

Adams State University
Alamosa, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2024 and 2023



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The Members of the Legislative Audit Committee
and Adams State University Board of Trustees

We have completed the financial statement audit of Adams State University as of and for the year ended June 30, 2024. Our audit was conducted 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.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions, and agencies of the state government. We were also engaged to conduct testing on the University's state funding student financial aid program as required by Section 23-3.3-102(8), C.R.S. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

Hinkle & Company, PC

Englewood, Colorado
December 6, 2024

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ADAMS STATE UNIVERSITY

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ADAMS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2024 and 2023

Authority, Purpose, and Scope

The audit of Adams State University was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor of the State of Colorado to conduct audits of all state agencies and educational institutions. The Office of the State Auditor, under contract, engaged Hinkle & Company, PC, to conduct a financial and compliance audit of Adams State University (The University) for the year ended June 30, 2024. Hinkle & Company, PC 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 December 2024.

The purpose and scope of the audit were to:

- Express an opinion on the financial statements of the University as of and for the year ended June 30, 2024. 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, state fiscal rules and bond covenants.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.
- Perform audit work to evaluate the University's progress in implementing prior audit findings and recommendations.
- Review the University's exhibits required by the State Controller in support of the statewide financial statements. Also, review of all adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final year-end closing.
- Perform a financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions of the University's State-Funded Student Financial Assistance Programs, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.

The University'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 June 30, 2024 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Report Summary

We expressed an unmodified opinion on the University's financial statements as of and for the year ended June 30, 2024.

ADAMS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2024 and 2023

We issued a report on the University's compliance and internal control over financial reporting based on an audit of the basic financial statements performed in accordance with *Governmental 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 University's financial statements are free from material misstatement, we performed tests of the University's 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.

Required Auditor Communications to the Legislative Audit Committee

The auditor is required to communicate to the Legislative Audit Committee certain matters related to the conduct of the audit and to ensure that the Legislative Audit Committee receives additional information regarding the scope and results of the audit that may assist the Legislative Audit Committee in overseeing the financial reporting and disclosure process for which management is responsible. These matters have been communicated to the Legislative Audit Committee in this report and include, among other items, that there were no significant difficulties encountered in performing the audit.

Summary of Findings and Recommendations

There were no findings or recommendations resulting from the audit work completed for fiscal year ended June 30, 2024.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2023 included two findings and recommendations. One finding has been implemented. The second finding has been partially implemented. A detailed description of the progress on the audit comments and recommendations are contained in the findings and recommendations section of the report.

Additionally, the audit report for the year ended June 30, 2023 included one finding and recommendation from the year ended June 30, 2022, that the University did not plan to implement until the fiscal year ended June 30, 2024. We determined that the University implemented this finding during the fiscal year ended June 30, 2024.

ADAMS STATE UNIVERSITY
DISPOSITION OF PRIOR YEAR’S FINDINGS AND RECOMMENDATIONS
As of and for the Year Ended June 30, 2024

Summary of Progress in implementing Prior Year Audit Recommendations

Fiscal Year 2022

Recommendation 2022-001	
Adams State University should strengthen its internal controls over financial reporting in order to ensure that its financial statements are prepared accurately and in accordance with all relevant accounting standards and that OSC-required exhibits are accurate and submitted by their due dates. This could include filling vacant positions, evaluating the duties and responsibilities of the accounting staff to determine if additional support by the University can be provided to help with continued implementation of Workday, and continuing to have accounting staff attend trainings on financial reporting.	Implemented

Fiscal Year 2023

Recommendation 2023-01	
Adams State University should strengthen its internal controls over financial reporting process by ensuring it has the necessary staffing so that it processes its accounting transactions in a timely manner to ensure it meets statutorily, and Office of State Controller, required deadlines.	Implemented
Recommendation 2023-002	
Adams State University should improve its IT governance by:	
<p>A. Enforcing the University’s Information Security Program requirement for conducting annual reviews of the University’s IT Policies and procedures, and updating them as deemed necessary. This enforcement should address those IT Policies and procedures that are not directly related to the implementation of the University’s enterprise resource planning system.</p> <p>B. Reviewing and updating all IT Policies and procedures, after the final module implementations of the University’s new enterprise resource planning system to ensure they meet management’s expectations. (Significant Defeciency)</p> <p>C. Communicating to and training University staff on all applicable updates to the University’s IT Policies and procedures that result from the implementation of Parts A and B. (Significant Deficiency)</p>	<p>Implemented</p> <p>Deferred – The University plans to fully implement this recommendation by the June 2025 implementation date.</p> <p>Deferred – The University plans to fully implement this recommendation by the June 2025 implementation date.</p>

ADAMS STATE UNIVERSITY
DESCRIPTION OF ADAMS STATE UNIVERSITY
As of and for the Year Ended June 30, 2024

Description of Adams State University

The Board of Trustees of Adams State University is the governing board for Adams State University. The Board of Trustees has oversight and responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies.

The Board consists of nine members appointed by the Governor to serve four-year terms. Additionally, an elected member of the faculty of the University serves for a two-year term and an elected member of the student body of the University serves for a one-year term. The President of Adams State University is responsible for providing leadership for the University and administering the policies and procedures of the Board of Trustees. The Board conducts its business at regular monthly meetings, all of which are open to the public.

Adams State University is a liberal arts university with graduate programs in Teacher Education, Business, Counseling, and Art. Section 23-51-101, C.R.S., provides that Adams State University shall be a general baccalaureate institution with moderately selective admission standards. Adams State University is a regional educational provider approved to offer limited professional programs, Hispanic programs, undergraduate education degrees, masters' level programs, PH.D. level programs, and two-year transfer programs with a community college role and mission, except for vocational education programs.

Full-time equivalent (FTE) student, faculty, and staff reported by the University for the last three fiscal years were as follows:

	2024	2023	2022
Resident Students	1,610.0	1,440.1	1,526.5
Nonresident Students	815.0	789.3	805.6
Total Students	<u>2,425.0</u>	<u>2,229.4</u>	<u>2,332.1</u>
Faculty FTEs	188.0	171.3	173.2
Staff FTEs	160.0	151.3	134.3
Total Staff and Faculty FTEs	<u>348.0</u>	<u>322.6</u>	<u>307.5</u>



Independent Auditor's Report

To the Members of the Legislative Audit Committee
and Adams State University Board of Trustees

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity, and the discretely presented component unit of the Adams State University (the University), an institution of higher education, State of Colorado, as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

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 activity, and the discretely presented component unit of the University, an institution of higher education, State of Colorado, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Adams State University Foundation (the Foundation), 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 discretely presented component unit as of and for the years ended June 30, 2024 and 2023, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose reports have been furnished to us, and our opinions, insofar as they related to the amounts included for the Foundation, are based solely on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Emphasis of Matter

As discussed in Note 1, the financial statements of the University, 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 University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2024 and 2023, and the changes in its financial position, or, where applicable, its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Pledged Revenue and Expenses for Series 2009A, 2009B, 2009C, 2012 and 2015 Auxiliary Facilities Revenue Bonds (the Schedules) for the years ended June 30, 2024 and 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements.



Supplementary Information (Continued)

The Schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Description of Adams State University but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
December 6, 2024



ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report presents a discussion and analysis of the financial performance of Adams State University (the University) for the fiscal years ended June 30, 2024 and 2023, with selected comparative information for the year ended June 30, 2022. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and notes for the reporting entity of the University that includes Adams State University and the Adams State University Foundation, a discretely presented component unit. (See Note 1 for additional information on the reporting entity.)

FINANCIAL HIGHLIGHTS

Year ended June 30, 2024

The University's total net position increased by \$7.7 million during fiscal year 2024 compared to a \$7.8 million increase in net position during fiscal year 2023. The increase is the result of several factors that contributed to an increase in net position. The University received an increase in fee for service revenues of \$2.3 million, and an increase in Federal grants and contribution of \$3.6 million over fiscal year 2023. Nonoperating State capital appropriations decreased by \$1.8 million and Federal capital appropriations decreased by \$1.0 million in comparison to fiscal year 2023. The net effect of the \$3.4 million increase of State and Federal support received in fiscal year 2024 was offset by the increase of operating expenses of \$4.3 million in 2024 in comparison to 2023. As a result, the net position increase in fiscal years 2024 and 2023 were consistent and resulted in a cash and cash equivalents increase of \$5.2 million in 2024.

The University had a ratio of current assets to current liabilities of 6.7 and 6.3 for fiscal years 2024 and 2023, respectively. This current ratio demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations. The increase in the current ratio from fiscal year 2023 to fiscal year 2024 is primarily a result of accounting and funding changes between fiscal years. The increase of cash in 2024 was related, in part, to the increased State and Federal support received in fiscal year 2024 and strategic financial planning to secure the financial health of the University.

For the fiscal year 2024, the University had an operating loss of \$2.7 million compared to the \$4.0 million operating loss in 2023. The improvement to the operating loss can be attributed to the increase in operating financial support received from State and Federal funding. The University received \$20.9 million in fee for service contract revenue from the Colorado Department of Higher Education and \$2.6 million in College Opportunity Fund stipends from College Assist during fiscal year 2024. The University also received \$600 thousand in State capital appropriations and \$2.0 million in Federal capital appropriations. In addition, the University also received \$4.6 million of operating revenue through the Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant funding, which provided an increase of scholarships to students, as well as covering operating expenses for these departments and programs. This increase in SLFRF funded student scholarships skewed the tuition & fees, net of scholarship allowance as tuition and fees increased by \$1 million in 2024 but due to the scholarship allowance recognition against tuition and fees and presented as federal grant funding it created the appearance that tuition and fees declined in 2024.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Year ended June 30, 2023

The University's total net position increased by \$7.8 million during fiscal year 2023 compared to a \$18.2 million increase in net position during fiscal year 2022. The increase is the result of several factors that contributed to an increase in net position. Adams received an increase in fee for service revenues of \$1.8 million, and an increase in Federal grants and contributions of \$1.6 million over fiscal year 2022. While State capital appropriations decreased by \$6.6 million in comparison to fiscal year 2022 the Federal capital appropriations increased by \$3 million. As a result, cash and cash equivalents increased \$6.9 million from fiscal year 2022 which is significantly lower than the increase of 2022 which is primarily due to the exhaustion of COVID funds in the prior year.

The University had a ratio of current assets to current liabilities of 6.3 and 7.0 for fiscal years 2023 and 2022, respectively. This current ratio demonstrates the liquidity of University assets and the relative availability of working capital to fund current operations. The decrease in the current ratio from fiscal year 2022 to fiscal year 2023 is primarily a result of accounting and funding changes between fiscal years. The increase in cash and the current liabilities in 2023 were related, in part, to the implementation of GASB 96 that required the recognition of future subscription payments presented as liabilities. Another factor affecting the ratio was the increase of Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant funding that was received in fiscal year 2023, but not fully spent at year end, increasing the liability balance. Lastly, the implementation of a new ERP system generated irregular consulting liabilities resulting in additional increase to the University's liabilities.

The University had an operating loss of \$4.0 million. The University received no state operating appropriations but received \$18.7 million in fee for service contract revenue from the Colorado Department of Higher Education and \$2.3 million in College Opportunity Fund stipends from College Assist during fiscal year 2023. The University also received \$2.4 million in State capital appropriations and \$3.1 million in Federal capital appropriations.

The University had restricted net position of \$61,531 and \$10.2 million for fiscal years 2023 and 2022, respectively. The University reclassified \$10.1 million of previously recorded restricted net position to unrestricted net position in fiscal year 2023. For over 20 years, the University reclassified a portion of the annual net position to restricted in compliance to some old bond agreements. In fiscal year 2023 the need to maintain this restricted balance was researched and discovered that these old bond agreement restrictions were removed with an amendment dated in 2012. Based on this, the University was able to move the restricted balance of \$10.1 million to unrestricted net position. The total remaining of \$61,531 is the balance of endowment funds.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when services are received, regardless of when cash is exchanged. Over time, increases and decreases in net position (the difference between assets and liabilities) is one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

A summarized comparison of the University's assets, liabilities, and net position at June 30 follows:

	<u>2024</u>	<u>2023</u> (in thousands)	<u>2022</u>
Assets			
Current Assets	\$ 75,513	\$ 68,400	\$ 61,679
Noncurrent Assets	<u>98,464</u>	<u>101,228</u>	<u>98,187</u>
	173,977	169,628	159,866
 Deferred Outflows of Resources	 7,315	 9,542	 5,308
Liabilities			
Current Liabilities	11,241	10,944	8,861
Noncurrent Liabilities	<u>97,114</u>	<u>103,133</u>	<u>90,683</u>
	108,355	114,077	99,544
 Deferred Inflows of Resources	 1,134	 1,013	 9,331
Net Position			
Invested in Capital Assets,			
Net of Related Debt	35,886	35,803	33,810
Restricted	62	62	10,221
Unrestricted	<u>35,855</u>	<u>28,216</u>	<u>12,269</u>
	<u>\$ 71,803</u>	<u>\$ 64,080</u>	<u>\$ 56,300</u>

The University's total net position increased by \$7.7 million during Fiscal Year 2024 compared to a \$7.8 million increase in net position during Fiscal Year 2023. Both years' increases were partially related to a decrease in PERA pension and OPEB expenses. In 2024 the PERA pension liability decreased by \$3.6 million while the OPEB liability had a decrease of \$101 thousand. Excluding the effect of PERA pension and OPEB expenses, the University's increase for 2024 in the total is \$7.72 million due to the continued commitment to fiscal sustainability.

The effect of the PERA pension and OPEB expense on the University's total net position for Fiscal Year 2024 and 2023 is summarized below:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
	(in thousands)	
Net Position (GAAP Basis)	\$ 71,803	\$ 64,080
Effects of GASB 68 – Pension	27,865	29,215
Effects of GASB 75 – OPEB	994	1,223
Net Position excluding Pension and OPEB	<u>\$ 100,662</u>	<u>\$ 94,518</u>

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

The effect of the PERA pension and OPEB expense on the University's unrestricted net position is summarized below:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
	(in thousands)	
Unrestricted Net Position (GAAP Basis)	\$ 35,855	\$ 28,216
Effects of GASB 68 – Pension	27,865	29,215
Effects of GASB 75 – OPEB	994	1,223
Net Position excluding Pension and OPEB	<u>\$ 64,714</u>	<u>\$ 58,654</u>

Year ended June 30, 2024

At June 30, 2024 the University's total assets were \$174.0 million. The largest asset category is the \$98.5 million in capital assets, net of accumulated depreciation/amortization of \$135.5 million. These assets include land, buildings, equipment, library holdings, improvements, information technology subscriptions and construction in progress. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets.

In fiscal year 2024, the University's current assets of \$75.5 million were sufficient to cover current liabilities of \$11.2 million (producing a current ratio of 6.7). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over \$71.1 million in assets per the Statement of Net Position. Bonds payable of \$60.2 million represent 62% of the University's total noncurrent liabilities, while the Net Pension Liability represents 33% of the University's total noncurrent liabilities of \$97.1 million. The current portion of the bonds payable liability is \$1.97 million.

The University's net position increased \$7.7 million (see the Statement of Revenues, Expenses and Changes in Net Position) to \$71.8 million. Net Position is composed of \$35.9 million net investment in capital assets, \$61,531 externally restricted for specific purposes, and \$35.9 million unrestricted and available for any lawful purpose of the University.

Year ended June 30, 2023

At June 30, 2023 the University's total assets were \$169.6 million. The largest asset category is the \$101 million in capital assets, net of accumulated depreciation/amortization of \$128.7 million. These assets include land, buildings, equipment, library holdings, improvements, information technology subscriptions and construction in progress. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets.

In fiscal year 2023, the University's current assets of \$68.4 million were sufficient to cover current liabilities of \$10.9 million (producing a current ratio of 6.3). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over \$65.9 million in assets per the Statement of Net Position. Bonds payable of \$62.2 million represent nearly 60% of the University's total noncurrent liabilities, while the Net Pension Liability represents 35% of the University's total noncurrent liabilities of \$103 million. The current portion of the bonds payable liability is \$1.97 million.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

The University's net position increased \$7.8 million (see the Statement of Revenues, Expenses and Changes in Net Position) to \$64.1 million. Net Position is composed of \$35.8 million net investment in capital assets, \$61,531 in endowments restricted for specific purposes, and \$28.2 million unrestricted and available for any lawful purpose of the University.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the result of operations during the year. Activities are reported as either operating or non-operating. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service, and related student support services to an individual or entity separate from the University. Non-operating revenues and expenses are those other than operating and include, but are not limited to: State appropriations, investment income, interest expense on capital debt, gain/loss on disposal of assets, State or Federal capital construction and controlled maintenance appropriations, transfers, and other non-operating revenue.

Year ended June 30, 2024

Tuition and fee revenues accounted for \$18.9 million of the \$61.7 million in operating revenues for fiscal year 2024. The tuition and fee amount is net of scholarship allowances of \$12.1 million. Scholarship allowances are defined as the financial aid awarded to students by the University that is used to pay University charges. The scholarship allowance is recognized as a direct reduction of revenue rather than an increase in financial aid expense.

Tuition and fees revenues, net of scholarship allowance, was \$18.9 million and \$20.3 million for fiscal years 2024 and 2023, respectively. The University recorded a decrease of \$1.4 million in fiscal year 2024 in comparison to 2023 even though the overall enrollment slightly increased. This is the result of a shift between graduate level and undergraduate level enrollment. While there was a slight increase of undergraduate level students, there was also a slight decrease of graduate level student enrollment which carries a higher rate of tuition and fees in associated graduate level courses. In addition, the increase of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) student scholarships increased the scholarship allowance in 2024 in comparison to fiscal year 2023 and as such was recognized as federal grant revenue and an offset to tuition and fees, net of scholarship allowance.

The grants and contracts included with operating revenues increased \$6.3 million from the prior year, related to the \$2.3 million increase in the fee for service contract with the State of Colorado and a \$3.6 increase in Federal grants. During fiscal year 2024 the State continued to shift a portion of their funding from State funded grants and capital construction appropriation to Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funding. The University received \$4.6 million in SLFRF operating grants and \$2.0 million in SLFRF funded capital project appropriations.

Operating expenses, during Fiscal Year 2024, totaled \$64.4 million. Of that total, \$20.1 million was for instruction, \$1.3 million for public service, \$4.0 million for academic support, \$9.6 million for student services, \$6.9 million for institutional support, \$5.0 million for operation of plant and \$8.0 million for auxiliary enterprises. The Fiscal Year 2024 operating expenses are \$4.3 million higher than the Fiscal Year 2023 expenses, due in part to an 8 percent cost of living salary adjustment increasing salaries and benefits by \$1.8 million, and overall increase of expenses due to inflation.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Year ended June 30, 2023

Tuition and fee revenues accounted for \$20.4 million of the \$56.1 million in operating revenues for fiscal year 2023. The tuition and fee amount is net of scholarship allowances of \$9.9 million. Scholarship allowances are defined as the financial aid awarded to students by the University that is used to pay University charges. The scholarship allowance is recognized as a direct reduction of revenue rather than an increase in financial aid expense.

Tuition and fees revenues, net of scholarship allowance, was \$20.4 million and \$18.5 million for fiscal years 2023 and 2022, respectively. The University recorded an increase of \$1.9 million in fiscal year 2023 in comparison to 2022 even though the overall enrollment slightly decreased. This is the result of an increase of graduate level student enrollment and the higher rate of tuition and fees associated with graduate level courses.

The grants and contracts included with operating revenues increased \$3.4 million from the prior year, related to the \$1.8 million increase in the fee for service contract with the State of Colorado and a \$1.6 increase in Federal grants. During fiscal year 2023 the State shifted a portion of their funding from State funded grants and capital construction appropriation to Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funding. The University received \$2.8 million in SLFRF operating grants and \$3.0 million in SLFRF funded capital project appropriations.

Operating expenses, during Fiscal Year 2023, totaled \$60.1 million. Of that total, \$19.3 million was for instruction, \$1.5 million for public service, \$3.4 million for academic support, \$9.4 million for student services, \$6.1 million for institutional support, \$4.0 million for operation of plant and \$7.9 million for auxiliary enterprises. The Fiscal Year 2023 operating expenses are \$8.8 million higher than the Fiscal Year 2022 expenses, due in part by the difference that PERA affected expenses with a recognized pension expense of \$2.8 million in 2023 and (\$2.7) million expense reduction in 2022, \$1.2 million in salary increases, and overall increase of expenses due to inflation.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

A summarized comparison of the University's revenues, expenses, and changes in net position at June 30 follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		(in thousands)	
Operating Revenues			
Tuition and Fees, net of scholarship allowance	\$ 18,933	\$ 20,399	\$ 18,518
Grants and Contracts	35,349	29,036	25,503
Auxiliary Enterprises	6,794	6,032	5,158
Other	626	659	643
Total Operating Revenues	<u>61,703</u>	<u>56,127</u>	<u>49,822</u>
Operating Expenses	<u>64,427</u>	<u>60,126</u>	<u>51,286</u>
Net Operating Income (Loss)	<u>(2,724)</u>	<u>(3,999)</u>	<u>(1,464)</u>
Nonoperating Revenue (Expense)			
Federal Pell Grants	3,618	3,279	3,271
Gifts and Donations	2,753	2,621	3,023
Federal Grants and Contracts – Nonoperating	0	0	6,452
Interest Income	1,878	25	(2,203)
Other Nonoperating	(2,570)	(2,509)	(2,495)
Net Nonoperating Revenue	<u>5,679</u>	<u>3,416</u>	<u>8,048</u>
Income (Loss) Before Other Revenue, Expenses, Gains or Losses	2,955	(583)	6,584
Student Capital Fees	2,144	2,229	2,431
State Appropriations, Capital	596	2,445	9,004
Federal Appropriations, Capital	2,023	3,059	0
State Support for PERA	51	649	243
Other	(48)	(18)	(41)
Increase (Decrease) in Net Position	<u>7,722</u>	<u>7,781</u>	<u>18,221</u>
Net Position			
Net Position – Beginning of Year	64,080	56,300	38,079
Net Position – End of Year	<u>\$ 71,802</u>	<u>\$ 64,080</u>	<u>\$ 56,300</u>

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

CAPITAL ASSETS

At June 30, 2024, the University had approximately \$98.4 million invested in capital assets, net of accumulated depreciation of \$135.5 million. Depreciation/amortization charges were \$7.6 million for the current year compared to \$7.3 million in 2023 and \$6.8 million in 2022. Details of these assets for the three years are shown below.

The University had numerous construction projects in fiscal year 2024. These included replacing campus boilers, HVAC systems, electrical distribution repairs, campus security and safety upgrades, construction of a mechanical engineering lab, the second phase of the new ERP system implementation which replaces the University's accounting and procurement system as well as the student resource system, residence renovations as further discussed below, football field turf replacement and a couple other smaller repair and improvement projects. The funding for these projects was \$596 thousand from State capital construction appropriations, \$1.8 million from Federal capital construction appropriations, \$.9 million in institutional funds, and \$1.0 million in federal and state grant funds. Of the \$4.3 million that was expended for all CIP (Construction in Progress) projects, approximately \$1.9 million was expended for the CIP-SBITA project, which was the Digital Transformation Project to replace the aging Banner system with Workday, a cloud-based software system that encompasses the student side of the university including but not limited to admissions, financial aid, records, advising and course scheduling and all aspects of student accounting. This was a two-phase project with phase one being completed in fiscal year 2023 and phase two with a completion date of fiscal year 2025. The remaining \$2.5 million was expended for multiple campus wide CIP projects and approximately \$1 million was placed into service, netting the CIP additions to \$1.6 million, respectively.

The University has two major State capital appropriated projects over the next couple of years. The first is the renovation and addition to the Central Technology Building with a budget of \$8.7 million. The second is the replacement of the Facility Services Center with a budget of \$28.2 million.

Capital Assets, Net of Depreciation, at Year End

	2024	2023	2022
Land	\$ 445,249	\$ 445,249	\$ 445,249
Art and Historic Treasures	317,417	317,417	317,417
Construction in Progress	3,469,364	2,212,815	1,217,245
Construction in Progress – SBITA	4,719,465	2,786,938	-
Buildings	79,358,196	84,784,853	90,289,508
Land Improvements	4,898,226	4,765,545	4,791,791
Equipment	1,396,734	1,002,698	784,416
Library Materials	224,874	298,319	313,154
Right to Use – SBITAs	3,606,025	4,586,245	-
Total	<u>\$ 98,435,550</u>	<u>\$ 101,200,079</u>	<u>\$ 98,158,780</u>

DEBT

At June 30, 2024, the University had approximately \$59.4 million in debt outstanding compared to \$61.5 million at June 30, 2023 and \$63.3 million at June 30, 2022. The table below summarizes these amounts by type of debt.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

Outstanding Debt, at Year End

	2024	2023	2022
2012 Series Institutional Enterprise Revenue Bonds	\$ 6,715,000	\$ 7,085,000	\$ 7,435,000
2015 Series Institutional Enterprise Revenue Refunding Bonds	14,800,000	15,585,000	16,345,000
2017A Series Institutional Enterprise Revenue Refunding Bonds	6,125,000	6,125,000	6,125,000
2017B Series Institutional Enterprise Revenue Refunding Bonds	1,140,000	1,140,000	1,140,000
2019A Series Institutional Enterprise Revenue Refunding Bonds	29,635,000	30,235,000	30,635,000
Notes Payable	967,741	1,283,142	1,583,147
Total	<u>\$ 59,382,741</u>	<u>\$ 61,453,142</u>	<u>\$ 63,263,147</u>

ECONOMIC OUTLOOK

The economic position of the University is closely tied to that of the State. Since the passage of Senate Bill 04-189 in 2004, State of Colorado support comes to Colorado institutions in the form of College Opportunity Fund (COF) stipends and fee-for-service contracts between the State of Colorado and the institutions' governing boards. Using these mechanisms to fund higher education institutions provided the institutions the opportunity to become enterprises under TABOR. Because funding is provided to students through the stipends and to the institutions through fee-for-service arrangements, all qualifying public institutions are allowed to be designated as "enterprises" if approved by the Legislative Audit Committee. The Legislative Audit Committee approved the designation of the University as an enterprise in fiscal year 2006. The University met the criteria for designation as an enterprise in fiscal years 2006 through 2024 with the exception of 2009, 2014, 2015, and 2022. The enterprise designation is reviewed at the end of each fiscal year. For fiscal year 2023, funds for the Digital Transformation Project (Workday implementation) were provided in the form of Federal Appropriations – Capital passed through the State from Coronavirus State and Local Fiscal Recovery Funds (SLFRF). However, the University anticipates a high probability that they will not meet the designation requirement in fiscal years 2025 and 2026 due to State appropriations awarded for the addition and renovation of the Central Technology Building and replacement of the Facilities Building.

Senate Bill 04-189 provides a stipend, calculated on a per credit hour rate, to undergraduate resident students attending public and qualifying private higher education institutions. The University has budgeted \$2.7 million in College Opportunity Fund stipends for fiscal year 2025, based on the yearly stipend of \$3,480, for a full-time public higher education student taking 30 credit hours of classes. For fiscal years 2024, 2023, and 2022, the yearly stipends were \$3,480, \$3,120, and \$3,120, respectively. The University received \$2.6 million, \$2.4 million, and \$2.6 million, in stipends in fiscal years 2024, 2023, and 2022, respectively.

In fiscal year 2025, \$20.7 million will be billed through a fee for service contract with the Colorado Department of Higher Education (CDHE). The University received \$20.9 million, \$18.7 million, and \$16.8 million, in fee for service revenue in fiscal years 2024, 2023, and 2022, respectively. Senate Bill 04-189 institutes fee-for-service contract arrangements between each institution and the CDHE to provide graduate education, rural education, and basic education services to the State. These fee-for-service contracts must be negotiated annually with the CDHE.

The University is projecting enrollment numbers to stay flat in fiscal year 2025 in comparison to fiscal

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

year 2024. While there was a slight increase in undergraduate enrollment there was also a slight decrease in graduate enrollment in fiscal year 2025. The University increased the tuition rates for resident undergraduate courses by \$2.00 per credit hour and \$4.00 per credit hour for non-resident undergraduate courses. The University maintained their tuition rates for most of their graduate courses and increased three of their online graduate focuses by \$20, \$23 and \$31 per credit hour to cover the increase cost of offering such courses.

Colorado Senate Bill 18-200 was passed in 2018 to address Colorado PERA's large unfunded liability. The bill made several changes to the PERA plan in an effort to make the plan more financially stable. Changes were made including: the addition of an annual direct distribution of \$250 million from the State General Fund, changes to the calculations of the highest average salary, modifications to calculations of gross salary applicable to PERA, increases in rates to both members and employers, changes to service year requirements, and overall oversight of Colorado PERA. These changes are expected to reduce both the annual expense and total liability that the University will have to recognize in future years.

CONTACTING THE UNIVERSITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide users of our financial statements with a general overview of the University's finances and to show the University's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Adams State University Controller's office at Richardson Hall, Room 3-300, Alamosa, Colorado 81101 or call (719) 587-8042.

Basic Financial Statements

ADAMS STATE UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023

		2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	\$	71,104,320	\$ 65,897,994
Student accounts receivable, net		1,382,250	1,234,344
Other accounts receivable		2,614,128	1,004,260
Inventories		180,259	195,786
Prepaid expenses and other assets		231,718	67,621
	<i>Total current assets</i>	<u>75,512,676</u>	<u>68,400,005</u>
Noncurrent Assets			
Restricted cash and cash equivalents		28,250	28,250
		<u>28,250</u>	<u>28,250</u>
Non-depreciable capital assets:			
Land		445,249	445,249
Art and historic treasures		317,417	317,417
Construction in progress		3,469,364	2,212,815
Construction in progress SBITA		4,719,465	2,786,938
	<i>Total non-depreciable capital assets</i>	<u>8,951,495</u>	<u>5,762,419</u>
Depreciable capital assets, net:			
Buildings		79,358,196	84,784,853
Land improvements		4,898,226	4,765,545
Furniture & equipment		1,396,735	1,002,698
Library books		224,874	298,319
Right to Use - Subscriptions		3,606,025	4,586,245
	<i>Total depreciable capital assets, net</i>	<u>89,484,055</u>	<u>95,437,661</u>
	<i>Total noncurrent assets</i>	<u>98,463,800</u>	<u>101,228,330</u>
	Total Assets	<u>173,976,476</u>	<u>169,628,335</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding loss		2,755,381	2,945,284
Pension contributions made after measurement date		1,323,203	1,246,985
Experience Gains and Losses		522,745	-
Change in Employee Proportion		255,851	675,279
Differences in Proportionate Share of Contribution		9,936	-
Differences in Employer Proportion		26,041	17,106
Differences between expected and actual pension earnings		2,322,698	4,527,833
Other post employment benefits contributions made after measurement date		65,549	60,711
Differences in expected vs actual experience - OPEB		-	115
Differences in Projected vs Actual Invest Earnings - OPEB		24,222	54,030
Differences due to changes in assumptions - OPEB		9,210	14,218
Differences between employer contributions and proportionate share - OPEB		-	28
	<i>Total Deferred Outflows of Resources</i>	<u>7,314,835</u>	<u>9,541,589</u>

(Continued)

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023

(Continued)

	2024	2023
LIABILITIES		
Current Liabilities		
Accounts payable	2,405,966	1,812,916
Accrued liabilities	3,205,005	3,183,702
Unearned revenue	2,374,716	2,258,500
Deposits held for others	450,493	459,865
Bonds payable, current	1,985,000	1,970,278
Notes payable, current	331,480	315,401
Compensated absences liability	152,258	191,987
SBITA Component Liability	336,241	750,937
<i>Total current liabilities</i>	<u>11,241,159</u>	<u>10,943,586</u>
Noncurrent Liabilities		
Compensated absences liability	1,698,419	1,327,998
Notes payable	636,261	967,741
Bonds payable	60,220,118	62,205,112
Net other post employment benefits liability	783,166	884,609
Net pension liability	31,979,913	35,614,781
SBITA Component Liability	1,795,983	2,132,658
<i>Total noncurrent liabilities</i>	<u>97,113,860</u>	<u>103,132,899</u>
Total Liabilities	<u>108,355,020</u>	<u>114,076,485</u>
DEFERRED INFLOWS OF RESOURCES		
Differences due to changes in proportionate share of pension plan	643,183	62,099
Differences due to expected and actual experience of pension plan	169,812	477,502
Differences between contributions and proportionate share of cont to pension plan	1,238	5,715
Differences between expected and actual - OPEB	160,517	213,928
Differences due to changes in assumptions - OPEB	83,042	97,633
Differences between contributions and proportionate share - OPEB	779	1,003
Differences due to changes in proportionate share - OPEB	75,119	155,149
<i>Total Deferred Inflows of Resources</i>	<u>1,133,690</u>	<u>1,013,029</u>
NET POSITION		
Net investment in capital assets	35,885,848	35,803,237
Restricted for non-expendable purposes:		
Endowments	28,250	28,250
Restricted for expendable purposes:		
Endowments	33,281	33,281
Loans	-	-
Other Purposes	-	-
<i>Total Restricted</i>	<u>61,531</u>	<u>61,531</u>
<i>Unrestricted</i>	<u>35,855,223</u>	<u>28,215,644</u>
Total Net Position	<u>\$ 71,802,602</u>	<u>\$ 64,080,410</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ending June 30, 2024 and 2023

	2024	2023
Operating Revenues:		
Tuition & fees (including \$5,698,925 and \$6,016,901, respectively of revenues pledged for bonds and net of scholarship allowances of \$12,123,709 and \$9,870,897, respectively)	\$ 18,933,105	\$ 20,399,323
Sales & services of auxiliary enterprises (including \$6,868,472 and \$5,972,930, respectively of revenues pledged for bonds and net of scholarship allowances of \$1,116,504 and \$952,381 respectively)	6,794,340	6,031,772
Fee for service contract revenue	20,938,685	18,658,577
Federal grants and contracts	10,888,739	7,303,298
State grants and contracts	3,521,734	3,074,370
Other operating revenues (including \$99,652 and \$19,397, respectively of revenues pledged for bonds)	626,447	659,482
<i>Total Operating Revenues</i>	<u>61,703,051</u>	<u>56,126,822</u>
Operating Expenses:		
Instruction	20,125,629	19,270,152
Research	-	-
Public service	1,337,400	1,514,789
Academic support	4,000,989	3,407,324
Student services	9,566,343	9,379,917
Institutional support	6,895,782	6,121,162
Operation of plant	5,009,933	4,051,198
Scholarships and fellowships	1,873,584	1,156,330
Auxiliary enterprises expenditures	8,046,109	7,888,029
Depreciation	7,571,278	7,336,678
Total operating expenses	<u>64,427,045</u>	<u>60,125,579</u>
<i>Operating Income</i>	<u>(2,723,995)</u>	<u>(3,998,757)</u>
Nonoperating Revenues (Expenses):		
Federal Pell Grants	3,618,263	3,278,651
Gifts and Donations	2,753,009	2,621,372
Investment & interest income (loss) (including \$6,541 and \$16,672, respectively of revenue pledged for bonds)	1,877,660	24,697
Limited gaming transfer	13,770	10,964
Other Expenses	(0)	(468)
Interest on capital debt	<u>(2,583,654)</u>	<u>(2,519,618)</u>
<i>Net nonoperating revenue</i>	<u>5,679,048</u>	<u>3,415,597</u>
<i>Income (Loss) before other revenues, expenses, gains, losses or transfers</i>	<u>2,955,054</u>	<u>(583,160)</u>
Other Revenues, Expenses, Gains, Losses or Transfers:		
Student capital fees (including \$2,144,300 and \$2,430,687, respectively of revenues pledged)	2,144,300	2,228,771
State appropriation, capital	596,071	2,445,131
Federal appropriation, capital	2,023,483	3,059,124
State Support for PERA	51,331	649,389
Transfers to Other Institutions	<u>(48,048)</u>	<u>(18,401)</u>
<i>Increase (Decrease) in Net Position</i>	<u>7,722,192</u>	<u>7,780,853</u>
Net Position - beginning of the year	64,080,410	56,299,557
Restatement GASB 75	-	-
Net Position - beginning of the year	<u>64,080,410</u>	<u>56,299,557</u>
Net Position - end of the year	<u>\$ 71,802,602</u>	<u>\$ 64,080,410</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ending June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
<u>Cash Received:</u>		
Tuition and fees	\$ 18,998,536	\$ 20,004,237
Fee for service Contract Revenue	19,321,951	19,241,119
Sales of services	7,516,085	6,269,139
Sales of products		-
Grants and contracts	14,547,565	10,536,032
Student loans collected	8,299	5,063
Other receipts	492,964	580,890
<u>Cash Payments:</u>		
Payments to or for employees	(39,334,597)	(36,065,446)
Payments to suppliers	(16,503,080)	(14,816,474)
Scholarships disbursed	(1,873,584)	(1,156,330)
Student loans disbursed	(2,370)	(4,809)
<i>Net Cash (Used) Provided by Operating Activities</i>	<u>3,171,769</u>	<u>4,593,421</u>
Cash Flows from Noncapital Financing Activities:		
Federal grants and contracts, non-operating	3,090,760	3,729,056
Gifts/grants for other than capital purposes	2,766,779	2,632,336
Agency receipts	18,786,528	20,768,204
Agency payments	(18,795,900)	(20,648,537)
Transfers from (to) other institutions	(48,048)	(18,401)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>5,800,119</u>	<u>6,462,658</u>
Cash Flows from Capital & Related Financing Activities:		
State appropriations, capital	2,619,554	5,504,254
Proceeds from capital debt		
Student capital fees	2,155,564	2,198,116
Acquisition or construction of capital assets	(4,987,541)	(10,375,110)
Principal paid on capital debt	(3,037,049)	858,308
Interest paid on capital debt	(2,393,751)	(2,329,715)
<i>Net Cash Provided (Used) by Capital & Related Financing Activities</i>	<u>(5,643,223)</u>	<u>(4,144,147)</u>
Cash Flows from Investing Activities:		
Investment earnings	1,877,660	24,697
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>1,877,660</u>	<u>24,697</u>
Net Increase (Decrease) in Cash	<u>5,206,325</u>	<u>6,936,629</u>
Beginning cash balance	65,926,244	58,989,615
Ending cash balance	<u>\$ 71,132,569</u>	<u>\$ 65,926,244</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ending June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash (used) Provided by Operating Activities		
Operating loss	\$ (2,723,995)	\$ (3,998,757)
Adjustments to reconcile:		
Depreciation expense	7,571,278	7,336,678
Pension expense	(1,350,287)	(277,945)
State Pension Contribution	51,331	649,389
Other post retirement benefit expense	(228,510)	(201,067)
Other Non-operating expense		
Decrease (increase) in assets:		
Receivables, net	(1,051,369)	(65,249)
Inventories & prepaids	(148,570)	185,131
Increase (decrease) in liabilities:		
Accounts payable	593,051	702,885
Accrued liabilities	21,303	(284,908)
Unearned revenues	116,216	300,606
Student deposits	(9,372)	35,665
Compensated absences	330,692	210,994
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 3,171,769</u></u>	<u><u>\$ 4,593,421</u></u>

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash in Bank	\$ 372,111	\$ 349,273
Pooled Cash - Brokerage Accounts	492,857	632,427
Restricted Cash - Brokerage Accounts	101,465	128,511
Certificates of Deposit	300,000	300,000
Pooled Investments, at Fair Value	23,339,047	20,142,882
Restricted Investments, at Fair Value	13,846,534	8,381,116
Pledges Receivable, net of allowance	-	14,735
Inventories	7,240	7,240
Land	4,500	4,500
Art Collection	15,000	15,000
TOTAL ASSETS	\$ 38,478,754	\$ 29,975,684
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 92,418	\$ 59,298
TOTAL LIABILITIES	92,418	59,298
NET ASSETS		
Without Donor Restriction:		
Unrestricted	1,122,149	1,454,560
Board Designated - Investment Reserves Fund	3,546,491	1,212,747
Board Designated - Endowments	649,969	630,332
Total Without Donor Restrictions	5,318,609	3,297,639
With Donor Restrictions:		
Unexpended Funds Received for Restricted Purposes,		
Principally Student Financial Assistance	2,820,375	2,256,663
Income Earned on Perpetual Endowments	1,621,631	861,642
Endowment Funds	28,625,721	23,500,442
Total With Donor Restrictions	33,067,727	26,618,747
TOTAL NET ASSETS	38,386,336	29,916,386
TOTAL LIABILITIES AND NET ASSETS	\$ 38,478,754	\$ 29,975,684

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	<u>\$ 3,297,639</u>	<u>\$ 26,618,747</u>	<u>\$ 29,916,386</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Donations	196,744	6,600,506	6,797,250
Investment Income (Net)	48,478	888,137	936,615
Net Realized Gains (Losses) on long-term investments	207,895	125,037	332,932
Net Unrealized Gains (Losses) on long-term investments	<u>2,107,649</u>	<u>1,049,597</u>	<u>3,157,246</u>
Subtotal	2,560,766	8,663,277	11,224,043
Net Assets Released from Restriction	<u>2,214,297</u>	<u>(2,214,297)</u>	<u>-</u>
Total from Revenues, Gains, and Other Support	<u>4,775,063</u>	<u>6,448,980</u>	<u>11,224,043</u>
EXPENSES AND LOSSES			
Scholarships and Awards	1,431,340	-	1,431,340
Program Services	786,061	-	786,061
Management and General Activities	136,077	-	136,077
Fundraising	<u>400,615</u>	<u>-</u>	<u>400,615</u>
Total Expenses and Losses	<u>2,754,093</u>	<u>-</u>	<u>2,754,093</u>
Transfers:			
Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets for the Year	<u>2,020,970</u>	<u>6,448,980</u>	<u>8,469,950</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 5,318,609</u></u>	<u><u>\$ 33,067,727</u></u>	<u><u>\$ 38,386,336</u></u>

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	<u>\$ 2,435,800</u>	<u>\$ 25,270,937</u>	<u>\$ 27,706,737</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Donations	159,082	2,172,829	2,331,911
Investment Income (Net)	(45,911)	779,440	733,529
Net Realized Gains (Losses)			
on long-term investments	(113,550)	7,110	(106,440)
Net Unrealized Gains (Losses)			
on long-term investments	1,402,254	429,006	1,831,260
Gain/(Loss) on Sale of Assets	3,500	-	3,500
	<u>1,405,375</u>	<u>3,388,385</u>	<u>4,793,760</u>
Subtotal			
	1,405,375	3,388,385	4,793,760
Net Assets Released from Restriction	2,046,268	(2,046,268)	-
	<u>3,451,643</u>	<u>1,342,117</u>	<u>4,793,760</u>
Total from Revenues, Gains, and Other Support			
EXPENSES AND LOSSES			
Scholarships and Awards	1,516,442	-	1,516,442
Program Services	573,914	-	573,914
Management and General Activities	151,779	-	151,779
Fundraising	341,976	-	341,976
	<u>2,584,111</u>	<u>-</u>	<u>2,584,111</u>
Total Expenses and Losses			
Transfers:			
Transfers In/(Out)	(5,693)	5,693	-
	<u>861,839</u>	<u>1,347,810</u>	<u>2,209,649</u>
Change in Net Assets for the Year			
	<u>\$ 3,297,639</u>	<u>\$ 26,618,747</u>	<u>\$ 29,916,386</u>
NET ASSETS AT END OF YEAR			

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,431,340	\$ -	\$ -	\$ 1,431,340
Other University Assistance				
Academic Programming	61,641	-	-	61,641
Athletics	438,673	-	-	438,673
Grants and Other Passthrough	108,238	-	-	108,238
Work Study	73,957	-	-	73,957
Student Programming	31,170	-	-	31,170
Grizzly Club	15,177	-	-	15,177
Other	11,714	-	-	11,714
Alumni and Donor Functions	-	1,069	6,088	7,157
Professional Fees & Consulting	-	21,925	-	21,925
Software and Computer Fees	-	7,560	-	7,560
Rent/Lease	-	-	-	-
Insurance	-	4,979	-	4,979
Office Supplies	-	2,335	-	2,335
Telephone	-	-	-	-
Salaries	-	-	340,243	340,243
General Administrative	45,491	48,886	35,135	129,512
Equipment	-	3,261	-	3,261
Printing, Postage and Publication	-	46,062	12,514	58,576
Phone-a-thon	-	-	6,114	6,114
Travel	-	-	521	521
	<u>\$ 2,217,401</u>	<u>\$ 136,077</u>	<u>\$ 400,615</u>	<u>\$ 2,754,093</u>

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,516,442	\$ -	\$ -	\$ 1,516,442
Other University Assistance				
Academic Programming	60,132	-	-	60,132
Athletics	284,070	-	-	284,070
Grants and Other Passthrough	102,851	-	-	102,851
Work Study	60,752	-	-	60,752
Student Programming	180	-	-	180
Grizzly Club	26,220	-	-	26,220
President's' Fund	1,522	-	-	1,522
Alumni and Donor Functions	-	1,260	11,200	12,460
Professional Fees & Consulting	-	16,830	-	16,830
Software and Computer Fees	-	12,863	-	12,863
Rent/Lease	-	-	-	-
Insurance	-	4,723	-	4,723
Office Supplies	-	2,270	-	2,270
Telephone	-	2	-	2
Salaries	-	50,574	259,789	310,363
General Administrative	38,187	12,420	35,077	85,684
Equipment	-	3,260	-	3,260
Printing, Postage and Publication	-	47,577	27,749	75,326
Phone-a-thon	-	-	4,678	4,678
Travel	-	-	1,808	1,808
Capital Campaign	-	-	1,675	1,675
	<u>\$ 2,090,356</u>	<u>\$ 151,779</u>	<u>\$ 341,976</u>	<u>\$ 2,584,111</u>

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOW
For the Year Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donors	\$ 1,704,054	\$ 1,512,347
Investment Income	936,615	733,529
Scholarships and Awards	(1,431,340)	(1,516,442)
Program Services Paid	(786,061)	(565,863)
Supporting Services Paid	(503,572)	(493,755)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(80,304)	(330,184)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Land	-	8,000
Proceeds from Sale of Investments	6,239,151	3,963,480
Payment for Purchase of Investments	(7,876,624)	(4,914,055)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,637,473)	(942,575)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
Proceeds from contributions restricted for:		
Investment in Endowment	1,573,999	862,099
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(143,778)	(410,659)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,110,211	1,520,870
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 966,433	\$ 1,110,211
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in Net Assets	\$ 8,469,950	\$ 2,209,649
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Pledges Receivable, net	14,735	42,535
Increase (Decrease) in Accounts Payable	33,120	8,051
Net Unrealized and Realized (Gain) Loss on Investments	(3,490,178)	(1,724,820)
Gain on Sale of Land	-	(3,500)
Contributions Restricted for Long-Term Investment	(5,107,931)	(862,099)
Total Adjustments	(8,550,254)	(2,539,833)
Net Cash Provided (Used) by Operating Activities	\$ (80,304)	\$ (330,184)
Reconciliation to the Statement of Financial Position:		
Cash in Bank	\$ 372,111	\$ 349,273
Pooled Cash - Brokerage Accounts	495,569	632,427
Restricted Cash - Brokerage Accounts	98,753	128,511
	\$ 966,433	\$ 1,110,211
Noncash Financing Transaction:		
Donor contribution of investments restricted for long-term purposes	\$ 3,533,932	\$ -

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

HB 03-1093 authorized independent governance for Adams State University effective July 1, 2003. Adams State University is governed by the Board of Trustees. The Trustees are statutorily charged with responsibility in the areas of finance, resources, academic programs, admissions, role and mission, and personnel policies. The Board consists of nine members appointed by the Governor serving four-year terms. Additionally, the Board also includes an elected member of the student body of the University who serves for a one-year term and an elected member of the faculty of the University who serves for a two-year term.

Reporting Entity

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

The University 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 University's financial reporting entity.

The University has determined that the Adams State University Foundation meets the Governmental Accounting Standards Board (GASB) Statement No. 61 criteria for inclusion in the University's financial statements. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities, facilities, and programs of the University by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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 criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from the Controller's Office at the University. See Note 16 for a description of the Adams State University Foundation.

As defined by GASB Statement 61, *The Financial Reporting Entity*, the University is not financially accountable for any other entity, nor are there any other entities for which the nature and significance of their relation with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Investments

Investments are stated at their fair market value as determined by quoted market prices.

Inventory

Inventories consist primarily of consumable supplies and are stated at the lower of cost or market as determined by the FIFO (first in, first out) method.

Capital Assets

Physical plant and equipment are stated at cost at date of acquisition, or fair market value at date of donation. A physical inventory of all plant assets is taken annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed. The University follows the policy of capitalizing only those plant assets with an initial cost or fair value equal to or greater than \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are determined as 40 years for buildings, 15-20 years for building improvements, 10-20 years for improvements other than buildings, 5-30 years for equipment, and 10 years for library materials.

The University does not capitalize interest costs as a component of construction in progress, as the provisions of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, have been adopted.

Classification of Revenue

The University has classified its revenues as either operating or nonoperating revenues 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 University.
- Nonoperating revenues – Nonoperating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include state appropriations for operations, gifts, investment income and insurance reimbursement revenue.

Application of Restricted and Unrestricted Resources

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

Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absence Liabilities

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

Net Position

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

- *Net Investment in Capital Assets* – This category represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet 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 University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Restricted expendable net position is classified as expendable for loans, debt service, capital projects and other purposes. For the University, restricted net position expendable for other purposes includes net assets of its bonded auxiliaries.
- *Unrestricted Net Position* – Unrestricted Net Position are those 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.

The Foundation applies Financial Accounting Standards Board FASB Staff Position 117-1, Endowments of Not-for-Profit Organizations. This policy provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was ratified into Colorado state law as of September 1, 2008.

Enterprise Designation

Senate Bill 04-189, provides higher education institutions the opportunity to become designated enterprises under Section 20, Article X of the State Constitution (The Taxpayer's Bill of Rights) so long as the governing board of the institution has the authority to issue revenue bonds and the institution receives less than ten percent of its revenue from the State of Colorado and local governments. The Legislative Audit Committee and the Board of Trustees approved the designation of the University as an enterprise in fiscal year 2006. The University met the criteria for designation as an enterprise in fiscal years 2006 through 2024, with the exception of 2009, 2014, 2015 and 2022. The enterprise designation is reviewed at the end of each fiscal year to ensure that the criteria are still being met.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Other Post Employment Benefits (OPEB)

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

NOTE 2 - CASH WITH THE STATE TREASURER, CASH ON HAND AND IN BANK, AND INVESTMENTS

For an investment, custodial credit risk is the risk that in the event of a bank failure, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a deposit policy for custodial credit risk.

At June 30, 2024, the University had \$53,399,222 including unrealized loss of \$4,005,564 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year-end, cash on hand and in banks consisted of the following:

Cash on Hand	\$ 4,195
Cash in checking accounts at bank	14,396,609
Certificates of deposit	3,332,544
	<u>\$ 17,733,348</u>

The carrying amount of the University's cash on deposit was \$17,729,153. The bank balance of these deposits was \$19,005,973, of which \$1,420,239 was covered by federal depository insurance and \$17,585,734 was collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 2 - CASH WITH THE STATE TREASURER, CASH ON HAND AND IN BANK, AND INVESTMENTS (Continued)

At June 30, 2023, the University had \$51,296,972 including unrealized loss of \$3,861,869 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year-end, cash on hand and in banks consisted of the following:

Cash on Hand	\$ 4,195
Cash in checking accounts at bank	11,329,824
Certificates of deposit	3,295,252
	<u>\$ 14,629,271</u>

The carrying amount of the University's cash on deposit was \$14,625,076. The bank balance of these deposits was \$15,667,658, of which \$1,417,712 was covered by federal depository insurance and \$14,249,946 was collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institution of higher education. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2024, the University had cash on deposit with the State Treasurer of \$53,399,222, which represented approximately .29 percent of the total \$18,095.0 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2024, the Pool's resources included \$38.5 million of cash and \$18,056.6 million of investments.

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

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2024.

ASU Foundation Investments and Concentration of Risk

The fair value of the Foundation's investments were \$37,779,903 and \$29,284,936, respectively. The individual net asset classes are combined to form a pool of investments, which is managed by the Common Fund. Income earned on investments is allocated, based on cost, to the individual net asset classes with earnings of the endowment investments being included as an increase in net assets with donor restrictions or net assets without donor restrictions.

As of June 30, the Foundation had bank deposits in two financial institutions that exceeded insurance coverage by a total of \$1,041,026 (2024) and \$1,071,366 (2023).

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statement of Net Position. At June 30, accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Student Accounts Receivable	\$ 2,117,411	\$ 2,107,344
Less: Allowance for Doubtful Accounts	<u>(735,161)</u>	<u>(873,000)</u>
Student Accounts Receivable, net	1,382,250	1,234,344
Other Accounts Receivable	1,879,785	293,418
FFS Contract Revenue*	<u>734,343</u>	<u>710,842</u>
Other Accounts Receivable	<u>2,614,128</u>	<u>1,004,260</u>
Total Receivables	<u>\$ 3,996,378</u>	<u>\$ 2,238,604</u>

*June Colorado fee for service funds received in July

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation/amortization for the year ended June 30, 2024.

	Balance June 30, 2023	Additions	Retirements/ Transfers	Balance June 30, 2024
Non-depreciable Capital Assets				
Land	\$ 445,249	\$ -	\$ -	\$ 445,249
Art and Historic Treasures	317,417	-	-	317,417
Construction in Progress	2,212,815	1,576,659	320,111	3,469,364
Construction in Progress – Right to Use	2,786,938	1,932,527	-	4,719,465
Total Non-depreciable Capital Assets	\$ 5,762,419	\$ 3,509,186	\$ 320,111	\$ 8,951,495
Depreciable/Amortizable Capital Assets				
Land Improvements	\$ 15,280,174	\$ 698,700	\$ -	\$ 15,978,874
Buildings and Improvements	191,584,329	217,864	-	191,802,193
Equipment	6,440,758	671,525	20,248	7,092,035
Library Materials	5,562,954	2,013	-	5,564,966
Right to Use – IT Subscriptions	5,306,485	-	733,049	4,573,437
Right to Use – Lease Furniture, Equip & Other	-	-	-	-
Total Depreciable/Amortizable Capital Assets	\$ 224,174,701	\$ 1,590,101	\$ 753,297	\$ 225,011,505
Less: Accumulated Depreciation/Amortization				
Land Improvements	\$ 10,514,628	\$ 566,020	\$ -	\$ 11,080,648
Buildings and Improvements	106,799,476	5,754,246	109,725	112,443,997
Equipment	5,438,059	257,241	-	5,695,301
Library Materials	5,264,634	75,457	-	5,340,092
Right to Use – IT Subscriptions	720,240	977,956	730,784	967,412
Right to Use – Lease Furniture, Equip & Other	-	-	-	-
Total Accumulated Depreciation/Amortization	\$ 128,737,038	\$ 7,630,920	\$ 840,509	\$ 135,527,450
Net Depreciable/Amortizable Capital Assets	\$ 95,437,661	\$(6,040,819)	\$ 87,212	\$ 89,484,055

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 4 - CAPITAL ASSETS (Continued)

The following presents changes in capital assets and accumulated depreciation/amortization for the year ended June 30, 2023.

	Balance June 30, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Non-depreciable Capital Assets				
Land	\$ 445,249	\$ -	\$ -	\$ 445,249
Art and Historic Treasures	317,417	-	-	317,417
Construction in Progress	1,217,245	995,570	-	2,212,815
Construction in Progress – Right to Use	-	2,786,938	-	2,786,938
Total Non-depreciable Capital Assets	\$ 1,979,911	\$ 3,782,508	\$ -	\$ 5,762,419
Depreciable/Amortizable Capital Assets				
Land Improvements	\$ 14,812,559	\$ 384,500	\$ (83,114)	\$ 15,280,174
Buildings and Improvements	191,293,230	374,213	83,114	191,584,329
Equipment	5,976,423	494,910	(30,576)	6,440,758
Library Materials	5,497,017	65,937	-	5,562,954
Right to Use – IT Subscriptions	-	5,306,485	-	5,306,485
Total Depreciable/Amortizable Capital Assets	\$ 217,579,229	\$ 6,626,047	\$ (30,576)	\$ 224,174,701
Less: Accumulated Depreciation/Amortization				
Land Improvements	\$ 10,020,768	\$ 543,728	\$ 49,868	\$ 10,514,628
Buildings and Improvements	101,003,772	5,745,887	(49,868)	106,799,476
Equipment	5,192,007	246,052		5,438,059
Library Materials	5,183,863	80,771		5,264,634
Right to Use – IT Subscriptions	-	720,240		720,240
Total Accumulated Depreciation/Amortization	\$ 121,400,360	\$ 7,336,678	\$ -	\$ 128,737,038
Net Depreciable/Amortizable Capital Assets	\$ 96,178,869	\$ (710,631)	\$ (30,576)	\$ 95,437,661

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS

The financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS (Continued)

On March 1, 2023, the University entered into a 60-month subscription for the use of Course Evaluations. An initial subscription liability was recorded in the amount of \$52,868. As of June 30, 2024 and 2023, the value of the subscription liability is \$32,031 and \$41,913, respectively. The University is required to make annual fixed payments of \$10,955. The subscription has an interest rate of 2.8220 percent. The value of the right to use asset as of June 30, 2024 of \$52,868 with accumulated amortization of \$14,098 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$52,868 with accumulated amortization of \$3,525.

On July 1, 2022, the University entered into a 26-month subscription for the use of Radius CRM & AppReview. An initial subscription liability was recorded in the amount of \$111,046. As of June 30, 2024 and 2023, the value of the subscription liability is \$0 and \$55,165, respectively. The University is required to make annual fixed payments of \$56,375. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2024 of \$111,046 with accumulated amortization of \$100,824 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$111,046 with accumulated amortization of \$50,412.

On September 1, 2022, the University entered into a 36-month subscription for the use of Atrium Core & Access Control. An initial subscription liability was recorded in the amount of \$87,066. As of June 30, 2024 and 2023, the value of the subscription liability is \$29,017 and \$57,366, respectively. The University is required to make annual fixed payments of \$29,700. The subscription has an interest rate of 2.3543 percent. The value of the right to use asset as of June 30, 2024 of \$87,066 with accumulated amortization of \$53,207 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$87,066 with accumulated amortization of \$24,185.

On July 1, 2022, the University entered into a 24-month subscription for the use of Blackboard Software. An initial subscription liability was recorded in the amount of \$260,141. As of June 30, 2024 and 2023, the value of the subscription liability is \$0 and \$130,582, respectively. The University is required to make annual fixed payments of \$129,560. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$260,141 with accumulated amortization of \$130,071.

On August 6, 2022, the University entered into a 36-month subscription for the use of FLEX Software. An initial subscription liability was recorded in the amount of \$58,044. As of June 30, 2024 and 2023, the value of the subscription liability is \$19,345 and \$38,244, respectively. The University is required to make annual fixed payments of \$19,800. The subscription has an interest rate of 2.3543 percent. The value of the right to use asset as of June 30, 2024 of \$58,044 with accumulated amortization of \$36,815 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$58,044 with accumulated amortization of \$17,467.

**STATE OF COLORADO
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**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS (Continued)

On July 1, 2022, the University entered into a 24-month subscription for the use of Banner Suite. An initial subscription liability was recorded in the amount of \$376,075. As of June 30, 2024 and 2023, the value of the subscription liability is \$0 and \$189,685. The University is required to make annual fixed payments of \$187,420. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$376,075 with accumulated amortization of \$188,037.

On July 1, 2022, the University entered into a 36-month subscription for the use of Aruba Networks Systems. An initial subscription liability was recorded in the amount of \$34,891. As of June 30, 2024 and 2023, the value of the subscription liability is \$11,641 and \$23,460, respectively. The University is required to make annual fixed payments of \$11,856. The subscription has an interest rate of 1.8503 percent. The value of the right to use asset as of June 30, 2024 of \$34,891 with accumulated amortization of \$23,261 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$34,891 with accumulate amortization of \$11,772.

On July 1, 2022, the University entered into a 24-month subscription for the use of Managed Services. An initial subscription liability was recorded in the amount of \$96,833. As of June 30, 2024 and 2023, the value of the subscription liability is \$0 and \$48,858, respectively. The University is required to make monthly fixed payments of \$4,120. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$96,833 with accumulated amortization of \$48,416.

On July 1, 2022, the University entered into a 108-month subscription for the use of Workday Enterprise. An initial subscription liability was recorded in the amount of \$4,229,096. As of June 30, 2024 and 2023, the value of the subscription liability is \$2,040,190 and \$4,025,616, respectively. The University is required to make annual fixed payments of \$327,908. The subscription has an interest rate of 3.036 percent. The value of the right to use asset as of June 30, 2024 of \$4,299,096 with accumulated amortization of \$739,065, is included with Software on the Subscription Class activities table found below. The value of the right to use asset as of June 30, 2024 was \$4,588,740 with accumulated amortization of \$505,337.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of June 30, 2024	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 4,573,437	\$ 967,412
Total Subscriptions	\$ 4,573,437	\$ 967,412

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**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS (Continued)

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 336,241	\$ 64,198	\$ 400,439
2026	284,716	54,479	339,195
2027	293,450	45,858	339,308
2028	290,935	36,973	327,908
2029	299,768	28,140	327,908
2030 – 2034	627,115	28,701	655,816
Total Principal Payments	2,132,224		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	<u>\$ 2,132,224</u>		

Adams State University adopted the recognition threshold of \$100,000.

NOTE 6 - NONCURRENT LIABILITIES

The University's noncurrent liability activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bond and Notes Payable:					
Series 2012 Bonds	\$ 7,085,000	\$ -	\$ 370,000	\$ 6,715,000	\$ 380,000
Series 2015 Bonds	15,585,000	-	785,000	14,800,000	805,000
Series 2017A Bond	6,125,000	-	-	6,125,000	-
Series 2017B Bonds	1,140,000	-	-	1,140,000	-
Series 2019 Bonds	30,235,000	-	600,000	29,635,000	800,000
Unamortized Premium 2012	371,043	-	19,529	351,517	19,529
Unamortized Premium 2017A	5,068	-	260	4,808	260
Unamortized Premium 2017B	(8,229)	-	(786)	(7,443)	(786)
Unamortized Premium 2019	3,637,507	-	196,275	3,441,232	196,275
Note Payable	1,283,142	-	315,401	967,741	331,480
Total Bonds and Notes Payables	<u>65,458,532</u>	<u>-</u>	<u>2,285,679</u>	<u>63,172,856</u>	<u>2,531,758</u>
Other Liabilities:					
Compensated Absences	1,519,985	-	(330,692)	1,850,677	152,258
Total Other Liabilities	<u>1,519,985</u>	<u>-</u>	<u>(330,692)</u>	<u>1,850,677</u>	<u>152,258</u>
Total Long-Term Liabilities	<u>\$ 66,978,517</u>	<u>\$ -</u>	<u>\$1,954,987</u>	<u>\$ 65,023,533</u>	<u>\$ 2,468,738</u>

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**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 6 - NONCURRENT LIABILITIES (Continued)

The University's noncurrent liability activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bond and Notes Payable:					
Series 2012 Bonds	\$ 7,435,000	\$ -	\$ 350,000	\$ 7,085,000	\$ 370,000
Series 2015 Bonds	16,345,000	-	760,000	15,585,000	785,000
Series 2017A Bond	6,125,000	-	-	6,125,000	-
Series 2017B Bonds	1,140,000	-	-	1,140,000	-
Series 2019 Bonds	30,635,000	-	400,000	30,235,000	600,000
Unamortized Premium 2012	390,572	-	19,529	371,043	19,529
Unamortized Premium 2017A	5,328	-	260	5,068	260
Unamortized Premium 2017B	(9,015)	-	(786)	(8,229)	(786)
Unamortized Premium 2019	3,833,782	-	196,275	3,637,507	196,275
Note Payable	1,583,147	-	300,005	1,283,142	315,401
Total Bonds and Notes Payables	<u>67,483,814</u>	<u>-</u>	<u>2,025,282</u>	<u>65,458,532</u>	<u>2,285,679</u>
Other Liabilities:					
Compensated Absences	1,308,991	-	(210,994)	1,519,985	191,987
Total Other Liabilities	<u>1,308,991</u>	<u>-</u>	<u>(210,994)</u>	<u>1,519,985</u>	<u>191,987</u>
Total Long-Term Liabilities	<u>\$ 68,792,805</u>	<u>\$ -</u>	<u>\$1,814,288</u>	<u>\$ 66,978,517</u>	<u>\$ 2,477,666</u>

NOTE 7 - NOTES PAYABLE

Adams State University has two financed purchase contracts. The first is for the Energy Conservation Measures equipment that was entered into July 7, 2011, in the amount of \$1,414,680. It requires quarterly payments ranging between \$30,026 and \$37,855 for fifteen years at an interest rate of 4.375 percent. The principal balance at June 30, 2024 was \$348,261. The second is for the replacement of lighting fixtures across campus with efficient LED lighting that was entered into August 26, 2021, in the amount of \$1,000,000. It requires annual payments of \$220,353 for five years at an interest rate of 3.32 percent. The principal balance at June 30, 2024 was \$619,479.

Principal and Interest requirements to maturity for these note payables are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 331,480	\$ 33,741	\$ 365,221
2026	348,444	21,123	369,567
2027	287,817	8,307	296,124
	<u>\$ 967,741</u>	<u>\$ 63,171</u>	<u>\$ 1,030,912</u>

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 - BONDS PAYABLE

Series 2012 Bonds

On May 1, 2012, the University issued Institutional Enterprise Revenue Bonds, Series 2012 in the amount of \$12,975,000 for the purpose of obtaining funds for certain capital improvements to the campus.

The Series 2012 Bonds have annual maturities through 2042. The bonds maturing between May 2023 and May 2042 are subject to optional redemption prior to their respective maturities at the option of the Board of Trustees. The bonds maturing between May 2032 and May 2042 are subject to mandatory sinking fund requirements by lot, on the dates and in the designated principal amounts as specified in the bond resolution, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. Interest rates vary from 2.00 to 5.00 percent with an average rate of 4.07 percent. The bonds are collateralized by first lien on and pledge of all net revenues of continuing education and capital construction debt service fee and pledge of all net revenues of the Auxiliary Facilities System. In addition, ten percent of tuition revenues will be pledged as collateral if the University is designated as an institutional enterprise under Section 23-5-101.7, Colorado Revised Statutes, as amended.

Series 2015 Bonds

On February 19, 2015, the University issued Institutional Enterprise Revenue Refunding Bonds Series 2015 in the amount of \$19,330,000 for the purpose of refunding \$16,415,000 of Auxiliary Facilities Revenue Improvement Bonds Series 2009A. Proceeds in the amount of \$19,244,036 were placed into an irrevocable escrow account and invested in non-callable direct obligations of the United States of America. Principal and interest on the government obligations will be used, together with any cash balance in the escrow account, to pay the regularly scheduled principal and interest on the refunded bonds maturing between May 2020 and May 2039. As a result, the portion of the Series 2009A Bonds refunded are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position. Interest rates are fixed at 2.85 percent. The bonds are collateralized by first lien on and pledge of all net revenues of continuing education and capital construction debt service fee and pledge of all net revenues of the Auxiliary Facilities System. In addition, ten percent of tuition revenues will be pledged as collateral if the University is designated as an institutional enterprise under Section 23-5-101.7, Colorado Revised Statutes, as amended.

Series 2017A and 2017B Bonds

On May 11, 2017, the University issued Institutional Enterprise Revenue Refunding Bonds Series 2017A and 2017B in the amount of \$7,265,000 for the purpose of refunding \$7,067,355 of Auxiliary Facilities Revenue Improvement Bonds, Series 2009A, Auxiliary Facilities Revenue Bonds, Series 2009B and Institutional Enterprise Revenue Bonds, Series 2012. Proceeds in the amount of \$7,348,192 were placed into an irrevocable escrow account and invested in non-callable direct obligations of the United States of America. Principal and interest on the government obligations will be used, together with any cash balance in the escrow account, to pay the regularly scheduled principal and interest on the refunded bonds maturing between May 2028 and May 2043. As a result, the portion of the Series 2009A, 2009B and 2012 Bonds refunded are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position. Interest rates are fixed at 3.98 percent. The bonds are collateralized by first lien on and pledge of all net revenues of continuing education and capital construction debt service fee and pledge of all net revenues of the Auxiliary Facilities System. In addition, ten percent of tuition revenues will be pledged as collateral if the University is designated as an institutional enterprise under Section 23-5-101.7, Colorado Revised Statutes, as amended.

**STATE OF COLORADO
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**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 8 - BONDS PAYABLE (Continued)

Series 2019A Bonds

On May 13, 2019, the University issued Institutional Enterprise Revenue Refunding Bonds Series 2019A in the amount of \$30,835,000 for the purpose of refunding \$35,087,176 of Auxiliary Facilities Revenue Bonds, Series 2009B and Taxable Auxiliary Facilities Revenue Bonds Series 2009C. Proceeds in the amount of \$35,240,078 were used to pay and cancel the portion of the Series 2009B maturing on May 15, 2019 and redeem on May 15, 2019 the Series 2009B and Series 2009C Bonds maturing on and after May 15, 2020, at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date. Interest rates are fixed at 4.312 percent. The bonds are payable solely from the Institutional Enterprise Pledged Revenues.

At June 30, 2024 and 2023, the University was in compliance with all covenants related to all bonds outstanding.

The long-term bonds payable are shown in the Statement of Net Position net of unamortized discount or premium and unamortized deferred loss on refunding.

The following is a schedule of future minimum bond payments as of June 30, 2024:

	2012 Series	2015 Series	2017A Series	2017B Series	2019 Series	Total
2025	\$ 657,250	\$ 1,226,800	\$ 238,450	\$ 51,300	\$ 2,116,550	\$ 4,290,350
2026	655,850	1,228,858	238,450	51,300	2,276,550	4,451,008
2027	658,663	1,225,203	238,450	191,300	2,326,550	4,640,166
2028	240,500	1,230,978	563,450	201,300	2,436,550	4,672,778
2029	240,500	1,225,898	560,450	200,000	2,438,300	4,665,148
2030-2034	1,202,500	6,125,060	2,850,250	812,900	12,185,500	23,176,210
2035-2039	4,160,000	6,131,198	707,000	-	12,188,000	23,186,198
2040-2044	2,459,400	-	3,895,200	-	7,313,400	13,668,000
2045-2049	-	-	-	-	-	-
Total Bond Payments	10,274,663	18,393,994	9,291,700	1,508,100	43,281,400	82,749,857
Less Interest Included Above	(3,559,663)	(3,593,993)	(3,166,700)	(368,100)	(13,646,400)	(24,334,856)
Total Principal Outstanding	6,715,000	14,800,000	6,125,000	1,140,000	29,635,000	58,415,000
Less Current Principal Portion	(380,000)	(805,000)	-	-	(800,000)	(1,985,000)
Net Long-Term Principal	6,335,000	13,995,000	6,125,000	1,140,000	28,835,000	56,430,000
Less Unamortized Premium, Discount	351,517	-	4,808	(7,443)	3,441,232	3,790,115
Bonds Payable, Net	<u>\$ 6,686,517</u>	<u>\$ 13,995,000</u>	<u>\$ 6,129,808</u>	<u>\$ 1,132,557</u>	<u>\$ 32,276,232</u>	<u>\$ 60,220,115</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Amounts expended under the terms of certain grants and contracts are subjected to audit and possible adjustment by governmental agencies. In the opinion of management, any adjustments will not have a material or adverse effect on the accompanying financial statements.

The University receives significant amounts from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires 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 University. However, University management believes that any such disallowed amounts will not have a material adverse effect on any of the financial statements or on the overall financial position of the University at June 30, 2024.

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NOTE 10 - ACCRUED LIABILITIES

The University's accrued liabilities as of June 30, 2024 and 2023, were as follows:

	2024	2023
Payroll Benefits	\$ 2,021,477	\$ 1,908,906
Accrued Interest	440,270	325,779
Other Accounts Payable	743,258	949,017
Total	<u>\$ 3,205,005</u>	<u>\$ 3,183,702</u>

NOTE 11 - COMPENSATED ABSENCES

Employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount. Annual leave will be paid out upon separation from the University and sick leave will be paid out upon retirement. The estimated costs of current compensated absences for which employees are vested for the years ended June 30, are estimated as \$152,258 (2024) and \$191,987 (2023). The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, are estimated as \$1,698,419 (2024) and \$1,327,998 (2023). Current expenses include an increase of \$330,692 for the estimated compensated absence liability.

NOTE 12 - PENSION PLAN OBLIGATIONS

Defined Contribution Pension Plan

On September 10, 1993 the Board of Trustees of the State Universities adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff, under the authority of Senate Bill 92-127. The implementation date was May 1, 1994; eligible employees were offered the choice of remaining in PERA or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire. On July 1, 2003 the Board of Trustees for Adams State University elected to continue with the Optional Retirement Plan (ORP).

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREF and VALIC, providing a range of investment accounts for participants. The institution's contribution to the ORP was 11.4 percent of covered payroll and contributions by employees is 8 percent of covered payroll through July 2021.

The University's contributions to the ORP for the fiscal years ending June 30, were \$1,656,171 (2024) \$1,491,611 (2023) and \$1,366,467 (2022). These contributions were equal to the required contributions for each year. All ORP contributions are immediately vested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and decisions made by participants for their individual investment accounts.

As of May 1, 1994, some exempt employees of the institution elected to continue as members with the Public Employee's Retirement Association of Colorado (PERA), the remainder participates in the ORP.

**STATE OF COLORADO
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**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023**

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

PERA Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the University 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2023. 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.

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June 30, 2024 and 2023**

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

Upon meeting certain criteria, 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. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007. 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 the 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap 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. For Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. 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, 2023: Eligible employees of, the University and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2023 through June 30, 2024 are summarized in the table below:

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY24	
	7-1-21 to 12-31-22	1-1-23 to 6-31-23	7-1-23 to 12-31-23	1-1-24 to 6-30-24
Employee contribution rate**	10.50%	10.50%	11.00%	11.00%

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

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June 30, 2024 and 2023

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

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

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY24	
	7-1-21 to 12-31-22	1-1-23 to 6-31-23	7-1-23 to 12-31-23	1-1-24 to 6-30-24
Employee contribution rate	10.90%	10.90%	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	10.00%	0.17%	0.21%
Total employee contribution rate to the SDTF	19.93%	19.98%	20.55%	20.59%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were \$2,643,774 and \$3,092,254 for the years ended June 30, 2024 and 2023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The University's proportion of the net pension liability was based on University's contributions to the SDTF for the calendar year 2023 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 June 30, 2024, the University reported a liability of \$31,979,913 for its proportionate share of the net pension liability.

At December 31, 2023, the University's proportion was 0.316 percent, which was a decrease of 0.01 percent from its proportion measured as of December 31, 2022.

At June 30, 2023, the University reported a liability of \$35,614,781 for its proportionate share of the net pension liability.

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June 30, 2024 and 2023**

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

At December 31, 2022, the University's proportion was 0.32 percent, which was an increase of 0.01 percent from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, the University recognized pension expense of \$1,293,488 and \$2,814,308. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 522,745	\$ 169,812	\$ -	\$ 477,502
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,322,698	-	4,527,833	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	265,787	644,421	675,279	67,814
Contributions subsequent to the measurement date	1,323,203	-	1,246,985	N/A
Total	\$ 4,434,433	\$ 814,233	\$ 6,450,097	\$ 545,316

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date of \$1,323,203 and \$1,246,985 for fiscal years 2024 and 2023, respectively, will be recognized as an increase 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:

2025	26,947
2026	948,235
2027	1,952,619
2028	(630,805)
2029	-
Thereafter	-

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June 30, 2024 and 2023

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 - 10.90 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	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 (compounded annually)	1.00 percent
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.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

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

The actuarial assumptions used in the December 31, 2022, valuations were 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 the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

Note: 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.

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June 30, 2024 and 2023

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

Discount rate. The discount rate used to measure the TPL 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, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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, 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.
- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 12 - PENSION PLAN OBLIGATIONS (continued)

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 TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the University'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 one percentage point lower (6.25 percent) or one 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	\$ 41,797,717	\$ 31,979,913	\$ 23,724,479

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

NOTE 13 - OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

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. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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NOTE 13 - OTHER RETIREMENT PLANS (Continued)

Funding Policy – All participating employees in the PERA DC Plan and the University 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, 2022 through June 30, 2024 are summarized in the tables below:

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY23	CY24
	7-1-21 to 12-31-22	1-1-23 to 6-31-23	7-1-23 to 12-31-23	1-1-24 to 6-30-24
Employee Contribution Rate	11.00%	11.00%	11.00%	11.00%
Employer Contribution Rate	10.15%	10.15%	10.15%	10.15%

Note: Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	Fiscal Year 2023		Fiscal Year 2024	
	CY22	CY23	CY23	CY24
	7-1-21 to 12-31-22	1-1-23 to 6-31-23	7-1-23 to 12-31-23	1-1-24 to 6-30-24
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%	1.00%	1.00%
Defined Contribution Statutory Contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%	0.17%	0.21%
Total Employer Contribution Rate to the SDTF	11.35%	11.42%	11.42%	11.46%

Note: Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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NOTE 13 - OTHER RETIREMENT PLANS (Continued)

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$1,369,841 and \$1,271,982 and the University recognized pension expense and a liability of \$2,689,154 and \$2,526,721, for the years ended June 30, 2024 and 2023, respectively, for the PERA DC Plan.

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. The University does not contribute to this Plan. For the years ended June 30, 2024 and 2023, program members contributed \$97,469 and \$103,584, respectively.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description - Employees of the University may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 457 Plan 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 1603 of the C.R.S., as amended. All costs of administration and funding are borne by the plan participants. Members are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$85,953 and the University did not recognize a liability for the PERAPlus 457 Plan as it is fully funded by the members.

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NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the University 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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program 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.

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NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were \$128,519 and \$118,376 for the years ended June 30, 2024 and 2023 respectively.

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NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

At June 30, 2024, the University reported a liability of \$783,166 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The University's proportion of the net OPEB liability was based on Adams State University's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the University's proportion was 0.1097 percent, which was an increase of 0.00139 percent from its proportion measured as of December 31, 2022.

At June 30, 2023, the University reported a liability of \$884,608 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The University's proportion of the net OPEB liability was based on Adams State University's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the University's proportion was 0.1083 percent, which was an increase of 0.017 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2024 and 2023, the University recognized OPEB expense of (\$99,991) and \$(82,691), respectively. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 160,517	\$ 115	\$ 213,928
Changes of assumptions or other inputs	9,210	83,042	14,218	97,633
Net difference between projected and actual earnings on pension plan investments	24,222	-	54,030	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	26,041	75,898	17,134	156,151
Contributions subsequent to the measurement date	65,549	-	60,711	-
Total	\$ 125,021	\$ 319,457	\$ 146,208	\$ 467,712

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

The deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, of \$65,549 and \$60,711 for fiscal years 2024 and 2023, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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:	
2025	(137,727)
2026	(64,077)
2027	(19,437)
2028	(30,552)
2029	(6,965)
2030	(1,227)
Thereafter	-

Actuarial assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	7.00 percent in 2023, gradually decreasing to 4.50 percent in 2033
Medicare Part A premiums	3.50 percent for 2023, gradually increasing to 4.50 percent in 2035

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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, 2022, 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on 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.

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

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 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.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

**STATE OF COLORADO
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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	6.00%	4.70%
Total	100.00%	

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

Sensitivity of the University'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 ¹	5.75%	6.75%	7.75%
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	\$ 925,017	\$ 884,608	\$ 911,852

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, 2023, measurement date.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.2 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 14 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

Sensitivity of the University'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	\$ 925,017	\$ 783,166	\$ 661,812

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at <http://www.copera.org/investments/pera-financial-reports>.

Other Programs - Colorado Higher Education Insurance Benefits Alliance (CHEIBA)

In previous years retired faculty and exempt-administrative staff were eligible to participate in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA was a cost-sharing multiple-employer insurance purchasing pool, which allowed for post-employment health coverage until the retiree was eligible for Medicare. As of June 30, 2023, the post-employment coverage was no longer offered.

NOTE 15 - SCHOLARSHIP ALLOWANCES

Tuition, fee and auxiliary revenue and the related scholarship allowances for the year ended June 30, 2024 and 2023, were as follows:

	Tuition & Fees	Auxiliary Revenue	2024 Total	2023 Total
Gross Revenue	\$ 31,056,814	\$ 7,910,844	\$ 38,967,658	\$ 37,254,373
Scholarship Allowances				
Federal	4,738,635	436,393	5,175,028	3,110,746
State	2,458,701	226,428	2,685,129	2,097,327
Private	1,511,998	139,244	1,651,242	1,686,331
Institutional	3,414,374	314,439	3,728,813	3,928,874
Total Allowances	12,123,709	1,116,504	13,240,212	10,823,278
Net Revenue	<u>\$ 18,933,105</u>	<u>\$ 6,794,340</u>	<u>\$ 25,727,446</u>	<u>\$ 26,431,095</u>

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 16 - UNIVERSITY FOUNDATION

The Adams State University Foundation was formed and incorporated on January 23, 1962, as a non-profit corporation for the purpose of receiving gifts, legacies and grants of money and property and to administer these exclusively for educational purposes entirely within the Adams State University area in the State of Colorado, and for the purpose of promoting and furthering the interests, objectives and purposes of Adams State University in such other ways and manners as the corporation may from time to time determine.

During the year ended June 30, the University received funds totaling \$2,257,253 (2024) and \$1,428,263 (2023), from the Foundation for scholarships, work study and grants-in-aid. These funds are appropriately accounted for and reported in the financial statements. In addition, the Foundation has expended funds for the purchase of an insignificant quantity of supplies and other services from the University.

NOTE 17 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss from liability for accident property damage and personal injury. The University is required to obtain insurance, but no reduction occurred in coverage nor did any settlements exceed coverage. The University does not retain risk of loss except for damage incurred to property belonging to the State, limited to a \$10,000 deductible per incident.

NOTE 18 - LONG BILL BUDGET, ACTUAL REVENUE AND ACTUAL EXPENSES

The budget, actual revenue and actual expenses related to the amounts shown in the State of Colorado Long Bill for tuition, academic fees, stipends and fee for service contracts for fiscal year 2024 are as follows:

Budget	\$48,894,724
Actual Revenues	42,783,960
Actual Expenses	42,783,960

Required Supplementary Information

Pensions and Other Employment Benefits

These schedules are presented to illustrate the requirements to show information for ten years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

ADAMS STATE UNIVERISTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
University's proportion of the net pension liability	0.316%	0.327%	0.316%	0.319%	0.335%	0.362%	0.401%	0.406%	0.419%	0.433%
University's proportionate share of the net pension liability	\$ 31,979,913	\$ 35,614,781	\$ 23,317,960	\$ 30,216,116	\$ 32,479,009	\$ 41,152,012	\$ 80,288,346	\$ 74,579,030	\$ 44,150,199	\$ 40,769,013
University's covered payroll	\$ 12,147,199	\$ 11,723,768	\$ 10,768,627	\$ 10,728,338	\$ 10,560,546	\$ 11,117,518	\$ 11,915,659	\$ 11,719,350	\$ 11,799,057	\$ 11,774,730
Univeristy's proportionate share of the net pension liability as a percentage of its covered payroll	263%	304%	217%	282%	308%	370%	674%	636%	374%	346%
Plan fiduciary net position as a percentage of the total pension liability	64.4%	60.6%	73.1%	65.3%	6.2%	55.1%	43.2%	42.6%	56.1%	59.8%
PERA State Division Fiduciary Net Position (in thousands)	\$ 18,269,648	\$ 16,744,284	\$ 19,985,566	\$ 17,879,947	\$ 15,992,863	\$ 13,966,421	\$ 15,223,702	\$ 13,626,180	\$ 13,460,536	\$ 14,013,947
PERA State Division Net Pension Liability (in thousands)	\$ 10,113,093	\$ 10,872,576	\$ 7,375,039	\$ 9,484,793	\$ 9,703,804	\$ 11,378,673	\$ 20,017,982	\$ 18,368,131	\$ 10,531,033	\$ 9,406,514

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to the Required Supplementary Information

ADAMS STATE UNIVERISTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
COLORADO PERA PENSION PLAN
For the Fiscal Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,592,443	\$ 2,442,865	\$ 2,143,947	\$ 2,055,339	\$ 2,294,971	\$ 2,320,814	\$ 2,187,412	\$ 2,185,232	\$ 2,019,691	\$ 2,109,916
Contributions in relation to the contractually required contribution	<u>\$ 2,592,443</u>	<u>\$ 2,442,865</u>	<u>2,143,947</u>	<u>2,055,339</u>	<u>2,294,971</u>	<u>2,320,814</u>	<u>2,187,412</u>	<u>2,185,232</u>	<u>2,019,691</u>	<u>2,109,916</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 11,488,143	\$ 11,977,980	\$ 11,054,093	\$ 10,605,060	\$ 10,606,753	\$ 10,870,614	\$ 11,569,633	\$ 11,872,697	\$ 11,334,672	\$ 11,898,898
Contributions as a percentage of covered payroll	22.57%	20.39%	19.40%	19.38%	21.64%	21.35%	18.91%	18.41%	17.82%	17.73%

See Notes to the Required Supplementary Information

ADAMS STATE UNIVERISTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017
University's proportion of the net OPEB liability	0.109%	0.108%	0.107%	0.110%	0.115%	0.128%	0.143%	0.145%
Univeristy's proportionate share of the net OPEB liability	\$ 783,166	\$ 884,608	\$ 918,953	\$ 1,044,092	\$ 1,289,365	\$ 1,739,543	\$ 1,861,728	\$ 1,874,596
University's covered payroll	\$ 12,125,602	\$ 10,994,393	\$ 10,200,650	\$ 10,160,959	\$ 10,314,562	\$ 10,813,703	\$ 11,630,024	\$ 11,416,440
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	6%	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percetange of the total OPEB liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%
Health Care Trust Fund Fiduciary Net Position (in thousands)	\$ 611,911	\$ 512,704	\$ 560,749	\$ 463,301	\$ 364,510	\$ 279,192	\$ 276,222	\$ 260,228
PERA Heatlh Care Trust Fund Net OPEB Liability (in thousands)	\$ 713,726	\$ 816,479	\$ 862,305	\$ 950,225	\$ 1,123,998	\$ 1,360,542	\$ 1,299,600	\$ 1,296,534

See Notes to the Required Supplementary Information

ADAMS STATE UNIVERISTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
COLORADO PERA HEALTHCARE TRUST FUND
For the Fiscal Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contracually required contribution	\$ 128,519	\$ 118,376	\$ 106,094	\$ 102,511	\$ 105,466	\$ 106,287	\$ 115,064	\$ 118,470	\$ 116,200	\$ 118,463
Contributions in relation to the contractually required contribution	\$ 128,519	\$ 118,376	\$ 106,094	\$ 102,511	\$ 105,466	\$ 106,287	\$ 115,064	\$ 118,470	\$ 116,200	\$ 118,463
Conbtibution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 11,483,657	\$ 11,605,510	\$ 10,401,373	\$ 10,050,098	\$ 10,339,804	\$ 10,420,294	\$ 11,280,766	\$ 11,614,722	\$ 11,392,193	\$ 11,614,041
Contributions as a percentage of covered payroll	1.12%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information

ADAMS STATE UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 1 - NET PENSION LIABILITY

2023 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2022

- Senate Bill 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill 20-1379, but not fully repaid through the provisions within House Bill 22-1029. Pursuant to Senate Bill 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in Section 24-51-116 C.R.S., plus \$10,000 from the General Fund, totaling \$14,561.
- Senate Bill 12-163, enacted and effective June 6, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purposes of determining their service retirement eligibility.
- As of the December 31, 2023 measurement date, the total pension liability recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2021

- House Bill 22-1029, effective upon enactment, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023 direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024 direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision assessment, statutorily recognized July, 2021, and effective July 1, 2022
 - Member contribution rates increase by 0.50 percent.
 - Employer contribution rates increase by 0.50 percent.
 - Annual increase cap is lowered from 1.25 percent per year to 1.00 percent per year.
- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

ADAMS STATE UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 1 - NET PENSION LIABILITY (Continued)

2020 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2019

- House Bill 20-1379 enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's Fiscal Year 2021.
- Senate Bills 18-200 and 20-057 enacted in 2018 and 2020, respectively, expanded the definition of "State Trooper" under Colorado law as follows:
 - Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII; and
 - New members hired on or after January 1, 2020 as a corrections officer classified as I through IV by a State Division employer.
- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- 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 Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for Safety Officers was changed to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) 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 Safety Officers 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 Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers 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.

ADAMS STATE UNIVERISTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 1 - NET PENSION LIABILITY (Continued)

2019 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2018

- Senate Bill 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision. The following changes reflect the anticipated adjustments resulting from the 2018 automatic adjustment provision, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increased by 0.50 percent.
 - Employer contribution rates increased by 0.50 percent.
 - Annual increase cap is lowered from 1.50 percent per year to 1.25 percent per year.
- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

2018 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2017

- The following changes were made to the plan provision as part of Senate Bill 18-20:
 - Member contribution rates increased by 0.75 percent effective July 1, 2020, and an additional 0.50 percent effective July 1, 2021.
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions.
 - Annual increase cap is lowered from 2.00 percent per year to 1.50 percent per year.
 - Initial annual increase waiting period is extended from one year after retirement to three years after retirement.
 - Annual increase payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020 increases from three to five years for the State, School, and DPS Divisions and increases from one to three years for the Judicial Division.
- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

ADAMS STATE UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 1 - NET PENSION LIABILITY (Continued)

2017 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2016

- The SEIR for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

2016 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The post-retirement mortality assumption for healthy lives for the State Division was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the State Division was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.

ADAMS STATE UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 1 - NET PENSION LIABILITY (Continued)

2015 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2014

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

ADAMS STATE UNIVERISTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

2023 Changes in Plan Provisions, Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

2022 Changes in Assumptions or Other Inputs Since 2021

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2020

- There were no changes made to the actuarial methods or assumptions.

2020 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- 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.
- 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 State Troopers was changes to the PubS-2010 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 using 99 percent of the rates for all ages 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.

ADAMS STATE UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2024 and 2023

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

2019 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2018

- There were no changes made to the actuarial methods or assumptions.

2018 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2017

- There were no changes made to the actuarial methods or assumptions.

2017 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.

2016 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2015

- The Entry Age actuarial cost method allocation basis was changed from a level dollar amount to a level percentage of pay.
- The investment rate of return assumption decreased, the price inflation assumption decreased, and the wage inflation assumption decreased by 0.25 percent, 0.40 percent, and 0.4 percent, respectively.
- Mortality tables related to the mortality assumption for active members, post-retirement mortality assumption for healthy lives, mortality assumption for disabled retirees were changed.
- Various other assumptions related to assumed rates, wage inflation, PERACare, initial per capita health care costs, health care cost trends, election rates, assumed age differences between future retirees and their participating spouses, and utilization rates changed.

2015 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2014

- Methodology changes included rates of morbidity and the timing of the normal cost and unfunded actuarial accrued liability payment calculations.
- Changes to actuarial assumptions included PERACare enrollee percentages, initial per capita health care costs, and health care cost trend rates for Medicare Part A premiums.

2014 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2013

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are not expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2015 plan year.

Supplementary Information

ADAMS STATE UNIVERSITY
SCHEDULE OF PLEDGED REVENUES AND EXPENSES
FOR SERIES 2012, 2015, 2017A, 2017B, AND 2019 AUXILIARY FACILITIES REVENUE BONDS
For the years ended June 30, 2024 and 2023

	2024	2023
Revenue		
Tuition revenues	\$ 2,605,956	\$ 2,426,283
Extended Studies tuition and fees	2,735,634	3,807,521
Capital fees	2,144,300	2,228,771
College service fees	357,334	360,160
Traffic control fees	-	-
Rental income	4,346,748	3,734,446
Food service income	2,185,075	2,009,901
Sales/services auxiliaries	336,649	202,263
Interest income	6,541	29,662
Other income	99,652	355,691
<i>Total Revenue</i>	<u>14,817,891</u>	<u>15,154,698</u>
Expenses		
Salaries & benefits	2,261,477	2,677,668
Costs of goods	409	7,815
Utilities expense	664,019	694,811
Rental expense	191,529	153,666
Contract food services	1,591,419	1,478,281
Travel	79,025	62,626
Supplies	278,003	194,309
Other operating expenses	432,002	545,239
Purchased services-personal	373,397	500,752
Financial aid	540,770	497,188
Administrative cost allowance	1,075,992	1,777,082
Furniture & equipment	32,981	43,275
Other capital expenditures	161,846	5,224
Other expenses	38,402	33,891
<i>Total Expenses</i>	<u>7,721,272</u>	<u>8,671,826</u>
Net Revenue before Transfers	\$ 7,096,619	\$ 6,482,872
Transfers		
Mandatory transfers	3,547,392	4,138,190
Nonmandatory transfers	-	(326,799)
<i>Total Transfers</i>	<u>3,547,392</u>	<u>3,811,391</u>
<i>Net Revenue</i>	<u>\$ 3,549,227</u>	<u>\$ 2,671,481</u>
Debt Service Coverage		
Net Operating Revenue	7,096,619	6,482,872
Bond Principal and Interest	4,290,350	4,123,823
Excess of Net Operating Revenue Over Debt Service	<u>\$ 2,806,269</u>	<u>\$ 2,359,049</u>
Debt Service Coverage Ratio	165%	157%



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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 the Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Members of the Legislative Audit Committee
and Adams State University Board of Trustees

We have audited, in accordance with the 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 and the discretely presented component unit of Adams State University (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 6, 2024. Our report includes a reference to other auditors who audited the financial statements of Adams State University Foundation, discretely presented component unit of the University, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that were reported on separately by those auditors. The financial statements of the discretely presented component units, Adams State University 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 University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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Internal Control over Financial Reporting (Continued)

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 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 University'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
December 6, 2024



Legislative Audit Committee Communications



The Members of the Legislative Audit Committee
Adams State University Board of Trustees
Adams State University

We have audited the financial statements of the Adams State University (the University), an Institution of Higher Education, State of Colorado, and the Adams State University Foundation, a discretely presented component unit of the University, discussed in Note 1 of the financial statements, as of and for the year ended June 30, 2024 and have issued our report thereon dated December 6, 2024. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated April 10, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the University solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We applied certain limited procedures to the required supplementary information (RSI). However, we did not audit the RSI and do not express an opinion or provide any assurance on the RSI. With respect to the supplementary information accompanying the financial statements, we performed procedures to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. A summary of the significant accounting policies adopted by the University is included in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions the University entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements as a whole. The significant accounting estimates contained in the financial statements are the depreciation of capital assets and the allowance for uncollectable receivables.

Corrected and Uncorrected Misstatements

For purposes of this communication, 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. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There was one misstatement identified during the audit which we determined was not material to the financial statements as a whole and for which the University did not adjust the financial statements. The misstatement was an unrecorded accounts payable invoice which would have increased construction-in-progress in the amount of \$404,510.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We proposed no corrected adjustments to the financial statements as a result of our audit procedures.



Disagreements with Management

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

Difficulties Encountered in Performing the Audit

We encountered no difficulties dealing with management during the audit process.

Representations Requested from Management

We have requested certain written representations from management, which are included in a letter dated December 6, 2024.

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 the application of an accounting principle to the University's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit 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 University's auditors. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition to our retention.

Other Information

This report is intended solely for the information and use of the Legislative Audit Committee, the Board of Trustees and management of the University 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.

Hick & Company, PC

Englewood, Colorado
December 6, 2024



ADAMS STATE UNIVERSITY
Schedule of Uncorrected Misstatements
June 30, 2024

Account Description	Debit	Credit
Construction-in-progress	\$ 404,510	
Accounts Payable		\$ 405,510



State-Funded Student Financial Assistance Programs Section

ADAMS STATE UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
For the year ended June 30, 2024

Introduction

Adams State University (the University) is a state-supported institution of higher education located in Alamosa, Colorado.

The financial and compliance examination of the various state-funded financial assistance programs at the University for the year ended June 30, 2024, was directed toward the objectives and criteria set forth in the Colorado Handbook for State-Funded Student Assistance Programs, issued by the Colorado Department of Higher Education (CDHE). The State-Funded Student Assistance Programs policies are approved by the Colorado Commission on Higher Education (CCHE). The State student financial assistance programs were examined simultaneously with the University's federal financial aid programs for the year ended June 30, 2024.

State-Funded Student Assistance Programs

The various State-funded student assistance programs at the University included the Colorado Work Study Program, the Colorado Graduate Grant Program, and the Colorado Student Grant Program.

The State-funded assistance awards made by the University totaled approximately \$2,949,000 for the year ended June 30, 2024.

The Director of Financial Aid is responsible for administration of the programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the University's federal and state financial aid programs. The University Controller is responsible for the program's financial management, general ledger accounting, payments, and collections.

During the audit period, the University obtained authorizations to award approximately \$2,435,000 under the Colorado Student Grant Program, \$411,000 under the Colorado Work Study Program, and \$103,000 under the Colorado Graduate Grant Program.



Independent Auditor's Report on the Statement of Appropriations, Expenditures, Transfers, and Reversions of The State-funded Student Financial Assistance Programs

Members of the Legislative Audit Committee
Denver, Colorado

Report on the Audit of the Statement

Opinion

We have audited the accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Financial Assistance Programs (the Statement) for Adams State University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2024, and the related notes related to the Statement.

In our opinion, the Statement referred to above presents fairly, in all material respects, the respective appropriations, expenditures, transfers and revisions of the State-Funded Student Financial Assistance programs of the University for the year ended June 30, 2024, in accordance with the format as set forth in the *2023-24 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University described in Note A to the Statement.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of Matter

As described in Note A to the Statement, the Statement prepared by the University was prepared in accordance with the *2023-24 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by CDHE, and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study programs which is on the accrual basis, and does not present certain transactions that would be included in the statement of state-funded student financial assistance programs if it was presented on the accrual basis of accounting, as prescribed by generally accepted accounting principles. Accordingly, the accompanying Statement is not intended to, and does not present the financial position, changes in financial position, or cash flows of the University in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial format as set forth in the *2023-24 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University described in Note A to the Statement and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.



- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the University's Board of Trustees, and management of the University, the CDHE, and the Colorado Commission on Higher Education and is not intended to be, and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

Hick & Company, PC

Englewood, Colorado
December 6, 2024



STATE OF COLORADO
ADAMS STATE UNIVERSITY
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
Year ended June 30, 2024
(Unaudited)

	TOTAL STATE- FUNDED STUDENT <u>ASSISTANCE</u>	STUDENT GRANT <u>PROGRAM</u>	GRADUATE GRANT <u>PROGRAM</u>	WORK STUDY <u>PROGRAM</u>
APPROPRIATIONS:				
ORIGINAL	\$ 2,949,026	\$ 2,434,784	\$ 103,535	\$ 410,707
SUPPLEMENTAL	-			
TRANSFERS	-	-	-	-
RETURNED TO CCHE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	2,949,026	2,434,784	103,535	410,707
EXPENDITURES	2,949,026	2,434,784	103,535	410,707
REVERSIONS TO STATE GENERAL FUND	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADAMS STATE UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE
PROGRAMS NOTES TO STATEMENT OF APPROPRIATIONS,
EXPENDITURES, TRANSFERS, AND REVERSIONS

Note A Summary of Significant Accounting Policies

Basis of Presentation

Adams State University (the University) is governed by the University's Board of Trustees.

The accompanying statement of appropriations, expenditures, transfers, and reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as set forth in the 2023-24 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid issued by the Colorado Department of Higher Education (CDHE) and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the Board of Trustees of the University. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the University, it is not intended to and does not present either the financial position or changes in financial position of the University in conformity with generally accepted accounting principles in the United States of America.

Basis of Accounting

The University's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and Business Officers in its revised publication *Financial Accounting and Reporting Manual*.

All student aid is expensed on a cash basis except for the Colorado Work Study (CWS) Program. The CWS is on the accrual basis in that the expense is recognized when the student earns their wages from employment positions funded by CWS.



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Statement of Appropriations, Expenditures,
Transfers, and Reversions of the State of Colorado State-Funded
Student Assistance Programs Performed in Accordance with
Government Auditing Standard**

Members of the Legislative Audit Committee
Denver, Colorado

We have audited, in accordance with the 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 Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs (the Statement) of Adams State University (the University), and institution of higher education of the State of Colorado, as of and for the year ended June 30, 2024, and the related notes of the Statement, and have issued our report thereon dated December 6, 2024.

Internal Control over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Statement is 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 Statement. 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 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
December 6, 2024

