

Adams State University
Alamosa, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2025 and 2024

REPORT NUMBER 2502F-A



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Hinkle & Company, PC



**HINKLE &
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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, 2025. 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. 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 4, 2025

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ADAMS STATE UNIVERSITY

TABLE OF CONTENTS

June 30, 2025 and 2024

Financial and Compliance Audit Report Summary	1
Disposition of Prior Year’s Findings and Recommendations.....	3
Description of Adams State University (Unaudited).....	4
Independent Auditor’s Report.....	5
Management’s Discussion and Analysis (Unaudited)	9
Basic Financial Statements	
<i>Adams State University Financial Statements</i>	
Statements of Net Position	20
Statements of Revenues, Expenses and Changes in Net Position	22
Statements of Cash Flows	23
<i>Adams State Foundation Financial Statements</i>	
Statements of Financial Position	25
Statement of Activities 2025	26
Statement of Activities 2024	27
Statement of Functional Expenses 2025.....	28
Statement of Functional Expenses 2024.....	29
Statements of Cash Flows 2025 and 2024.....	30
Notes to the Financial Statements.....	31
Required Supplementary Information	
Schedules of the University’s Proportionate Share of the PERA Net Pension Liability.....	71
Schedules of the University’s Contributions to the PERA Defined Benefit Pension Plan.....	72
Schedules of the University’s Proportionate Share of the HCTF OPEB Liability.....	73
Schedules of the University’s Contributions to the HCTF OPEB.....	74
Notes to the Required Supplementary Information – Pension & HCTF OPEB.....	75

(Continued)

ADAMS STATE UNIVERSITY

TABLE OF CONTENTS

June 30, 2025 and 2024

(Continued)

Supplementary Information Section

Schedules of Pledged Revenue and Expenses for Series 2009A, 2009B,
2009C, 2012, and 2015 Auxiliary Facilities Revenue Bonds..... 81

**Independent Auditor’s Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 82**

Legislative Audit Committee Communications 85

ADAMS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2025 and 2024

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, 2025. 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 2025.

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, 2025. This includes issuing a report on the University's 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.
- 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, and review of all adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final year-end closing.

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, 2025 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, 2025.

ADAMS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2025 and 2024

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, 2025.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2024 included one finding and recommendation. The one finding was initiated in fiscal year ended June 30, 2023, with two parts of the recommendation having an implementation date of fiscal year ended June 30, 2025. We determined the remaining parts of this finding were implemented during the fiscal year ended June 30, 2025.

ADAMS STATE UNIVERSITY
DISPOSITION OF PRIOR YEAR’S FINDINGS AND RECOMMENDATIONS
As of and for the Year Ended June 30, 2025

Summary of Progress in implementing Prior Year Audit Recommendations

Fiscal Year 2023

Recommendation 2023-002	
<p>Adams State University should improve its IT governance by:</p> <ul style="list-style-type: none"> 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. 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. 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. 	<p style="text-align: center;">Implemented in Fiscal Year 2024</p> <p style="text-align: center;">Implemented</p> <p style="text-align: center;">Implemented</p>

ADAMS STATE UNIVERSITY
DESCRIPTION OF ADAMS STATE UNIVERSITY
As of and for the Year Ended June 30, 2025

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:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Resident Students	1,603.7	1,610.0	1,440.1
Nonresident Students	906.7	815.0	789.3
Total Students	<u>2,510.4</u>	<u>2,425.0</u>	<u>2,229.4</u>
Faculty FTEs	150.9	188.0	171.3
Staff FTEs	341.7	160.0	151.3
Total Staff and Faculty FTEs	<u>492.6</u>	<u>348.0</u>	<u>322.6</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 years ended June 30, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2025 and 2024, 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, 2025 and 2024, 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 Schedules 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, 2025 and 2024 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 were 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 4, 2025, 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 4, 2025



ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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, 2025 and 2024, with selected comparative information for the year ended June 30, 2023. 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, 2025

The University's total net position increased by \$5.7 million during fiscal year 2025 compared to a \$7.7 million increase in fiscal year 2024. The increase is the result of several factors that contributed to an increase in net position. The University received an increase in operating State and Federal funding in 2025 which included \$25.6 million in fee for service contract revenue from the Colorado Department of Higher Education and \$2.5 million in College Opportunity Fund stipends from College Assist during fiscal year 2025. The University increased the tuition and fee revenue, net of scholarships allowances, by \$4.5 million. However, a significant portion of this increase was a reduction of the scholarship allowances. In fiscal year 2024, the University received \$4.6 million in Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF), which the University used to give additional scholarship allowances. Related to this, the operating revenues generated from Federal grants decreased by \$3.1 million. As a result, the tuition and fees before scholarship allowances only increased by \$419,000. The net effect of the \$3.7 million increase of revenues in 2025 was offset by the increase of operating expenses of \$7.7 million in 2025 in comparison to 2024. As a result, the net position increase in fiscal year 2025 was \$2.0 million less than in fiscal year 2024.

The University had a ratio of current assets to current liabilities of 7.3 and 6.7 for fiscal years 2025 and 2024, 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 2024 to fiscal year 2025 is primarily a result of accounting and funding changes between fiscal years. The increase of cash in 2025 were related, in part, to the increased State and Federal operating support received in fiscal year 2025 and strategic financial planning to secure the financial health of the University.

In fiscal year 2025, the University had an operating loss of \$6.7 million compared to the \$2.7 million operating loss in 2024. This is primarily due to the increase of \$7.7 million in operating expenses compared to 2024. The increase in operating expenses can be explained, in part, by the \$4.6 million increase in salary and benefit expenses in fiscal year 2025 due to a cost-of-living increases and an addition of eleven positions. The University also extended their contract with Huron, a Workday consulting company, to provide knowledgeable support to various departments across campus. This increased our operating expenses by \$1.2 million in 2025 and 2024 as well as other expenses incurred to advance our implementation of our new Enterprise Resource Planning (ERP) system, Workday, as the second phase of this implementation went live in fiscal year 2025.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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 decrease 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 were 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.

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 the 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.

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, 2025 and 2024

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

	2025	2024	2023
	(in thousands)		
Assets			
Current Assets	\$ 79,944	\$ 75,513	\$ 68,400
Noncurrent Assets	97,411	98,464	101,228
	<u>177,355</u>	<u>173,977</u>	<u>169,628</u>
 Deferred Outflows of Resources	 5,615	 7,315	 9,542
 Liabilities			
Current Liabilities	11,008	11,241	10,944
Noncurrent Liabilities	93,348	97,114	103,133
	<u>104,356</u>	<u>108,355</u>	<u>114,077</u>
 Deferred Inflows of Resources	 1,091	 1,134	 1,013
 Net Assets			
Invested in Capital Assets, Net of Related Debt	35,442	35,886	35,803
Restricted	62	62	62
Unrestricted	42,019	35,855	28,216
	<u>\$ 77,523</u>	<u>\$ 71,803</u>	<u>\$ 64,081</u>

The University's total net position increased by \$5.7 million during Fiscal Year 2025 compared to a \$7.7 million increase in net position during Fiscal Year 2024. Both years' increases were partially related to the University's continued commitment to fiscal sustainability and a decrease in PERA pension and OPEB expenses. In 2025 the PERA pension liability decreased by \$2.5 million while the OPEB liability had a decrease of \$270 thousand.

The effect of the PERA pension and OPEB expense on the University's total net position for Fiscal Years 2025 and 2024 is summarized below:

	Fiscal Year 2025	Fiscal Year 2024
	(in thousands)	
Net Position (GAAP Basis)	\$ 77,523	\$ 71,803
Effects of GASB 68 – Pension	26,824	27,865
Effects of GASB 75 – OPEB	755	994
Net Position excluding Pension and OPEB	<u>\$ 105,102</u>	<u>\$ 100,662</u>

ADAMS STATE UNIVERSITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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

	Fiscal Year 2025	Fiscal Year 2024
	(in thousands)	
Unrestricted Net Position (GAAP Basis)	\$ 42,019	\$ 35,855
Effects of GASB 68 – Pension	26,824	27,865
Effects of GASB 75 – OPEB	755	994
Net Position excluding Pension and OPEB	\$ 69,598	\$ 64,714

Year ended June 30, 2025

At June 30, 2025 the University’s total assets were \$177.4 million. The largest asset category is the \$97.4 million in capital assets, net of accumulated depreciation/amortization of \$143.6 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 2025, the University’s current assets of \$79.9 million were sufficient to cover current liabilities of \$11.0 million (producing a current ratio of 7.3). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over \$73.9 million in assets per the Statement of Net Position. The noncurrent portion of the Bonds payable, excluding premiums and discounts, of \$57.8 million represent 55% of the University’s total liabilities, while the Net Pension Liability represents 28% of the University’s total liabilities of \$104.4 million. The current portion of the bonds payable liability is \$2.2 million.

The University’s net position increased \$5.7 million (see the Statement of Revenues, Expenses and Changes in Net Position) to \$77.5 million. Net Position is composed of \$35.4 million net investment in capital assets, \$61,531 externally restricted for specific purposes, and \$42.0 million is unrestricted and available for any lawful purpose of the University.

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.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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, an \$35.9 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, 2025

Tuition and fee revenues accounted for \$23.5 million of the \$65.4 million in operating revenues for fiscal year 2025. The tuition and fee amount is net of scholarship allowances of \$8.0 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.

Operating tuition and fees revenues, net of scholarship allowance, was \$23.5 million and \$18.9 million for fiscal years 2025 and 2024, respectively. The University recorded an increase of \$4.5 million in fiscal year 2025 in comparison to 2024. In fiscal year 2025, undergraduate enrollment head count was slightly up but the average credit hours per student was slightly down and graduate enrollment was slightly up in both enrollment and credit hours per student. The University increased tuition by 1% for all undergraduate courses, 5% for graduate music and teacher education courses and 7% for graduate counselor education courses. The University is crediting the slight increases of both enrollment and tuition rates for the overall tuition and fees increase in fiscal year 2025.

The grants and contracts included in operating revenues increased \$2.2 million from the prior year, related to the \$695 thousand increase in State grants, a \$3.1 decrease in Federal grants and a \$4.6 million increase in the fee for service contract with the State of Colorado. During fiscal year 2025 the State reclassified \$2.8 million of State funded grants and capital construction appropriations from Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funding to State funding. Based on this shift, the University recognized a \$2.2 million increase in state capital project appropriations and a decrease of \$1.7 million in federal capital project appropriations.

Operating expenses, during Fiscal Year 2025, totaled \$72.1 million. Of that total, \$22.6 million was for instruction, \$1.1 million for public service, \$3.5 million for academic support, \$10.5 million for student services, \$8.2 million for institutional support, \$4.7 million for operation of plant and \$9.1 million for auxiliary enterprises. The fiscal year 2025 operating expenses were \$7.7 million higher than fiscal year 2024.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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 million 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, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
		(in thousands)	
Operating Revenues			
Tuition and Fees, net of scholarship allowance	\$ 23,469	\$ 18,933	\$ 20,399
Grants and Contracts	37,520	35,350	29,036
Auxiliary Enterprises	3,983	6,794	6,032
Other	416	626	659
Total Operating Revenues	<u>65,388</u>	<u>61,703</u>	<u>56,126</u>
Operating Expenses	<u>72,086</u>	<u>64,427</u>	<u>60,126</u>
Net Operating Loss	(6,698)	(2,724)	(4,000)
Nonoperating Revenue (Expense)			
Federal Pell Grants	4,007	3,618	3,279
Gifts and Donations	3,028	2,753	2,621
Interest Income	2,508	1,878	25
Other Nonoperating	(2,393)	(2,570)	(2,509)
Net Nonoperating Revenue	<u>7,150</u>	<u>5,679</u>	<u>3,416</u>
Income Before Other Revenue, Expenses, Gains or Losses	452	2,955	-584
Student Capital Fees	1,946	2,144	2,229
State Appropriations, Capital	2,770	596	2,445
Federal Appropriations, Capital	368	2,024	3,059
State Support for PERA	233	51	649
Other	(48)	(48)	(18)
Increase in Net Position	<u>5,721</u>	<u>7,722</u>	<u>7,780</u>
Net Position			
Net Position – Beginning of Year	71,802	64,080	56,300
Net Position – End of Year	<u>\$ 77,523</u>	<u>\$ 71,802</u>	<u>\$ 64,080</u>

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

CAPITAL ASSETS

At June 30, 2025, the University had approximately \$97.4 million invested in capital assets, net of accumulated depreciation/amortization of \$143.6 million. Depreciation/amortization expenses were \$8.3 million for the current year compared to \$7.6 million in 2024 and \$7.3 million in 2023. Details of these assets for the three years are shown below.

The University had numerous construction projects in fiscal year 2025. The second phase of the new ERP system implementation, Workday, was completed and went live in the fall semester of the fiscal year. This included academics, student accounting, financial aid, registration, and other various student related areas. The other two major State capital appropriated projects in 2025 were the renovation and addition to the Central Technology Building with a budget of \$8.7 million and the replacement of the Facility Services Center with a budget of \$29.4 million. The University also had numerous smaller repair and improvement projects that included replacing campus boilers, electrical distribution repairs, campus security and safety upgrades, construction of a mechanical engineering lab, residence renovations, soccer/lacrosse field turf replacement and a couple other smaller projects. The funding for these projects was \$2.8 million from State capital construction appropriations, \$368 thousand from Federal capital construction appropriations, and \$1 million in institutional funds.

Capital Assets, Net of Depreciation, at Year End

	2025	2024	2023
Land	\$ 445,249	\$ 445,249	\$ 445,249
Art and Historic Treasures	317,417	317,417	317,417
Construction in Progress	6,511,321	3,469,364	2,212,815
Construction in Progress – Subscription Based Information Technology Arrangement (SBITA)	-	4,719,465	2,786,938
Buildings	74,081,685	79,358,196	84,784,853
Land Improvements	4,933,009	4,898,226	4,765,545
Equipment	1,725,723	1,396,734	1,002,698
Library Materials	167,441	224,874	298,319
Right to Use – SBITAs	9,201,544	3,606,025	4,586,245
Total	<u>\$ 97,383,389</u>	<u>\$ 98,435,550</u>	<u>\$ 101,200,079</u>

DEBT

At June 30, 2025, the University had approximately \$57.1 million in noncurrent debt, excluding premiums or discounts, outstanding compared to \$59.4 million at June 30, 2024 and \$61.5 million at June 30, 2023. The table below summarizes these amounts by type of debt.

ADAMS STATE UNIVERSITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Noncurrent Portion of Outstanding Debt, at Year End

	2025	2024	2023
2012 Series Institutional Enterprise Revenue Bonds	\$ 6,335,000	\$ 6,715,000	\$ 7,085,000
2015 Series Institutional Enterprise Revenue Refunding Bonds	13,995,000	14,800,000	15,585,000
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	28,835,000	29,635,000	30,235,000
Unamortized Premium 2012	331,989	351,517	371,043
Unamortized Premium 2017A	4,548	4,808	5,068
Unamortized Discount 2017B	(6,658)	(7,443)	(8,228)
Unamortized Premium 2019	3,244,962	3,441,232	3,637,507
Notes Payable	636,261	967,742	1,283,142
Total	<u>\$ 60,641,102</u>	<u>\$ 63,172,856</u>	<u>\$ 65,458,532</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 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 2025 with the exception of 2009, 2014, 2015, and 2022. The enterprise designation is reviewed at the end of each fiscal year. The University met the criteria for designation as an enterprise in fiscal year 2025. However, the University anticipates that they will not meet the designation requirement in fiscal years 2026 and 2027 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 budgeted \$2.7 million in College Opportunity Fund stipends for fiscal year 2026, 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 2025, 2024, and 2023, the yearly stipends were \$3,480, \$3,480, and \$3,120, respectively. The University received \$2.5 million, \$2.6 million, and \$2.4 million, in stipends in fiscal years 2025, 2024, and 2023, respectively.

In fiscal year 2026, \$25.9 million will be billed through a fee for service contract with the Colorado Department of Higher Education (CDHE). The University received \$25.6 million, \$20.9 million, and \$18.7 million, in fee for service revenue in fiscal years 2025, 2024, and 2023, 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.

ADAMS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

The University projected enrollment numbers to stay flat in fiscal year 2026 in comparison to fiscal year 2025. Fiscal year 2026 fall census showed a 1.7% increase in undergraduate enrollment and a 0.4% decrease in graduate enrollment. The University increased the tuition rates by 2.5% for resident undergraduate, nonresident undergraduate and Western Undergraduate Exchange (WUE), a program that provides eligible out of state students a reduced tuition rate for students who live in western regions designated under the Western Interstate Commission on Higher Education (WICHE). The University also increased their graduate counselor education tuition rates by 6%. No other graduate level course focuses were increased for fiscal year 2026.

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, 2025 and 2024

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	\$ 73,871,323	\$ 71,104,320
Student accounts receivable, net	1,811,679	1,382,250
Other accounts receivable	3,842,307	2,614,128
Inventories	219,781	180,259
Prepaid expenses and other assets	198,946	231,719
<i>Total current assets</i>	<u>79,944,036</u>	<u>75,512,676</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	6,511,321	3,469,364
Construction in progress SBITA	-	4,719,465
<i>Total non-depreciable capital assets</i>	<u>7,273,987</u>	<u>8,951,495</u>
Depreciable capital assets, net:		
Buildings	74,081,685	79,358,196
Land improvements	4,933,009	4,898,226
Furniture & equipment	1,725,722	1,396,734
Library books	167,442	224,874
Right to Use - Subscriptions	9,201,544	3,606,025
<i>Total depreciable capital assets, net</i>	<u>90,109,402</u>	<u>89,484,055</u>
<i>Total noncurrent assets</i>	<u>97,411,639</u>	<u>98,463,800</u>
Total Assets	<u>177,355,675</u>	<u>173,976,476</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized refunding loss	2,565,478	2,755,381
Pension contributions made after measurement date	1,431,622	1,323,203
Experience Gains and Losses	865,891	522,745
Change in Employee Proportion	-	255,851
Contributions vs. Employer Proportionate Share of Contribution	2,988	9,936
Employer PERA Health Care Trust Fund - Changes in Employer Proportion	20,558	26,041
Differences between expected and actual pension earnings	649,841	2,322,698
Other post employment benefits contributions made after measurement date	70,852	65,549
Differences in Projected vs Actual Invest Earnings - OPEB	1,740	24,222
Differences due to changes in assumptions - OPEB	5,883	9,209
Total Deferred Outflows of Resources	<u>\$ 5,614,853</u>	<u>\$ 7,314,835</u>

(Continued)

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF NET POSITION
As of June 30, 2025 and 2024

	2025	2024
(Continued)		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 1,203,548	\$ 2,405,966
Accrued liabilities	3,784,633	3,205,005
Unearned revenue	2,135,385	2,374,716
Deposits held for others	468,106	450,493
Bonds payable, current	2,220,000	1,985,000
Notes payable, current	348,444	331,480
Compensated absences liability	185,926	152,258
SBITA Component Liability	662,139	336,241
<i>Total current liabilities</i>	11,008,181	11,241,159
Noncurrent Liabilities		
Compensated absences liability	2,056,892	1,698,419
Notes payable	287,817	636,261
Bonds payable	57,784,841	60,220,118
Net other post employment benefits liability	513,229	783,166
Net pension liability	29,502,223	31,979,913
SBITA Component Liability	3,202,956	1,795,983
<i>Total noncurrent liabilities</i>	93,347,958	97,113,860
Total Liabilities	104,356,139	108,355,019
DEFERRED INFLOWS OF RESOURCES		
Differences due to changes in proportionate share of pension plan	527,668	643,183
Differences due to expected and actual experience of pension plan	-	169,812
Differences due to changes in assumptions of pension plan	228,764	-
Differences between contributions and proportionate share of contributions to pension plan	10,789	1,238
Differences between expected and actual - OPEB	113,208	160,517
Differences due to changes in assumptions - OPEB	164,053	83,042
Differences between contributions and proportionate share - OPEB	881	779
Differences due to changes in proportionate share - OPEB	45,934	75,119
<i>Total Deferred Inflows of Resources</i>	1,091,297	1,133,690
NET POSITION		
Net investment in capital assets	35,442,669	35,885,848
Restricted for non-expendable purposes:		
Endowments	28,250	28,250
Restricted for expendable purposes:		
Endowments	33,281	33,281
<i>Total Restricted</i>	61,531	61,531
<i>Unrestricted</i>	42,018,892	35,855,223
Total Net Position	\$ 77,523,092	\$ 71,802,602

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, 2025 and 2024

	2025	2024
Operating Revenues:		
Tuition & fees (including \$6,237,231 and \$5,698,925, respectively of revenues pledged for bonds and net of scholarship allowances of \$8,007,025 and \$12,123,709, respectively)	\$ 23,468,839	\$ 18,933,105
Sales & services of auxiliary enterprises (including \$5,909,113 and \$6,868,472, respectively of revenues pledged for bonds and net of scholarship allowances of \$2,714,435 and \$1,116,504 respectively)	3,983,366	6,794,340
Fee for service contract revenue	25,560,175	20,938,685
Federal grants and contracts	7,743,167	10,888,739
State grants and contracts	4,216,289	3,521,734
Other operating revenues (including \$62,047 and \$99,652, respectively of revenues pledged for bonds)	415,762	626,448
<i>Total Operating Revenues</i>	65,387,598	61,703,051
Operating Expenses:		
Instruction	22,574,997	20,125,629
Public service	1,149,606	1,337,400
Academic support	3,499,658	4,000,989
Student services	10,506,502	9,566,343
Institutional support	8,173,146	6,895,782
Operation of plant	4,668,549	5,009,933
Scholarships and fellowships	4,129,452	1,873,584
Auxiliary enterprises expenditures	9,113,479	8,046,109
Depreciation/amortization	8,270,549	7,571,277
Total operating expenses	72,085,938	64,427,046
<i>Operating Loss</i>	(6,698,340)	(2,723,995)
Nonoperating Revenues (Expenses):		
Federal Pell Grants	4,007,442	3,618,263
Gifts and Donations	3,027,603	2,753,009
Investment & interest income (loss) (including \$22,640 and \$6,541, respectively of revenue pledged for bonds)	2,507,945	1,877,660
Limited gaming transfer	21,732	13,769
Other Expenses	455	-
Interest on capital debt	(2,415,242)	(2,583,654)
<i>Net nonoperating revenue</i>	7,149,935	5,679,047
<i>Income (Loss) before other revenues, expenses, gains, losses or transfers</i>	451,595	2,955,052
Other Revenues, Expenses, Gains, Losses or Transfers:		
Student capital fees (including \$1,945,643 and \$2,144,300, respectively of revenues pledged)	1,945,643	2,144,300
State appropriation, capital	2,769,868	596,071
Federal appropriation, capital	368,498	2,023,483
State Support for PERA	233,135	51,332
Transfers to Other Institutions	(48,249)	(48,046)
<i>Increase (Decrease) in Net Position</i>	5,720,490	7,722,192
Net Position - beginning of the year	71,802,602	64,080,410
Net Position - end of the year	\$ 77,523,092	\$ 71,802,602

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ending June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
<u>Cash Received:</u>		
Tuition and fees	\$24,016,878	\$ 18,998,536
Fee for service Contract Revenue	25,193,984	19,321,951
Sales of services	3,035,222	7,516,085
Sales of products		
Grants and contracts	10,931,414	14,547,565
Student loans collected	2,173	8,299
Other receipts	377,705	492,964
<u>Cash Payments:</u>		
Payments to or for employees	(43,494,655)	(39,334,596)
Payments to suppliers	(17,483,735)	(16,503,081)
Scholarships disbursed	(4,129,452)	(1,873,584)
Student loans disbursed	(1,858)	(2,370)
<i>Net Cash (Used) Provided by Operating Activities</i>	<u>(1,552,324)</u>	<u>3,171,769</u>
Cash Flows from Noncapital Financing Activities:		
Federal grants and contracts, non-operating	4,007,442	3,090,760
Gifts/grants for other than capital purposes	3,049,335	2,766,779
Agency receipts	24,515,713	18,786,529
Agency payments	(24,503,313)	(18,795,900)
Transfers from (to) other institutions	(48,248)	(48,048)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>7,020,929</u>	<u>5,800,120</u>
Cash Flows from Capital & Related Financing Activities:		
State appropriations, capital	3,138,366	2,619,554
Proceeds from capital debt	-	-
Student capital fees	1,885,998	2,155,564
Acquisition or construction of capital assets	(7,209,686)	(4,987,541)
Principal paid on capital debt	(798,886)	(3,037,049)
Interest paid on capital debt	(2,225,339)	(2,393,751)
<i>Net Cash Provided (Used) by Capital & Related Financing Activities</i>	<u>(5,209,547)</u>	<u>(5,643,223)</u>
Cash Flows from Investing Activities:		
Investment earnings	2,507,945	1,877,660
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>2,507,945</u>	<u>1,877,660</u>
Net Increase (Decrease) in Cash	<u>2,767,003</u>	<u>5,206,326</u>
Beginning cash balance	71,132,570	65,926,244
Ending cash balance	<u>\$73,899,573</u>	<u>\$71,132,570</u>

(Continued)

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ending June 30, 2025 and 2024
(Continued)

	2025	2024
Reconciliation of Operating Loss to Net Cash (used) Provided by Operating Activities		
Operating loss	\$ (6,698,340)	\$ (2,723,995)
Adjustments to reconcile:		
Depreciation expense	8,270,549	7,571,277
Pension expense	(1,040,610)	(1,350,287)
State Pension Contribution	233,135	51,332
Other post retirement benefit expense	(239,331)	(228,510)
Other Non-operating expense		
Decrease (increase) in assets:		
Receivables, net	(1,618,611)	(1,051,369)
Inventories & prepaids	(6,750)	(148,570)
Increase (decrease) in liabilities:		
Accounts payable	(1,202,418)	593,051
Accrued liabilities	579,628	21,303
Unearned revenues	(239,331)	116,216
Student deposits	17,613	(9,371)
Compensated absences	392,142	330,692
<i>Net Cash Provided by Operating Activities</i>	<u>\$ (1,552,324)</u>	<u>\$ 3,171,769</u>
Noncash Investing, Capital, and Financing Activities:		
State Capital Contributions	3,138,366	\$2,619,554
Amortization of capital premium/discount and capital loss	405,180	405,180

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash in Bank	\$ 72,019	\$ 372,111
Pooled Cash - Brokerage Accounts	468,520	492,857
Restricted Cash - Brokerage Accounts	184,638	101,465
Certificates of Deposit	300,000	300,000
Pooled Investments, at Fair Value	24,294,240	23,339,047
Restricted Investments, at Fair Value	16,616,745	13,846,534
Pledges Receivable, net of allowance	6,500	-
Inventories	7,240	7,240
Land	4,500	4,500
Art Collection	15,000	15,000
	\$ 41,969,402	\$ 38,478,754
TOTAL ASSETS	\$ 41,969,402	\$ 38,478,754
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 24,650	\$ 92,418
	24,650	92,418
TOTAL LIABILITIES	24,650	92,418
NET ASSETS		
Without Donor Restriction:		
Unrestricted	1,399,651	1,122,149
Board Designated - Investment Reserves Fund	4,335,958	3,546,491
Board Designated - Endowments	697,427	649,969
Total Without Donor Restrictions	6,433,036	5,318,609
With Donor Restrictions:		
Unexpended Funds Received for Restricted Purposes, Principally Student Financial Assistance	3,342,033	2,820,375
Income Earned on Perpetual Endowments	1,644,534	1,621,631
Endowment Funds	30,525,149	28,625,721
Total With Donor Restrictions	35,511,716	33,067,727
TOTAL NET ASSETS	41,944,752	38,386,336
TOTAL LIABILITIES AND NET ASSETS	\$ 41,969,402	\$ 38,478,754

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	\$ 5,318,609	\$ 33,067,727	\$ 38,386,336
REVENUES, GAINS, AND OTHER SUPPORT			
Donations	133,891	2,127,535	2,261,426
Investment Income (Net)	130,801	1,037,770	1,168,571
Net Realized Gains (Losses) on long-term investments	1,539,508	623,120	2,162,628
Net Unrealized Gains (Losses) on long-term investments	423,831	344,087	767,918
Subtotal	2,228,031	4,132,512	6,360,543
Net Assets Released from Restriction	2,210,248	(2,210,248)	-
Total from Revenues, Gains, and Other Support	4,438,279	1,922,264	6,360,543
EXPENSES AND LOSSES			
Scholarships and Awards	1,415,302	-	1,415,302
Program Services	826,833	-	826,833
Management and General Activities	224,762	-	224,762
Fundraising	335,230	-	335,230
Total Expenses and Losses	2,802,127	-	2,802,127
Transfers:			
Transfers In/(Out)	(521,725)	521,725	-
Change in Net Assets for the Year	1,114,427	2,443,989	3,558,416
NET ASSETS AT END OF YEAR	\$ 6,433,036	\$ 35,511,716	\$ 41,944,752

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

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	\$ 3,297,639	\$ 26,618,747	\$ 29,916,386
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	2,107,649	1,049,597	3,157,246
Gain/(Loss) on Sale of Assets	-	-	-
Subtotal	2,560,766	8,663,277	11,224,043
Net Assets Released from Restriction	2,214,297	(2,214,297)	-
Total from Revenues, Gains, and Other Support	4,775,063	6,448,980	11,224,043
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	400,615	-	400,615
Total Expenses and Losses	2,754,093	-	2,754,093
Transfers:			
Transfers In/(Out)	-	-	-
Change in Net Assets for the Year	2,020,970	6,448,980	8,469,950
NET ASSETS AT END OF YEAR	\$ 5,318,609	\$ 33,067,727	\$ 38,386,336

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,415,302	\$ -	\$ -	\$ 1,415,302
Other University Assistance				
Academic Programming	127,760	-	-	127,760
Athletics	244,798	-	-	244,798
Grants and Other Passthrough	218,187	-	-	218,187
Work Study	62,590	-	-	62,590
Student Programming	35,954	-	-	35,954
Grizzly Club	24,024	-	-	24,024
Salazar Center Programming	66,930	-	-	66,930
Other	8,909	-	-	8,909
Alumni and Donor Functions	-	912	6,795	7,707
Professional Fees & Consulting	-	30,450	-	30,450
Software and Computer Fees	-	57,117	-	57,117
Rent/Lease	-	-	-	-
Insurance	-	961	-	961
Office Supplies	-	1,162	-	1,162
Telephone	-	-	-	-
Salaries	-	92,411	267,700	360,111
General Administrative	37,681	1,584	34,470	73,735
Equipment	-	2,905	-	2,905
Printing, Postage and Publication	-	37,260	14,522	51,782
Phone-a-thon	-	-	9,615	9,615
Travel	-	-	2,128	2,128
	<u>\$ 2,242,135</u>	<u>\$ 224,762</u>	<u>\$ 335,230</u>	<u>\$ 2,802,127</u>

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

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>

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOW
For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donors	\$ 1,621,078	\$ 1,695,899
Investment Income	1,168,571	936,615
Scholarships and Awards	(1,415,302)	(1,431,340)
Program Services Paid	(826,833)	(786,061)
Supporting Services Paid	(627,760)	(503,572)
	<u>(80,246)</u>	<u>(88,459)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Land	-	-
Proceeds from Sale of Investments	24,621,069	6,239,151
Payment for Purchase of Investments	(25,415,927)	(7,876,624)
	<u>(794,858)</u>	<u>(1,637,473)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
Proceeds from contributions restricted for:		
Investment in Endowment	633,848	1,582,154
	<u>633,848</u>	<u>1,582,154</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(241,256)	(143,778)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>966,433</u>	<u>1,110,211</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 725,177</u>	<u>\$ 966,433</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in Net Assets	\$ 3,558,416	\$ 8,469,950
Adjustments to Reconcile Net Income to Net Cash Provided by		
Operating Activities:		
(Increase) Decrease in Pledges Receivable, net	(6,500)	14,735
Increase (Decrease) in Accounts Payable	(67,768)	33,120
Net Unrealized and Realized (Gain) Loss on Investments	(2,930,546)	(3,490,178)
Gain on Sale of Land	-	-
Contributions Restricted for Long-Term Investment	(633,848)	(5,116,086)
	<u>(3,638,662)</u>	<u>(8,558,409)</u>
Total Adjustments		
	<u>(80,246)</u>	<u>(88,459)</u>
Net Cash Provided (Used) by Operating Activities		
Reconciliation to the Statement of Financial Position:		
Cash in Bank	\$ 72,019	\$ 372,111
Pooled Cash - Brokerage Accounts	468,520	492,857
Restricted Cash - Brokerage Accounts	184,638	101,465
	<u>\$ 725,177</u>	<u>\$ 966,433</u>
Noncash Financing Transaction:		
Donor contribution of investments restricted for long-term purposes	<u>\$ -</u>	<u>\$ 3,533,932</u>

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

HB 03-1093 authorized independent governance for Adams State University (the University) effective July 1, 2003. The 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

The University is an institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the 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 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 University Foundation.

As defined by GASB Statement No. 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 relationship 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, 2025 and 2024

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, 2025 and 2024

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 2025, 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.

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

New Accounting Pronouncements

Two new GASB statements went into effect in fiscal year 2025. GASB Statement No. 101 addresses the recognition and measurement guidance of compensated absences. GASB Statement No. 102 requires governmental organizations to disclose certain risks related to vulnerabilities due to certain concentrations or constraints that may impact the decision making of financial statement users.

Reclassifications

Certain amounts from fiscal year 2024 have been reclassified to conform to the fiscal year 2025 financial statement presentation.

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, 2025, the University had \$56,391,456 including unrealized loss of \$3,643,274 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	14,098,226
Certificates of deposit	3,405,696
	<u>\$ 17,508,117</u>

The carrying amount of the University's cash on deposit was \$17,503,922. The bank balance of these deposits was \$18,903,228, of which \$923,291 was covered by federal depository insurance and \$17,979,937 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, 2025 and 2024

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

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.

The University deposits cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2025, the University had cash on deposit with the State Treasurer of \$60,034,731, which represented approximately 0.35% of the total \$15,918.2 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2025, the Pool's resources included \$39.1 million of cash and \$15,879.1 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, 2025.

ASU Foundation Investments and Concentration of Risk

The fair value of the Foundation's investments were \$41,564,143 (2025) and \$37,779,903 (2024), 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 \$530,915 (2025) and \$1,041,026 (2024).

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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:

	2025	2024
Student Accounts Receivable	\$ 2,523,315	\$ 2,117,411
Less: Allowance for Doubtful Accounts	<u>(711,636)</u>	<u>(735,161)</u>
Student Accounts Receivable, net	1,811,679	1,382,250
Other Accounts Receivable		
FFS Contract Revenue*	2,245,977	1,879,785
Other Accounts Receivable	<u>1,596,330</u>	<u>734,343</u>
	<u>3,842,307</u>	<u>2,614,128</u>
Total Receivables	<u>\$ 5,653,986</u>	<u>\$ 3,996,378</u>

*June Colorado fee for service funds received in July

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation/amortization for the year ended June 30, 2025.

	Balance June 30, 2024	Additions	Retirements/ Transfers	Balance June 30, 2025
Non-depreciable Capital Assets				
Land	\$ 445,249	\$ -	\$ -	\$ 445,249
Art and Historic Treasures	317,417	-	-	317,417
Construction in Progress	3,469,364	3,294,280	(252,323)	6,511,321
Construction in Progress – Right to Use	4,719,465	-	(4,719,465)	-
Total Non-depreciable Capital Assets	\$ 8,951,495	\$ 3,294,280	\$ (4,971,788)	\$ 7,273,987
Depreciable/Amortizable Capital Assets				
Land Improvements	\$ 15,978,874	\$ 648,800	\$ -	\$ 16,627,674
Buildings and Improvements	191,802,193	168,360	252,323	192,222,876
Equipment	7,092,035	594,372	-	7,686,407
Library Materials	5,564,966	2,044	-	5,567,010
Right to Use – IT Subscriptions	4,573,437	2,473,209	4,515,058	11,561,704
Total Depreciable/Amortizable Capital Assets	\$ 225,011,505	\$ 3,886,785	\$ 4,767,381	\$ 233,665,671
Less: Accumulated Depreciation/Amortization				
Land Improvements	\$ 11,080,648	\$ 614,017	\$ -	\$ 11,694,665
Buildings and Improvements	112,443,997	5,697,194	-	118,141,191
Equipment	5,695,301	265,384	-	5,960,685
Library Materials	5,340,092	59,476	-	5,399,568
Right to Use – IT Subscriptions	967,412	1,634,479	(241,731)	2,360,160
Total Accumulated Depreciation/Amortization	\$ 135,527,450	\$ 8,270,550	\$ (241,731)	\$ 143,556,269
Net Depreciable/Amortizable Capital Assets	\$ 89,484,055	\$ (4,383,765)	\$ 5,009,112	\$ 90,109,402
Total Capital Assets	\$ 98,435,550	\$ (1,089,485)	\$ 37,324	\$ 97,383,389

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - CAPITAL ASSETS (Continued)

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	1,576,660	(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	\$ 3,509,187	\$ (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	2,012	-	5,564,966
Right to Use – IT Subscriptions	5,306,485	-	(733,048)	4,573,437
Right to Use – Lease Furniture, Equip & Other	-	-	-	-
Total Depreciable/Amortizable Capital Assets	\$ 224,174,700	\$ 1,590,101	\$ (753,296)	\$ 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	5,438,060	257,241	-	5,695,301
Library Materials	5,264,635	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	\$ 128,737,039	\$ 7,630,920	\$ (840,509)	\$ 135,527,450
Net Depreciable/Amortizable Capital Assets	\$ 95,437,661	\$(6,040,819)	\$ 87,213	\$ 89,484,055

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS

The financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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, 2025 and 2024, the value of the subscription liability is \$21,760 and \$32,031, 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, 2025 of \$52,868 with accumulated amortization of \$24,672 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 \$14,098.

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, 2025, the subscription was satisfied in full. The subscription was not renewed. As of June 30, 2024, the value of the subscription liability was \$29,017. The University was required to make annual fixed payments of \$29,700. The subscription had an interest rate of 2.3543 percent. The value of the right to use asset as of June 30, 2025 of \$87,066 with accumulated amortization of \$82,229 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 \$53,207.

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, 2025, the subscription was satisfied in full. The University renewed this subscription on a short-term basis. As of June 30, 2024, the value of the subscription liability was \$130,582. The University was required to make annual fixed payments of \$11,856. The subscription had an interest rate of 1.8503 percent. The value of the right to use asset as of June 30, 2025 of \$0 with accumulated amortization of \$0. The value of the right to use asset as of June 30, 2024 was \$260,161 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, 2025, the subscription was satisfied in full. The University renewed this subscription on a short-term basis. As of June 30, 2024, the value of the subscription liability was \$19,345. 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, 2025 of \$58,044 with accumulated amortization of \$56,163 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 \$36,815.

On July 1, 2024, the University entered into a 60-month subscription for the use of Blackboard Software from fiscal year 2025 through fiscal year 2029. An initial subscription liability was recorded in the amount of \$585,336. As of June 30, 2025, the value of the subscription liability is \$470,102, and the value of the short-term subscription liability is \$108,380. The University is required to make annual fixed payments of \$115,234. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2025 of \$585,336 with accumulated amortization of \$117,067 is included with Software on the Subscription Class activities table found below.

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, 2025, the value of the subscription liability is \$4,588,740. The University is required to make annual fixed payments of \$574,346. The subscription has an interest rate of 3.0360 percent. The value of the subscription asset as of June 30, 2025 of \$10,836,433 with accumulated amortization of \$2,175,680 is included with Software on the Subscription Class activities table found below. The value of the subscription asset as of June 30, 2024 was \$4,299,096 with accumulated amortization of \$739,065.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 5 - SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS (Continued)

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of June 30, 2025		
	Subscription Asset Value	Accumulated Amortization	SBITA Net Value
Software	\$ 11,561,704	\$ 2,360,160	\$9,201,160
Total Subscriptions	\$ 11,561,704	\$ 2,360,160	\$9,201,160

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 633,523	\$ 112,146	\$ 745,669
2027	655,495	93,847	749,342
2028	666,677	74,933	741,610
2029	689,680	55,708	745,388
2030	579,852	35,838	615,690
2031	600,580	18,234	618,814
Total Principal Payments	3,825,807		
Cumulative Variance as of Fiscal Year- End	-		
Total Remaining Liability	\$ 3,825,807		

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 6 - NONCURRENT LIABILITIES

The University's noncurrent liability activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Bond and Notes Payable:					
Series 2012 Bonds	\$ 6,715,000	\$ -	\$ (380,000)	\$ 6,335,000	\$ 390,000
Series 2015 Bonds	14,800,000	-	(805,000)	13,995,000	830,000
Series 2017A Bond	6,125,000	-	-	6,125,000	-
Series 2017B Bonds	1,140,000	-	-	1,140,000	-
Series 2019 Bonds	29,635,000	-	(800,000)	28,835,000	1,000,000
Unamortized Premium 2012	351,517	-	(19,528)	331,989	-
Unamortized Premium 2017A	4,808	-	(260)	4,548	-
Unamortized Premium 2017B	(7,443)	-	785	(6,658)	-
Unamortized Premium 2019	3,441,232	-	(196,270)	3,244,962	-
Note Payable	967,742	-	(331,481)	636,261	348,444
Total Bonds and Notes Payables	<u>63,172,856</u>	<u>-</u>	<u>(2,531,754)</u>	<u>60,641,102</u>	<u>2,568,444</u>
Other Liabilities:					
Compensated Absences	1,850,677	392,141*	-	2,242,818	185,926
Total Other Liabilities	<u>1,850,677</u>	<u>392,141</u>	<u>-</u>	<u>2,242,818</u>	<u>185,926</u>
Total Long-Term Liabilities	<u>\$ 65,023,533</u>	<u>\$ 392,141</u>	<u>\$(2,531,754)</u>	<u>\$ 62,883,920</u>	<u>\$ 2,754,370</u>

*The change in the compensated absences liability is presented as a net change.

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	-	(19,526)	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	1,283,143	-	(315,401)	967,742	331,480
Total Bonds and Notes Payables	<u>65,458,532</u>	<u>-</u>	<u>(2,285,676)</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>330,692</u>	<u>-</u>	<u>1,850,677</u>	<u>152,258</u>
Total Long-Term Liabilities	<u>\$ 66,978,517</u>	<u>\$ 330,692</u>	<u>\$(2,285,676)</u>	<u>\$ 65,023,533</u>	<u>\$ 2,468,738</u>

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 7 - NOTES PAYABLE

The 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%. The principal balance at June 30, 2025 was \$216,511. 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%. The principal balance at June 30, 2025 was \$419,750.

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

Year Ending June 30	Principal	Interest	Total
2026	348,444	21,123	369,567
2027	287,817	8,307	296,123
	\$ 636,261	\$ 29,430	\$ 665,690

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% with an average rate of 4.07%. 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%. 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
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 8 - BONDS PAYABLE (Continued)

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%. 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 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%. The bonds are payable solely from the Institutional Enterprise Pledged Revenues.

At June 30, 2025 and 2024, 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, 2025:

	2012 Series	2015 Series	2017A Series	2017B Series	2019 Series	Total
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	240,500	1,225,248	567,050	203,250	2,436,800	4,672,848
2031-2035	1,802,500	6,125,553	2,424,600	609,650	12,185,000	23,147,303
2036-2040	4,140,500	4,905,456	1,542,000	-	12,187,300	22,775,256
2041-2045	1,638,400	-	2,918,800	-	4,877,800	9,435,000
Total Bond Payments	9,617,413	17,167,194	9,053,250	1,456,800	41,164,850	78,459,507
Less Interest Included Above	(3,282,413)	(3,172,194)	(2,928,250)	(316,800)	(12,329,850)	(22,029,507)
Total Principal Outstanding	6,335,000	13,995,000	6,125,000	1,140,000	28,835,000	56,430,000
Less Current Principal Portion	(390,000)	(830,000)	-	-	(1,000,000)	(2,220,000)
Net Long-Term Principal	5,945,000	13,165,000	6,125,000	1,140,000	27,835,000	54,210,000
Unamortized Premium, Discount	331,988	-	4,548	(6,658)	3,244,962	3,574,841
Bonds Payable, Net	<u>\$ 6,276,988</u>	<u>\$ 13,165,000</u>	<u>\$ 6,129,548</u>	<u>\$ 1,133,342</u>	<u>\$ 31,079,962</u>	<u>\$ 57,784,841</u>

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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, 2025.

NOTE 10 - ACCRUED LIABILITIES

The University's accrued liabilities as of June 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Payroll Benefits	\$ 2,229,330	\$ 2,021,477
Accrued Interest	423,154	440,270
Other Accounts Payable	<u>1,132,149</u>	<u>743,258</u>
Total	<u>\$ 3,784,633</u>	<u>\$ 3,205,005</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 \$185,926 (2025) and \$152,258 (2024). The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, are estimated as \$2,056,892 (2025) and \$1,698,419 (2024). Current expenses include an increase of \$392,140 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 the University elected to continue with the Optional Retirement Plan (ORP).

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

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% of covered payroll and contributions by employees is 8% of covered payroll.

The University's contributions to the ORP for the fiscal years ending June 30, were \$1,861,611 (2025) \$1,656,171 (2024) and \$1,491,611 (2023). 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.

PERA Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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 (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/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally 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, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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% 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% 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% 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, 2025: 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, 2024 through June 30, 2025 are summarized in the table below:

	Fiscal Year 2024		Fiscal Year 2025	
	CY23	CY24		CY25
	7-1-23 to 12-31-23	1-1-24 to 6-31-24	7-1-24 to 12-31-24	1-1-25 to 6-30-25
Employee contribution rate**	11.00%	11.00%	11.00%	11.00%

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

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

The employer contribution requirements for all employees, other than safety officers, are summarized in the following table below:

	Fiscal Year 2024		Fiscal Year 2025	
	CY23	CY24	CY24	CY25
	7-1-23 to 12-31-23	1-1-24 to 6-31-24	7-1-24 to 12-31-24	1-1-25 to 6-30-25
Employer contribution rate	11.40%	11.40%	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	10.38%	10.38%	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	0.17%	0.21%	0.21%	0.23%
Total employer contribution rate to the SDTF	20.55%	20.59%	20.59%	20.61%

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

The employer contribution requirements for Safety Officers are summarized in the following table:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	23.29%	23.31%

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

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 \$3,009,482 and \$2,643,774 for the years ended June 30, 2025 and 2024, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The University's proportion of the net pension liability was based on University's contributions to the SDTF for the calendar year 2024 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, 2025, the University reported a liability of \$29,502,223 for its proportionate share of the net pension liability.

At December 31, 2024, the University's proportion was 0.31%, which was a decrease of 0.01% from its proportion measured as of December 31, 2023.

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%, which was a decrease of 0.01% from its proportion measured as of December 31, 2022.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

For the years ended June 30, 2025 and 2024, the University recognized pension expense of \$1,968,872 and \$1,293,488, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2025		Fiscal Year 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 865,891	\$ -	\$ 522,745	\$ 169,812
Changes of assumptions or other inputs	-	228,764	-	-
Net difference between projected and actual earnings on pension plan investments	649,841	-	2,322,698	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,987	538,457	265,787	644,421
Contributions subsequent to the measurement date	1,431,622	-	1,323,203	-
Total	\$ 2,950,341	\$ 767,221	\$ 4,434,433	\$ 814,233

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, of \$1,431,622 and \$1,323,203 for fiscal years 2025 and 2024, respectively, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	614,929
2027	1,560,381
2028	(1,021,347)
2029	(402,466)
2030	-
Thereafter	-

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30 - 10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled Mortality Table		Adjustments, as Applicable
		Males: 94% of the rates prior to age 80/90% of the rates age 80 and older
Members other than Safety Officers	PubG-2010 Retiree	Healthy Females: 87% of the rates prior to age 80/107% of the rates age 80 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 99% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:	
Members other than Safety Officers	2.70-13.30%
Safety Officers	3.20-16.30%

Salary scale assumptions were altered to better reflect actual experience.
Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study dated January 3, 2025.

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

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% 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

Discount rate. The discount rate used to measure the TPL was 7.25%. 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%.
- 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%, at which point the AED and SAED will each drop 0.50% 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - PENSION PLAN OBLIGATIONS (Continued)

- 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.

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% 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%. 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%, 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%) or one percentage point higher (8.25%) than the current rate:

	1 % Decrease (6.25%)	Current Discount Rate (7.25%)	1 % Increase (8.25%)
Proportionate share of the net pension liability	\$ 39,309,605	\$ 29,502,223	\$ 21,240,864

Pension plan fiduciary net position. Detailed information about the SDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13 - DEFINED CONTRIBUTION PENSION PLANS

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/forms-resources/financial-reports-and-studies.

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, 2025 and 2024, program members contributed \$125,355 and \$97,469, respectively.

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/forms-resources/financial-reports-and-studies.

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, 2023 through June 30, 2025 are summarized in the tables below:

	Fiscal Year 2024		Fiscal Year 2025	
	CY23	CY24	CY24	CY25
	7-1-23 to 12-31-23	1-1-24 to 6-31-24	7-1-24 to 12-31-24	1-1-25 to 6-30-25
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).

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13 - DEFINED CONTRIBUTION PENSION PLANS (Continued)

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

	Fiscal Year 2024		Fiscal Year 2025	
	CY23	CY24	CY24	CY25
	7-1-23 to 12-31-23	1-1-24 to 6-31-24	7-1-24 to 12-31-24	1-1-25 to 6-30-25
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	0.17%	0.21%	0.21%	0.23%
Total Employer Contribution Rate to the SDTF	11.42%	11.46%	11.46%	11.48%

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. 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 \$1,481,018 and \$1,369,841 and the University recognized pension expense and a liability of \$2,910,343 and \$2,689,154, for the years ended June 30, 2025 and 2024, respectively, for the PERA DC Plan.

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/forms-resources/financial-reports-and-studies.

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, 2025, program members contributed \$108,024 and the University did not recognize a liability for the PERAPlus 457 Plan as it is fully funded by the members.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Summary of Significant Accounting Policies

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 (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/forms-resources/financial-reports-and-studies.

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.

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

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

credit. There is a 5% 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% 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% 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 \$137,436 and \$128,519 for the years ended June 30, 2025 and 2024, respectively.

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

At June 30, 2025, the University reported a liability of \$513,229 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The University's proportion of the net OPEB liability was based on The University's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the University's proportion was 0.1073%, which was an increase of 0.0024% from its proportion measured as of December 31, 2023.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

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 The 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%, which was an increase of 0.00139% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2025 and 2024, the University recognized OPEB expense of \$(101,895) and \$(99,991), respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2025		Fiscal Year 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 113,208	\$ -	\$ 160,517
Changes of assumptions or other inputs	5,885	164,053	9,210	83,042
Net difference between projected and actual earnings on OPEB plan investments	1,740	-	24,222	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	20,558	46,816	26,040	75,898
Contributions subsequent to the measurement date	70,852	-	65,549	-
Total	\$ 99,035	\$ 324,077	\$ 125,021	\$ 319,457

The deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, of \$70,852 and \$65,549 for fiscal years 2025 and 2024, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. 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:	
2026	(95,828)
2027	(51,911)
2028	(62,646)
2029	(39,599)
2030	(29,313)
2031	(16,597)
Thereafter	-

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30 – 10.90%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025 gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% for 2024, gradually increasing to 4.50% in 2033

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Age-Related Morbidity Assumptions

<u>Participant Age</u>	<u>Annual Increase (Male)</u>	<u>Annual Increase (Female)</u>
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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	NA

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

- Per capita health care costs in effect as of the December 31, 2023, 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 were updated to reflect costs for the 2024 plan year.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled Mortality Table		Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Retiree	Healthy Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
School Division	PubT-2010 Retiree	Healthy Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 95% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

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% 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

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 MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 628,970	\$ 513,229	\$ 413,446

¹For the January 1, 2025, plan year.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

Discount rate. The discount rate used to measure the total TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 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 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 628,970	\$ 513,229	\$ 413,446

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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

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 www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 15 - SCHOLARSHIP ALLOWANCES

Tuition, fee and auxiliary revenue and the related scholarship allowances for the year ended June 30, 2025 and 2024, were as follows:

	Tuition & Fees	Auxiliary Revenue	2025 Total	2024 Total
Gross Revenue	\$ 31,475,864	\$ 6,697,801	\$ 38,173,665	\$ 38,967,658
Scholarship Allowances				
Federal	3,995,097	1,354,365	5,349,462	5,175,028
State	2,537,888	860,361	3,398,249	2,685,129
Private	1,459,594	494,812	1,954,406	1,651,242
Institutional	14,446	4,897	19,343	3,728,814
Total Allowances	8,007,025	2,714,435	10,721,460	13,240,213
Net Revenue	<u>\$ 23,468,839</u>	<u>\$ 3,983,366</u>	<u>\$ 27,452,205</u>	<u>\$ 25,727,445</u>

NOTE 16 - UNIVERSITY FOUNDATION

The 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 University area in the State of Colorado, and for the purpose of promoting and furthering the interests, objectives and purposes of The 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 \$2,238,269 (2025) and \$2,257,253 (2024), 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.

STATE OF COLORADO
ADAMS STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 and 2024

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 2025 are as follows:

Budget	\$57,295,544
Actual Revenues	49,736,322
Actual Expenses	49,736,322

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 completed, the University will present information for those years for which information is available.

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

	<u>2025</u>	<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>
University's proportion of the net pension liability	0.31%	0.316%	0.327%	0.316%	0.319%	0.335%	0.362%	0.401%	0.406%	0.419%
University's proportionate share of the net pension liability	\$ 29,502,233	\$ 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
University's covered payroll	\$ 11,837,965	\$ 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
University's proportionate share of the net pension liability as a percentage of its covered payroll	249%	263%	304%	217%	282%	308%	370%	674%	636%	374%
Plan fiduciary net position as a percentage of the total pension liability	67.4%	64.4%	60.6%	73.1%	65.3%	6.2%	55.1%	43.2%	42.6%	56.1%
PERA State Division Fiduciary Net Position (in thousands)	\$ 19,696,541	\$ 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
PERA State Division Net Pension Liability (in thousands)	\$ 9,509,399	\$ 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

*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 UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
COLORADO PERA PENSION PLAN
For the Fiscal Year Ended June 30,

	<u>2025</u>	<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>
Contractually required contribution	\$ 2,776,347	\$ 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
Contributions in relation to the contractually required contribution	<u>2,776,347</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>									
University's covered payroll	\$ 13,474,084	\$ 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
Contributions as a percentage of covered payroll	20.61%	22.57%	20.39%	19.40%	19.38%	21.64%	21.35%	18.91%	18.41%	17.82%

See Notes to the Required Supplementary Information

ADAMS STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND
For the Fiscal Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
University's proportion of the net OPEB liability	0.107%	0.109%	0.108%	0.107%	0.110%	0.115%	0.128%	0.143%	0.145%
University's proportionate share of the net OPEB liability	\$ 513,229	\$ 783,166	\$ 884,608	\$ 918,953	\$ 1,044,092	\$ 1,289,365	\$ 1,739,543	\$ 1,861,728	\$ 1,874,728
University's covered payroll	\$ 11,837,965	\$ 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 is covered payroll	4%	6%	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	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)	\$ 712,309	\$ 611,911	\$ 512,704	\$ 560,749	\$ 463,301	\$ 364,510	\$ 279,192	\$ 276,222	\$ 260,228
PERA Health Care Trust Fund Net OPEB Liability (in thousands)	\$ 478,167	\$ 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 UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
COLORADO PERA HEALTHCARE TRUST FUND
For the Fiscal Year Ended June 30,

	<u>2025</u>	<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>
Contractually required contribution	\$ 137,436	\$ 128,519	\$ 118,376	\$ 106,094	\$ 102,511	\$ 105,466	\$ 106,287	\$ 115,064	\$ 118,470	\$ 116,200
Contributions in relation to the contractually required contribution	<u>137,436</u>	<u>128,519</u>	<u>118,376</u>	<u>106,094</u>	<u>102,511</u>	<u>105,466</u>	<u>106,287</u>	<u>115,064</u>	<u>118,470</u>	<u>116,200</u>
Contribution deficiency (excess)	<u>\$ -</u>									
University's covered payroll	\$ 13,474,084	\$ 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
Contributions as a percentage of covered payroll	1.02%	1.12%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY

Changes effective for the December 31 measurement period for the following years ended:

2025

- Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023
 - There were no changes made to the plan provisions.
- Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2024 Changes in Assumptions or Other Inputs Since 2023
 - Salary scale assumptions were altered to better reflect actual experience.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
 - The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
 - The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.
 - SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

2024

- There were no changes made to the plan provisions.

2023

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) 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.

2022

- There were no changes made to actuarial methods or assumptions for pension compared to prior year.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY (Continued)

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- The annual increase cap decreased from 1.25% to 1.00%.

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to 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 changed to the Pub-2010 Contingent Survivor Table, adjusted as follows: ○ Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019. ○ Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were 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 mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to the lesser of 1.25%.

2018

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.
- The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 2.00% to 0.00% through 2019 and 1.5% compounded annually thereafter.

2017

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

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

June 30, 2025 AND 2024

NOTE 1 - NET PENSION LIABILITY (Continued)

2016

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

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

2025

- Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023
 - As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.
- Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2024 Changes in Assumptions or Other Inputs Since 2023
 - Salary scale assumptions were altered to better reflect actual experience.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
 - The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
 - Participation rates were reduced.
 - MAPD premium costs are no longer age graded.

**STATE OF COLORADO
ADAMS STATE UNIVERSITY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

June 30, 2025 AND 2024

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disables, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40 percent to 0.45 percent.
- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

2023

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

2022

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

2021

- Medicare Part A premium increased from \$458 to \$471 per month.
- 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.

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

STATE OF COLORADO
ADAMS STATE UNIVERSITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

June 30, 2025 AND 2024

NOTE 2 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

2020 (Continued)

- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were 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 mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

2018

- There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017

- The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

SUPPLEMENTARY INFORMATION

ADAMS STATE UNIVERSITY
SCHEDULES OF REVENUES AND EXPENSES
FOR SERIES 2009A, 2009B, 2009C, 2012 AND 2015 AUXILIARY FACILITIES REVENUE BONDS
For the years ended June 30, 2025 and 2024

(Unaudited)

	2025	2024
Revenue		
Tuition revenues	\$ 2,627,311	\$ 2,605,956
Extended Studies tuition and fees	3,271,029	2,735,634
Capital fees	1,945,643	2,144,300
College service fees	338,891	357,334
Rental income	4,039,061	4,346,748
Food service income	1,711,221	2,185,075
Sales/services auxiliaries	158,831	336,649
Interest income	22,640	6,541
Other income	62,047	99,652
<i>Total Revenue</i>	14,176,674	14,817,889
Expenses		
Salaries & benefits	2,733,498	2,261,477
Costs of goods	(832)	409
Utilities expense	536,455	664,019
Rental expense	207,662	191,529
Contract food services	1,621,579	1,591,419
Travel	82,211	79,025
Supplies	327,841	278,003
Other operating expenses	454,003	432,002
Purchased services-personal	512,253	373,397
Financial aid	472,551	540,770
Administrative cost allowance	1,074,413	1,075,992
Furniture & equipment	126,874	32,981
Other capital expenditures	66,563	161,846
Other expenses	(36,510)	38,402
<i>Total Expenses</i>	8,178,561	7,721,271
Net Revenue before Transfers	5,998,113	7,096,618
Transfers		
Mandatory transfers	4,252,681	3,547,392
<i>Total Transfers</i>	4,252,681	3,547,392
<i>Net Revenue</i>	\$ 1,745,432	\$ 3,549,226
Debt Service Coverage		
Net Operating Revenue	\$ 5,998,113	\$ 7,096,618
Bond Principal and Interest	\$ 4,451,008	\$ 4,290,350
Excess of Net Operating Revenue Over Debt Service	\$ 1,547,106	\$ 2,806,268
Debt Service Coverage Ratio	135%	165%



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COMPANY**
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Business Advisors

**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, 2025, 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 4, 2025. 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.

Office Locations:

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Denver, CO
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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' 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 4, 2025



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, 2025 and have issued our report thereon dated December 4, 2025. 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 May 5, 2025, 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.

Office Locations:

Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

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. The University did adopt GASB Statement No. 101 – *Compensated Absences* and GASB Statement No. 102 – *Certain Risk Disclosures*. Neither statement had a significant effect on the financial statements or the related disclosures.

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.

Significant Audit Findings

The most sensitive estimates affecting the University's financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the University's proportionate share of the net pension liability as of December 31, 2024 and 2023 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 12 to the University's financial statements. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years ending December 31, 2024 and 2023 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 2024 and 2023.
- Management's estimate of the net Other Post-Employment Benefits (OPEB) liability is based on the estimate of the University's proportionate share of the net OPEB liability as of December 31, 2024 and 2023 of the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA, as described in Note 14 to the University's financial statements. The University's proportion of the HCTF's net OPEB liability was based on the University's contributions to the HCTF for the calendar



years ending December 31, 2024 and 2023 relative to the total contributions made to the HCTF by participating employers for the calendar years ending December 31, 2024 and 2023.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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. We proposed no uncorrected adjustments to the financial statements as a result of our audit procedures.

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 4, 2025.



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 Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund— a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of University contributions to the State Division Trust Fund— a cost-sharing multiple-employer defined benefit pension plan administered by the PERA, the schedule of the University's proportionate share of the net other post-employment benefit liability and the schedule of University Contributions to the PERA Defined Other Post-Employment Benefit Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This 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 4, 2025

