Adams State University
Alamosa, Colorado

Financial and Compliance Audit

Fiscal Years ended June 30, 2023 and 2022

HINKLE & COMPANY PC
Strategic Business Advisors

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REPORT NUMBER 2302F

HINKLE & COMPANY PC
Strategic Business Advisors

The Members of the Legislative Audit Committee
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, 2023. 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
January 29, 2024

Office Locations:
Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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ADAMS STATE UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2023 and 2022

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, 2023. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America. We conducted our fieldwork from June through January 2024. Further, Hinkle & Company, PC did not audit the financial statements for the year ended June 30, 2022. Those financial statements were audited by other auditors who expressed an unmodified opinion on those statements on November 30, 2022.

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, 2023. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Governmental Auditing Standards*.
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds, state fiscal rules and bond covenants.
- Evaluate the progress in implementing prior audit findings and recommendations, if any.
- Review the University's exhibits required by the State Controller in support of the statewide financial statements. Also, review of all adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final year-end closing.
- Submit attestation memos to the Office of the State Auditor on the results of audit work performed.
- Report on the University's internal control over financial reporting and compliance and other matters based on our audit of the financial statements performed in accordance with *Government Auditing Standards.*

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2023 Statewide Single Audit Report issued under separate cover.

ADAMS STATE UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2023 and 2022

Audit Results

We expressed an unmodified opinion on the University's financial statements as of and for the years ended June 30, 2023.

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

We noted two matters involving the University's internal control over financial reporting and its operation that we consider to be significant deficiencies.

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.

ADAMS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
As of and for the years ended June 30, 2023 and 2022

Summary of Findings and Recommendations

There are two findings and recommendations resulting from the audit work completed for fiscal year ended June 30, 2023, relating the timeliness posting transactions within the required timeframe of the Office of the State Controller, and the updating of the University's information technology policies and procedures. A detailed description of the audit comment is contained in the findings and recommendations section of the report.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2022 included one finding and recommendation. The finding has been deferred until the close of the fiscal year 2024. A detailed description of the progress on the audit comments and recommendations are contained in the findings and recommendations section of the report.

RECOMMENDATION LOCATOR

All recommendations are addressed to the Adams State University Fiscal Year 2023

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
2023-001	6	Adams State University should strengthen its internal controls over financial reporting processes by ensuring it has the necessary staffing so that it processes its accounting transactions in a timely manner to ensure it meets statutorily, and Office of the State Controller, required deadlines.	Agree	August 2024
2023-002	9	Adams State University should improve its IT governance by: 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.	Agee	June 2025

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:

	2023	2022	2021
Resident Students	1,440.1	1,526.5	1,519.3
Nonresident Students	789.3	805.6	821.7
Total Students	2,229.4	2,332.1	2,341.0
Faculty FTEs	171.3	173.2	194.6
Staff FTEs	151.3	134.3	131.6
Total Staff and Faculty FTEs	322.6	307.5	326.2

Fiscal Year-End Close

Adams State University's (ASU or University) accounting department is responsible for all the University's financial accounting and reporting, including timely entry of year-end journal entries into its accounting system, which interfaces with the Colorado Operations Resource Engine (CORE), the State's accounting system; submission of required exhibits to the Office of the State Controller (OSC); and preparation of the University's financial statements.

During Fiscal Year 2023, ASU implemented a new accounting system, Workday, effective January 1, 2023, and completed a full migration of data from the prior system, Banner, to Workday in June 2023.

The OSC is responsible for creating the State's financial statements, which includes the financial activity of the University. In order for the OSC to meet its statutorily-required timeframes for the creation of the State's financial statements, the OSC establishes various periods with specified closing dates in CORE for department and institution of higher education (IHE) entries, including ASU. For example, for Fiscal Year 2023, Period 13, which closed on August 4, 2023, was available for departmental and institutional entry of adjustments and represented the OSC's closing of the State's official accounting records.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine if ASU had adequate internal controls in place and complied with state requirements and the OSC's procedures related to the year-end close for Fiscal Year 2023.

As part of our audit work, we reviewed ASU's general ledger to identify the accounting transactions posted after August 4, 2023, and annual exhibits prepared for the OSC. We inquired with ASU management to determine why transactions were posted after August 4, 2023. Finally, we reviewed all transactions posted to the general ledger in periods 13 through 16 after August 4, 2023 and subsequent to the close date, and assessed the related impact on the University's ability to complete and submit the Exhibit J - Financial Statement Reconciliation to the OSC in a timely manner.

How were the results of the audit work measured?

We measured the results of our audit against the following:

The OCS's Fiscal Procedures Manual, Chapter 1, Section 1.4 Opening and Closing Calendar, outlines that Fiscal Year 2023 year-end adjustments were required to be completed by August 4, 2023. As of this date, all departments' entries (which includes ASU's entries) were required to be entered into CORE. Any entries made after that date required the OSC's approval. The Opening and Closing Calendar also outlined a target date of August 25, 2023, for the Exhibit J, "Financial Statement Reconciliation," to be submitted to the OSC.

Section 24-30-204(3), C.R.S., requires that, "The official books of the state shall be closed no later than thirty-five days after the end of the fiscal year. As of this date, all adjusted revenue, expenditures, and expense accounts shall be closed into the state accounting system in order to divide the financial details of the state into comparable periods." The OSC's closing date of August 4, 2023 aligns with this statutory requirement.

State Fiscal Rule 1-2, Rule 3.5, requires that institutions of higher education shall "implement internal accounting and administrative controls that reasonably ensure that financial transactions are accurate, reliable, conform to the Fiscal Rules, and reflect the underlying realities of the accounting transaction (substance rather than form)."

What problem did the audit work identify?

We determined that ASU did not comply with the statutory close date of August 4, 2023 for the State's accounting records. Specifically, ASU posted 836 entries totaling approximately $215.2 million related to the migration of the accounting transactions from Banner to Workday, after the August 4, 2023 required date for all transactions to be posted. These entries were posted between August 10th and August 22nd.

The impact of posting transactions after August 4, 2023. and the delayed closing of the general ledger and preparation of the financial statements was that ASU submitted its final Exhibit J to the OSC on December 1, 2023, which was approximately 100 days after the required due date.

Why did this problem occur?

The University did not have adequate internal controls in place to ensure that all of its transactions were posted in a manner to meet the OSC's deadlines for statewide reporting and the statutory deadlines. Specifically, the University did not ensure that it had appropriate staffing levels assigned to ensure that the implementation of the financial accounting system would occur timely in order to meet all OSC deadlines.

Why does this problem matter?

Without adequate internal controls in place over the financial reporting process to ensure that all financial transactions are recorded in a timely manner, it may lead to delays in closing the State's financial records and ultimately, the preparation of the University and the State's financial statements. For the fiscal year ended June 30, 2023, the University's preparation of its financial statements was delayed as a result of the posting of transactions after August 4, 2023. ASU's financial statements were ready for audit testing after September 18, 2023.

Classification of Finding: **Significant Deficiency**
This finding does not apply to a prior audit recommendation.

Recommendation

Adams State University should strengthen its internal controls over its financial reporting processes by ensuring it has the necessary staffing so that it processes its accounting transactions in a timely manner to ensure it meets statutorily- and Office of the State Controller-required deadlines.

Response
Adams State University

Agency Response: Agree
Implementation Date: August 2024

Adams State University completed CORE integration testing on multiple occasions to validate the ability to deliver financial activity to the CORE system. Once Adams State University went live in Workday, it was discovered that the integration itself had numerous glitches and errors causing the balances in the Workday system to feed into the wrong CORE accounts. Adams State University has completed the financial component of the transition to Workday and plans are in place to complete the student financial aid component in fiscal year 2024. Since the financial component of the transition to Workday is complete, Adams State University anticipates being able to meet the required deadlines for posting-closing transactions and Exhibit J in the fiscal year 2024.

IT Policies and Procedures

The development and maintenance of Information Technology (IT) policies and procedures is critical for Adams State University (ASU or University) to ensure that their business and IT objectives are being achieved, that they are able to respond to risks, and establish a strong IT governance structure. ASU's management is responsible for documenting policies and procedures to define staff's internal control responsibilities. With guidance from ASU's management, each internal ASU office's policies should be based on ASU's objectives and related risks. In most cases, policies should have accompanying standards and procedures, which provide more granular details on who is responsible for and how to implement ASU's policies.

ASU management has established the ASU Information Security Program (ASU IS Program), which utilized a combination of internal procurement guidelines, best practices, and policy requirements to provide ongoing security risk assessments.

The campus IT environment is managed through two organizations that are also responsible for the development of ASU's IT policies and procedures: ASU's Computing Services (CS) Department and the Academic Instructional Technology Center (AITC). Both organizations work closely together to meet the needs of the various campus constituencies, which includes developing and maintaining the following:

- **ASU Information Technology Policies (IT Policies)**. These IT Policies further define information security requirements and responsibilities of ASU, as established in the ASU IS Program. The applicability of these IT Policies states that ASU will coordinate and deliver information technology services in providing campus-wide assistance, advice, and expertise. These IT Policies are developed and maintained by staff within ASU's various offices, and are coordinated through the following committees: Faculty Technology Advisory Committee, Administrative Technology Advisory Committee, and Student Technology Advisory Committee.

- **ASU Procedures.** These procedures provide the granular details of how ASU is implementing management's expectations established in the IT Policies. The procedures can provide a "road map," or a step-by-step checklist, of how, for example, to provide access to a specific system's network or operating systems or how to perform an access review of users to a specific system. ASU procedures are developed and maintained by staff within ASU's various offices.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine whether ASU had adequate IT processes and controls in place during Fiscal Year 2023, and whether it ensured its various IT policies and procedures were reviewed and updated in accordance with ASU's IS Program.

During our Fiscal Year 2023 audit, we conducted inquiries of ASU staff, as well as requested and reviewed ASU's policies and procedures. Additionally, we inspected these documents to determine the most recent ASU documented review date and ascertained the time between the last documented review and June 30, 2023, to determine whether the IT Policies and system specific procedures had been reviewed within ASU's established timeframe.

How were the results of the audit work measured?

We applied the following criteria when evaluating the effectiveness of ASU's IT Policies and procedures:

- ASU's IS Program established that the IT Policies and procedures are to be reviewed on an annual basis and updated, as necessary.

- *Standards for Internal Control in the Federal Government* (Green Book), published by the U.S. Government Accountability Office, is a leading industry internal control framework. The Green Book states in Paragraphs 3.09, *Documentation of the Internal Control System*, and 12.02, *Documentation of Responsibilities through Policies*, that management is to develop and maintain documentation of its internal control system and document in policies the internal control responsibilities of the organization. Paragraph 12.05, *Periodic Review of Control Activities*, also states that management is to periodically review policies and procedures for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Finally, Paragraph 14.03, *Communication throughout the Entity*, states that management communicates quality information to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.

What problems did the audit work identify?

During Fiscal Year 2023, we found that the ASU had not regularly reviewed and updated its IT policies and procedures, as required by the ASU IS Program and industry leading standards. More specifically, we found that many of the IT Policies and procedures had not been updated for more than five (5) years, as shown in the following table:

ASU Policies and Procedure Name		Last Revision Date
ASU Network Bandwidth Policy		1/01/2010
Administrative Policy Statement for Adams State College Voicemail System		1/22/2007
Information Technology Acceptable Use Policy		3/09/2019
Mobile Computing Policy		6/01/2007
Data Handling & Storage Policy		8/01/2007
IT Users Responsibility & Training		3/09/2019
IT Administrator Access Policy		3/09/2019
Unauthorized Downloading and File Sharing of Copyrighted Digital Materials		3/09/2019
Local Printer Policy		3/09/2018
Institutional Data Management and Protection		3/13/2019
Student Account Verification		3/19/2019
Electronic Security Systems		3/13/2019
Technology Research & Implementation Proposal		3/13/2019

Why did these problems occur?

During Fiscal Year 2023, ASU was focused on a full-scale migration and implementation of the financial and human capital management components of the University's new enterprise resource planning system. ASU management stated that it intended to update all policies and procedures after the migration and implementation was substantially complete, which will extend into Fiscal Year 2024.

Why do these problems matter?

When IT policies and procedures are not maintained, updated, and communicated, ASU's staff and others who are subject to the requirements and processes may not be able to adequately manage or consistently apply IT policy requirements and processes to meet management's objectives and expectations, respond to risks appropriately, and ensure the confidentiality, integrity, and availability of the ASU's information systems.

Classification of Finding: **Significant Deficiency**
This finding does not apply to a prior audit recommendation.

Recommendation 2023-001

Adams State University (University) should improve its IT governance by:

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.

Response

Adams State University

A. Agency Response: Agree
Implementation Date: June 2024

Adams State is required to provide an updated Higher Education Security Plan to the Colorado Commission on Higher Education in July 2024, and as part of our update, all IT policies will be reviewed to determine necessary updates, deletion of obsolete policies, and identification of policies that will be fully updated once the current Enterprise Resource Planning/Student Information System (ERP/SIS) implementation is complete in FY25. ASU plans to enforce the annual review of University IT policies and procedures as outlined in the Higher Education Security Plan through thorough IT staff evaluation of existing policies and procedures, making necessary changes and updates to the policies and procedures, and then routing the policies through ASU's shared governance process for final implementation.

Furthermore, ASU will implement regular policy and procedure reviews and discussion in its internal staff meetings, and as part of the monthly IT Governance committee meetings to prevent falling behind in future years. Policies and procedures that can be updated ahead of the full implementation of the ERP/SIS are listed below and will be completed by the month end of June 2024.

Policies:

- ASU Network Bandwidth Policy
- Administrative Policy Statement for Adams State College Voicemail System
- Mobile Computing Policy
- Data Handling & Storage Policy
- IT Administrator Access Policy
- Unauthorized Downloading and File Sharing of Copyrighted Digital Materials

B. Agency Response: Agree
Implementation Date: June 2025

Adams State University will complete a thorough review of IT policies and procedures with a focus on clearly documenting any necessary changes to accommodate updates based upon the full implementation of our new ERP/SIS system listed below. Policies and Procedures that will be impacted by the ERP/SIS implementation completion will be updated by month end June 2025, as well as the associated policy dissemination and trainings as outlined in response A.

Policies:

- Information Technology Acceptable Use Policy
- IT Users Responsibility & Training
- Institutional Data Management and Protection
- Electronic Security Systems
- Technology Research & Implementation Proposal

C. Agency Response: Agree
Implementation Date: June 2025

Adams State University will communicate through multiple channels all applicable updates to the University's IT policies and procedures that result from implementing recommendations A & B. This includes through our formal shared governance structure which utilizes the President's Cabinet to disseminate policy updates, as well as multiple training methods including in-person and virtual training, updated material in our training library, and ad-hoc one-on-one training as appropriate. For those policies listed in response A, the noted policy dissemination and training will occur by June 30, 2024, while those policies listed in response B will be completed by June 30, 2025.

ADAMS STATE UNIVERSITY

DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2023

Summary of Progress in Implementing Prior Year Audit Recommendation

Fiscal Year 2022

Recommendation 2022-001		
Adams State University should strengthen its internal controls over financial reporting in order to ensure that its financial statements are prepared accurately and in accordance with all relevant accounting standards and that OSC-required exhibits are accurate and submitted by their due dates. This could include filling vacant positions, evaluating the duties and responsibilities of the accounting staff to determine if additional support by the University can be provided to help with continued implementation of Workday, and continuing to have accounting staff attend trainings on financial reporting.		Deferred – July 2024

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, and the discretely presented component unit of the University, an institution of higher education, State of Colorado, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Adams State University Foundation (the Foundation), discretely presented component unit, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the discretely presented component unit as of and for the years ended June 30, 2023 and 2022, 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 *Governmental Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Office Locations:
Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Prior Year Audited by Other Auditors
The financial statements of the University for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 30, 2022.

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, 2023 and 2022, 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.

As discussed in Note 1, to the financial statements, the University has adopted and implemented GASB Statement No. 96, Subscription-Based Information Technology Agreements (SBITA) in Fiscal Year 2023. Our opinions are 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 Enterprise Revenue Bonds Schedules of Revenues and Expenditures (the Schedules) for the years ended June 30, 2023 and 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information *(Continued)*

The Schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Hinkle & Company, PC

Englewood, Colorado
January 29, 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, 2023 and 2022, with selected comparative information for the year ended June 30, 2021. 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, 2023

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

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

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

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

Year ended June 30, 2022

The University's total net position increased by $18.2 million during fiscal year 2022 compared to a $17.7 million increase in net position during fiscal year 2021. The increase is primarily a result of an increase in fee for service revenues of $10.5 million, and an increase in State capital appropriations of $7.7 million. The cash and cash equivalents increased $13.5 million from fiscal year 2021 as a result of the $1.4 million Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding recognized in fiscal year 2022 on fiscal year 2021 lost revenue and $5 million spent July 2021 through June 2022. Unlike in fiscal year 2021, the State did not offset the University's fees for service support with the CARES funding and provided an additional support of $10.5 million in contract revenue.

The University had a ratio of current assets to current liabilities of 7.0 and 5.9 for fiscal years 2022 and 2021, 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 2021 to fiscal year 2022 is primarily a result of the increase in cash and the current liability in 2021 related to $1.4 million of CARES Act funding no longer being a liability as of 2022. CARES act funding was recorded as a current liability because the funds were unable to be recognized as of June 30, 2021 due to the Federal restrictions regarding the timing of revenue recognition and therefore deferred to be recognized in fiscal year 2022.

The University had an operating loss of $1.5 million. The University received no state operating appropriations, but received $16.8 million in fee for service contract revenue from the Colorado Department of Higher Education and $2.2 million in College Opportunity Fund stipends from College Assist during fiscal year 2022. The University also received $6.4 million in non-operating COVID funds and $9.0 million in State capital appropriations.

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.

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

	2023	2022 (in thousands)	2021
Assets			
Current Assets	$68,400	$61,679	$53,140
Noncurrent Assets	101,228	98,187	95,094
	169,628	159,866	148,234
Deferred outflows of resources	9,542	5,308	7,242
Liabilities			
Current Liabilities	10,944	8,861	8,888
Noncurrent Liabilities	103,133	90,683	99,206
	114,077	99,544	108,094
Deferred inflows of resources	1,013	9,331	9,303
Net Assets			
Invested in Capital Assets, net of related debt	35,803	33,810	30,303
Restricted	62	10,221	6,949
Unrestricted	28,216	12,269	827
	64,080	56,300	$38,079

The University's total net position increased by $7.8 million during Fiscal Year 2023 compared to a $18.2 million increase in net position during Fiscal Year 2022. Both years' increases were partially related to a decrease in PERA pension and OPEB expenses. In 2023 the PERA pension liability increased by $12.3 million while the OPEB liability had a minor decrease of $34 thousand. Excluding the effects of PERA pension and OPEB expenses, the University's increase for 2023 in total net position is $7.8 million due to the continued commitment to fiscal sustainability.

The effect of the PERA pension and OPEB expense on the University's total net position for Fiscal Year 2023 and 2022 is summarized below:

	Fiscal Year 2023	Fiscal Year 2022
	(in thousands)	
Net Position (GAAP Basis)	$ 64,080	$ 56,300
Effects of GASB 68 - Pension	29,215	29,988
Effects of GASB 75 - OPEB	1,223	1,407
Net Position excluding Pension and OPEB	$ 94,518	$ 87,695

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

	Fiscal Year 2023	Fiscal Year 2022
	(in thousands)	
Unrestricted Net Position (GAAP Basis)	$ 28,216	$ 12,269
Effects of GASB 68 - Pension	29,215	29,988
Effects of GASB 75 - OPEB	1,223	1,407
Net Position excluding Pension and OPEB	$ 58,654	$ 43,664

Year ended June 30, 2023

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

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

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

Year ended June 30, 2022

At June 30, 2022 the University's total assets were $159.9 million. The largest asset category is the $98 million in capital assets, net of accumulated depreciation of $121.4 million. These assets include land, buildings, equipment, library holdings, 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 2022, the University's current assets of $61.7 million were sufficient to cover current liabilities of $8.9 million (producing a current ratio of 7.0). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over $59.0 million in assets per the Statement of Net Position. Bonds payable of $64.2 million represent nearly 71% of the University's total noncurrent liabilities, while the Net Pension Liability represents 26% of the University's total noncurrent liabilities of $90.7 million. The current portion of the bonds payable liability is $1.7 million.

The University's net position increased $18.2 million (see the Statement of Revenues, Expenses and Changes in Net Position) to $56.3 million. Net Position is composed of $33.8 million net investment in capital assets, $10.2 million externally restricted for specific purposes, and $12.3 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, 2023

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

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

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

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

Year ended June 30, 2022

Tuition and fee revenues accounted for $18.5 million of the $49.8 million in operating revenues for fiscal year 2022. The tuition and fee amount is net of scholarship allowances of $10 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.

The grants and contracts included with operating revenues increased $11.4 million from the prior year, primarily related to the $10.6 million increase in the fee for service contract with the State of Colorado. The University received nonoperating federal grants of $6.4 million in Higher Education Emergency Funds (HEERF) in fiscal year 2022 a decrease of $5.4 million in Coronavirus Relief Funds and Higher Education Emergency Relief Funds (HEERF) received in fiscal year 2021.

Operating expenses, during Fiscal Year 2022, totaled $51.3 million. Of that total, $15.6 million was for instruction, $2.2 million for academic support, $9.6 million for student services, $5.3 million for institutional support, $3.1 million for operation of plant and $6.2 million for auxiliary enterprises. The Fiscal Year 2022 operating expenses are $13.7 million higher than the Fiscal Year 2021 expenses, due in part to $5.3 million in the PERA effect on expenses, $2.0 million in salary increases, $1.0 million in one-time grant expenditures, and $0.5 million increase in the athletic team travel.

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

	2023	2022	2021
		(in thousands)	
Operating Revenues			
Tuition and Fees, net	$20,399	$18,518	$17,178
Grants and Contracts	29,036	25,503	14,113
Auxiliary Enterprises	6,032	5,158	4,294
Other	659	643	648
Total Operating Revenues	56,127	49,822	36,233
Operating Expenses	60,126	51,286	37,635
Net Operating Income (Loss)	(3,999)	(1,464)	(1,402)
Nonoperating Revenue(Expense)			
Federal Pell Grants	3,279	3,271	3,630
Gifts and Donations	2,621	3,023	2,674
Federal Grants and Contracts - Non Operating	0	6,452	11,845
Interest Income	25	(2,203)	(509)
Other Nonoperating	(2,509)	(2,495)	(2,502)
Net Nonoperating Revenue	3,416	8,048	15,138
Income(Loss) Before Other Revenue, Expenses, Gains or Losses	(583)	6,584	13,736
Student Capital Fees	2,229	2,431	2,638
State Appropriations, Capital	2,445	9,004	1,331
Federal Appropriations, Capital	3,059	0	0
State Support for PERA	649	243	0
Other	(18)	(41)	(38)
Increase(Decrease) In Net Position	7,781	18,221	17,667
Net Position			
Net Position-Beginning of Year	56,300	38,079	20,413
Net Position-End of Year	$64,080	$56,300	$38,079

CAPITAL ASSETS

At June 30, 2023, the University had approximately $101.2 million invested in capital assets, net of accumulated depreciation/amortization of $128.7 million. Depreciation/amortization charges were $7.3 million for the current year compared to $6.8 million in 2022 and $7.4 million in 2021.

The University had numerous construction projects in fiscal year 2023. These included replacing HVAC and boiler systems, repairs of electrical distribution systems, and several other smaller repair and improvement projects. The funding for these projects is from State capital construction appropriations and SLFRF Federal capital construction appropriations awarded through the State. Of these projects the most significant project was the Digital Transformation Project to replace the aging Banner system with Workday, a cloud-based software system that will support the University's financial accounting, budgeting, billing, and human resource management, as well as student information such as courses, enrollment, faculty assignments, and grades. The total project will be completed in two phases. Phase I encompassed human resources, finance, and accounting functions of the university. Phase I total project budget was $3,053,431, and occurred in fiscal years ending in June 30, 2022 and June 30, 2023. Phase II encompasses the student side of the university including but not limited to admissions, financial aid, records, advising, and course scheduling. Phase II total project budget is $5,240,400 and is funded by SLFRF Federal funds passed through the State of Colorado. Phase II of the project will occur over the fiscal years ending June 30, 2023 and June 30, 2024. The University also had grant funded capital projects in fiscal year 2023, including the addition and remodel of Porter Hall to house our new, future major of Mechanical Engineering. Adams has partnered with Colorado State University to house a Colorado State University Mechanical Engineering degree on the Adams State campus.

Details of these assets for the three years are shown below.

Capital Assets, Net of Depreciation/Amortization, at Year End

	2023	2022	2021
Land	$445,249	$445,249	$445,249
Art and Historic Treasures	317,417	317,417	317,417
Construction in Progress	2,212,815	1,217,245	1,249,050
Construction in Progress - SBITA	2,786,938	-	-
Buildings	84,784,853	90,289,508	87,327,211
Land Improvements	4,765,545	4,791,791	4,506,805
Equipment	1,002,698	784,416	822,741
Library Materials	298,319	313,154	397,412
Right to Use - SBITAs	4,586,245	-	-
Total	$101,200,079	$98,158,780	$95,065,885

DEBT

At June 30, 2023, the University had approximately $61.5 million in debt outstanding compared to $63.3 million at June 30, 2022 and $63.7 million at June 30, 2021. The table below summarizes these amounts by type of debt.

Outstanding Debt, at Year End

	2023	2022	2021
2012 Series Institutional Enterprise Revenue Bonds	$ 7,085,000	$ 7,435,000	$ 7,775,000
2015 Series Institutional Enterprise Revenue Refunding Bonds	15,585,000	16,345,000	17,085,000
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	30,235,000	30,635,000	30,835,000
Leases	1,283,142	1,583,147	692,087
	$ 61,453,142	$ 63,263,147	$ 63,652,087

ECONOMIC OUTLOOK

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

Senate Bill 04-189 provides a stipend, calculated on a per credit hour rate, to undergraduate resident students attending public and qualifying private higher education institutions. The University has budgeted $2.6 million in College Opportunity Fund stipends for fiscal year 2024, based on the yearly stipend of $3,120, for a full-time public higher education student taking 30 credit hours of classes. For fiscal years 2023, 2022, and 2021, the yearly stipends were $3,120, $3,120, and $1,200, respectively. The University received $2.4 million, $2.6 million, and $1 million, in stipends in fiscal years 2023, 2022, and 2021, respectively.

In fiscal year 2024, $20.8 million will be billed through a fee for service contract with the Colorado Department of Higher Education (CDHE). The University received $18.7 million, $16.8 million, and $6.2 million, in fee for service revenue in fiscal years 2023, 2022, and 2021, respectively. Senate Bill 04-189 institutes fee-for-service contract arrangements between each institution and the CDHE to provide graduate education, rural education, and basic education services to the State. These fee-for-service contracts must be negotiated annually with the CDHE. The fiscal year 2021 decrease reflects a one-time funding cut to all public institutions of 58%. The University also received CARES Act economic stabilization funds of $9.1 million in fiscal year 2020, which was recognized as revenue in fiscal year 2021.

The University received additional support during the COVID pandemic through federal HEERF I, II, and III grants. The institutional portion of those funds helped to stabilize the University during the pandemic. The institutional portion of HEERF I, II, and III recognized in fiscal years 2022, 2021, and 2020 were $3.6, $2.3 million, and $0.5 million, respectively. The University has fully spent the HEERF funds awarded and does not anticipate further support from this program.

The University is projecting an enrollment increase over fiscal year 2023 in fiscal year 2024. The State increased the base funding by 11.5% to all public institutions of higher education. Overall funding from College Opportunity Fund stipends and the fee for service contract for the University increased by 12.2% in fiscal year 2024. The University maintained their tuition rates for undergraduate courses but increased graduate course tuition by 2%.

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, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 65,897,994	$ 58,961,365
Student accounts receivable, net	1,234,344	896,460
Other accounts receivable	$ 1,004,260	1,373,099
Inventories	195,786	232,925
Prepaid expenses and other assets	67,621	215,613
Total current assets	68,400,005	61,679,462
Noncurrent Assets		
Restricted cash and cash equivalents	28,250	28,250
	28,250	28,250
Non-depreciable capital assets:		
Land	445,249	445,249
Art and historic treasures	317,417	317,417
Construction in progress	2,212,815	
Construction in progress SBITA	2,786,938	1,217,245
Total non-depreciable/amortizable capital assets	5,762,419	1,979,911
Depreciable/Amortizable capital assets, net:		
Buildings	84,784,853	90,289,508
Land improvements	4,765,545	4,791,791
Furniture & equipment	1,002,698	784,416
Library books	298,319	313,154
Right to Use - Subscriptions	4,586,245	-
Total depreciable capital assets, net	95,437,661	96,178,869
Total noncurrent assets	101,228,330	98,187,030
Total Assets	169,628,335	159,866,492
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized refunding loss	2,945,284	3,135,187
Pension contributions made after measurement date	1,246,985	1,107,491
Differences between expected and actual pension experience	-	158,662
Change in Employee Proportion	675,279	-
EL PERA HCTF - Changes in Employer Proportion	17,106	-
Differences due to changes in assumptions of pension plan	-	831,373
Differences between expected and actual pension earnings	4,527,833	-
Other post employment benefits contributions made after measurement date	60,711	54,478
Differences in expected vs actual experience - OPEB	115	1,400
Differences in Projected vs Actual Investment Earnings - OPEB	54,030	-
Differences due to changes in assumptions - OPEB	14,218	19,026
Differences between employer contributions and proportionate share - OPEB	28	343
Total Deferred Outflows of Resources	9,541,589	5,307,960

(Continued)

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY

STATEMENTS OF NET POSITION

As of June 30, 2023 and 2022

	2023	2022
LIABILITIES		
Current Liabilities		
Accounts payable	1,812,916	1,110,031
Accrued liabilities	3,183,702	3,468,610
Unearned revenue	2,258,500	1,511,346
Deposits held for others	459,865	424,200
Bonds payable, current	1,970,278	1,725,278
Notes payable, current	315,401	300,005
Compensated absences liability	191,987	321,442
SBITA Component Liability	750,937	-
Total current liabilities	10,943,586	8,860,912
Noncurrent Liabilities		
Compensated absences liability	1,327,998	987,549
Notes payable	967,741	1,283,142
Bonds payable	62,205,112	64,175,394
Net other post employment benefits liability	884,609	918,953
Net pension liability	35,614,781	23,317,960
SBITA Component Liability	2,132,658	-
Total noncurrent liabilities	103,132,899	90,682,998
Total Liabilities	114,076,485	99,543,910
DEFERRED INFLOWS OF RESOURCES		
Differences between projected and actual earnings on pension plan	-	8,024,333
Differences due to changes in proportionate share of pension plan	62,099	702,520
Differences due to expected and actual experience of pension plan	477,502	32,439
Differences between actual and proportionate share of contributions to pension plan	-	8,219
Differences between contributions and proportionate share of cont to pension plan	5,715	-
Differences between expected and actual experience - OPEB	213,928	217,895
Differences between projected and actual experience - OPEB	-	56,884
Differences due to changes in assumptions - OPEB	97,633	49,848
Differences between employer contributions and proportionate share - OPEB	1,003	1,090
Differences due to changes in proportionate share - OPEB	155,149	237,757
Total Deferred Inflows of Resources	1,013,029	9,330,985
NET POSITION		
Net investment in capital assets	35,803,237	33,810,148
Restricted for non-expendable purposes:		
Endowments	28,250	28,250
Restricted for expendable purposes:		
Endowments	33,281	33,281
Other Purposes	-	10,159,119
Total Restricted	61,531	10,220,650
Unrestricted	28,215,642	12,268,759
Total Net Position	$ 64,080,410	$ 56,299,557

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ending June 30, 2023 and 2022

	2023	2022
Operating Revenues:		
Tuition & fees (including $6,016,901 and $6,357,324, respectively of revenues pledged for bonds and net of scholarship allowances of $9,870,897 and $10,062,820, respectively)	$20,399,323	$18,518,313
Sales & services of auxiliary enterprises (including $5,972,930 and $5,448,948, respectively of revenues pledged for bonds and net of scholarship allowances of $952,381 and $1,035,263 respectively)	6,031,772	5,157,728
Fee for service contract revenue	18,658,577	16,817,070
Federal grants and contracts	7,303,298	5,657,538
State grants and contracts	3,074,370	3,028,235
Other operating revenues (including $19,397 and $163,849, respectively of revenues pledged for bonds)	659,482	642,753
Total Operating Revenues	56,126,822	49,821,637
Operating Expenses:		
Instruction	19,270,152	15,568,329
Research	-	
Public service	1,514,789	1,763,696
Academic support	3,407,324	2,182,455
Student services	9,379,917	9,616,839
Institutional support	6,121,162	5,293,326
Operation of plant	4,051,198	3,093,865
Scholarships and fellowships	1,156,330	816,433
Auxiliary enterprises expenditures	7,888,029	6,168,559
Depreciation/Amortization	7,336,678	6,782,270
Total operating expenses	60,125,579	51,285,772
Operating Loss	(3,998,757)	(1,464,135)
Nonoperating Revenues (Expenses):		
Federal Pell Grants	3,278,651	3,270,969
Gifts and Donations	2,621,372	3,023,518
Federal Grants and Contracts Nonoperating - COVID 19	-	6,451,515
Investment & interest income (loss) (including $16,672 and $25,423, respectively of revenue pledged for bonds)	24,697	(2,202,838)
Limited gaming transfer	10,964	5,506
Other Expenses	(468)	
Interest on capital debt	(2,519,618)	(2,500,103)
Net nonoperating revenue	3,415,597	8,048,567
Income (Loss) before other revenues, expenses, gains, losses or transfers	(583,160)	6,584,432
Other Revenues, Expenses, Gains, Losses or Transfers:		
Student capital fees (including $2,430,687 and $2,637,808, respectively of revenues pledged)	2,228,771	2,430,687
State appropriation, capital	2,445,131	9,003,716
Federal appropriation, capital	3,059,124	
State Support for PERA	649,389	242,523
Transfers to Other Institutions	(18,401)	(41,068)
Increase (Decrease) in Net Position	7,780,853	18,220,291
Net Position - beginning of the year	56,299,557	38,079,266
Net Position - end of the year	$64,080,410	$56,299,557

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY

STATEMENTS OF CASH FLOWS

For the years ending June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash Received:		
Tuition and fees	$20,004,237	$18,453,846
Fee for service Contract Revenue	19,241,119	16,342,626
Sales of services	6,269,139	4,974,394
Sales of products	-	-
Grants and contracts	10,536,032	11,782,816
Student loans collected	5,063	15,702
Other receipts	580,890	824,460
Cash Payments:		
Payments to or for employees	(36,065,446)	(34,661,777)
Payments to suppliers	(14,816,474)	(13,477,035)
Scholarships disbursed	(1,156,330)	(816,433)
Student loans disbursed	(4,809)	(14,638)
Net Cash (Used) Provided by Operating Activities	4,593,421	3,423,961
Cash Flows from Noncapital Financing Activities:		
Federal grants and contracts, non-operating	3,729,056	8,291,510
Gifts/grants for other than capital purposes	2,632,336	3,029,047
Agency receipts	20,768,204	19,758,195
Agency payments	(20,648,537)	(19,744,726)
Transfers from (to) other institutions	(18,401)	(41,068)
Net Cash Provided by Noncapital Financing Activities	6,462,658	11,292,958
Cash Flows from Capital & Related Financing Activities:		
State appropriations, capital	5,504,254	9,003,716
Proceeds from capital debt		1,000,000
Student capital fees	2,198,116	2,455,561
Acquisition or construction of capital assets	(10,375,110)	(9,563,267)
Principal paid on capital debt	858,308	(1,604,216)
Interest paid on capital debt	(2,329,715)	(2,310,199)
Net Cash Provided (Used) by Capital & Related Financing Activities	(4,144,147)	(1,018,405)
Cash Flows from Investing Activities:		
Investment earnings	24,697	(2,202,838)
Net Cash Provided (Used) by Investing Activities	24,697	(2,202,838)
Net Increase (Decrease) in Cash	6,936,629	11,495,676
Beginning cash balance	58,989,615	47,493,939
Ending cash balance	$65,926,244	$58,989,615

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY

STATEMENTS OF CASH FLOWS

For the years ending June 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Loss to Net Cash (used) Provided by Operating Activities		
Operating loss	($3,998,757)	($1,464,134)
Adjustments to reconcile:		
Depreciation expense	7,336,678	6,782,270
Pension expense	(277,945)	(5,062,341)
State Pension Contribution	649,389	242,523
Other post retirement benefit expense	(201,067)	(189,691)
Other Non-operating expense		
Decrease (increase) in assets:		
Receivables, net	(65,249)	2,938,991
Inventories & prepaids	185,131	(26,234)
Increase (decrease) in liabilities:		
Accounts payable	702,885	136,045
Accrued liabilities	(284,908)	178,864
Unearned revenues	300,606	63,669
Student deposits	35,665	4,746
Compensated absences	210,994	(180,748)
Net Cash Provided by Operating Activities	$4,593,421	$3,423,961
Noncash Investing, Capital, and Financing Activities:		
State Capital Contributions	$2,445,131	$9,003,716
Amortization of capital premium/discount and capital loss	328,449	405,180

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash in Bank	$ 349,273	$ 489,173
Pooled Cash - Brokerage Accounts	632,427	875,137
Restricted Cash - Brokerage Accounts	128,511	156,560
Certificates of Deposit	300,000	300,000
Pooled Investments, at Fair Value	20,142,882	17,866,741
Restricted Investments, at Fair Value	8,381,116	7,981,863
Pledges Receivable, net of allowance	14,735	57,270
Inventories	7,240	7,240
Land	4,500	9,000
Art Collection	15,000	15,000
TOTAL ASSETS	29,975,684	27,757,984
LIABILITIES		
Accounts Payable and Accrued Expenses	59,298	51,247
TOTAL LIABILITIES	59,298	51,247
NET ASSETS		
Without Donor Restriction: Unrestricted:		
Unrestricted	1,454,560	1,784,760
Board Designated - Investment Reserves Fund	1,212,747	-
Board Designated - Endowments	630,332	651,040
Total Without Donor Restrictions	3,297,639	2,435,800
With Donor Restrictions:		
Unexpended Funds Received for Restricted Purposes, Principally Student Financial Assistance	2,256,663	2,194,497
Income Earned on Perpetual Endowments	861,642	498,020
Endowment Funds	22,500,442	22,578,420
Total With Donor Restrictions	26,618,747	25,270,937
TOTAL NET ASSETS	29,916,386	27,706,737
TOTAL LIABILITIES AND NET ASSETS	$ 29,975,684	$ 27,757,984

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	$ 2,435,800	$ 25,270,937	$ 27,706,737
REVENUES, GAINS, AND OTHER SUPPORT			
Donations - Cash	159,082	2,172,829	2,331,911
Investment Income (Net)	(45,911)	779,440	733,529
Net Realized Gains (Losses) on long-term investments	(113,550)	7,110	(106,440)
Net Unrealized Gains (Losses) on long-term investments	1,402,254	429,006	1,831,260
Gain/(Loss) on Sale of Assets	3,500	-	3,500
Subtotal	1,405,375	3,388,385	4,793,760
Net Assets Released from Restriction	2,046,268	(2,046,268)	-
Total from Revenues, Gains, and Other Support	3,451,643	1,342,117	4,793,760
EXPENSES AND LOSSES			
Scholarships and Awards	1,516,443	-	1,516,443
Program Services	573,914	-	573,914
Management and General Activities	151,779	-	151,779
Fundraising	341,975	-	341,975
Total Expenses and Losses	2,584,111	-	2,584,111
Transfers: Transfers In/(Out)	(5,693)	5,693	-
Change in Net Assets for the Year	861,839	1,347,810	2,209,649
NET ASSETS AT END OF YEAR	3,297,639	26,618,747	29,916,386

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	$ 5,732,351	$ 25,338,968	$ 31,071,319
REVENUES, GAINS, AND OTHER SUPPORT			
Donations - Cash	147,187	2,746,868	2,894,055
Donations - Land	9,000	-	9,000
Investment Income (Net)	171,154	991,544	1,162,698
Net Realized Gains (Losses) on long-term investments	150,198	78,937	229,135
Net Unrealized Gains (Losses) on long-term investments	(3,494,151)	(1,525,304)	(5,019,455)
Subtotal	(3,016,612)	2,292,045	(724,567)
Net Assets Released from Restriction	2,198,827	(2,198,827)	-
Total from Revenues, Gains, and Other Support	(817,785)	93,218	(724,567)
EXPENSES AND LOSSES			
Scholarships and Awards	1,578,550	-	1,578,550
Program Services	652,044	-	652,044
Management and General Activities	112,262	-	112,262
Fundraising	297,159	-	297,159
Total Expenses and Losses	2,640,015	-	2,640,015
Transfers: Transfers In/(Out)	161,249	(161,249)	-
Change in Net Assets for the Year	(3,296,551)	(68,031)	(3,364,582)
NET ASSETS AT END OF YEAR	2,435,800	25,270,937	27,706,737

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Expenses	General and Admin	Fundraising	Total
Scholarships	$ 1,516,442	$ -	$ -	$ 1,516,442
Other University Assistance				
Academic Programming	60,132	-	-	60,132
Athletics	284,070	-	-	284,070
Grants and Other Passthrough	102,851	-	-	102,851
Work Study	60,752	-	-	60,752
Student Programming	180	-	-	180
Grizzly Club	26,220	-	-	26,220
Presidents Fund	1,522	-	-	1,522
Alumni and Donor Functions	-	1,260	11,200	12,460
Professional Fees and Consulting	-	16,830	-	16,830
Software and Computer Fees	-	12,863	-	12,863
Insurance	-	4,723	-	4,723
Office Supplies	-	2,270	-	2,270
Telephone	-	2	-	2
Salaries	-	50,574	259,789	310,363
General Administrative	38,187	12,420	35,077	85,684
Equipment	-	3,260	-	3,260
Printing, Postage and Publication	-	47,578	27,749	75,327
Phone-a-thon	-	-	4,678	4,678
Sale of Property	-	-	1,808	1,808
Travel	-	-	1,674	1,674
Total Expenses	$ 2,090,356	$ 151,780	$ 341,975	$ 2,584,111

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Expenses	General and Admin	Fundraising	Total
Scholarships	$ 1,578,550	$ -	$ -	$ 1,578,550
Other University Assistance				
Academic Programming	26,888	-	-	26,888
Athletics	217,820	-	-	217,820
Grants and Other Passthrough	121,298	-	-	121,298
Work Study	61,664	-	-	61,664
Student Programming	4,075	-	-	4,075
Grizzly Club	64,537	-	-	64,537
Alumni and Donor Functions	-	-	7,321	7,321
Professional Fees and Consulting	-	15,800	-	15,800
Software and Computer Fees	-	13,013	-	13,013
Rent/Lease	-	1,340	-	1,340
Insurance	-	4,426	-	4,426
Office Supplies	-	1,541	-	1,541
Telephone	-	5	-	5
Salaries	80,038	44,604	220,336	344,978
Dues & Memberships	-	360	-	360
General Administrative	75,724	(10,621)	45,433	110,536
Equipment	-	3,123	-	3,123
Printing, Postage and Publication	-	38,671	18,218	56,889
Phone-a-thon	-	-	3,749	3,749
Sale of Property	-	-	2,102	2,102
Travel	-	-	-	-
Total Expenses	$ 2,230,594	$ 112,262	$ 297,159	$ 2,640,015

See Notes to the Financial Statements.

ADAMS STATE UNIVERSITY FOUNDATION

Statements of Cashflow

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from Donors	$ 1,512,347	$ 1,559,649
Investment Income	733,529	1,162,698
Scholarships and Awards	(1,516,442)	(1,578,550)
Program Services Paid	(565,863)	(677,339)
Supporting Services Paid	(493,755)	(409,421)
Net Cash Provided By (Used In) Operating Activities	(330,184)	57,037
Cash Flows from Investing Activities		
Proceeds from Sale of Land	8,000	-
Proceeds from Sale of Investments	3,963,480	5,764,976
Payment for Purchase of Investments	(4,914,055)	(6,828,402)
Net Cash Provided By (Used In) Investing Activities	(942,575)	(1,063,426)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for Investment in Endowment	862,099	1,372,886
Net Increase (Decrease) in Cash and Cash Equivalents	(410,660)	366,497
Cash and Cash Equivalents, *Beginning of Year*	1,520,870	1,154,373
Cash and Cash Equivalents, *End of Year*	$ 1,110,210	$ 1,520,870
Change in Net Assets	2,209,649	(3,364,582)
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
(Increase) Decrease in Pledges Receivable, net	42,535	38,480
(Increase) Decrease in Land	-	(9,000)
Increase (Decrease) in Accounts Payable	8,051	(25,295)
Net Unrealized and Realized (Gain) Loss on Investments	(1,724,820)	4,790,320
Gain on Sale of Land	(3,500)	-
Contributions Restricted for Long-Term Investments	(862,099)	(1,372,886)
Total Adjustments	$ (330,184)	$ 57,037

See Notes to the Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

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

Reporting Entity

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

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

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

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Topic 958 Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from the Controller's Office at the University. See Note 15 for a description of the Adams State University Foundation.

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

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

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.

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 2023, 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 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
During fiscal year 2023, the University adopted the provisions of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITA)* commences. The University recognizes a right-to-use subscription asset and a corresponding liability. The subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the term. The amortization of the discount on the subscription liability is recognized as an outflow of resources in subsequent financial reporting periods.

Reclassifications
Certain amounts from fiscal year 2022 have been reclassified to conform to the fiscal year 2023 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, 2023, the University had $51,296,972 including unrealized loss of $3,861,869 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year-end, cash on hand and in banks consisted of the following:

Cash on hand	$ 4,195
Cash in checking accounts at bank	11,329,824
Certificates of deposit	3,295,252
	$ 14,629,271

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

At June 30, 2022, the University had $46,162,383 including unrealized loss of $2,467,513 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	$ 4,445
Cash in checking accounts at bank	9,526,366
Certificates of deposit	3,296,421
	$ 12,827,232

The carrying amount of the University's cash on deposit was $12,822,787. The bank balance of these deposits was $13,827,029, of which $1,417,309 was covered by federal depository insurance and $12,405,275 was collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

The University deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023, the University had cash on deposit with the State Treasurer of $51,296,972, which represented approximately 0.27 percent of the total $18,811 million fair value of deposits in the State Treasurer’s Pool (Pool). As of June 30, 2023, the Pool’s resources included $35 million of cash and $18,776 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, 2023.

<u>ASU Foundation Investments and Concentration of Risk</u>

The fair value of the Foundation’s investments were $29,284,936 and $26,880,301, respectively. The individual net asset classes are combined to form a pool of investments, which is managed by the Common Fund. Income earned on investments is allocated, based on cost, to the individual net asset classes with earnings of the endowment investments being included as an increase in net assets with donor restrictions or net assets without donor restrictions.

As of June 30, the Foundation had bank deposits in two financial institutions that exceeded insurance coverage by a total of $1,071,366 (2023) and $382,641 (2022).

NOTE 3 - ACCOUNTS RECEIVABLE

Account 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:

	2023	2022
Student Accounts Receivable	$ 2,107,344	$ 1,952,842
Less: Allowance for Doubtful Accounts	(873,000)	(1,056,382)
Student Accounts Receivable, net	1,234,344	896,460
Other Accounts Receivable		
FFS Contract Revenue *	293,418	611,958
Other Accounts Receivable	710,842	761,141
Total Other Accounts Receivable	1,004,260	1,373,099
Total Receivables	$ 2,238,604	$ 2,269,559

*June Colorado fee for service funds received in July

NOTE 4 - CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Nondepreciable Capital Assets				
Land	$ 445,249	$ -	$ -	$ 445,249
Art and Historic Treasures	317,417	-	-	317,417
Construction in Progress	1,217,245	995,570		2,212,815
Construction in Progress-Right to Use	-	2,786,938	-	2,786,938
Total Nondepreciable Capital Assets	$ 1,979,911	$ 3,782,508	$ -	$ 5,762,419
Depreciable/Amortizable Capital Assets				
Land Improvements	$ 14,812,559	$ 384,500	$ (83,114)	$ 15,280,174
Buildings and Improvements	191,293,230	374,213	83,114	191,584,329
Equipment	5,976,423	494,910	(30,576)	6,440,758
Library Materials	5,497,017	65,937	-	5,562,954
Right to Use - Information Technology Subscriptions	-	5,306,485	-	5,306,485
Right to Use - Lease Furniture, Equip & Other	-	-	-	-
Total Depreciable/Amortizable Capital Assets	$ 217,579,229	$ 6,626,047	$ (30,576)	$ 224,174,701
Less: Accumulated Depreciation/Amortization				
Land Improvements	$ 10,020,768	$ 543,728	$ 49,868	$ 10,514,628
Buildings and Improvements	101,003,722	5,745,887	(49,868)	106,799,476
Equipment	5,192,007	246,052	-	5,438,059
Library Materials	5,183,863	80,771	-	5,264,634
Right to Use - Subscription	-	720,240	-	720,240
Right to Use - Lease Furniture, Equip & Other	-	-	-	-
Total Accumulated Depreciation/Amortization	$ 121,400,360	$ 7,336,678	$ -	$ 128,737,038
Net Depreciable/Amortizable Capital Assets	$ 96,178,869	$ (710,631)	$ (30,576)	$ 95,437,661

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2022.

	Balance June 30, 2021	Additions	Retirements/ Transfers	Balance June 30, 2022
Nondepreciable Capital Assets				
Land	$ 445,249	$ -	$ -	$ 445,249
Art and Historic Treasures	317,417	-	-	317,417
Construction in Progress	1,249,050	8,694,604	8,726,409	1,217,245
Total Nondepreciable Capital Assets	$ 2,011,716	$ 8,694,604	$ 8,726,409	$ 1,979,911
Depreciable Capital Assets				
Land Improvements	$ 14,003,393	$ 809,166	$ -	$ 14,812,559
Buildings and Improvements	182,375,987	8,917,243	-	191,293,230
Equipment	5,799,759	176,664	-	5,976,423
Library Materials	5,493,360	3,898	241	5,497,017
Total Depreciable Capital Assets	207,672,499	9,906,971	241	217,579,229
Less: Accumulated Depreciation				
Land Improvements	9,496,588	524,180	-	10,020,768
Buildings and Improvements	95,048,776	5,954,946	-	101,003,722
Equipment	4,977,018	214,989	-	5,192,007
Library Materials	5,095,948	88,156	241	5,183,863
Total Accumulated Depreciation	114,618,330	6,782,271	241	121,400,360
Net Depreciable Capital Assets	$ 93,054,169	$ 3,124,700	$ -	$ 96,178,869

NOTE 5 - NONCURRENT LIABILITIES

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

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

The University's noncurrent liability activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Bond and Leases Payable:					
Series 2012 Bonds	$ 7,775,000	$ -	$ 340,000	$ 7,435,000	$ 350,000
Series 2015 Bonds	17,085,000	-	740,000	16,345,000	760,000
Series 2017A Bonds	6,125,000	-	-	6,125,000	-
Series 2017B Bonds	1,140,000	-	-	1,140,000	-
Series 2019 Bonds	30,835,000	-	200,000	30,635,000	400,000
Unamortized Premium 2012	410,101	-	19,529	390,572	19,529
Unamortized Premium 2017A	5,588	-	260	5,328	260
Unamortized Discount 2017B	(9,800)	-	(786)	(9,015)	(786)
Unamortized Premium 2019	4,030,057	-	196,275	3,833,782	196,275
Notes Payable	692,087	1,000,000	108,940	1,583,147	300,005
Total Bonds and Notes Payable	68,088,033	1,000,000	1,604,218	67,483,814	2,025,283
Other Liabilities:					
Compensated Absences	1,489,739	-	180,748	1,308,991	321,442
Total Other Liabilities	1,489,739	-	180,748	1,308,991	321,442
Total Long-Term Liabilites	$ 69,577,772	$ 1,000,000	$ 1,784,966	$ 68,792,805	$2,346,725

NOTE 6 - NOTES PAYABLE

Adams State University has two financed purchase contracts. The first is for the Energy Conservation Measures equipment that was entered into July 7, 2011, in the amount of $1,414,680. It requires quarterly payments ranging between $30,026 and $37,855 for fifteen years at an interest rate of 4.375 percent. The principal balance at June 30, 2023 was $470,295. The second is for the replacement of lighting fixtures across campus with efficient LED lighting that was entered into August 26, 2021, in the amount of $1,000,000. It requires annual payments of $220,353 for five years at an interest rate of 3.32 percent. The principal balance at June 30, 2023 was $812,847.

Year Ending June 30	Principal	Interest	Total
2024	$ 315,401	$ 45,601	$ 361,002
2025	331,480	33,741	365,221
2026	348,444	21,123	369,567
2027	287,817	8,307	296,124
	1,283,142	108,772	1,391,914

NOTE 7 - BONDS PAYABLE

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

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

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

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

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

At June 30, 2023 and 2022, 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, 2023:

	2012 Series	2015 Series	2017A Series	2017B Series	2019 Series	Total
Year Ending June 30,						
2024	$ 677,879	$ 1,229,172	$ 238,710	$ 50,514	$ 2,142,825	$ 4,339,100
2025	657,250	1,226,800	238,450	51,300	2,116,550	4,290,350
2026	655,850	1,228,858	238,450	51,300	2,276,550	4,451,008
2027	658,663	1,225,203	238,450	191,300	2,326,550	4,640,166
2028	240,500	1,230,978	563,450	201,300	2,436,550	4,672,778
2029-2033	1,202,500	6,125,720	2,829,425	1,004,575	12,187,750	23,349,970
2034-2038	3,581,500	6,132,520	1,146,875	8,325	12,185,050	23,054,270
2039-2043	3,278,400	1,223,916	4,036,600	-	9,752,400	18,291,316
Total Bond Payments	10,952,542	19,623,167	9,530,410	1,558,614	45,424,225	87,088,958
Less Interest Included Above	(3,848,013)	(4,038,167)	(3,405,150)	(419,400)	(14,992,950)	(26,703,680)
Total Principal Outstanding	7,104,529	15,585,000	6,125,260	1,139,214	30,431,275	60,385,278
Less Current Principal Portion	(370,000)	(785,000)	-	-	(600,000)	(1,755,000)
Less Current Unamortized Premium and Discount	(19,529)		(260)	786	(196,275)	(215,278)
Net Long Term Principal	6,715,000	14,800,000	6,125,000	1,140,000	29,635,000	58,415,000
Less Noncurrent Unamortized Premium and Discount	351,514	-	4,808	(7,442)	3,441,232	3,790,112
Bonds Payable, Net	$ 7,066,514	$ 14,800,000	$ 6,129,808	$ 1,132,558	$ 33,076,232	$ 62,205,112

NOTE 8 - 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, 2023.

NOTE 9 - ACCRUED LIABILITIES

The University's accrued liabilities as of June 30, 2023 and 2022, was as follows:

	2023		2022	
Payroll Benefits	$	1,908,906	$	2,232,617
Accrued Interest		325,779		273,177
Other Accounts Payable		949,017		962,817
Total	$	3,183,702	$	3,468,610

NOTE 10 - 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 $191,987 (2023) and $321,422 (2022). The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, are estimated as $1,327,998 (2023) and $987,549 (2022). Current expenses include an increase of $210,994 for the estimated compensated absence liability.

NOTE 11 - PENSION PLAN OBLIGATIONS

Defined Contribution Pension Plan

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

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREF and VALIC, providing a range of investment accounts for participants. The institution's contribution to the ORP was 11.4 percent of covered payroll and contributions by employees is 8 percent of covered payroll through July 2021. Due to budget uncertainty, the Board of Trustees of Adams State University approved an amendment to the plan that would reduce the institution's contribution to the plan to 9.4 percent for two years, effective August 2020. In May 2021, the board voted to reinstate the institution's contribution rate to 11.4 percent effective July 2021.

The University's contributions to the ORP for the fiscal years ending June 30, were $1,491,611 (2023), $1,366,467 (2022), and $1,086,018 (2021). 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

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

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00 percent 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 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2023: Eligible employees of, the University and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2022 through June 30, 2023 are summarized in the table below:

	Fiscal Year 2022		Fiscal Year 2023	
	CY21	CY22		CY23
	7-1-20 to 12-31-21	1-1-22 to 6-31-22	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Employer contribution rate	10.90%	10.90%	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SDTF	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	10.00%	10.00%	17.00%
Total employer contribution rate to the SDTF	19.93%	19.98%	20.48%	20.55%

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 all employees are summarized in the table below:

	Fiscal Year 2022		Fiscal Year 2023	
	CY21	CY22		CY23
	7-1-20 to 12-31-21	1-1-22 to 6-31-22	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Employer contribution rate	10.90%	10.90%	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SDTF	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	10.00%	10.00%	17.00%
Total employer contribution rate to the SDTF	19.93%	19.98%	20.48%	20.55%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $3,092,253 and $2,386,470 for the years ended June 30, 2023 and 2022, respectively.

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

The net pension liability for the SDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The University's proportion of the net pension liability was based on University's contributions to the SDTF for the calendar year 2022 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, 2023, the University reported a liability of $35,614,781 for its proportionate share of the net pension liability. At December 31, 2022, the University's proportion was 0.32 percent, which was an increase 0.01 percent from its proportion measured as of December 31, 2021.

At June 30, 2022, the University reported a liability of $23,317,960 for its proportionate share of the net pension liability. At December 31, 2021, the University's proportion was 0.32 percent, which was a decrease 0.002 percent from its proportion measured as of December 31, 2020.

For the years ended June 30, 2023 and 2022, the University recognized pension expense of $2,814,308 and $(2,675,870). At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 477,502	$ 158,662	$ 32,439
Changes of assumptions or other inputs	-	-	831,373	-
Net difference between projected and actual earnings on pension plan investments	4,527,833	-	-	8,024,333
Changes in proportion and differences between contributions recognized and	-	67,814	-	710,739
Change in employer Proportion	675,279	-	-	-
Contributions subsequent to the measurement date	1,246,985	N/A	1,107,491	N/A
Total	$ 6,450,097	$ 545,316	$ 2,098,526	$ 8,767,511

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, of 1,246,985 and $1,107,491 for fiscal years 2023 and 2022, respectively, will be recognized as an increase of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(440,626)
2025	752,250
2026	1,670,091
2027	2,676,080
2028	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 - 10.90 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00 percent
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

The total pension liability as of December 31, 2022, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

generational projection using scale MP-2019.

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a non-employer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 45,529,352	$ 35,614,781	$ 27,274,747

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

NOTE 12 - OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA DC Plan)

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

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's ACFR as referred to above.

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, 2020 through June 30, 2022 are summarized in the tables below:

	Fiscal Year 2022		Fiscal Year 2023	
	CY21	CY22		CY23
	7-1-21 to 12-31-21	1-1-22 to 6-30-22	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 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]	0.50%	0.50%	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505[1]	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%	0.10%	0.17%
Total Employer Contribution Rate to the SDTF	**10.80%**	**10.85%**	**11.35%**	**11.42%**

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

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

	Fiscal Year 2022		Fiscal Year 2023	
	CY21	CY22		CY23
	7-1-21 to 12-31-21	1-1-22 to 6-30-22	7-1-22 to 12-31-22	1-1-23 to 6-30-23
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 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]	0.50%	0.50%	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505[1]	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%	0.10%	0.17%
Total Employer Contribution Rate to the SDTF	**10.80%**	**10.85%**	**11.35%**	**11.42%**

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 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $1,271,982 and $1,085,194 and the University recognized pension expense and a liability of $2,526,721 and $2,250,647, respectively, for the PERA DC Plan.

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, 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 Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. 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, 2023 and 2022, program members contributed $103,584 and $75,732, respectively.

PERAPlus 457 Plan

The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009 as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2022, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by the percentage of their PERA contribution) to a maximum of $22,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $7,500 contribution in 2022. Contributions and earnings are tax-deferred. At December 31, 2022, the Plan had 7 participants.

Student Retirement Plan

Beginning in fiscal year 1993, in accordance with the provision of Section 24-54.6-101, Colorado Revised Statute (C.R.S.), and as provided in section 403 (b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5 percent contribution on the employee's part with no employer contribution. Total payroll covered by the plan was $13,223 and $77,000 for the years ended June 30, 2023 and 2022, respectively. Employee contributions were 7.5 percent of covered payroll.

NOTE 13 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

PERA OPEB Plan

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

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

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

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were $118,376 and $106,094 for the years ended June 30, 2023 and 2022 respectively.

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

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

At December 31, 2022, the University's proportion was 0.1083 percent, which was an increase of 0.17 percent from its proportion measured as of December 31, 2021.

At June 30, 2022, the University reported a liability of $918,953 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The University's proportion of the net OPEB liability was based on Adams State University's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the University's proportion was 0.1066 percent, which was a decrease of 0.0033 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2023 and 2022, the University recognized OPEB expense of $(82,691) and $(83,597), respectively. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,400	$ 217,895	$ 1,400	$ 217,895
Changes of assumptions or other inputs	19,026	49,848	19,026	49,848
Net difference between projected and actual earnings on pension plan investments	-	56,884	-	56,884
Changes in proportion and differences between contributions recognized and proportionate share of contributions	343	238,847	343	238,847
Contributions subsequent to the measurement date	54,478	N/A	54,478	N/A
Total	$ 75,248	$ 563,474	$ 75,247	$ 563,474

The deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, of $60,711 and $54,478 for fiscal years 2023 and 2022, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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:	
2024	(165,291)
2025	(127,320)
2026	(54,237)
2027	(10,015)
2028	(20,909)
2029	(4,443)

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	6.5 percent in 2022, gradually decreasing to 4.50 percent in 2030
Medicare Part A premiums	3.75 percent for 2022, gradually increasing to 4.50 percent in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	**Annual Increase (Male)**	**Annual Increase (Female)**
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 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	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

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	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	8.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 859,569	$ 884,608	$ 911,852

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 1,025,522	$ 844,608	$ 764,080

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

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

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

NOTE 14 - SCHOLARSHIP ALLOWANCES

Tuition, fee and auxiliary revenue and the related scholarship allowances for the year ended June 30, 2023 and 2022, were as follows:

	Tuition & Fees	Auxiliary Revenue	2023 Total	2022 Total
Gross Revenue	$30,270,220	$6,984,153	$37,254,373	$34,774,124
Scholarship Allowances:				
Federal	2,837,020	273,726	3,110,746	3,208,641
State	1,912,775	184,552	2,097,327	2,255,297
Private	1,537,944	148,387	1,686,331	1,806,811
Institutional	3,583,158	345,716	3,928,874	3,827,334
Total Allowances	9,870,897	952,381	10,823,278	11,098,083
Net Revenue	$20,399,323	$6,031,772	$26,431,095	$23,676,041

NOTE 15 - UNIVERSITY FOUNDATION

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

During the year ended June 30, the University received funds totaling $1,428,263 (2023) and $2,187,319 (2022), 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 16 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

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

NOTE 17 - 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 2023 are as follows:

Budget	$48,171,751
Actual Revenues	42,655,214
Actual Expenses	42,655,214

NOTE 18 – SUBSCRIPTIONS-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

For the year ended June 30, 2023, 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. The University has continued to opt into the State Fiscal Rules which has set forth a recommended $50,000 minimum threshold for subscriptions to qualify for the GASB 96 accounting treatment. For additional information, refer to the disclosures below.

On July 1, 2022, the University entered into a 24-month subscription for the use of Banner Suite. An initial subscription liability was recorded in the amount of $376,074.94. As of June 30, 2023, the value of the subscription liability is $189,684.94. Adams State University is required to make annual fixed payments of $186,390.00. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2023 of $376,074.94 with accumulated amortization of $188,037.47 is included with Software on the Subscription Class activities table found below.

On March 1, 2023, Adams State University entered into a 60-month subscription for the use of Course Evaluations. An initial subscription liability was recorded in the amount of $52,868.34. As of June 30, 2023, the value of the subscription liability is $41,913.34. Adams State University is required to make annual fixed payments of $10,955.00. The subscription has an interest rate of 2.8220 percent. The value of the right to use asset as of June 30, 2023 of $52,868.34 with accumulated amortization of $3,524.56 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Adams State University entered into a 26-month subscription for the use of Radius CRM & AppReview. An initial subscription liability was recorded in the amount of $111,045.90. As of June 30, 2023, the value of the subscription liability is $55,164.87. Adams State University is required to make annual fixed payments of $56,375.00. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2023 of $111,045.90 with accumulated amortization of $50,411.76 is included with Software on the Subscription Class activities table found below.

On September 1, 2022, Adams State 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 $87,066.25. As of June 30, 2023, the value of the subscription liability is $57,366.25. Adams State University is required to make annual fixed payments of $29,700.00. The subscription has an interest rate of 2.3543 percent. The value of the right to use asset as of June 30, 2023 of $87,066.25 with accumulated amortization of $24,185.07 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Adams State University entered into a 24-month subscription for the use of Blackboard Software. An initial subscription liability was recorded in the amount of $260,141.31. As of June 30, 2023, the value of the subscription liability is $130,581.78. Adams State University is required to make annual fixed payments of $129,559.53. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2023 of $260,141.31 with accumulated amortization of $130,070.66 is included with Software on the Subscription Class activities table found below.

On August 2, 2022, Adams State University entered into a 36-month subscription for the use of FLEX Software. An initial subscription liability was recorded in the amount of $58,044.17. As of June 30, 2023, the value of the subscription liability is $38,244.17. Adams State University is required to make annual fixed payments of $19,800.00. The subscription has an interest rate of 2.3543 percent. The value of the right to use asset as of June 30, 2023 of $58,044.17 with accumulated amortization of $17,467.00 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Adams State University entered into a 36-month subscription for the use of Aruba Networks Systems. An initial subscription liability was recorded in the amount of $35,316.44. As of June 30, 2023, the value of the subscription liability is $23,460.44. Adams State University is required to make annual fixed payments of $11,856.00. The subscription has an interest rate of 1.8503 percent. The value of the right to use asset as of June 30, 2023 of $35,316.44 with accumulated amortization of $11,772.15 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Adams State University entered into a 24-month subscription for the use of Managed Services. An initial subscription liability was recorded in the amount of $96,832.58. As of June 30, 2023, the value of the subscription liability is $48,857.51. Adams State University is required to make monthly fixed payments of $4,120.00. The subscription has an interest rate of 2.1937 percent. The value of the right to use asset as of June 30, 2023 of $96,832.58 with accumulated amortization of $48,416.29 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Adams State University entered into a 108-month subscription for the use of Workday Enterprise. An initial subscription liability was recorded in the amount of $4,588,739.90. As of June 30, 2023, the value of the subscription liability is $4,025,616.43. Adams State University is required to make annual fixed payments of $574,346.00. The subscription has an interest rate of 3.0360 percent. The value of the right to use asset as of June 30, 2023 of $4,588,739.90 with accumulated amortization of $505,336.91 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

	As of June 30, 2023	
Asset Class	Subscription Asset Value	Accumulated Amortization
Software	$5,306,485	$720,240
Total Subscriptions	$5,306,485	$720,240

Principal and Interest Requirements to Maturity

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 944,934	$ 134,940	$ 1,079,874
2025	536,120	110,757	646,877
2026	490,671	94,962	585,633
2027	505,658	80,088	585,746
2028	509,586	64,760	574,346
2029 - 2032	1,623,478	99,560	1,723,038
Total	$ 4,610,447	$ 585,067	$ 5,195,514

The University adopted the threshold set forth by the State of Colorado Fiscal Rules of $50,000 for recognizing SBITAs.

REQUIRED SUPPLEMENTARY INFORMATION

Pensions and Other Employment Benefits

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

ADAMS STATE UNIVERISTY

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
University's proportion of the net pension liability	0.327%	0.316%	0.319%	0.335%	0.362%	0.401%	0.406%	0.419%	0.433%	0.446%
University's proportionate share of the net pesion liability	$ 35,614,781	$ 23,317,960	$ 30,216,116	$ 32,479,009	$ 41,152,012	$ 80,288,346	$ 74,579,030	$ 44,150,199	$ 40,769,013	$ 39,752,901
University's covered payroll	$ 11,723,768	$ 10,768,627	$ 10,728,338	$ 10,560,546	$ 11,117,518	$ 11,915,659	$ 11,719,350	$ 11,799,057	$ 11,774,730	$ 11,717,998
Univeristy's proportionate share of the net pension liability as a percentage of its covered payroll	304%	217%	282%	308%	370%	674%	636%	374%	346%	339%
Plan fiduciary net position as a percentage of the total pension liability	60.6%	73.1%	65.3%	6.2%	55.1%	43.2%	42.6%	56.1%	59.8%	61.1%
PERA State Division Fiduciary Net Position (in thousands)	$ 16,744,284	$ 19,985,566	$ 17,879,947	$ 15,992,863	$ 13,966,421	$ 15,223,702	$ 13,626,180	$ 13,460,536	$ 14,013,947	$ 13,980,460
PERA State Division Net Pension Liability (in thousands)	$ 10,872,576	$ 7,375,039	$ 9,484,793	$ 9,703,804	$ 11,378,673	$ 20,017,982	$ 18,368,131	$ 10,531,033	$ 9,406,514	$ 8,907,971

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

See Notes to the Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,442,865	$ 2,143,947	$ 2,055,339	$ 2,294,971	$ 2,320,814	$ 2,187,412	$ 2,185,232	$ 2,019,691	$ 2,109,916	$ 1,974,531
Contributions in relation to the contractually required contribution	$ 2,442,865	2,143,947	2,055,339	2,294,971	2,320,814	2,187,412	2,185,232	2,019,691	2,109,916	1,974,531
Contribution deficiency (excess)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 11,977,980	$ 11,054,093	$ 10,605,060	$ 10,606,753	$ 10,870,614	$ 11,569,633	$ 11,872,697	$ 11,334,672	$ 11,898,898	$ 11,717,998
Contributions as a percentage of covered payroll	20.39%	19.40%	19.38%	21.64%	21.35%	18.91%	18.41%	17.82%	17.73%	16.85%

See Notes to the Required Supplementary Information

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

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

See Notes to the Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contracually required contribution	$ 118,376	$ 106,094	$ 102,511	$ 105,466	$ 106,287	$ 115,064	$ 118,470	$ 116,200	$ 118,463	$ 117,784
Contributions in relation to the contractually required contribution	$ 118,376	$ 106,094	$ 102,511	$ 105,466	$ 106,287	$ 115,064	$ 118,470	$ 116,200	$ 118,463	$ 117,784
Conbtibution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 11,605,510	$ 10,401,373	$ 10,050,098	$ 10,339,804	$ 10,420,294	$ 11,280,766	$ 11,614,722	$ 11,392,193	$ 11,614,041	$ 11,547,451
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information

NOTE 1 NET PENSION LIABILITY

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

2022

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

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

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%.

2015

- There were no changes in assumptions or other inputs effective this measurement period.

2014

- There were no changes in assumptions or other inputs effective this measurement period.

2013

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

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 then 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 then 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.
- 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 then 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.

Supplemental Information

ADAMS STATE UNIVERSITY

SCHEDULE OF REVENUES AND EXPENSES

FOR SERIES 2009A, 2009B, 2009C, 2012 AND 2015 AUXILIARY FACILITIES REVENUE BONDS

For the years ended June 30, 2023 and 2022

		2023	2022
Revenue			
Tuition revenues		$ 2,426,283	$ 2,342,452
Extended Studies tuition and fees		3,807,521	3,268,849
Capital fees		2,228,771	2,430,687
College service fees		360,160	405,600
Traffic control fees		0	0
Rental income		3,734,446	3,905,657
Food service income		2,009,901	1,900,791
Sales/services auxiliaries		202,263	11,604
Interest income		29,662	16,672
Other income		355,691	174,277
	Total Revenue	15,154,698	14,456,589
Expenses			
Salaries & benefits		2,677,668	3,060,838
Costs of goods		7,815	0
Utilities expense		694,811	609,976
Rental expense		153,666	138,934
Contract food services		1,478,281	1,410,254
Travel		62,626	37,689
Supplies		194,309	189,387
Other operating expenses		545,239	362,622
Purchased services-personal		500,752	442,567
Financial aid		497,188	470,650
Administrative cost allowance		1,777,082	1,198,455
Furniture & equipment		43,275	44,494
Other capital expenditures		5,224	0
Other expenses		33,891	394,487
	Total Expenses	8,671,826	8,360,353
Net Revenue before Transfers		6,482,872	6,096,236
Transfers			
Mandatory transfers		4,138,190	3,847,614
Nonmandatory transfers		(326,799)	(1,728,096)
	Total Transfers	3,811,391	2,119,518
	Net Revenue	$ 2,671,481	$ 3,976,718
Debt Service Coverage			
Net Operating Revenue		$ 6,482,872	$ 6,096,236
Bond Principal and Interest		4,123,823	3,937,983
Excess of Net Operating Revenue Over Debt Service		$ 2,359,049	$ 2,158,253
Debt Service Coverage Ratio		157%	155%

HINKLE & COMPANY PC
Strategic 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
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 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, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 29, 2024. Our report includes a reference to other auditors who audited the financial statements of Adams State University Foundation, discretely presented component unit of the University, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that were reported on separately by those auditors. The financial statements of the discretely presented component units, Adams State University Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Office Locations:
Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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 identify deficiencies in internal control, that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Auditor's Findings and Recommendations section as items 2023-01 and 2023-02 that we consider to be significant deficiencies, and item 2022-001 that we considered to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the 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*.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the findings and recommendation section of this report. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Hinkle & Company, PC

Englewood, Colorado
January 29, 2024

HINKLE & COMPANY PC
Strategic Business Advisors

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, 2023 and have issued our report thereon dated January 29, 2024. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards
As communicated in our engagement letter dated May 11, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

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

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Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Accounting Policies
Management\ is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. A summary of the significant accounting policies adopted by the University is included in Note 1 to the financial statements. During the fiscal year 2023, the University adopted Government Accounting Standard Board Statement No. 96 – *Subscription-Based Information Technology Arrangements*. We noted no transactions the University entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements as a whole. The significant accounting estimated contained in the financial statements are the depreciation of capital assets and the allowance for uncollectable receivables.

Corrected and Uncorrected Misstatements
For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. 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. The corrected misstatements made as of the result of our audit are included at page 95.

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 January 29, 2024.

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

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

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

Hinkle & Company, PC

Englewood, Colorado
January 29, 2024

ADAMS STATE UNIVERSITY
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account Description	Debit	Credit
Restricted Expendable : Other Purposes	$ 10,159,119	
Unrestricted		$ 10,159,119
(To reclass restricted funds as unrestricted)		
Supplies & Materials	$ 83,392	
Inventory		$ 83,392
(To correct inventory balance)		