129
EXPENSES		
Operating Expenses:		
Instruction	20,663,667	19,299,360
Research	1,188,714	1,056,885
Public Service	1,185,905	1,793,764
Academic Support	6,202,383	6,036,356
Student Services	8,169,450	7,619,595
Institutional Support	8,610,299	6,760,435
Operation and Maintenance of Plant	1,516,932	2,506,505
Scholarships and Fellowships	3,785,059	3,110,308
Auxiliary Enterprises	12,063,979	13,145,682
Depreciation	8,387,595	8,618,033
Total Operating Expenses	71,773,983	69,946,923
Operating Income (Loss)	$ (13,877,508)	$ (7,171,794)

The accompanying notes are an integral part of this financial statement.

FORT LEWIS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2021 and 2020

NONOPERATING REVENUES (EXPENSES)	2021	2020
Federal Pell Grants	6,001,783	5,658,599
Nonoperating Federal Grants and Contracts	17,922,265	3,188,497
Gifts (including pledged revenues of $52,255- 2021 and $35,442 - 2020)	2,044,739	2,575,888
Investment Income (including pledged revenues of $87,910 - 2021 and $158,707 - 2020)	1,197,156	1,943,110
Interest Expense on Capital Debt	(345,918)	(1,754,056)
Other Nonoperating Revenue (Expenses) (including pledged revenues of $0 - 2021 and $11,969 - 2020)	(127,790)	16,529
Net Nonoperating Revenues	26,692,235	11,628,567
Income (loss) before other revenues, expenses, or transfers	12,814,727	4,456,773
OTHER REVENUES, (EXPENSES), OR TRANSFERS		
Gain or (Loss) on Disposal of Assets	-	-
State Capital Appropriations	1,676,838	1,932,698
State Capital Contribution	1,972,541	656,886
Capital Student Fees (all pledged, net of bad debt of $4,741 - 2021 and $8,433 - 2020)	1,692,453	1,682,774
Capital Grants & Gifts	571,779	136,400
State Pension Contribution	-	195,433
Additions to Endowments	6,245	10,624
Increase (Decrease) in Net Position	18,734,583	9,071,588
NET POSITION		
Net Position - Beginning of Year	112,866,931	103,795,343
Net Position - End of Year	$ 131,601,514	$ 112,866,931

The accompanying notes are an integral part of this financial statement.

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Donations	$ 145,624	$ 2,591,171	$ 2,736,795
In-kind donations	57,955	302,439	360,394
Fundraising revenue	-	55,674	55,674
Investment return, net	563,022	4,217,784	4,780,806
Other revenue	35,730	7,036	42,766
Change in value of beneficial interest in assets held by others	-	78,038	78,038
Other changes in net assets	(978,514)	978,514	-
Net assets released from restrictions	2,754,947	(2,754,947)	-
Total revenue, gains and other support	2,578,764	5,475,709	8,054,473
Expenses			
Program services	2,633,936	-	2,633,936
Support services			
Management and general	199,044	-	199,044
Fundraising	140,686	-	140,686
Total expenses	2,973,666	-	2,973,666
Change in Net Assets	**(394,902)**	**5,475,709**	**5,080,807**
Net Assets - Beginning of year	4,162,679	28,351,874	32,514,553
Net Assets - End of year	**$ 3,767,777**	**$ 33,827,583**	**$ 37,595,360**

The accompanying notes are an integral part of these financial statements.

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	(Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Donations	$ 88,239	$ 5,641,228	$ 5,729,467
In-kind donations	-	120,029	120,029
Fundraising revenue	-	119,775	119,775
Investment loss, net	(53,400)	(355,937)	(409,337)
Other revenue	43,466	11,350	54,816
Gain on sale of property	110,627	-	110,627
Change in value of beneficial interest in assets held by others	-	(23,451)	(23,451)
Other changes in net assets	(45,401)	45,401	-
Net assets released from restrictions	3,069,028	(3,069,028)	-
Total revenue, gains and other support	3,212,559	2,489,367	5,701,926
Expenses			
Program services	2,739,447	-	2,739,447
Support services			
Management and general	249,306	-	249,306
Fundraising	168,794	-	168,794
Total expenses	3,157,547	-	3,157,547
Change in Net Assets	**55,012**	**2,489,367**	**2,544,379**
Net Assets - Beginning of year, as previously reported	4,131,555	25,564,762	29,696,317
Restatement of prior year net assets	(23,888)	297,745	273,857
Net Assets - End of year	**$ 4,162,679**	**$ 28,351,874**	**$ 32,514,553**

The accompanying notes are an integral part of these financial statements.

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
Description				
Fort Lewis College support……..	$ 1,370,784	$ -	$ -	$ 1,370,784
Scholarships………………………	1,034,999	-	-	1,034,999
Fees for College services……….	110,492	126,106	126,106	362,704
Professional fees…………………	61,667	43,116	-	104,783
Depreciation………………………	26,736	-	-	26,736
Bad debts…………………………	16,623	-	-	16,623
Licenses, dues and fees…………	-	15,458	-	15,458
Bank and credit card fees……….	-	-	12,737	12,737
Other expense……………………	8,686	962	403	10,051
Insurance…………………………	-	6,656	-	6,656
Food and beverage………………	3,949	-	1,440	5,389
Property management expense..	-	2,989	-	2,989
Repairs and maintenance……….	-	1,879	-	1,879
Property taxes……………………	-	1,878	-	1,878
Total expenses………………	$ 2,633,936	$ 199,044	$ 140,686	$ 2,973,666

The accompanying notes are an integral part of these financial statements.

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	(Restated)			
		Supporting Services		
Description	Program Services	Management and General	Fund Raising	Total
Fort Lewis College support	$ 1,395,913	$ -	$ -	$ 1,395,913
Scholarships	1,125,685	-	-	1,125,685
Fees for College services	72,540	145,082	145,082	362,704
Professional fees	39,076	50,757	-	89,833
Other expense	48,855	1,106	9,614	59,575
Depreciation	27,193	-	-	27,193
Food and beverage	18,185	-	4,648	22,833
Repairs and maintenance	-	20,187	-	20,187
Bad debts	12,000	-	-	12,000
Licenses, dues and fees	-	11,833	-	11,833
Bank and credit card fees	-	-	9,450	9,450
Insurance	-	9,306	-	9,306
Property taxes	-	7,487	-	7,487
Property management expense	-	3,548	-	3,548
Total expenses	$ 2,739,447	$ 249,306	$ 168,794	$ 3,157,547

The accompanying notes are an integral part of these financial statements.

FORT LEWIS COLLEGE
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and Fees	$ 11,146,757	$ 13,473,956
Sales of Products	269,079	371,782
Sales of Services	16,337,768	22,239,939
Grants and Contracts	29,962,649	26,503,290
Student Loans Collected	-	-
Other Operating Receipts	655,783	737,597
Cash Payments:		
Scholarships Disbursed	(4,676,078)	(3,366,707)
Student Loans Disbursed	-	-
Payments to Suppliers	(17,696,316)	(19,704,212)
Payments to Employees	(47,611,157)	(46,279,614)
Net Cash Provided (Used) by Operating Activities	(11,611,515)	(6,023,969)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Pell Grants	5,923,941	5,658,599
Non-Operating Federal Grants/Contracts	5,064,532	10,525,836
Gifts for Other than Capital Purposes	2,508,712	2,374,920
Agency Receipts	12,387,106	16,787,049
Agency Payments	(12,354,205)	(16,802,223)
Additions to Endowment	6,245	10,624
Net Cash Provided by Noncapital Financing Activities	13,536,331	18,554,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Student Fees	1,681,751	1,683,938
State Capital Contributions	1,480,696	1,932,698
Capital Gifts and Grants	571,779	136,400
Proceeds from Sale of Capital Assets	-	-
Bond Issuance Costs Paid	(155,970)	-
Net Proceeds from Bonds Issued/ Proceeds from Capital Debt	164,394	-
Acquisition and Construction of Capital Assets	(2,715,485)	(6,289,603)
Principal Paid on Capital Debt	(377,572)	(1,464,652)
Interest on Capital Debt	(523,114)	(1,770,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	126,479	(5,771,921)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	5,558,330	6,647,204
Purchase of Investments	(5,741,733)	(6,809,144)
Investment Earnings	(70,672)	1,647,413
Net Cash Provided by Investing Activities	(254,075)	1,485,473
Net Increase (Decrease) in Cash	1,797,220	8,244,388
Cash - Beginning of Year	35,207,756	26,963,368
Cash - End of Year	$ 37,004,976	$ 35,207,756

The accompanying notes are an integral part of this financial statement

FORT LEWIS COLLEGE
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (13,877,508)	$ (7,171,794)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Depreciation Expense	8,387,595	8,618,033
Pension Expense	(7,824,490)	(8,484,866)
Noncash Operating Transactions	209,867	236,845
Change in Assets and Liabilities (Operating Portions):		
Receivables, Net	(556,547)	685,153
Prepaid Expense	(108,841)	(58,329)
Accounts Payable	727,445	(470,092)
Accrued Liabilities	13,509	332,424
Unearned Revenue	1,118,145	(22,150)
Compensated Absence Liability	299,310	310,807
Net Cash Provided (Used) by Operating Activities	$ (11,611,515)	$ (6,023,969)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Non-cash Acquisitions of Capital Assets	$ 43,426	$ 83,680
Amortization of deferred loss	$ 1,681,113	$ (175,461)
Change in unrealized gains on investments	$ 1,451,232	$ 457,637
Amortization of bond premium	$ 166,206	$ 184,330

THE FORT LEWIS COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	(Restated) 2020
Cash Flows from Operating Activities:		
Change in net assets	$ 5,080,807	$ 2,544,379
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	26,736	27,193
Realized and unrealized (gains) losses on investments, net	(4,247,987)	937,053
Loss (gain) on sale of property	10,026	(110,627)
Bad debts	16,623	12,000
Donations restricted for long-term investments	(179,963)	(274,312)
Donations of non-cash items	(10,000)	(72,516)
Change in beneficial interest in charitable trust held by others	(78,038)	23,451
Changes in operating assets and liabilities:		
Promises to give	1,619,382	(3,013,188)
Advance to Fort Lewis College for programs	(33,080)	(132,654)
Accounts payable and accrued expenses	3,294	(10,989)
Due to Fort Lewis College	(538,974)	199,343
Net cash and cash equivalents provided by operating activities	1,668,826	129,133
Cash Flows from Investing Activities:		
Proceeds from sales of investments	11,478,158	13,748,187
Purchases of investments	(13,545,269)	(14,111,994)
Proceeds from sale of property and equipment	-	550,471
Net cash and cash equivalents provided (used) by investing activities	(2,067,111)	186,664
Cash flows from Financing Activities:		
Contributions restricted for long-term investment	179,963	234,275
Payments on margin loan	-	(63,733)
Payments on obligation under split-interest and gift annuity agreements	(560)	(420)
Net cash and cash equivalents provided by financing activities	179,403	170,122
Net Increase (Decrease) in Cash and Cash Equivalents	**(218,882)**	**485,919**
Cash and Cash Equivalents - Beginning of year	545,287	59,368
Cash and Cash Equivalents - End of year	$ 326,405	$ 545,287

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

Fort Lewis College (the College) is governed by the Board of Trustees for Fort Lewis College (the Board). The Board consists of nine voting and two non-voting members who are responsible for making policy for the College and overseeing its operation. One member is required to be an enrolled member of a Federally recognized Native American tribe. Voting members are appointed by the Colorado governor and require Colorado State Senate confirmation. They serve four-year terms. The two non-voting members are elected by the College's faculty and students. The faculty representative serves a two-year term. The student representative serves a one-year term.

The College President is appointed by and reports to the Board and is responsible for day-to-day management of the institution and its employees.

Reporting Entity and Component Unit

The College is a public institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the College is included as part of the State of Colorado's primary government. A copy of the State Annual Comprehensive Financial Report may be obtained from the Office of the State Controller.

The College adheres to Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34*, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* to provide additional guidance for determining whether certain organizations, such as not-for-profit foundations, should be included in the College's financial reporting entity. The College has determined that the Fort Lewis College Foundation (the Foundation) meets the GASB Statement No. 61 criteria for inclusion in the College's financial statements.

The Foundation is a legally separate, tax-exempt component unit of the College. In December 1969, the Foundation was organized and issued a Certificate of Incorporation under the Colorado Non-Profit Corporation Act. The purposes of the corporation are to "...assist in promoting, developing and enhancing the facilities and programs of Fort Lewis College...." (per Articles of Incorporation III). Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests is restricted to the activities, facilities, and programs of the College by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)*, *Topic 958 Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences.

The amount transferred from the Foundation to the College, during the fiscal year ended June 30, 2021 for the purposes stated above was $2,740,258 which included $918,089 for scholarships, $370,789 for grant pass-through transactions, and $343,696 for capital gifts primarily for the construction of the Health Sciences Center. The total transfer for the year ended June 30, 2020 for the purposes stated above was $2,991,817 which included $1,135,565 for scholarships and $605,604 for grant pass-through transactions. Complete financial statements for the Foundation can be obtained from the Accounting Office at the College.

As defined by GASB Statement No. 61, the College is not financially accountable for any other entity, nor are there any other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

Basis of Accounting

The College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

Any effort to reconcile this report with presentations made for other purposes, such as data submitted with the institutional budget documents, must take into consideration any differences in the basis of accounting and other requirements for the preparation of such other presentations.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State of Colorado Treasurer and all highly liquid investments with an original maturity of three months or less.

Restricted Cash and Cash Equivalents

Cash balances that are externally restricted such as endowments or agency funds, or for bond reserve, replacement, or rebate funds, or to purchase capital or noncurrent assets, are classified as current or noncurrent assets on the Statements of Net Position, as appropriate.

Investments and Investment Income

Investments are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Income Taxes

As a state institution of higher education, the income of the College 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 College is subject to federal income tax on any unrelated business taxable income. The College did not have any significant unrelated business taxable income in the years ended June 30, 2021 and 2020.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

Estimates are made to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required 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 revenue and expense during the reporting period. Actual results could differ significantly from those estimates.

Capital Assets

Capital assets are stated at cost at the date of acquisition or at fair value at the date of donation. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Intangibles and renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For intangibles and renovations and improvements, the capitalization policy includes items with a value of $50,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

All collections, such as works of art and historical artifacts, have been capitalized at cost at the date of acquisition or fair value at the date of donation. The nature of certain collections is such that the value and usefulness of the collections does not decrease over time. These collections have not been depreciated in the accompanying financial statements.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements. Currently, the College does not have any capital leases.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets and half of the annual depreciation is expensed in the first and last year of service, regardless of when the asset was acquired. The useful lives of assets are as follows:

Asset Class	Years
Land Improvements	20-50
Buildings and Improvements	10-40
Equipment and Software	3-10
Library Materials	10

Unearned Revenue

Unearned revenues represent unearned student tuition and fees, event revenues, and advances on grants and contracts for which the College has not yet provided the associated services.

Compensated Absence Liabilities

Employees' compensated absences are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the College. Employees accrue and vest in vacation and sick leave earnings based on their hire date, length of service and Full Time Equivalent (FTE) status. Full-time professional exempt employees accrue sick leave with pay at the rate of 10 hours per month with a maximum accrual of 480 hours, while full-time classified employees accrue sick leave at 6.66 hours per month with a maximum accrual of 360 hours for employees hired on or after July 1, 1988. Full-time classified employees hired before July 1, 1988, can accrue up to 360 hours in excess of the amount of sick leave earned as of June 30, 1988. Employees earn and accrue vacation leave per the rates shown in the table below. Vacation accruals are paid up to 192 hours upon separation for exempt staff and a graduated scale for classified staff (from 192 to 336 depending on years of service), whereas only a portion of sick leave is paid upon specific types of separation, such as retirement. Most part-time employees accrue vacation leave that is pro-rated based on their hours worked.

Vacation Accrual Rates:

Years of Service	Hours Earned Per Month	Maximum Accrual
Classified employees hired Before July 1, 1988	10 - 14	240 - 336 hours
Classified employees hired on Or after July 1, 1988	8 - 14	192 - 336 hours
Professional Exempt Employees	16	384 hours

The liability and expense incurred are recorded at year-end as compensated absence liabilities in the Statements of Net Position and as a component of appropriate functional expense categories in the Statements of Revenues, Expenses, and Changes in Net Position. The current portion of this liability is estimated based on historical trends.

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a Statement of Net Position to include:

- Assets – resources with a present service capacity under the College's control.
- Deferred Outflows of Resources – consumption of net assets by the College that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the College that is applicable to a future reporting period.
- Net Position – residual of all other elements presented in a Statement of Net Position.

See Notes 18 and 19 for detail of the composition of the College's deferred outflows and deferred inflows related to pension and other post-employment benefits.

Net Position

The College has classified its net position according to the following criteria:

Net Investment in Capital Assets – This category represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but the proceeds have not yet been expended for capital assets, such amounts are not included as a component of this category.

Restricted Net Position, Nonexpendable – This category consists of endowment funds that are required to be retained in perpetuity.

Restricted Net Position, Expendable – This category includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, including unspent debt proceeds.

Unrestricted Net Position – Unrestricted Net Position are those funds that do not meet the definition of "Restricted" or "Net Investment in Capital Assets" as described above. Generally, these resources will be derived from student tuition and fees, State appropriations, sales and services of educational activities, and sales and services of certain auxiliary and self-funded activities. This category is a deficit due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Classification of Revenues

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

Operating revenues – Operating revenues generally result from providing goods and services for instruction, public service, or related support services to an individual or entity separate from the College.

Nonoperating revenues – Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include Federal Pell grants, nonoperating Federal grants and contracts, gifts, investment income, and other nonoperating revenue.

Other revenues, expenses, or transfers include gain or loss on the disposal of assets, state capital and controlled maintenance appropriations, capital student fees, capital grants and gifts, State pension contributions, and additions to endowment.

Scholarship Allowance

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees were $35.8 million and $33.9 million and scholarship allowances for auxiliary charges were $2.3 million and $2.2 million for the years ended June 30, 2021 and 2020, respectively.

Application of Restricted and Unrestricted Resources

The College's policy is to first apply an expense against restricted resources and then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

Pensions

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

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

Other Post-Employment Benefits (OPEB)

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

Fiscal Rules

Colorado State Senate Bill 10-003, enacted by the General Assembly and signed by the Governor and effective June 9, 2010, amends Section 24-30-202, C.R.S. As amended, Section 24-30-202(13)(b), C.R.S., allows a governing board of an Institution of Higher Education that has adopted Fiscal Rules and have determined that such Fiscal Rules provide adequate safeguards for the proper expenditure of the moneys of the institution to elect to exempt the institution from the Fiscal Rules promulgated by the State Controller pursuant to Section 24-30-202. Pursuant to this change, on June 3, 2011, the College Board voted to opt out of the State of Colorado Fiscal Rules and establish its own set of Fiscal Rules. These rules were adopted by the Board of Trustees on June 3, 2011 and became effective July 1, 2011.

Reclassifications

Certain amounts from fiscal year 2020 have been reclassified to conform to the fiscal year 2021 financial statement presentation.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The College deposits most of its cash with the Colorado State Treasurer (the Treasurer) as allowed by C.R.S. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021, and 2020, the College had cash on deposit with the State Treasurer of $27,336,428 and $29,421,011, respectively, which represented 0.15 percent and 0.31 percent of the total $17,744.6 million and $9,633.8 million fair value of investments in the State Treasurer's Pool (the Pool). As of June 30, 2021, the Pool's resources included $36.1 million of cash on hand and $17,708.5 million of investments.

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

Additional information on investments of the Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2021.

As of June 30, 2021, the carrying amount of the College's cash held locally was $9,510,617. The cash included petty cash and change funds of $6,300 and bank deposits of $9,504,317. The bank balance of deposits before reconciling items was $9,852,848. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

As of June 30, 2020, the carrying amount of the College's cash held locally was $4,905,734. The cash included petty cash and change funds of $6,527 and bank deposits of $4,899,207. The bank balance of deposits before reconciling items was $5,192,409. The entirety of the bank balance was covered by collateral held by the bank or its agent in the State's name.

Investments

During the 2013 Colorado legislative session, the General Assembly passed legislation (HB 13-1297) which grants investment authority to the College. The Board exercised its investment authority during the fiscal year ended June 30, 2016. The College has authority to invest institutional funds in any investment deemed advisable by the Board per C.R.S. Section 23-52-103.

The following summarizes the College's investments by type at June 30, 2021:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 47,118	$ 47,118
Mutual Funds - Equity	6,476,797	4,998,731
Mutual Funds - Fixed Income	2,870,235	2,822,430
Total investments	$ 9,394,150	$ 7,868,279

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position is as follows:

Total dividends and interest (net of fees of $42,681)	$ 183,404
Net realized/unrealized gain (realized gain $424,930, unrealized gain $842,898)	1,267,828
Total	$ 1,451,232

The following summarizes the College's investments by type at June 30, 2020:

	Fair Value	Cost
Cash and cash equivalents - Money Market	$ 19,746	$ 19,746
Mutual Funds - Equity	3,069,741	2,540,390
Mutual Funds - Fixed Income	4,853,432	4,699,808
Total investments	$ 7,942,919	$ 7,259,944

Investment income included in the accompanying Statements of Revenues, Expenses and Changes in Net Position is as follows:

Total dividends and interest (net of fees of $38,089)	$	161,921
Net realized/unrealized gain/loss (realized gain $296,077, unrealized loss $361)		295,716
Total	$	457,637

Credit Quality Risk - Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). At June 30, 2021, the College held Equity Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $1,472,794, 4 Stars total fair value of $4,667,340 and 5 Stars total fair value of $336,663. At June 30, 2021, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $536,967 and 4 Stars total fair value of $2,333,268. At June 30, 2020, the College held Equity Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $398,216, 4 Stars total fair value of $2,592,426 and 5 Stars total fair value of $79,098. At June 30, 2020, the College held Fixed Income Mutual Funds rated by Morningstar as follows: 3 Stars total fair value of $1,178,810, 4 Stars total fair value of $2,210,782 and 5 Stars total fair value of $1,463,840.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate risk applies only to debt investments. The College held no debt investments at June 30, 2021 and 2020.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk.

As of June 30, 2021, no individual bonds are held in the portfolio. As the portfolio consists entirely of mutual funds and equities, which are not rated, do not have a maturity and therefore also do not have a duration. Investments at June 30, 2021 consisted of the following:

	Fair Value	Moody's Rating	Weighted Average Maturity	Duration
Other Investments				
Bond Mutual Funds	2,870,235	N/A	N/A	N/A
Equity Mutual Funds	6,476,797	N/A	N/A	N/A
Money Market	47,118	N/A	N/A	N/A
Total	9,394,150	N/A	N/A	N/A

Investments at June 30, 2020 consisted of the following:

	Fair Value	Moody's Rating	Weighted Average Maturity	Duration
Other Investments				
Bond Mutual Funds	4,853,432	N/A	N/A	N/A
Equity Mutual Funds	3,069,741	N/A	N/A	N/A
Money Market	19,746	N/A	N/A	N/A
Total	7,942,919	N/A	N/A	N/A

Fair Value of Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2021:

- Bond Mutual Funds of $2,870,235 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $6,476,797 are valued using quoted market prices (Level 1 inputs)

The College has the following recurring fair value measurements as of June 30, 2020:

- Bond Mutual Funds of $4,853,432 are valued using quoted market prices (Level 1 inputs)
- Equity Mutual Funds of $3,069,740 are valued using quoted market prices (Level 1 inputs)

NOTE 3 - FORT LEWIS COLLEGE FOUNDATION FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Fixed income (bond funds or individual bonds) - Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings (other than investments in certain entities that calculate net asset value ("NAV") per share).

Alternative investments - Valued at the NAV as provided by the investment managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2021, and 2020, the Foundation had no plans to sell investments at amounts different from NAV. Funds measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

No changes were made to the valuation methodologies during the years ended June 30, 2021 and 2020. The following tables set forth, by level within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis, as of June 30, 2021 and 2020:

	Assets Measured at Fair Value on Recurring Basis at June 30, 2021				
Description	Level 1	Level 2	Level 3	Carried at Net Asset Value (NAV)	Balance at June 30, 2021
Cash with brokerage firm	$ 27,112	$ -	$ -	$ -	$ 27,112
Equities					
Domestic	6,432,325	-	-	-	6,432,325
International	3,994,723	-	-	-	3,994,723
Emerging markets	2,780,674	-	-	-	2,780,674
Fixed Income					
Domestic	10,879,857	-	-	-	10,879,857
International	511,330	-	-	-	511,330
Emerging markets	1,885,510	-	-	-	1,885,510
Alternative Investments					
Private Equity	-	-	-	908,894	908,894
Master limited partnerships	470,454	-	-	-	470,454
Total Investments at Fair Value	26,981,984	-	-	908,894	27,890,878
Beneficial interest in assets held by others	-	-	762,842	-	762,842
Total	**$ 26,981,984**	**$ -**	**$ 762,842**	**$ 908,894**	**$ 28,653,720**

	Assets Measured at Fair Value on Recurring Basis at June 30, 2020				
Description	Level 1	Level 2	Level 3	Carried at Net Asset Value (NAV)	Balance at June 30, 2020
Cash with brokerage firm	$ 1,293,853	$ -	$ -	$ -	$ 1,293,853
Equities					
Domestic	5,163,301	-	-	-	5,163,301
International	4,185,879	-	-	-	4,185,879
Emerging markets	1,216,938	-	-	-	1,216,938
Fixed Income					
Domestic	7,028,881	-	-	-	7,028,881
International	597,362	-	-	-	597,362
Emerging markets	1,026,229	-	-	-	1,026,229
Alternative Investments					
Private Equity	-	-	-	662,411	662,411
Master limited partnerships	400,927	-	-	-	400,927
Total Investments at Fair Value	20,913,369	-	-	662,411	21,575,780
Beneficial interest in assets held by others	-	-	684,804	-	684,804
Total	**$ 20,913,369**	**$ -**	**$ 684,804**	**$ 662,411**	**$ 22,260,584**

Investments in certain entities that calculate NAV per share are as follows:

Description	NAV	Unfunded Commitments	Redemption Frequency
Private equity – June 30, 2021	$ 908,894	$ 268,000	Upon fund termination
Private equity – June 30, 2020	$ 662,411	$ 384,000	Upon fund termination

Private equity funds focus on buyout, growth equity, and/or distressed debt. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 1 to 12 years.

Return on investments is summarized as follows for the respective years ended June 30, 2021 and 2020:

	2021	2020
Interest	$ 107,352	$ 139,432
Dividends	553,807	518,160
Total interest and dividends	661,159	657,592
Net realized gain (loss)	970,414	(34,440)
Total realized investment income	1,631,573	623,152
Net unrealized gain (loss)	3,277,573	(902,613)
Total return (loss) on investments before expenses	4,909,146	(279,461)
Brokerage and custodial fees	(128,340)	(117,146)
Interest expense	-	(12,730)
Return (loss) on investments, net of expenses	$ 4,780,806	$ (409,337)

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts Receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statements of Net Position. At June 30, 2021 and 2020, the Accounts Receivable balances are comprised of:

	2021	2020
Student Accounts Receivable	$ 2,345,877	$ 1,607,831
Less: Allowance for Doubtful Accounts	(1,400,442)	(1,063,049)
Student Accounts Receivable, Net	945,434	544,782
Accounts Receivable - Fort Lewis College Foundation	128,499	592,472
Other Accounts Receivable		
Sponsored Programs	6,684,650	560,350
Conferences & Summer Programs	64,579	900
Other*	241,104	609,163
Other Accounts Receivable	6,990,334	1,170,413
Total Receivables, Net	$ 8,064,267	$ 2,307,667

*Other accounts receivable includes $201,784 and $523,424 for State of Colorado Fee for Service payments at June 30, 2021 and 2020, respectively.

NOTE 5 - CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Deletions	Transfers	Balance 6/30/2021
Land	$ 286,301	$ -	$ -	$ -	$ 286,301
Land Improvements	23,038,569	-	-	-	23,038,569
Buildings and Improvements	260,306,314	-	-	182,425	260,488,739
Construction in Progress	3,684,048	4,221,973	38,233	(182,425)	7,685,363
Equipment	11,813,416	586,687	11,000	-	12,389,103
Software	1,267,811	-	-	-	1,267,811
Library Materials	1,900,968	30,760	55,350	-	1,876,378
Capitalized Collections	1,433,404	7,562	-	-	1,440,966
Total	303,730,831	4,846,982	104,583	-	308,473,230
Less Accumulated Depreciation:					
Land Improvements	15,451,526	806,221	-	-	16,257,747
Buildings and Improvements	112,705,212	6,802,781	-	-	119,507,993
Vehicles and Equipment	8,104,005	701,255	11,000	-	8,794,260
Software	1,266,193	1,618	-	-	1,267,811
Library Materials	1,494,593	75,720	55,350	-	1,514,963
Total Accumulated Depreciation	139,021,529	8,387,595	66,350	-	147,342,774
Capital Assets, Net	$ 164,709,302	$ (3,540,613)	$ 38,233	$ -	$ 161,130,456

The College's capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Deletions	Transfers	Balance 6/30/2020
Land	$ 106,301	$ 180,000	$ -	$ -	$ 286,301
Land Improvements	22,754,807	65,035	-	218,727	23,038,569
Buildings and Improvements	252,710,268	-	-	7,596,046	260,306,314
Construction in Progress	5,287,345	6,392,329	180,853	(7,814,773)	3,684,048
Equipment	11,504,867	509,649	201,100	-	11,813,416
Software	1,267,811	-	-	-	1,267,811
Library Materials	2,222,862	43,014	364,908	-	1,900,968
Capitalized Collections	1,413,483	19,921	-	-	1,433,404
Total	297,267,744	7,209,948	746,861	-	303,730,831
Less Accumulated Depreciation:					
Land Improvements	14,583,674	867,852	-	-	15,451,526
Buildings and Improvements	105,861,423	6,843,789	-	-	112,705,212
Vehicles and Equipment	7,476,928	828,177	201,100	-	8,104,005
Software	1,262,957	3,236	-	-	1,266,193
Library Materials	1,784,521	74,979	364,907	-	1,494,593
Total Accumulated Depreciation	130,969,503	8,618,033	566,007	-	139,021,529
Capital Assets, Net	$ 166,298,241	$ (1,408,085)	$ 180,854	$ -	$ 164,709,302

NOTE 6 - FORT LEWIS COLLEGE FOUNDATION PROPERTY AND EQUIPMENT AND COLLECTION ITEMS

Property and equipment include gifts-in-kind and purchased items held by the Foundation, including "offered for lease" Durango area townhomes and the President's residence which are depreciated over a period of forty years using the straight-line method. During the year ended June 30, 2020, the Foundation recognized a net gain of $110,156 on the sale of one of the townhomes. There were no gains or losses on sales of property or equipment during the year ended June 30, 2021. Total depreciation expense for the years ended June 30, 2021 and 2020 was $26,736 and $27,193, respectively.

At June 30, 2021, property and equipment are composed of the following:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts-in-kind			
Land and buildings	$ 500,000	$ -	$ 500,000
Equipment	20,000	336,910	356,610
Accumulated depreciation	(123,125)	(336,910)	(463,735)
Total gifts-in-kind	396,875	-	396,875
Purchased assets			
Land and buildings	998,699	-	998,699
Equipment	-	73,900	73,900
Accumulated depreciation	(292,955)	(73,900)	(366,855)
Total purchased assets	705,744	-	705,744
Total property and equipment, net	$ 1,102,619	$ -	$ 1,102,619

At June 30, 2020, property and equipment are composed of the following:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Gifts-in-kind			
Land and buildings	$ 500,000	$ 12,000	$ 512,000
Equipment	20,000	336,610	356,610
Accumulated depreciation	(113,750)	(336,610)	(450,360)
Total gifts-in-kind	406,250	12,000	418,250
Purchased assets			
Land and buildings	996,725	-	996,725
Equipment	-	73,900	73,900
Accumulated depreciation	(275,594)	(73,900)	(349,494)
Total purchased assets	721,131	-	721,131
Total property and equipment, net	$ 1,127,381	$ 12,000	$ 1,139,381

As of June 30, 2021 and 2020, the Foundation also has collection items totaling $5,667,400. The Foundation's collection items are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Collections are maintained in various venues on campus, primarily in the Center for Southwest Studies. Each of the items is cataloged, preserved, and cared for by College staff, and activities verifying their existence and assessing their condition are performed continuously.

NOTE 7 - ACCRUED LIABILITIES

At June 30, 2021 and 2020, the types and amounts of accrued liabilities, as presented on the Statements of Net Position, are comprised of:

	2021	2020
Accrued Payroll & Benefits	$ 2,526,225	$ 2,245,735
Accrued Interest Payable	141,411	430,967
Contractor Retainage	71,137	306,779
Other Liabilities	62,081	39,857
Total	$ 2,800,856	$ 3,023,338

NOTE 8 - UNEARNED REVENUE

At June 30, 2021 and 2020, the types and amounts of unearned revenue, as presented on the Statements of Net Position, are comprised of:

	2021	2020
Tuition and Fees	$ 600,882	$ 544,398
Auxiliary Enterprises	115,790	81,792
Grants and Contracts	1,740,029	8,330,987
Miscellaneous	303,583	164,764
Total	$ 2,760,285	$ 9,121,941

NOTE 9 - LONG-TERM LIABILITIES

The College's long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Current Portion
Bonds Payable:					
Revenue Bonds	$ 46,223,869	4,930,000.00	$ (3,217,571)	$ 47,936,298	$ 501,778
Bond Premium/(Discount)	2,934,996	(25,194)	(385,506)	2,524,296	-
Total Bonds Payable	49,158,865	4,904,806	(3,603,077)	50,460,594	501,778
Other Liabilities:					
Compensated Absences	2,258,563	583,810	(284,500)	2,557,873	327,073
Total Other Liabilities	2,258,563	583,810	(284,500)	2,557,873	327,073
Total Long-Term Liabilities	$ 51,417,428	$ 5,488,616	$ (3,887,577)	$ 53,018,467	$ 828,851

The College's long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Current Portion
Bonds Payable:					
Revenue Bonds	$ 47,688,521	$ -	$ (1,464,652)	$ 46,223,869	$ 1,552,572
Bond Premium/(Discount)	3,119,326	-	(184,330)	2,934,996	-
Total Bonds Payable	50,807,847	-	(1,648,982)	49,158,865	1,552,572
Other Liabilities:					
Compensated Absences	1,947,756	608,507	(297,700)	2,258,563	327,352
Total Other Liabilities	1,947,756	608,507	(297,700)	2,258,563	327,352
Total Long-Term Liabilities	$ 52,755,603	$ 608,507	$ (1,946,682)	$ 51,417,428	$ 1,879,924

NOTE 10 - BONDS PAYABLE

Revenue bond principal and interest are payable solely from net pledged revenues which consist of gross revenues derived from the operation of the College's pledged operations, a portion of tuition, and pledged student fees as shown in the Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019, and 2020 Revenue Bonds and Expenses in the Supplemental Information section of this report. Annual debt service payments are made in October and April of each year and are detailed below.

On February 28, 2012, the College issued the Series 2012 Revenue Bonds in the amount of $6,520,000 to finance various energy conservation improvements to the College campus. The 2012 Revenue Bonds bear interest at 3.8%.

On March 29, 2016, the College issued Series 2016A Enterprise Revenue Refunding Bonds to refund the Series 2007A Revenue Bonds as an in-substance defeasance. The face value of the old debt was $10,440,000 and the escrow deposit was $11,250,399. The par amount of the new debt was $10,555,000 with a premium of $792,619. The interest rate of the old debt ranged from 4.00% to 4.75% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $15,403,619 and the debt service of the new debt is $13,928,969, with a savings of $1,474,650 in cash flows. Present values of the debt service cash flow are $12,412,631 for the old debt versus $11,187,439 for the new debt, resulting in an economic gain of $1,225,192. The term of the new debt is the same as that of the remaining term of the old debt (18 years). Underwriting and other issuance costs were $97,381. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $1,365,000.

On March 29, 2016, the College issued Series 2016B Enterprise Revenue Refunding Bonds to refund the Series 2007B1 Revenue Bonds as an in-substance defeasance. The face value of the old debt was $25,985,000 and the escrow deposit was $28,122,534. The par amount of the new debt was $25,400,000 and the premium was $2,957,037. The interest rate of the old debt ranged from 4.00% to 5.00% and the interest rate of the new debt ranges from 2.00% to 5.00%. The sum of the debt service of the old debt was $43,602,825 and the debt service of the new debt is $39,635,671, with a savings of $3,967,154 in cash flows. Present values of the debt service cash flow are $32,790,232 for the old debt versus $29,329,405 for the new debt, resulting in an economic gain of $3,460,827. The term of the new debt is the same as that of the remaining term of the old debt (23 years). Underwriting and other issuance costs were $234,342. Unrefunded debt for the Series 2007A Revenue Bonds amounted to $3,395,000.

On March 29, 2016, the College issued Series 2016C Drawdown Bond in the amount of $4,060,000 with the Bank of the San Juans for the final phase of the Bader/Snyder Residence Hall renovations. This bond has a fixed interest rate of 2.96% and issuance costs were $60,000.

On April 11, 2019, the College issued the Series 2019A Enterprise Revenue Refunding Bonds to refund the Series 2007A Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $1,195,000 and the face value of the new debt was $1,197,178. The par amount of the new debt was $1,215,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.41%. The sum of the debt service of the old debt was $1,637,638 and the debt service of the new debt is $1,527,825, with a savings of $109,813 in cash flows. Present values of the debt service cash flow are $1,280,585 for the old debt versus $1,195,534 for the new debt, resulting in an economic gain of $85,051. The term of the new debt is the same as that of the remaining term of the old debt (14 years). Underwriting and other issuance costs were $17,821.

On April 11, 2019, the College issued the Series 2019B Enterprise Revenue Refunding Bonds to refund the Series 2007B Unrefunded Revenue Bonds as a defeasance. The face value of the old debt was $3,250,000 and the face value of the new debt was $3,305,000. The interest rate of the old debt ranged from 4.25% to 5.00% and the interest rate of the new debt is 3.73%%. The sum of the debt service of the old debt was $4,986,366 and the debt service of the new debt is $4,691,280, with a savings of $295,086 in cash flows. Present values of the debt service cash flow are $3,594,940 for the old debt versus $3,324,466 for the new debt, resulting in an economic gain of $270,474. The term of the new debt is the same as that of the remaining term of the old debt (19 years). Underwriting and other issuance costs were $48,941.

On September 23, 2020, the College issued its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020A-1 in the aggregate principal amount of $685,000, its Enterprise Refunding Revenue Bonds, Taxable Series 2020A-2 in the aggregate principal amount of $1,150,000, its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020B-1 in the aggregate principal amount of $535,000, and its Enterprise Refunding Revenue Bonds, Taxable Series 2020B-2 in the aggregate principal amount of $2,560,000 to (a) pay and defease certain maturities of the College's outstanding Series 2016A Bonds, Series 2016B bonds, and Series 2016C bond, as set forth below, (b) refund other interest payable on certain of the remaining outstanding portions of the Series 2016A Bonds and Series 2016B bonds, and (c) to pay certain costs relating to the issuance of the Series 2020 bonds. Interest rates for Series 2020A-1 bonds range from 2 percent to 2.25 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020A-2 bonds range from 1.25 percent to 3 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020B-1 bonds range from 2 percent to 2.75 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2038. Interest rates for Series 2020B-2 bonds range from 1.25 percent to 3.25 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2038.

Bond Series	Maturities (October 1)	Par Amount to be Escrowed to Maturity
Series 2016A Bonds	2020	$ 545,000
	2021	560,000
Series 2016B Bonds	2020	510,000
	2021	980,000
Series 2016C Bonds	2020	120,000
	2021	125,000
		$ 2,840,000

The face value of the defeased debt was $2,840,000 and the face value of the new debt is $4,930,000. The interest rate of the defeased debt ranged from 2 percent to 4 percent and the interest rate of the new debt ranges from 1.25 percent to 3.25 percent. The sum of the debt service of the defeased debt was $4,743,582 and the debt service of the new debt is $6,293,282, with a loss of $1,549,700 in cash flows. Present values of the debt service cash flow resulted in an economic loss of $494,927. The difference between the present values of the old and new debt service requirements resulted in a loss of $1,891,185. Issuance costs were $119,299.

Total outstanding bonds, including premiums or discounts, are summarized below:

Issue	Date Issued	Amount Issued	2021	2020
2012 Revenue Bonds	2/28/2012	$ 6,520,000	$ 4,871,297	$ 5,138,869
2016A Reveue Refunding Bonds	3/29/2016	10,555,000	7,390,000	8,495,000
2016B Revenue Refunding Bonds	3/29/2016	25,400,000	22,935,000	24,425,000
2016C Revenue Bonds	3/29/2016	4,060,000	3,470,000	3,715,000
2019A Revenue Refunding Bonds	4/11/2019	1,215,000	1,075,000	1,145,000
2019B Revenue Refunding Bonds	4/11/2019	3,305,000	3,265,000	3,305,000
2020A-1 Revenue Refunding Bonds	9/23/2020	685,000	685,000	-
2020B-1 Revenue Refunding Bonds	9/23/2020	535,000	535,000	-
2020A-2 Revenue Refunding Bonds	9/23/2020	1,150,000	1,150,000	-
2020B-2 Revenue Refunding Bonds	9/23/2020	2,560,000	2,560,000	-
Unamortized Premium/(Discount)		-	2,524,297	2,934,996
Total		$ 55,985,000	$ 50,460,594	$ 49,158,865

Principal and interest requirements on all outstanding bonds at June 30, 2021 are summarized in the table below.

Year Ending June 30,	Principal	Interest	Total
2022	$ 501,778	$ 1,170,192	$ 1,671,970
2023	2,527,330	1,733,008	4,260,338
2024	2,614,293	1,656,723	4,271,016
2025	2,722,735	1,560,876	4,283,611
2026	2,847,724	1,456,801	4,304,525
2027-2031	16,452,942	5,328,921	21,781,863
2032-2036	14,094,495	2,278,561	16,373,056
2037-2041	6,175,000	208,899	6,383,899
Total	$ 47,936,297	$ 15,393,981	$ 63,330,278

NOTE 11 – STATE OF COLORADO CERTIFICATES OF PARTICIPATION

On September 26, 2018, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2018A, with a par value of $500,000,000 and a premium of $47,369,000 and a discount of $526,000. The certificates have interest rates ranging from 1.84% to 5% percent and mature in 2037. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2018 certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2018 COP proceeds, $1,543,434 was designated for controlled maintenance projects at the College. These controlled maintenance projects include replacing the boiler and heating system equipment at Whalen Gymnasium as well as replacing the roof at Skyhawk Station (formerly Miller Student Services) along with other improvements to Skyhawk Station. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On June 2, 2020, the State issued State of Colorado Rural Colorado Certificates of Participation, Series 2020A, with a par value of $500,000,000 and a premium of $111,008,605 and a discount of $1,119,010.59. The certificates have interest rates ranging from 3% to 5% and mature in 2039. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020A certificates are secured by buildings or equipment acquired with the proceeds and any unexpended lease proceeds. Of the 2020A COP proceeds, $866,335 was designated for the second phase of a controlled maintenance project to replace heating and cooling lines for the northern section of campus. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

On February 24, 2021, the State entered into a lease-purchase agreement under which the trustee Zions Bancorporation issued State of Colorado Higher Education Lease Purchase Financing Program Lease-Purchase Agreement Series 2020 Certificates of Participation with a par value of $64,250,000 and a premium of

$16,799,542.85 and a discount of $190,308.61. The certificates have interest rates ranging from 4% to 5% and mature in 2041. Annual lease payments are made by the State and are subject to annual appropriation by the Legislature. As a result, this liability is recognized by the State and not included in the College's financial statements.

The 2020 certificates are secured by the College's leased properties as follows: Education/Business Hall, Pine Hall, and Skyhawk Hall which have a current replacement value of $25,867,802. Of the 2020 COP proceeds, $26,571,891 was designated for the capital construction of a new Health Science Center building, a 42,000 square-foot space that will house classrooms, labs, offices, and academic support areas. The underlying capitalized assets are contributed to the College from the State and are reflected in the accompanying financial statements.

NOTE 12 - OPERATING LEASES

Certain equipment, consisting of vehicles, is being leased by the College under operating leases. The following is a schedule of all future minimum rental payments due on operating leases as of June 30, 2021:

Year ending June 30,		
2022	$	22,409
2023	$	9,192
2024		9,192
2025	$	-
2026		-
Total	$	40,793

NOTE 13 - ENCUMBRANCES

Outstanding purchase commitments not reflected in the financial statements at June 30, 2021 and 2020 are:

	2021	2020
Education and General	$ 372,630	$ 281,366
Auxiliary Enterprises	507,589	690,230
Restricted Funds	1,321,864	357,630
Plant Funds	23,613,609	2,922,932
Total	$ 25,815,692	$ 4,252,158

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Contracts have been entered into for the purpose of planning, constructing, or equipping certain building or land improvements with outstanding amounts totaling $23,613,609 and $2,922,932 as of June 30, 2021 and 2020, respectively. These improvements will be funded by appropriations from the State or internal transfers of funds.

The College receives significant amounts from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits could become a liability of the College. Management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the College.

NOTE 15 - SCHOLARSHIP ALLOWANCE

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. Also included in the scholarship allowance amounts are Native American Tuition Waivers, which are funded through the State. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Tuition, fees, auxiliary revenue, and the related scholarship allowances for the year ended June 30, 2021 and 2020, were as follows:

	Tuition and Fees	Auxiliary Revenue	6/30/2021 Total	6/30/2020 Total
Gross Revenue	$ 46,954,850	$ 14,176,652	$ 61,131,502	$ 61,062,631
Scholarship Allowance:				
Federal	(4,777,803)	(789,666)	(5,567,469)	(4,786,900)
State (Includes Native American Tuition Waver)	(23,037,123)	(206,024)	(23,243,147)	(22,877,778)
Private	(691,888)	(114,354)	(806,242)	(957,842)
Institutional	(7,247,629)	(1,197,874)	(8,445,502)	(7,469,629)
Total Scholarship Allowance	(35,754,443)	(2,307,917)	(38,062,360)	(36,092,149)
Net Revenue	$ 11,200,407	$ 11,868,735	$ 23,069,142	$ 24,970,482

NOTE 16 - DEFERRED OUTFLOWS AND INFLOWS

The College's Deferred Outflows and Inflows as of June 30, 2021 and 2020 were as follows:

	2021	2020
Deferred Outflows		
Accounting Loss on Bond Refunding	$ 4,065,971	$ 2,663,425
Pension Contributions Subsequent to Measurement Date	798,761	855,779
Pension Experience Gains and Losses	583,037	919,140
Pension Changes in Assumptions or Other Inputs	1,601,971	-
OPEB Expected vs. Actual Investment Earnings	2,184	3,281
OPEB Changes in Assumptions or Other Inputs	6,148	8,203
OPEB Contributions Subsequent to Measurement Date	40,068	44,296
OPEB Employer Contributions vs. Employer Proportionate Share	30	37
Total Deferred Outflows	$ 7,098,170	$ 4,494,162
Deferred Inflows		
Pension Changes in Assumptions or Other Inputs	$ -	$ 7,056,040
Pension Projected vs. Actual Investment Earnings	4,828,753	2,650,445
Pension Change in Employer Proportion	604,964	1,334,675
Pension Employer Contributions vs. Employer Proportionate Share	4,699	4,586
OPEB Expected vs. Actual Experience	180,902	166,152
OPEB Projected vs. Actual Investment Earnings	33,622	16,504
OPEB Changes in Assumptions or Other Inputs	50,456	-
OPEB Change in Employer Proportion	122,889	145,021
OPEB Employer Contributions vs. Employer Proportionate Share	386	360
Total Deferred Inflows	$ 5,826,671	$ 11,373,784

Additional information on Long-Term Liabilities and Bonds Payable can be found in Footnotes 9 and 10. Additional information on the Pension and OPEB Deferred Inflows and Outflows can be found in Footnotes 18 and 19.

NOTE 17 - SPENDING LIMITATIONS

In November 1992, Colorado voters passed Section 20 Article X of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State of Colorado, including the College. During the year ended June 2004, the Colorado State Legislature determined that in Section 23-5-101.7 of the Colorado Revised Statutes, an institution of higher education may be designated as an enterprise for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than ten percent of its total annual revenues in grants from all Colorado State and local governments combined. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

In February 2005, the Board designated the College as a TABOR enterprise pursuant to the statute and in fiscal year 2006 the College began reporting its activity to the State as an enterprise. Designation is reviewed at the end of each year to determine if the College continues to meet TABOR-exempt criteria.

The table below shows the College's TABOR Enterprise state support calculation for the years ended June 30, 2021 and 2020:

	2021	2020
State Support:		
Capital Appropriations/Contributions	$ 1,676,838	$ 1,932,698
State/Local Grants (non-financial aid)	501,064	285,871
Institutional Share of COP Debt Payments	333,083	273,727
Institutional Share of PERA Direct Distribution	-	195,433
Total State Support	$ 2,510,984	$ 2,687,729
Total Revenues (gross operating, nonoperating, and other revenues)	$ 89,535,159	$ 80,389,408
Ratio of State Support to Total Revenues	2.80%	3.34%

The Colorado State Legislature establishes spending authority to the College in its annual Long Appropriations Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund and Fee for Service. The Native American Tuition Waiver is not included in these amounts.

For the years ended June 30, 2021 and 2020, appropriated expenses were within the authorized spending authority. For the year ended June 30, 2021, the College had a total long bill appropriation of $5,937,304. For the year ended June 30, 2020, the College had a total long bill appropriation of $14,136,437. All other revenues and expenses reported by the College represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include tuition and fees, grants and contracts, gifts, indirect cost recoveries, auxiliary revenues and other revenue sources. These appropriations are not considered in the State support calculation for TABOR purposes.

NOTE 18 - EMPLOYMENT BENEFITS

Employees of the College participate in one of three retirement plans. Eligible student employees participate in a student retirement plan that is funded solely by contributions from the student employees. All other eligible employees of the College participate in either the Public Employees' Retirement Association of Colorado (PERA) plan or other defined contribution plans.

The College's total payroll for the fiscal years ended June 30, 2021 and 2020 was $37,636,387 and $36,337,867, respectively. The total payroll for employees covered by the PERA plan, the optional defined contribution plan, and the student retirement plan was $7,916,344, $25,242,204, and $367,537, respectively for June 30, 2021, and $8,572,008, $23,925,604, and $343,939, respectively for June 30, 2020. The remaining employees were not eligible for participation in any of the College's plans.

General Information about the PERA Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2021. Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413.

Employee contribution rates for the period of July 1, 2019 through June 30, 2021 are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2020 Through December 31, 2020	July 1, 2019 Through June 30, 2020
Employee Contribution Rate	10.00%	10.00%	8.75%
Employer Contribution Rate	10.90%	10.90%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF[1]	9.88%	9.88%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.05%	N/A	N/A
Total employer contribution rate to the SDTF	**19.93%**	**19.88%**	**19.38%**

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Fort Lewis College were $1,544,945 and $1,661,255 for the years ended June 30, 2021 and 2020, respectively.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERA Pension</u>

At June 30, 2021, Fort Lewis College reported a liability of $23,592,491 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The College's proportion of the net pension liability was based on the College's contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity. At December 31, 2020, Fort Lewis College's proportion was 0.2487401832 percent, which was a decrease of 0.00477690495 percent from its proportion measured as of December 31, 2019.

At June 30, 2020, Fort Lewis College reported a liability of $24,600,801 for its proportionate share of the net pension liability. The net pension liability for the SDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The College's proportion of the net pension liability was based on the College's contributions to the SDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity. At December 31, 2019, Fort Lewis College's proportion was 0.2535170882 percent, which was a decrease of 0.00488076135 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2021 and 2020, the College recognized pension expense of ($7,824,490) and ($8,484,866), respectively. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2021		Fiscal Year 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 583,037	$ -	$ 919,140	$ -
Changes of assumptions or other inputs	1,601,971	-	-	7,056,040
Net difference between projected and actual earnings on pension plan investments	-	4,828,753	-	2,650,445
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	609,663	-	1,339,261
Contributions subsequent to the measurement date	798,761	-	855,779	-
Total	$ 2,983,769	$ 5,438,416	$ 1,774,919	$11,045,746

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, of $798,761 and $855,779 for fiscal year 2021 and 2020, respectively, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	$ (612,141)
2023	(242,805)
2024	(1,641,718)
2025	(756,745)

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) [1]	Financed by the Annual Increase Reserve (AIR)

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For

future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State‘s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of Fort Lewis College's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability – 2021	$ 31,213,560	$ 23,592,491	$ 17,193,543
Proportionate share of the net pension liability – 2020	$ 31,648,713	$ 24,600,801	$ 18,636,989

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

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The College does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings.

Defined Contribution Retirement Plan (PERA DC Plan)

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

Funding Policy – All participating employees in the PERA DC Plan and the College are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2019 through June 30, 2021 are summarized in the tables below:

	July 1, 2020 Through June 30, 2021	July 1, 2019 Through June 30, 2020
Employee Contribution Rates:		
Employee contribution	10.00%	8.75%
Employer Contribution Rates:		
On behalf of all employees	10.15%	10.40%

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

	June 30, 2020
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	**10.00%**

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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

Non-PERA Defined Contribution Plan

Certain full-time faculty and professional staff of the College are required to participate in a defined contribution plan as an alternative to PERA. Two vendor choices are offered through the defined contribution plan: Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC). The College's aggregate contribution to the above two vendors was equal to 11.4 percent of covered payroll or $2,877,611 for the fiscal year ended June 30, 2021 and $2,727,519 for the fiscal year ended June 30, 2020. The employee aggregate contribution to the above two vendors was equal to 8.0 percent of covered payroll or $2,019,376 for the fiscal year ended June 30, 2021 and $1,914,048 for the fiscal year ended June 30, 2020.

Student Employee Retirement Program

Eligible student employees contribute 7.5% of covered payroll to the student retirement program. All contributions are invested with one vendor, Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF). The contributions by student employees for the fiscal years ended June 30, 2021 and 2020 were $27,565 and $25,795, respectively. The College is not liable for any matching contributions to the student retirement program.

Health Insurance Programs

The College's contributions to the various health insurance programs for the fiscal years ended June 30, 2021 and 2020 were $4,706,961 and $4,867,421, respectively.

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund (HCTF)

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

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.
Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the College were $77,567 for the fiscal year ended June 30, 2021 and $86,120 for the fiscal year ended June 30, 2020.

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

At June 30, 2021 and 2020, the College reported a liability of $822,850 and $988,786 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The College's proportion of the net OPEB liability was based on the College's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.
At December 31, 2020, the College's proportion was 0.0865953152 percent, which was a decrease of 0.001375077 percent from its proportion measured as of December 31, 2019.

For the years ended June 30, 2021 and June 30, 2020, the College recognized OPEB expense of ($98,330) and ($61,826), respectively. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2021		Fiscal Year 2020	
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ 2,184	$ 180,902	$ 3,281	$166,152
Changes of assumptions or other inputs	6,148	50,456	8,203	-
Net difference between projected and actual earnings on OPEB plan investments	-	33,622	-	16,504
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30	123,274	37	145,382
Contributions subsequent to the measurement date	40,068	N/A	44,296	N/A
Total	$ 48,430	$ 388,255	$ 55,818	$ 328,038

The $40,068 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	$ (100,298)
2023	(95,594)
2024	(89,724)
2025	(67,595)
2026	(25,086)
Thereafter	(1,596)

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

The 2020 and 2019 Medicare Part A premium is $458 and $437 (actual dollars) per month, respectively.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

	Trust Fund
	State Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%

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

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

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

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

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

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

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

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

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$801,583	$822,850	$847,609

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability – 2021	$ 942,590	$ 822,850	$ 720,542
Proportionate share of the net OPEB liability – 2020	$ 1,118,021	$ 988,786	$ 878,262

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

NOTE 20 – RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

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

Coverage	Company	Limit ($)	Deductible ($)
Property - Buildings (includes Computers and Equipment)	Hanover Group	571,741,865	10,000
Inland Marine	Hanover Group	6,687,016	1,000
Crime	Hanover Group	1,000,000	10,000
General Liability	Hanover Group	2,000,000	-
Sexual Misconduct or Molestation	Hanover Group	1,000,000	-
School Educators Legal Liability	Hanover Group	1,000,000	25,000
Employee Benefits Liability	Hanover Group	1,000,000	1,000
Law Enforcement Professional Liability	Hanover Group	1,000,000	2,500
Employment Practices Liability	Hanover Group	1,000,000	25,000
Fine Arts	Hanover Group	7,000,000	2,500
Commercial Auto	Hanover Group	1,000,000	1,000
Hired & Non-Owned Auto	Hanover Group	1,000,000	1,000
Workers' Compensation	Pinnacol Assurance	500,000	5,000
Excess	Hanover Group	10,000,000	0
Medical Professional	Hanover Group	3,000,000	0
Tenant Liability	Philadelphia	2,000,000	-
Foreign General Liability	AIG	6,000,000	-
Data Breach	Hanover Group	10,000	1,000
Cyber Security	Travelers	1,000,000	25,000
Flood	Hanover Group	5,000,000	50,000
Earthquake	Hanover Group	5,000,000	25,000

The College became fully insured through several insurance companies for worker's compensation in 2010 and for property and liability in 2011. The College is insured for everything above its deductible. The coverage in fiscal year 2021 is consistent with previous years and there have been no significant reductions in coverage or settlements exceeding coverages.

NOTE 21 – COVID-19

The COVID-19 pandemic had a significant impact on the College's operations starting in the Spring of 2020 and into the fiscal year ending June 30, 2021 including the following:

- All course instruction was moved online in March 2020 and completed virtually, and all non-essential staff began working remotely. Pro-rated refunds for some services were given for the Spring 2020 term, this included refunds for housing, meals, and parking totaling $2.1 million.
- The schedule for Fall 2020 was adjusted so that all courses would be online after Thanksgiving, providing mitigation against potential COVID-19 spread from students traveling during the holiday. Courses were offered utilizing the highest flexibility in delivery possible. Additionally, testing was required of all students, faculty and staff upon return to campus at the beginning of the semester and random testing was required throughout the semester. The College reduced density in classrooms and residence halls, requiring the procurement of a block of rooms at a local hotel for students requesting "on campus" housing.
- During Spring 2021, classes were started later than usual and spring break was removed from the schedule, again to provide mitigation against spread from travel. The focus on flexible modalities of courses continued. The testing requirements continued during this semester. During this semester, the College procured a block of hotel rooms in order to provide for quarantine and isolation housing for students either testing positive for or exposed to COVID-19.

A total of three financial relief packages were passed by the federal government which included assistance to higher education. Funds were provided for emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. Additionally, funds were allocated to the College to help alleviate the impacts of lost revenue and expenses related to COVID-19 mitigation. Finally, additional funding was allocated to FLC due to its status as a minority serving institution (MSI).

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020
- Supplemental CARES funding was approved in December 2020
- The American Rescue Plan was enacted in March 2021.

The following table shows the total funds awarded to the College for emergency financial support for students, the institution, and MSI categories for each of the three stimulus packages between fiscal years 2021 and 2020:

	Financial Support for Students	Institutional Allocation	MSI Allocation
CARES	$1,519,319	$1,519,318	$ 352,541
CARES Supplemental	$1,519,319	3,372,570	510,831
American Rescue Plan	$4,303,027	4,294,772	868,570
Total	$7,341,665	$9,186,660	$1,731,942

The majority of the fiscal year 2021 portion of these specific awards totaling $9.8 million are shown in the nonoperating federal grants and contracts line item in the accompanying statements of revenues, expenses, and changes in net position. An additional amount totaling $1.7 million for awards to students was recorded in the scholarships and fellowships operating expense line item and totaled $1.7 million in the accompanying statement of revenues, expenses, and changes in net position for fiscal year 2021.

Indirect CARES Act Coronavirus Relief Fund funding of $7.5 million was allocated to the College in May 2020 by Governor Polis in Executive Order D 2020 070 to be used for health and safety precautions; student mental health services; school closure and re-opening costs; to facilitate distance learning with closings; expenses to recover lost learning time; personnel expenses; and economic support to educate students by maintaining enrollment, retention and credential completion. The College did not spend any of this money in fiscal year 2020 and, as such, recorded it in the statements of net position in line items restricted cash and cash equivalents and unearned revenue. The College expended all of these funds in the fiscal year ending June 30, 2021 on economic support to educate students by maintaining enrollment, retention and credential completion. The revenue is recorded in the financial statements in the nonoperating federal grants and contracts line.

NOTE 22 - FORT LEWIS COLLEGE FOUNDATION RESTATEMENT OF PRIOR PERIOD

In prior years, the Foundation's equipment was not depreciated over its useful life. To record this depreciation, the Foundation's prior years' financial statements have been restated. The effect of the restatement on the June 30, 2020, beginning balances was an increase in accumulated depreciation and decrease in net assets of $434,398.

During the year ended June 30, 2021, the Foundation reviewed the accounting for the Dalpra perpetual trust assets and determined that the Foundation's interest in the fair value of the trust should be reflected on the statements of financial position. Accordingly, prior year comparative financial statements have been restated. The fair value of the trust assets at June 30, 2019 of $708,255 was recognized in the Foundation's accompanying statement of financial position, and an associated decrease in value of $23,451 was recognized in the Foundation's June 30, 2020 restated statement of activities.

The cumulative effect of the restatements to the June 30, 2020 beginning balances was an increase in the beneficial interest in assets held by others of $708,255, an increase in accumulated depreciation of $434,398, and an increase in net assets of $273,857.

REQUIRED SUPPLEMENTARY INFORMATION

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COLORADO PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.2487401832%	0.2535170882%	0.2583978495%	0.27443561%	0.29202833%	0.31475950%	0.33276131%	0.34067181%
College's proportionate share of the net pension liability	$ 23,592,491	$ 24,600,801	$ 29,402,246	$ 54,936,471	$ 53,640,145	$ 33,147,427	$ 31,301,239	$ 30,346,946
College's covered payroll	$ 8,298,745	$ 8,040,433	$ 7,839,644	$ 8,052,222	$ 8,352,504	$ 8,716,807	$ 8,767,074	$ 8,975,428
College's proportionate share of the net pension liability as a percentage of its covered payroll	284%	306%	375%	682%	642%	395%	376%	346%
Plan fiduciary net position as a percentage of the total pension liability	65.3%	62.2%	55.1%	76.1%	42.6%	56.1%	59.8%	61.1%
PERA State Division Total Pension Liability (thousands)	$ 27,364,740	$ 25,696,667	$ 25,345,094	$ 20,017,982	$ 31,994,311	$ 23,991,569	$ 23,420,461	$ 22,888,431
PERA State Division Fiduciary Net Position (thousands)	$ 17,879,947	$ 15,992,863	$ 13,966,421	$ 15,233,702	$ 13,626,180	$ 13,460,536	$ 14,013,947	$ 13,980,460
PERA State Division Net Pension Liability (thousands)	$ 9,484,793	$ 9,703,804	$ 11,378,673	$ 4,784,280	$ 18,368,131	$ 10,531,033	$ 9,406,514	$ 8,907,971

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal years, in accordance with Governmental Accounting Standards Board Statement No. 68 and 82, *Accounting and Financial Reporting for Pensions.*

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA PENSION PLAN
For the Fiscal Years Ended June 30, *

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,544,945	$ 1,661,255	$ 1,676,192	$ 1,522,138	$ 1,540,109	$ 1,490,576	$ 1,491,417	$ 1,382,743	$ 1,347,586	$ 1,062,738
Contributions in relation to the contractually required contribution	1,544,945	1,661,255	1,676,192	1,522,138	1,540,109	1,490,576	1,491,417	1,382,743	1,347,586	1,062,738
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,916,344	$ 8,572,008	$ 7,701,933	$ 7,956,811	$ 8,378,468	$ 8,384,596	$ 8,328,195	$ 8,763,897	$ 9,036,932	$ 8,469,538
Contributions as a percentage of covered payroll	19.52%	19.38%	21.76%	19.13%	18.38%	17.78%	17.91%	15.78%	14.91%	12.55%

Changes in benefit terms and actuarial assumptions – Net Pension Liability

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

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

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

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

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

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

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

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

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

- The investment return assumption was lowered from 7.5% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

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

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

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

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

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE
SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
For the Fiscal Years Ended June 30, *

	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.0865953152%	0.0879703920%	0.0910488941%	0.0989885924%	0.1051789869%
College's proportionate share of the net OPEB liability	$ 822,850	$ 988,786	$ 1,238,758	$ 1,286,456	$ 1,363,681
College's covered payroll	$ 8,019,156	$ 7,939,902	$ 7,700,623	$ 8,036,356	$ 8,304,929
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	10%	12%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%
PERA Health Care Trust Fund Total OPEB Liability (thousands)	$ 1,413,526	$ 1,488,508	$ 1,639,734	$ 1,575,822	$ 1,556,762
Health Care Trust Fund Fiduciary Net Position (thousands)	$ 463,301	$ 364,510	$ 279,192	$ 276,222	$ 260,228
PERA Health Care Trust Fund Net OPEB Liability (thousands)	$ 950,225	$ 1,123,998	$ 1,360,542	$ 1,299,600	$ 1,296,534

*The amounts presented for each fiscal year were determined as of the calendar year-end (the plan's measurement periods) that occurred within the College's fiscal year in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* .

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the College presents information for those years for which information is available.

FORT LEWIS COLLEGE
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF COLLEGE CONTRIBUTIONS
TO THE PERA HEALTHCARE TRUST FUND
For the Fiscal Years Ended June 30, *

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 77,567	$ 86,120	$ 77,472	$ 80,293	$ 86,399	$ 85,609	$ 92,448	$ 109,417	$ 108,927	$ 96,444
Contributions in relation to the contractually required contribution	77,567	86,120	77,472	80,293	86,399	85,609	92,448	109,417	108,927	96,444
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,604,627	$ 8,443,137	$ 7,595,246	$ 7,871,863	$ 8,470,490	$ 8,393,039	$ 9,063,529	$ 10,727,157	$ 10,679,118	$ 9,455,294
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

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

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

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

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

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

SUPPLEMENTAL INFORMATION

FORT LEWIS COLLEGE
SCHEDULES OF PLEDGED REVENUES AND EXPENSES
FOR SERIES 2012, 2016, 2019 AND 2020 REVENUE BONDS
For Year Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Residence Halls and Apartments	$ 8,256,739	$ 8,182,949
Campus Food Service	4,281,454	4,727,394
Bookstore	73,022	(19,696)
Student Union	1,734,616	1,754,827
Campus Parking	309,660	300,844
Child Development Center	287,504	378,330
Central Services	395,842	30,798
Recreation Center	994,903	1,080,286
Student Activities	723,137	662,040
Conferences & Summer Programs	87,259	310,748
Health and Counseling Center	682,507	731,428
10% Student Tuition	1,789,575	1,878,108
Indirect Cost Recovery	267,489	277,692
Total Revenues	19,883,707	20,295,747
OPERATING EXPENDITURES		
Residence Halls and Apartments	4,640,521	4,555,500
Campus Food Service	3,076,450	3,183,865
Bookstore	-	4,571
Student Union	745,200	1,086,268
Campus Parking	107,769	114,556
Child Development Center	342,683	488,236
Central Services	1,480,751	1,140,116
Recreation Center	1,305,883	1,469,077
Student Activities	596,778	608,490
Conferences & Summer Programs	151,867	309,844
Health and Counseling Center	818,919	807,724
Total Operating Expenditures	13,266,821	13,768,247
Net Revenue before Transfers	6,616,886	6,527,501
TRANSFERS		
Mandatory transfers	638,297	2,980,608
Net Non-mandatory Transfers	1,060,660	2,531,296
Total Transfers	1,698,957	5,511,904
Increase (Decrease) in fund balance	4,917,930	1,015,597
Net operating revenue	6,616,886	6,527,501
Bond Principal and Interest	900,686	3,235,415
Excess of net operating revenues over debt service	$ 5,716,200	$ 3,292,086
Debt service coverage ratio	735%	202%

D&C
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee:
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Fort Lewis College (the College), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 1, 2021. Our report includes a reference to other auditors who audited the financial statements of the Fort Lewis College Foundation, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit, Fort Lewis College Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

DWC

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

December 1, 2021

DALBY, WENDLAND & CO., P.C.

Grand Junction

CPAs and Business Advisors

464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

LEGISLATIVE AUDIT COMMITTEE COMMUNICATIONS

Members of the Legislative Audit Committee:
Denver, Colorado

We have audited the financial statements of the business-type activities of Fort Lewis College (the College) an institution of higher education of the State of Colorado, for the year ended June 30, 2021 and 2020, and have issued our report thereon dated December 1, 2021. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Fort Lewis College Foundation (the Foundation), a discretely presented component unit of the College, and the Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 29, 2021. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the College's proportionate share of the net pension liability as of December 31, 2020 and 2019 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 17 to the College's financial statements. The College's proportion of the SDTF's net pension liability was based on the College's contributions to the SDTF for the calendar years ending December 31, 2020 and 2019 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2020 and 2019.
- Management's estimate of the net other post-employment benefits (OPEB) liability is based on the estimate of the College's proportionate share of the OPEB liability as of December 31, 2020 and 2019 of the Health Care Trust Fund (HCTF) as described in Note 18 to the College's financial statements. The College's proportion of the HCTF's net

OPEB liability was based on the College's contributions to the HCTF for the calendar years ending 2021 and 2020 relative to the total contributions made to the HCTF by participating employers for the calendar year 2021 and 2020.

- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the Schedules of the College's Proportionate Share of the Net Other Post-Employment Benefits– a cost-sharing multiple-employer plan administered by the Colorado Public Employees' Retirement Association (PERA), the Schedules of College Contributions Colorado PERA Healthcare Trust Fund, the Schedule of the College's Proportionate Share of the Net Pension Liability of the State Division Trust Fund – a cost-sharing multiple-employer pension plan administered by the Colorado Public Employees' Retirement Association and the schedule of College contributions to the State Division Trust Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedules of Pledged Revenues and Expenses for Series 2012, 2016, 2019 and 2020 Revenue Bonds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Legislative Audit Committee, Office of the State Auditor of the State of Colorado, and Board of Trustees and management of Fort Lewis College and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Sincerely,

DWC

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

December 1, 2021