

ADAMS STATE COLLEGE

FINANCIAL AND COMPLIANCE AUDIT

Fiscal years ended June 30, 2009 and 2008

**LEGISLATIVE AUDIT COMMITTEE
2009 MEMBERS**

Representative Dianne Primavera
Chair

Senator David Schultheis
Vice-Chair

Senator Morgan Carroll
Representative Jim Kerr
Representative Frank McNulty

Representative Joe Miklosi
Senator Shawn Mitchell
Senator Lois Tochtrop

OFFICE OF THE STATE AUDITOR

Sally Symanski
State Auditor

Dianne Ray
Deputy State Auditor

Marisa Neff
Legislative Auditor

Dalby, Wendland & Co., P.C.
Contract Auditors

TABLE OF CONTENTS

	<u>Page</u>
Report Summary	1
Recommendation Locator	3
Description of Adams State College	4
Findings and Recommendations Section	
Findings and Recommendations	5
Disposition of Prior Audit Recommendations	6
FINANCIAL STATEMENTS SECTION	
Independent Auditor's Report.....	7
Management's Discussion and Analysis.....	9
Statements of Net Assets.....	15
Adams State College Foundation Statements of Financial Position	16
Statements of Revenues, Expenses and Changes in Net Assets	17
Adams State College Foundation Statement of Activities	
June 30, 2009	18
June 30, 2008	19
Statements of Cash Flows	20
Notes to the Financial Statements	22
Supplemental Information	
Schedule of Revenues and Expenses for 2004A Series Enterprise Revenue Bonds.....	40
Schedule of Revenues and Expenses for 2009A Series Revenue Improvement Bonds.....	41
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Audit Committee Communications.....	44
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS SECTION	
State-Funded Student Assistance Programs	47
Report of Independent Auditors on Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Financial Assistance Programs	48
Statement of Appropriations, Expenditures, Transfers and Reversions.....	50
Notes to Statement	51

ADAMS STATE COLLEGE
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

Fiscal years ended June 30, 2009 and 2008

Authority, Purpose and Scope

The audit of Adams State College was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all State agencies. The 2009 audit was conducted under contract with Dalby, Wendland & Co., P.C. The audit was made in accordance with audit standards generally accepted in the United States of America. Audit work was performed June through October 2009.

The purposes and scope of the audit were to:

- Perform a financial and compliance audit of Adams State College for the year ended June 30, 2009 and to express an opinion on the financial statements. This included a review of internal control as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
- Evaluate compliance with laws and regulations governing the expenditures of federal and State funds.
- Express an opinion on the Statements of Appropriations, Expenditures, Transfers and Reversions of State-Funded Student Assistance Programs for the fiscal year ended June 30, 2009.
- Evaluate progress in implementing prior audit recommendations.

The Schedule of Expenditures of Federal Awards for Adams State College and applicable audit opinions are included in the June 30, 2009 Statewide Single Audit Report issued by the Office of the State Auditor under a separate cover.

Audit Results and Summary of Major Audit Findings

Dalby, Wendland & Co., P.C. expressed unqualified opinions on the financial statements for the years ended June 30, 2009 and 2008. Dalby, Wendland & Co., P.C. also expressed unqualified opinions on the Statements of Appropriations, Expenditures, Transfers and Reversions of State-Funded Student Financial Assistance Programs for the fiscal years ended June 30, 2009 and 2008.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The following is a summary of the finding contained in the report. The audit recommendation for this finding and associated College response is summarized in the recommendation locator, which follows the summary.

We noted that the College did not write off certain accounts receivable approved by the State Controller during the fiscal year ended June 30, 2009 until after the fiscal year end.

Recommendation and College Response

A summary of the recommendation for the above comment is included in the Recommendation Locator included at the end of this summary. The Recommendation Locator also shows the College's response to the audit recommendation letter. A detailed description of the audit comments and recommendation is contained in the findings and recommendations section of the report.

Summary of Progress in Implementing Prior Audit Findings

There was one recommendation made in the prior year audit. The recommendation was implemented. A detailed description and the disposition are contained in the disposition of prior year audit recommendations.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	5	Adams State College should communicate to all staff accountants the importance of proper month and year end cut-offs. The communication should enhance the staff's understanding of the role each area plays in the completeness and accuracy of the College's financial statements. Staff should communicate with management any delays in recording significant financial transactions.	Agree	June 30, 2010

Description of Adams State College

House Bill 03-1093 authorized independent governance for Adams State College effective July 1, 2003 and a new Board of Trustees was appointed to govern the College.

The Board of Trustees of Adams State College is the governing board for Adams State College. 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. An elected member of the faculty of the College serves for a two-year term and an elected member of the student body of the College serves for a one-year term. The President of Adams State College is responsible for providing leadership for the College and administering the policies and procedures of the Board of Trustees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public.

Adams State College is a liberal arts college with graduate programs in Teacher Education, Counseling, and Art. Section 23-51-101, C.R.S., provides that Adams State College shall be a general baccalaureate institution with moderately selective admission standards. Adams State College is a regional educational provider approved to offer limited professional programs, Hispanic programs, undergraduate education degrees, masters' 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 College for the last three fiscal years were as follows:

	2007	2008	2009
Resident Students	1,822.0	1,703.0	1,646.1
Nonresident Students	228.4	274.7	272.6
Total Students	2,050.4	1,977.7	1,918.7
Faculty FTEs	157.2	157.1	157.9
Staff FTEs	128.1	114.8	123.3
Total Staff and Faculty FTEs	285.3	271.9	281.2

FINDINGS AND RECOMMENDATIONS SECTION

Findings and Recommendations

Write-off of accounts receivable

The Colorado Department of Personnel and Administration's Central Collection Services provided Adams State College (the College) a listing of its uncollectible student accounts receivable in June 2009. Write-off of these receivables was approved by the State Controller for recording in the College's Fiscal Year 2009 financial statements. The College's accounting staff attempted to write-off these receivables, however encountered system problems in their accounting software. The staff made multiple attempts to record the write-offs in the accounting system prior to the fiscal year end. This problem was not corrected until subsequent to year-end. Staff completed the write-offs in July 2009, which caused these write-offs to post to Fiscal Year 2010. The staff did not report this issue and the date of the recording of the write-offs to management. The total amount of these receivables that were written-off, including fees and penalties, was approximately \$155,000.

Recommendation No. 1:

Adams State College should communicate to all staff accountants the importance of proper month and year end cut-offs. The communication should enhance the staff's understanding of the role each area plays in the completeness and accuracy of the College's financial statements. Staff should communicate with management any delays in recording significant financial transactions.

Adams State College Response: Agree

Implementation Date: June 30, 2010

The College will communicate to all staff the importance of proper month and year end cutoffs and the importance of reporting to management any entries not completed within these same deadlines.

Disposition of Prior Audit Recommendations

Listed below is the recommendation included in the audit report for Adams State College for the year ended June 30, 2008, and their disposition as of December 2, 2009.

Recommendation	Disposition
1. Adams State College should develop and implement policies and procedures to capture estimated or actual construction costs into the financial statements, at fiscal year end, for projects where no invoice has been received.	Implemented.

FINANCIAL STATEMENTS SECTION

DALBY, WENDLAND & CO., P.C.



Certified Public Accountants & Consultants

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214 • www.dalbycpa.com

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the business type activities of Adams State College (the College), a blended component unit of the State of Colorado, as of and for the years ended June 30, 2009 and 2008, which collectively comprise the College's basic financial statements as listed in the table of contents. The financial statements of Adams State College Foundation, a discretely presented component unit of the College, as of June 30, 2009 and 2008 and for the years ended were audited by other auditors whose report dated October 28, 2009 expressed an unqualified opinion. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Adams State College Foundation were not audited in accordance with the *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the College as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis on pages 9 through 14, is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Revenues and Expenses for Enterprise Revenue Bonds and Revenue Improvement Bonds are presented for purposes of additional analysis and is not a required part of the financial statements of the College. Such information, which is the responsibility of the College's management, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


DALBY, WENDLAND & CO., P.C.

December 2, 2009

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report presents a discussion and analysis of the financial performance of Adams State College (the College) for the fiscal year ended June 30, 2009, with selected comparative information for the years ended June 30, 2008 and June 30, 2007. 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 College that includes Adams State College and the Adams State College Foundation, a discretely presented component unit (see Note 1 for additional information on the reporting entity).

FINANCIAL HIGHLIGHTS

Year ended June 30, 2009

The College's total net assets increased by \$8.6 million during fiscal year 2009 compared to a \$2.4 million increase in net assets during fiscal year 2008. The increase is primarily a result of capital appropriations from the State increasing by \$5.1 million in fiscal year 2009 as compared to fiscal year 2008 as a result of renovation of the Plachy Hall which is funded by the State capital construction fund.

The College had a ratio of current assets to current liabilities of 5.2. This current ratio demonstrates the liquidity of college assets and the relative availability of working capital to fund current operations. The current ratio for the year ended June 30, 2008 was 2.6. The increase in the current ratio from fiscal year 2008 to fiscal year 2009 is primarily a result of the issuance of bond proceeds of \$19.8 million received but not spent at June 30, 2009.

An operating deficit of \$4.4 million is the result from the College's dependence on Gifts and Donations and Other Non-operating revenue, which under the guidelines established by GASB Statements 34 and 35 is shown as non-operating revenues. The College received no state operating appropriations, but received \$9.4 million in fee for service contract revenue from the Colorado Department of Higher Education and \$2.8 million in College Opportunity Fund stipends from College Assist during fiscal year 2009. The College also received \$2.5 million in Federal American Recovery and Reinvestment Act (ARRA) funds during fiscal year 2009 from the Colorado Department of Higher Education.

Year ended June 30, 2008

The College's total net assets increased by \$2.4 million during fiscal year 2008 compared to a \$0.5 million decrease in net assets during fiscal year 2007.

The College had a ratio of current assets to current liabilities of 2.6. This current ratio demonstrates the liquidity of College assets and the relative availability of working capital to fund current operations.

An operating deficit of \$3.0 million is the result from the College's dependence on Gifts and Donations and Other Non-operating Revenue, which under the guidelines established by GASB Statements 34 and 35 is shown as non-operating revenues. The College received no state appropriations, but received \$10.0 million in fee for service contract revenue from the Colorado Commission on Higher Education and \$3.7 million in College Opportunity Fund stipends from College Assist during fiscal year 2008.

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

STATEMENTS OF NET ASSETS

The Statements of Net Assets 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 assets (the difference between assets and liabilities) is one indicator of the College'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 College's assets, liabilities and net assets at June 30 follows:

	2009	2008	2007
	(in thousands)		
Assets			
Current Assets	\$ 35,669	\$ 15,715	\$ 15,396
Noncurrent Assets	63,735	54,528	52,276
<i>Total Assets</i>	99,404	70,243	67,672
Liabilities			
Current Liabilities	6,815	6,090	5,625
Noncurrent Liabilities	30,182	10,366	10,619
<i>Total Liabilities</i>	36,997	16,456	16,244
Net Assets			
Invested in Capital Assets, net of related debt	52,159	43,308	40,555
Restricted	4,113	3,352	3,809
Unrestricted	6,135	7,127	7,064
<i>Total Net Assets</i>	\$ 62,407	\$ 53,787	\$ 51,428

At June 30, 2009, the College's total assets were \$99.4 million. The largest asset category is the \$62.2 million in capital assets, net of accumulated depreciation of \$41.9 million. These assets include land, buildings, equipment, library holdings, and construction in process. Construction in progress increased by \$11.1 million in fiscal year 2009, with the largest increase being the Plachy Hall renovation, which increased construction in progress by \$8.1 million. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets.

In fiscal year 2009, the College's current assets of \$35.7 million were sufficient to cover current liabilities of \$6.8 million (producing a current ratio of 5.2). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over \$33.6 million in assets per the Statement of Net Assets.

Bonds payable of \$29.5 million represent almost 80% of the College's total liabilities of \$37.0 million. The current portion of the bonds payable liability is \$0.48 million. Additional bonds payable in the amount of \$19.8 million were issued in fiscal year 2009.

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

The College's financial position improved during the fiscal year as evidenced by the increase of \$8.6 million in net assets (see the Statement of Revenues, Expenses and Changes in Net Assets) to \$62.4 million. Net Assets is composed of \$52.2 million invested in capital assets net of related debt, \$4.1 million externally restricted for specific purposes, and \$6.1 million unrestricted and available for any lawful purpose of the College.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statements of Revenues, Expenses and Changes in Net Assets 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, public service, and related support services to an individual or entity separate from the College. 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 capital construction and controlled maintenance appropriations, transfers and other non-operating revenue.

Tuition and fee revenues accounted for \$11.0 million of the \$36.6 million in operating revenues. Tuition and fees increased primarily due to new Extended Campus course offerings, record summer semester enrollment and increased graduate enrollment due to a new Masters of Business Administration degree offered. The tuition rate for resident undergraduate full-time tuition increased by 7.22% from fiscal year 2008 to 2009, causing an additional increase in tuition revenue. The tuition and fee amount is net of scholarship allowances of \$8.2 million. Scholarship allowances are defined as the financial aid awarded to students by the College that is used to pay College charges. The scholarship allowance is recognized as a direct reduction of revenue rather than an increase in financial aid expense.

Operating expenses totaled \$41.0 million. Of that total, \$14.4 million was for instruction, \$2.1 million for academic support, \$3.1 million for student services, \$3.4 million for institutional support, \$2.9 million for operations of plant and \$10.5 million for auxiliary enterprises.

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

	2009	2008	2007
	(in thousands)		
Operating Revenues			
Tuition and Fees, net	\$ 11,018	\$ 10,601	\$ 10,522
Grants and Contracts	18,746	18,921	15,869
Auxiliary Enterprises	6,180	5,900	5,950
Other	607	370	447
<i>Total Operating Revenues</i>	36,551	35,792	32,788
Operating Expenses	40,962	38,817	36,896
Net Operating (Loss)	(4,411)	(3,025)	(4,108)
Nonoperating Revenue(Expense)			
Gifts and Donations	1,912	1,959	1,943
Interest Income	716	629	555
Other Nonoperating	2,004	(466)	714
<i>Net Nonoperating Revenue</i>	4,632	2,122	3,212

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

	2009	2008	2007
	(in thousands)		
Income(Loss) Before Other Revenue, Expenses, Gains or Losses			
State Appropriations, Capital	221	(903)	(896)
Other	8,476	3,350	524
Increase (Decrease) In Net Assets	<u>(77)</u>	<u>(88)</u>	<u>(89)</u>
Net Assets	8,620	2,359	(461)
Net Assets - beginning of the year	53,787	51,428	51,889
Net Assets - end of the year	<u>\$ 62,407</u>	<u>\$ 53,787</u>	<u>\$ 51,428</u>

CAPITAL ASSETS

At June 30, 2009 the College had approximately \$62.2 million invested in capital assets, net of accumulated depreciation of \$41.9 million. Depreciation charges were \$3.2 million for the current year compared to \$3.2 million in 2008 and \$3.3 million in 2007. Details of these assets for the three years are shown below.

Capital Assets, Net of Depreciation, at Year End

	2009	2008	2007
Land	\$ 445,249	\$ 445,249	\$ 170,210
Land Improvements	2,264,452	1,967,158	2,219,599
Buildings	41,547,220	43,851,595	46,118,818
Construction in Progress	16,070,409	5,007,028	625,193
Equipment	1,004,932	1,007,863	926,477
Library Materials	869,586	846,713	844,220
Total	<u>\$ 62,201,848</u>	<u>\$ 53,125,606</u>	<u>\$ 50,904,517</u>

Major capital additions completed this year and the source of resources that funded their acquisition included:

Rex Field Renovation, Bond Proceeds	\$ 536,056
Casa Del Sol Renovation, funded by housing system	<u>125,340</u>
	<u>\$ 661,396</u>

DEBT

On February 18, 2004, the College issued Auxiliary Facilities Refunding and Improvement Revenue Bonds Series 2004A in the amount of \$11.6 million for the purpose of refunding \$9.1 million of Series A 1994 Bonds and to obtain additional funds in the amount of \$2.1 million for improvement projects (see Note 7 of the financial statements for more information on this refinancing). The improvement projects consist of roof repairs to Rex Gym and the College Center and completing the renovation of Coronado Hall.

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

On March 12, 2009, the College issued Auxiliary Facilities Revenue Improvement Bonds Series 2009A in the amount of \$19.8 million for the purpose of funding various campus improvement projects, including the acquisition, construction, improvement and equipping of a new residence and recreational facility. These bonds will be paid off using proceeds from a student capital fee approved by College students in 2008.

At June 30, 2009, the College had approximately \$29.6 million in debt outstanding compared to \$9.8 million at June 30, 2008 and \$10.3 million at June 30, 2007. The table below summarizes these amounts by type of debt.

Outstanding Debt, at Year End

	2009	2008	2007
2004A Series Enterprise Revenue Bonds	\$ 9,344,920	\$ 9,781,890	\$ 10,208,860
2009A Series Revenue Improvement Bonds	20,173,398	-	-
Capital Lease	99,867	-	99,659
Notes Payable	29,204	35,622	41,409
<i>Total</i>	<u>\$ 29,647,389</u>	<u>\$ 9,817,512</u>	<u>\$ 10,349,928</u>

ECONOMIC OUTLOOK

The economic position of the College is closely tied to that of the State. For fiscal years 2009, 2008, and 2007 the College received no operating State appropriations.

In 2004, Governor Owens signed Senate Bill 04-189, which created the Colorado Opportunity Fund. This legislation created a first-in-the-nation funding mechanism for higher education. The bill provides a stipend, calculated on a per-hour credit rate, to undergraduate resident students attending public and qualifying private higher education institutions. In addition, the bill provides higher education 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, the bill allows all qualifying public institutions to be designated as "enterprises" if approved by the Legislative Audit Committee. The Legislative Audit Committee approved the designation of the College as an enterprise for fiscal years 2008, 2007 and 2006. The College did not meet the criteria for designation as an enterprise in fiscal year 2009. The College must meet the requirements of a TABOR enterprise on an annual basis.

This has had a significant impact on how higher education is funded in Colorado. The purpose of S.B. 04-189, or the College Opportunity Fund bill, is to bring awareness to students that funding from the State of Colorado does help cover their educational expenses. The trust fund's monies are administered by the Colorado Student Loan Program dba College Assist. The student can direct their stipend funding to a particular institution by applying for the program and registering at the institution of their choice.

The bill provides a stipend, calculated on a per-hour credit rate, to undergraduate resident students attending public and qualifying private higher education institutions. For fiscal years 2010, 2009, 2008, 2007 and 2006, the yearly stipend is \$2,040, \$2,040, \$2,670, \$2,580 and \$2,400, respectively, for a full-time public higher education student taking 30 credit hours of classes.

ADAMS STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2009

The College has budgeted for \$2.7 million in College Opportunity Fund stipends for fiscal year 2010. The College received \$2.7 million, \$3.7 million, \$3.7 million and \$3.4 million in COF stipends in fiscal years 2009, 2008, 2007 and 2006, respectively. In fiscal year 2010, \$9.5 million will be billed through a fee for service contract with the Colorado Department of Higher Education (CDHE). The College received \$9.4 million, \$10.0 million, \$8.8 million and \$8.8 million in fee for service revenue in fiscal years 2009, 2008, 2007 and 2006, respectively. The bill 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 College has budgeted \$2.5 million in funds anticipated to be received from the State Fiscal Stabilization Fund pursuant to the federal American Recovery and Reinvestment Act of 2009 in fiscal year 2010. The College received \$2.5 million from this fund in fiscal year 2009.

Adams State College has restructured its tuition rate structure to align with the stipend reimbursement model.

ADAMS STATE COLLEGE
STATEMENTS OF NET ASSETS
As of June 30, 2009 and June 30, 2008

	2009	2008
Assets:		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 33,646,419	\$ 13,496,960
Student accounts receivable, net	747,034	792,795
Other accounts receivable	603,720	675,450
Student loans receivable, net	95,785	152,253
Inventories	400,975	477,546
Prepaid expenses and other assets	175,247	120,213
	Total Current Assets	15,715,217
<u>Noncurrent Assets</u>		
Restricted cash and cash equivalents	328,250	328,250
Student loans receivable, net	725,667	777,534
Deferred charges-bond issuance costs	478,894	296,612
	Total Non-current Assets	1,402,396
Non-depreciable capital assets:		
Land	445,249	445,249
Construction in progress	16,070,409	5,007,028
	Total Non-depreciable Capital Assets	5,452,277
Depreciable Capital Assets, net:		
Buildings	41,547,220	43,851,595
Land improvements	2,264,452	1,967,158
Furniture and equipment	1,004,932	1,007,863
Library books	869,586	846,713
	Total Depreciable Capital Assets, net	47,673,329
	Total Noncurrent Assets	54,528,002
	Total Assets	70,243,219
Liabilities:		
<u>Current Liabilities</u>		
Accounts payable	1,248,823	776,626
Accrued liabilities	4,208,108	4,101,460
Deferred revenue	330,147	302,588
Deposits held for others	488,348	419,531
Bonds payable, current	475,000	450,000
Notes payable, current	11,960	11,960
Capital leases payable, current	17,715	-
Compensated absences liability	34,378	28,565
	Total Current Liabilities	6,090,730
<u>Noncurrent Liabilities</u>		
Compensated absences liability	1,039,677	1,010,287
Notes payable	17,244	23,662
Capital leases payable	82,152	-
Bonds payable	29,043,318	9,331,890
	Total Noncurrent Liabilities	10,365,839
	Total Liabilities	16,456,569
Net Assets:		
Invested in capital assets, net of related debt	52,159,460	43,308,094
Restricted for non-expendable purposes:		
Endowments	28,250	28,250
Restricted for expendable purposes:		
Endowments	38,929	38,306
Loans	1,031,318	1,061,172
Capital projects	300,000	300,000
Other purposes	2,714,410	1,924,264
	Total Restricted	3,351,992
	Unrestricted	7,126,564
	Total Net Assets	\$ 53,786,650

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash	\$ 145,543	\$ 21,076
Certificates of Deposit	498,208	698,208
Pooled Investments, at Fair Value	5,000,241	5,686,687
Restricted Investments, at Fair Value	4,681,881	5,527,668
Notes Receivable, net of allowance of \$0	-	247,197
Pledges Receivable, net of allowance	17,025	7,813
Inventories	13,640	13,640
Land - Available for Sale	3,650	3,650
Book Collection	-	35,238
Art Collection	220,750	220,750
<i>Total Assets</i>	\$ 10,580,938	\$ 12,461,927
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ -	\$ -
<i>Total Liabilities</i>	-	-
NET ASSETS		
Unrestricted:		
Unreserved	(701,839)	287,779
Unrestricted (Note 14)	(38,098)	-
Board Designated	24,300	24,300
Total Unrestricted	(715,637)	312,079
Temporarily Restricted Net Assets:		
Temporarily Restricted	1,507,830	1,537,492
Temporarily Restricted, (Note 14)	38,098	-
Total Temporarily Restricted Net Assets	1,545,928	1,537,492
Permanently Restricted Net Assets	9,750,647	10,612,356
<i>Total Net Assets</i>	10,580,938	12,461,927
<i>Total Liabilities and net Assets</i>	\$ 10,580,938	\$ 12,461,927

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ending June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Tuition and fees (including \$6,387,119 and \$564,234, respectively of revenues pledged for bonds and net of scholarship allowances of \$8,195,817 and \$7,319,904, respectively)	\$ 11,017,233	\$ 10,601,071
Sales and services of auxiliary enterprises (including \$6,241,185 and \$6,100,004, respectively of revenues pledged for bonds and net of scholarship allowances of \$535,514 and \$627,236, respectively)	6,179,776	5,899,839
Fee for service contract revenue	9,389,116	9,956,155
Federal grants and contracts	6,807,304	6,779,858
State grants and contracts	2,550,045	2,184,538
Other operating revenues (including \$75,161 and \$11,240, respectively of revenues pledged for bonds)	607,366	369,974
Total Operating Revenues	<u>36,550,840</u>	<u>35,791,435</u>
Operating Expenses:		
Instruction	14,419,906	14,202,867
Academic support	2,123,299	1,986,897
Student services	3,117,398	2,863,556
Institutional support	3,362,082	3,525,148
Operation of plant	2,890,832	3,181,731
Scholarships and fellowships	1,330,220	1,120,560
Auxiliary enterprises expenditures	10,481,742	8,720,825
Depreciation	3,235,911	3,215,296
Total Operating Expenses	<u>40,961,390</u>	<u>38,816,880</u>
Operating Income (Loss)	<u>(4,410,550)</u>	<u>(3,025,445)</u>
Nonoperating Revenues (Expenses):		
State Fiscal Stabilization Funds	2,459,127	-
Gifts & donations	1,912,376	1,958,541
Investment & interest income (including \$71,660 and \$101,239, respectively of revenue pledged for bonds)	716,175	629,219
Interest on capital debt	(450,936)	(465,544)
Gain or loss on disposal of assets	(4,781)	-
Net Nonoperating Revenue (Expenses)	<u>4,631,961</u>	<u>2,122,216</u>
Income (Loss) before other revenues, expenses, gains, losses or transfers	221,411	(903,229)
Other Revenues, Expenses, Gains, Losses or Transfers:		
State appropriation, capital	8,475,890	3,349,666
Transfers to other institutions	(76,982)	(87,480)
Increase (Decrease) in Net Assets	<u>8,620,319</u>	<u>2,358,957</u>
Net Assets - beginning of the year	53,786,650	51,427,693
Net Assets - end of the year	<u>\$ 62,406,969</u>	<u>\$ 53,786,650</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, Beginning of the Year, Restated	\$ 312,079	\$ 1,537,492	\$ 10,612,356	\$ 12,461,927
Revenues, Gains and Other Support				
Donations - Cash	96,480	868,030	90,608	1,055,118
Investment Income	149,116	126,987	154,613	430,716
Net Unrealized and Realized Gains (Losses) on long-term investments	(694,326)	-	(1,130,545)	(1,824,871)
Subtotal	(448,730)	995,017	(885,324)	(339,037)
Net Assets Released from Restriction	1,043,417	(1,017,273)	-	26,144
Total from Revenues, Gains and Other Support	594,687	(22,256)	(885,324)	(312,893)
Expenses and Losses				
Program Services	1,156,308	-	-	1,156,308
Supporting Services:				
Professional Fees and Consulting	17,043	-	-	17,043
Insurance	3,187	-	-	3,187
General Administration	3,108	-	-	3,108
Meetings	1,208	-	-	1,208
Real Estate Taxes	104	-	-	104
Salaries	102,329	-	-	102,329
Printing and Postage	36,511	-	-	36,511
Alumni	149,063	-	-	149,063
Fundraising	80,241	-	-	80,241
Support and Maintenance	18,994	-	-	18,994
Total Expenses and Losses	1,568,096	-	-	1,568,096
Reclass (Note 14)	(38,098)	38,098	-	-
Transfers:				
Transfer In	2,741	368,014	24,215	394,970
Transfer Out	(18,950)	(375,420)	(600)	(394,970)
Change in Net Assets for the Year	(1,027,716)	8,436	(861,709)	(1,880,989)
Net Assets at End of the Year	<u>\$ (715,637)</u>	<u>\$ 1,545,928</u>	<u>\$ 9,750,647</u>	<u>\$ 10,580,938</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, Beginning of the Year	\$ 1,704,680	\$ 1,774,755	\$ 10,549,542	\$ 14,028,977
Revenues, Gains and Other Support				
Donations - Cash	168,065	907,720	148,738	1,224,523
Donations - Gifts-in-Kind	35,238	-	-	35,238
Investment Income	152,895	429,785	914	583,594
Net Unrealized and Realized Gains (Losses) on long-term investments	(1,113,942)	-	-	(1,113,942)
Subtotal	(757,744)	1,337,505	149,652	729,413
Net Assets Released from Restriction	1,226,858	(1,226,840)	(18)	-
Total from Revenues, Gains and Other Support	469,114	110,665	149,634	729,413
Expenses and Losses				
Program Services	1,707,897	-	-	1,707,897
Supporting Services:				
Advertising	579	-	-	579
Professional Fees and Consulting	84,534	-	-	84,534
Insurance	3,541	-	-	3,541
General Administration	3,928	-	-	3,928
Meetings	1,347	-	-	1,347
Real Estate Taxes	102	-	-	102
Salaries	126,420	-	-	126,420
Printing and Postage	55,757	-	-	55,757
Alumni	180,756	-	-	180,756
Fundraising	110,365	-	-	110,365
Support and Maintenance	21,237	-	-	21,237
Total Expenses and Losses	2,296,463	-	-	2,296,463
Transfers:				
Transfer In	-	363,647	174,964	538,611
Transfer Out	(61,236)	(477,375)	-	(538,611)
Change in Net Assets for the Year	(1,888,585)	(3,063)	324,598	(1,567,050)
Net Assets at End of the Year	(183,905)	1,771,692	10,874,140	12,461,927
Prior Period Adjustment (Note 1)	495,984	(234,200)	(261,784)	-
Net Assets at End of the Year, Restated	<u>\$ 312,079</u>	<u>\$ 1,537,492</u>	<u>\$ 10,612,356</u>	<u>\$ 12,461,927</u>

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE
STATEMENTS OF CASH FLOWS
For the years ending June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
<u>Cash Received:</u>		
Tuition and fees	\$ 11,207,652	\$ 10,501,244
Fee for service contract revenue	9,389,116	9,956,155
Sales of services	4,617,170	4,228,146
Sales of products	1,287,008	1,347,119
Grants and contracts	9,481,433	8,777,115
Student loans collected	239,615	328,699
Other receipts	540,440	455,492
<u>Cash Payments:</u>		
Payments to or for employees	(26,116,165)	(24,584,975)
Payments to suppliers	(9,409,323)	(9,076,980)
Scholarships disbursed	(1,330,220)	(1,120,560)
Student loans disbursed	(168,054)	(372,243)
<i>Net Cash (Used) Provided by Operating Activities</i>	(261,328)	439,212
Cash Flows from Noncapital Financing Activities:		
Federal grants and contracts, non-operating	2,459,127	-
Gifts/grants for other than capital purposes	1,912,376	1,958,541
Agency receipts	16,863,053	13,675,988
Agency payments	(16,818,576)	(13,638,801)
Transfers from (to) other institutions	(76,982)	(87,480)
<i>Net Cash Provided by Noncapital Financing Activities</i>	4,338,998	1,908,248
Cash Flows from Capital and Related Financing Activities:		
State appropriations, capital	8,475,890	3,349,666
Proceeds from capital debt	19,943,667	-
Capital grants, contracts and gifts	-	-
Acquisition or construction of capital assets	(12,062,133)	(5,437,283)
Principal paid on capital debt	(447,005)	(532,416)
Interest paid on capital debt	(700,241)	(446,561)
<i>Net Cash Provided (Used) by Capital and Related Financing Activities</i>	15,210,178	(3,066,594)
Cash Flows from Investing Activities:		
Investment earnings	861,611	630,117
<i>Net Cash Provided by Investing Activities</i>	861,611	630,117
Net Increase (Decrease) in Cash	20,149,459	(89,017)
Beginning cash balance	13,825,210	13,914,227
Ending cash balance	\$ 33,974,669	\$ 13,825,210

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
For the years ending June 30, 2009 and 2008

	2009	2008
Reconciliation of Operating Loss to Net Cash (Used) Provided		
by Operating Activities:		
Operating loss	\$ (4,410,550)	\$ (3,025,445)
Adjustments to reconcile:		
Depreciation expense	3,235,911	3,215,296
Decrease (increase) in assets:		
Receivables, net	225,826	(364,980)
Inventories & prepaids	21,537	(93,619)
Increase (decrease) in liabilities:		
Accounts payable	472,197	28,911
Accrued liabilities	106,648	464,682
Deferred revenues	27,559	46,778
Student deposits	24,341	(4,407)
Compensated absences	35,203	171,996
<i>Net Cash (Used) Provided by Operating Activities</i>	\$ (261,328)	\$ 439,212
Noncash Investing, Capital, and Financing Activities:		
State capital contributions	\$ 8,475,890	\$ 3,349,666
Loss on capital asset deletions	\$ 4,781	\$ 1,134
Amortization of capital premium/discount and capital loss	\$ 52,782	\$ 49,165

The accompanying notes are an integral part of this statement.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

HB 03-1093 authorized independent governance for Adams State College effective July 1, 2003. Adams State College is governed by the Board of Trustees for Adams State College. 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. An elected member of the student body of the College serves for one-year term and an elected member of the faculty of the College serves for two-year terms.

Reporting Entity

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

The College has determined that the Adams State College Foundation meets the GASB Statement No. 39 criteria for inclusion in the College's financial statements. The Foundation's financial information is presented on separate pages with the financial statements of the College for fiscal year June 30, 2009 and 2008. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from the Controller's Office at the College. See Note 14 for a description of the Adams State College Foundation.

As defined by GASB Statement 14, *The Financial Reporting Entity*, the College 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 College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College'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.

The College applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 30, 1989: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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.

Investments

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

Inventory

Inventories consist primarily of bookstore inventory and consumable supplies and are stated at the lower of cost or market as determined by the FIFO (first in, first out) method. The valuation of the bookstore inventory is determined by the retail FIFO method, which involves pricing items at current selling prices reduced to the lower of cost or market by the application of an average mark-up ratio.

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 College 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 College capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized during the year ended June 30, 2009 and 2008 was \$154,934 and \$0, respectively.

Classification of Revenue

The College 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 College.
- 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.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Application of Restricted and Unrestricted Resources

The College'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.

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 Assets and as a component of appropriate functional expense categories in the Statement of Revenues, Expenses and Changes in Net Assets. The current portion of this liability is estimated based on historical trends.

Net Assets

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

- *Invested in Capital Assets, Net of Related Debt* – This category represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent, debt has been incurred but not yet expended for capital assets; such amounts are not included as a component of this category.
- *Restricted Net Assets, Nonexpendable* – This category consists of endowment funds that are required to be retained in perpetuity.
- *Restricted Net Assets, Expendable* – This category includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Restricted expendable net assets are classified as expendable for loans, debt service, capital projects and other purposes. For the College, restricted net assets expendable for other purposes includes net assets of its bonded auxiliaries.
- *Unrestricted Net Assets* – Unrestricted Net Assets are those that do not meet the definition of "Restricted" or "Invested in Capital Assets, Net of Related Debt" 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 adopted FASB FSP 117-1, Endowments of Not-for-Profit Organizations during the year ended June 30, 2009. 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

In 2004, Governor Owens signed Senate Bill 04-189, which 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. This designation must be approved by the State Legislative Audit Committee. The Legislative Audit Committee and the Board of Trustees approved the designation of the College as an

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

enterprise in fiscal years 2008, 2007 and 2006. The College did not meet the criteria for designation as an enterprise in fiscal year 2009. The enterprise designation is revised at the end of each fiscal year to ensure that the criteria are still being met.

Reclassifications

Certain reclassifications were made to the fiscal year 2008 financial statements presentation in order to conform to the fiscal year 2009 financial statements presentation.

The Foundation's Prior Period Adjustment

The Foundation reallocated net asset classifications in the prior year due to the discovery that an endowment fund's gains and losses were to be retained in its own investment pool.

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 College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a deposit policy for custodial credit risk.

At June 30, 2009, the College had \$30,323,366, including unrealized gains of \$402,857 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	\$ 13,380
Cash in checking accounts at bank	757,080
Certificate of Deposits	2,880,843
Total cash	<u>\$ 3,651,303</u>

The carrying amount of the College's cash on deposit was \$3,637,923. The bank balance of these deposits was \$3,984,072, of which \$820,574 was covered by federal depository insurance and \$3,163,498 was collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

At June 30, 2008, the College had \$10,240,515, including unrealized gains of \$47,880, on deposit with the State Treasurer. At year-end, cash on hand and in banks consisted of the following:

Cash on hand	\$ 9,865
Cash in checking accounts at bank	499,664
Certificate of Deposits	3,075,166
Total cash	<u>\$ 3,584,695</u>

The carrying amount of the College's cash on deposit was \$3,574,830. The bank balance of these deposits was \$3,849,501, of which \$370,077 was covered by federal depository insurance and \$3,479,424 was

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

The College deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The College reports its share of the Treasurer's unrealized gains/losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2009. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. For the years ended June 30, 2009 and June 30, 2008 the College had unrealized gains of \$402,857 and \$47,880, respectively. Additional information on the Treasurer's pool may be obtained from the State of Colorado's Comprehensive Annual Financial Report.

ASC Foundation Investments and Concentration of Risk

Investments recorded at fair value are comprised of the following:

	June 30, 2009		June 30, 2008	
	Cost	Fair Value	Cost	Fair Value
Common Fund	\$ 10,897,073	\$ 9,682,122	\$ 11,876,553	\$ 11,214,355

Other investments are recorded at estimated value on the date of contribution where fair value is not available.

	June 30, 2009		June 30, 2008	
	Value at Contribution	Carrying Value	Value at Contribution	Carrying Value
Art collection	\$ 220,750	\$ 220,750	\$ 220,750	\$ 220,750
Book collection	-	-	35,238	35,238
Land-available for sale	3,650	3,650	3,650	3,650
	<u>\$ 224,400</u>	<u>\$ 224,400</u>	<u>\$ 259,638</u>	<u>\$ 259,638</u>

Common Fund investments of 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 of temporarily restricted net assets or unrestricted net assets.

As of June 30, 2009 and 2008, the Foundation had bank deposits in two financial institutions that exceeded insurance coverage by a total of \$331,676 and \$371,354, respectively.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 3 - ACCOUNTS AND LOANS RECEIVABLE

Account receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statement of Net Assets. At June 30, 2009 and 2008, accounts receivable were as follows:

	2009	2008
Student Accounts Receivable	\$ 1,296,192	\$ 1,277,877
Less: Allowance for Doubtful Accounts	(549,158)	(485,082)
Student Accounts Receivable, net	747,034	792,795
Other Accounts Receivable	603,720	675,450
Student Loans Receivable	1,046,145	1,162,176
Less: Allowance for Doubtful Accounts	(224,693)	(232,389)
Student Loans Receivable, net	821,452	929,787
Total Receivables	\$ 2,172,206	\$ 2,398,032

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2009.

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	\$ 445,249	\$ -	\$ -	\$ 445,249
Construction in Progress	5,007,028	11,881,234	817,853	16,070,409
Total Nondepreciable Capital Assets	\$ 5,452,277	\$ 11,881,234	\$ 817,853	\$ 16,515,658
Depreciable Capital Assets				
Land Improvements	\$ 5,211,398	\$ 573,407	\$ -	\$ 5,784,805
Buildings and Improvements	72,858,828	244,445	23,660	73,079,613
Equipment	3,991,007	246,429	34,308	4,203,128
Library Materials	4,315,922	190,829	37,941	4,468,810
Total Depreciable Capital Assets	86,377,155	1,255,110	95,909	87,536,356
Less: Accumulated Depreciation				
Land Improvements	3,244,241	276,112	-	3,520,353
Buildings and Improvements	29,007,232	2,543,616	18,455	31,532,393
Equipment	2,983,144	247,754	32,702	3,198,196
Library Materials	3,469,209	167,956	37,941	3,599,224
Total Accumulated Depreciation	38,703,826	3,235,438	89,098	41,850,166
Net Depreciable Capital Assets	\$ 47,673,329	\$ (1,980,328)	\$ 6,811	\$ 45,686,190

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2008.

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
Nondepreciable Capital Assets				
Land	\$ 170,210	\$ 275,039	\$ -	\$ 445,249
Construction in Progress	625,193	4,661,152	279,317	5,007,028
Total Nondepreciable Capital Assets	<u>\$ 795,403</u>	<u>\$ 4,936,191</u>	<u>\$ 279,317</u>	<u>\$ 5,452,277</u>
Depreciable Capital Assets				
Land Improvements	\$ 5,211,398	\$ -	\$ -	\$ 5,211,398
Buildings and Improvements	72,579,511	279,317	-	72,858,828
Equipment	3,798,610	329,864	137,467	3,991,007
Library Materials	4,218,917	171,464	74,459	4,315,922
Total Depreciable Capital Assets	<u>85,808,436</u>	<u>780,645</u>	<u>211,926</u>	<u>86,377,155</u>
Less: Accumulated Depreciation				
Land Improvements	2,991,799	252,442	-	3,244,241
Buildings and Improvements	26,460,693	2,546,539	-	29,007,232
Equipment	2,872,133	247,344	136,333	2,983,144
Library Materials	3,374,697	168,971	74,459	3,469,209
Total Accumulated Depreciation	<u>35,699,322</u>	<u>3,215,296</u>	<u>210,792</u>	<u>38,703,826</u>
Net Depreciable Capital Assets	<u>\$ 50,109,114</u>	<u>\$ (2,434,651)</u>	<u>\$ 1,134</u>	<u>\$ 47,673,329</u>

NOTE 5 - LONG-TERM LIABILITIES

The College's Long-Term Liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Current Portion
Bond and Leases Payable:					
Series 2004A Bonds	\$ 9,830,000	\$ -	\$ 450,000	\$ 9,380,000	\$ 475,000
Series 2009A Bonds	-	19,805,000	-	19,805,000	-
Unamortized Premium 2004A	282,301	-	18,067	264,234	-
Unamortized Premium 2009A	-	372,015	3,617	368,398	-
Refunding Loss 2004A	(330,411)	-	(31,097)	(299,314)	-
Capital Lease Obligation	-	99,867	-	99,867	17,715
<i>Total Bonds and Leases Payable</i>	<u>\$ 9,781,890</u>	<u>\$ 20,276,882</u>	<u>\$ 440,587</u>	<u>\$ 29,618,185</u>	<u>\$ 492,715</u>
Other Liabilities:					
Compensated Absences	1,038,852	35,203	-	1,074,055	34,378
Other	35,622	-	6,418	29,204	11,960
Total Other Liabilities	<u>1,074,474</u>	<u>35,203</u>	<u>6,418</u>	<u>1,103,259</u>	<u>46,338</u>
<i>Total Long-Term Liabilities</i>	<u>\$ 10,856,364</u>	<u>\$ 20,312,085</u>	<u>\$ 447,005</u>	<u>\$ 30,721,444</u>	<u>\$ 539,053</u>

STATE OF COLORADO
ADAMS STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

The College's Long-Term Liability activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Current Portion
Bond and Leases Payable:					
Series 2004A Bonds	\$10,270,000	\$ -	\$ 440,000	\$ 9,830,000	\$ 450,000
Unamortized Premium 2004A	300,368	-	18,067	282,301	-
Refunding Loss 2004A	(361,508)	-	(31,097)	(330,411)	-
Capital Lease Obligation	99,659	-	99,659	-	-
<i>Total Bonds and Leases Payable</i>	<u>10,308,519</u>	<u>-</u>	<u>526,629</u>	<u>9,781,890</u>	<u>450,000</u>
Other Liabilities:					
Compensated Absences	866,856	171,996	-	1,038,852	28,565
Other	41,409	-	5,787	35,622	11,960
Total Other Liabilities	<u>908,265</u>	<u>171,996</u>	<u>5,787</u>	<u>1,074,474</u>	<u>40,525</u>
<i>Total Long-Term Liabilities</i>	<u>\$11,216,784</u>	<u>\$ 171,996</u>	<u>\$ 532,416</u>	<u>\$ 10,856,364</u>	<u>\$ 490,525</u>

NOTE 6 - LEASE OBLIGATIONS

A capital lease for Energy Conservation Equipment was entered into May 17, 1996 in the amount of \$1,144,242. This lease consisted of two purchase agreements. Phase 1 agreement required monthly payments of \$4,527 for ten years with an interest rate of 6.75%. Phase 2 agreement required monthly payments of \$8,612 for ten years with an interest rate of 6.75%. The lease purchase liability was paid off in the year ended June 30, 2008.

A capital lease for a bus was entered into August 4, 2008 in the amount of \$99,868. The lease requires annual payments of \$23,708 for five years with an interest rate of 6.00%.

Principal and interest requirements to maturity are as follows for the fiscal years ending June 30:

2010	\$ 23,708
2011	23,708
2012	23,708
2013	23,709
2014	<u>23,709</u>
	118,542
Less amount representing interest	<u>(18,674)</u>
Principal outstanding	<u>\$ 99,868</u>

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 7 - BONDS PAYABLE

Series 2004A Bonds

On February 18, 2004, the College issued Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds Series 2004A in the amount of \$11,575,000 for the purpose of refunding \$9,110,000 of Series A 1994 Enterprise Revenue Bonds and to obtain additional funds in the amount of \$2,103,880 for improvement projects. Proceeds in the amount of \$9,452,801 were placed into an irrevocable Escrow account for the refunding of the Series A 1994 Bonds, which were called on May 15, 2004 at 101% of face value. As a result, the Series A 1994 Bonds are considered defeased and the liability for those bonds has been removed from the College's Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$466,462. This refunding loss is being amortized over a 15-year period. An additional cash flow requirement of \$951,996 is required to service the Series 2004A Bonds and an economic gain (difference between the present values of the old and new debt service payments) of \$472,524 is obtained.

The Series 2004A Bonds have annual maturities through 2018. The bonds maturing between May, 2019 thru May, 2024 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 2.50% to 5.25% with an average rate of 4.63%. The bonds are collateralized by first lien on and pledge of all net revenues of the Auxiliary Facilities System. The Series 2004A Bonds are insured through the Municipal Bond Investors Assurance Corporation (MBIA).

On June 5, 2008, Standard and Poor's downgraded the rating issued on the Auxiliary Facilities Enterprise Refunding and Improvement Revenue Bonds Series 2004A from AAA to AA.

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

Debt Service Reserve Requirement

Under the terms of the bond resolution, the Debt Service Minimum Reserve Requirement is not expected to exceed \$987,333; which amount (1) does not exceed 10% of the original stated principal amounts of the Series 2004A Bonds, (2) does not exceed the maximum annual principal and interest requirements of the Series 2004A Bonds and (3) does not exceed 125% of the average annual principal and interest requirements of the Series 2002A Bonds. The College fulfilled this requirement with the purchase of a Debt Service Reserve Surety Bond in the amount of \$987,333 issued through the Municipal Bond Investors Assurance Corporation (MBIA).

Under the terms of the bond resolution, the Repair and Replacement Reserve Requirement is in an amount of not less than \$300,000. As of June 30, 2009, the College had a Repair and Replacement Reserve balance of \$309,366.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Series 2009A Bonds

On March 12, 2009, the College issued Auxiliary Facilities Revenue Improvement Bonds Series 2009A in the amount of \$19,805,000 for the purpose of obtaining funds for various campus improvement projects, including the acquisition, construction, improvement and equipping of a new residence and recreational facility.

The Series 2009A Bonds have annual maturities through 2039. The bonds maturing between May 2020 and May 2039 are subject to optional redemption prior to their respective maturities at the option of the Board of Trustees. The bonds maturing between May, 2025 through May, 2039 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 2.50% to 5.50% with an average rate of 5.18%. The bonds are collateralized by first lien on and pledge of all net revenues of continuing education and capital construction debt service fee and the second lien on, after the 2004A bonds, and pledge of all net revenues of the Auxiliary Facilities System.

The long-term bonds payable are shown in the Statement of Net Assets net of unamortized premium.

Principal and interest requirements to maturity for all bonds are as follows:

Year ending June 30	2004A Series		2009A Series		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 475,000	\$ 423,402	\$ -	\$ 978,136	\$ 475,000	\$ 1,401,538
2011	475,000	407,965	-	978,136	475,000	1,386,101
2012	500,000	391,340	385,000	978,137	885,000	1,369,477
2013	510,000	372,590	400,000	968,511	910,000	1,341,101
2014	535,000	352,190	400,000	958,511	935,000	1,310,701
2015-2019	3,020,000	1,426,590	2,205,000	4,599,113	5,225,000	6,025,703
2020-2024	3,865,000	629,475	2,715,000	4,100,925	6,580,000	4,730,400
2025-2029	-	-	3,445,000	3,361,105	3,445,000	3,361,105
2030-2034	-	-	4,440,000	2,357,850	4,440,000	2,357,850
2035-2039	-	-	5,815,000	993,850	5,815,000	993,850
	<u>9,380,000</u>	<u>4,003,552</u>	<u>19,805,000</u>	<u>20,274,274</u>	<u>29,185,000</u>	<u>24,277,826</u>
Less Unamortized Premium and Refunding Loss	<u>(35,080)</u>		<u>368,398</u>		<u>333,318</u>	
Bond Payable	<u>\$ 9,344,920</u>		<u>\$ 20,173,398</u>		<u>\$ 29,518,318</u>	

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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 College 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 College. However, College 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 College at June 30, 2009.

NOTE 9 - COMPENSATED ABSENCES

Employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount, which will be paid upon termination. The estimated costs of current compensated absences for which employees are vested for the years ended June 30, 2009, and June 30, 2008, are estimated as \$34,378 and \$28,565 respectively. The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, 2009, and June 30, 2008, are estimated as \$1,039,677 and \$1,010,287 respectively. Current expenses include an increase of \$5,813 for the estimated compensated absence liability. None of the liability relates to the current restricted fund.

NOTE 10 - PENSION PLAN OBLIGATIONS

On September 10, 1993 the Board of Trustees of the State Colleges 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 College 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 is 11.4 percent of covered payroll and contributions by employees is 8 percent of covered payroll.

The College's contributions to the ORP for the fiscal years ending June 30, 2009, 2008, and 2007 were \$1,010,057, \$928,749 and \$832,719 respectively. 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.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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 Plan Description

Many of the College's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in the case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

Non-higher education employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Beginning on July 1, 2009, the administration of the State's defined contribution retirement plan will be transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan. PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009 or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full-time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse, financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Funding Policy

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

Most employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2008 to December 31, 2008, the state contributed 12.05 percent of the employee's salary. From January 1, 2009, through June 30, 2009, the state contributed 12.95 percent. During all of Fiscal Year 2008-09, 1.02 percent of the employees' gross covered wages was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2007, the division of PERA in which the state participates was underfunded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

Historically, members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The College's contributions to the Defined Benefit Plan and the Health Care Trust Fund for the fiscal years ending June 30, 2009, 2008 and 2007 were \$1,242,414, \$1,147,826 and \$1,025,181 respectively. These contributions were equal to the required contributions for each year.

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

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

requires a 7.5 percent contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan, for Adams State College was \$122,794. Employee contributions were 7.5 percent of covered payroll.

NOTE 11 - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan and, beginning on July 1, 2009, will administer the 457 deferred compensation plan previously administered by the state. Certain agencies and institutions of the state also offer 403(b) or 401(a) plans.

NOTE 12 - POST-RETIREMENT HEALTH CARE

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$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 subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 10. Beginning July 1, 2004, state agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. The College contributed \$101,422, \$100,883, and \$95,800 as required by statute in fiscal years 2008-09, 2007-08, and 2006-07, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2008, there were 45,888 enrolled participants, including spouses and dependents, from all contributors

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

to the plan. At December 31, 2008, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.11 billion, a funded ratio of 18.7 percent, and a 39-year amortization period. These contributions were equal to the required contributions for each year.

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

Retired faculty and exempt-administrative staff are eligible to participate in the Colorado Higher Education Insurance Benefits Alliance Trust (CHEIBA). CHEIBA is a cost-sharing multiple-employer insurance purchasing pool, which allows for post employment health coverage until the retiree is eligible for Medicare. As of June 30, 2009, there were 45 participants in post retirement coverage from the eight member higher education institutions. For fiscal year 2009, Adams State College had no retired faculty or administrative participants under CHEIBA.

CHEIBA financial statements are prepared under accounting principals generally accepted in the United States using the accrual basis of accounting following Governmental accounting standards for a business type activity. The financial statements can be obtained by contacting the Adams State College Human Resources Office. Contributions are recognized in the period due. Benefits and refunds are recognized and paid when due according to the participating plans. The fair value of the Trust's investments is based on quoted market prices from national securities exchanges.

There are no long term contracts for contributions to the plan. Participating schools can withdraw their participation in the plan with at least one year's notice to the CHEIBA board.

NOTE 13 - SCHOLARSHIP ALLOWANCES

Tuition, fee and auxiliary revenue and the related scholarship allowances for the year ended June 30, 2009 and 2008 were as follows:

	Tuition & Fees	Auxiliary Revenue	2009 Total	2008 Total
Gross Revenue	\$ 19,213,050	\$ 6,715,290	\$ 25,928,340	\$ 24,448,050
<u>Scholarship Allowances:</u>				
Federal	3,942,170	257,581	4,199,751	3,696,491
State	1,668,120	108,995	1,777,115	1,565,829
Private	721,548	47,146	768,694	1,933,612
Institutional	1,863,979	121,792	1,985,771	751,208
Total Allowances	8,195,817	535,514	8,731,331	7,947,140
Net Revenue	<u>\$ 11,017,233</u>	<u>\$ 6,179,776</u>	<u>\$ 17,197,009</u>	<u>\$ 16,500,910</u>

**STATE OF COLORADO
ADAMS STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 14 - COLLEGE FOUNDATION

The Adams State College 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 College area in the State of Colorado, and for the purpose of promoting and furthering the interests, objectives and purposes of Adams State College in such other ways and manners as the corporation may from time to time determine.

During the year ended June 30, 2009 and 2008 the College received funds totaling \$1,150,288 and \$1,740,313, respectively, from the Foundation for scholarships, work study and grants-in-aid. In addition, the Foundation has expended funds for the purchase of an insignificant quantity of supplies and other services from the College.

Funds with Deficiencies:

The fair value of assets invested may decline to levels below the amounts classified as permanently restricted for individual funds. This decrease in value is classified as a reduction in temporarily restricted net assets, to the extent that amounts in other funds in temporarily restricted net assets are sufficient. Any remaining losses shall reduce unrestricted net assets. The deficiencies reported in temporarily restricted net assets and unrestricted net assets as of June 30, 2009 are \$38,098.

NOTE 15 - ACCRUED PAYROLL

Prior to fiscal year 2003, salaries and wages earned through the end of the fiscal year were paid to employees on June 30. Senate Bill 03-197 requires that monthly salaries for June that were normally paid on June 30 are to be paid on July 1. This created an accrual for June 30, 2009 and June 30, 2008 of \$1,843,784 and \$1,792,065, respectively.

NOTE 16 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

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

STATE OF COLORADO
ADAMS STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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 2009 are as follows:

Budget	\$23,222,997
Actual Revenues	\$22,941,815
Actual Expenses	\$16,361,483

SUPPLEMENTAL INFORMATION

ADAMS STATE COLLEGE
SCHEDULES OF REVENUES AND EXPENSES
FOR SERIES 2004A ENTERPRISE REFUNDING AND IMPROVEMENT REVENUE BONDS
For the years ended June 30, 2009 and 2008

	2009	2008
Revenue		
College service fees	\$ 553,717	\$ 564,237
Traffic control fees	53,006	63,366
Rental income	3,168,982	3,083,608
Food service income	1,583,034	1,487,068
Sales/services auxiliaries	1,312,446	1,325,907
Interest income	71,660	101,239
Other income	131,532	151,299
<i>Total Revenue</i>	6,874,377	6,776,724
Expenses		
Salaries & benefits	1,582,725	1,477,487
Costs of goods	943,549	933,094
Utilities expense	505,614	517,680
Rental expense	181,057	181,719
Contract food services	958,414	923,797
Travel	21,431	16,276
Supplies	182,898	187,262
Other operating expenses	311,799	257,238
Purchased services - personal	27,478	11,254
Financial aid	6,225	7,840
Administrative cost allowance	592,565	579,441
Furniture & equipment	61,438	59,970
Other capital expenditures	8,807	103,341
Other expenses	(75,657)	146,838
<i>Total Expenses</i>	5,308,343	5,403,237
Net Revenue Before Transfers	1,566,034	1,373,487
Transfers		
Mandatory transfers	705,610	889,153
Nonmandatory transfers	314,177	895,992
<i>Total Transfers</i>	1,019,787	1,785,145
<i>Net Revenue (Loss)</i>	\$ 546,247	\$ (411,658)

ADAMS STATE COLLEGE
SCHEDULE OF REVENUES AND EXPENSES
FOR SERIES 2009A AUXILIARY FACILITIES REVENUE IMPROVEMENT BONDS
For the year ended June 30, 2009

	2009
Revenue	
Extended studies tuition and fees	\$ 5,682,864
Capital fees	150,292
College service fees	553,717
Traffic control fees	53,006
Rental income	3,168,982
Food service income	1,583,034
Sales/services auxiliaries	1,312,446
Interest income	71,660
Other income	379,437
<i>Total Revenue</i>	12,955,438
Expenses	
Salaries & benefits	4,820,021
Costs of goods	943,549
Utilities expense	505,614
Rental expense	204,912
Contract food services	958,414
Travel	122,451
Supplies	259,904
Other operating expenses	460,662
Purchased services - personal	232,819
Financial aid	7,315
Administrative cost allowance	1,711,639
Furniture & equipment	128,437
Other capital expenditures	8,807
Other expenses	199,886
<i>Total Expenses</i>	10,564,430
Net Revenue Before Transfers	2,391,008
Transfers	
Mandatory transfers	705,610
Nonmandatory transfers	494,708
<i>Total Transfers</i>	1,200,318
Net Revenue (Loss)	\$ 1,190,690

DALBY, WENDLAND & CO., P.C.



Certified Public Accountants & Consultants

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214 • www.dalbycpa.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Legislative Audit Committee

We have audited the basic financial statements of Adams State College (the College); a blended component unit of the State of Colorado, as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 2, 2009. The financial statements of Adams State College Foundation, a discretely presented component unit of the College, as of and for the years ended June 30, 2009 and 2008 were audited by other auditors whose report dated November 11, 2009 expressed an unqualified opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit, Adams State College Foundation, were not audited in accordance with the Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures 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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles

such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DALBY, WENDLAND & CO., P.C.

December 2, 2009

DALBY, WENDLAND & CO., P.C.



Certified Public Accountants & Consultants

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214 • www.dalbycpa.com

Members of the Legislative Audit Committee

We have audited the financial statements of the business-type activities of Adams State College (the College) a blended component unit of the State of Colorado for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 2, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and “Government Auditing Standards”

As stated in our engagement letter dated May 27, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the Board of Trustees 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 the Board of Trustees or management of their responsibilities.

In planning and performing our audit, we considered the College’s internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control.

As part of obtaining reasonable assurance about whether the College’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters on May 14, 2009. In addition, a letter on planned audit scope was provided to the Board of Trustees August 14, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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. The significant accounting policies used by the College are described in Note One to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The Governmental Accounting Standards Board's implementation guide issued in 2008 clarified that Pell grants should be recorded as nonoperating revenues since they are nonexchange revenues and entities generally have administrative requirements for these funds. Historically, the College has recorded this Pell grant activity as operating revenue. The Colorado Office of the State Controller also recommended that public institutions in the state continue to reflect Pell grant activity as operating revenue. Consequently, since implementation guidance and industry practice are both level D GAAP and there are differences in practice, the College has decided to continue reporting Pell grant activity as operating revenue in its 2009 financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following misstatement detected as a result of audit procedures was corrected by management: write off of receivables of \$155,000 that were considered uncollectible prior to June 30, 2009 as noted in

Recommendation 1. One immaterial adjustment not posted by the College in fiscal year 2009 related to a deposit of \$10,000 on a vehicle purchased in 2009. The College made the correction in fiscal year ending June 30, 2010.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2009.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Sincerely,



DALBY, WENDLAND & CO., P.C.

December 2, 2009

**STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS SECTION**

ADAMS STATE COLLEGE
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
For the year ended June 30, 2009

Introduction

Adams State College is a state-supported institution of higher education located in Alamosa, Colorado.

The financial and compliance examination of the various state-funded student assistance programs at the College for the year ended June 30, 2009, was directed toward the objectives and criteria set forth in the Colorado Handbook for State-Funded Student Assistance Programs, issued by the Colorado Department on Higher Education (CDHE). The State-Funded Student Assistance Programs policies are approved by the Colorado Commission on Higher Education (CCHE). The State student financial assistance programs were examined simultaneously with the federal financial aid programs for the year ended June 30, 2009.

State-Funded Student Assistance Programs

The various State-funded student assistance programs at the College include the Colorado Student Grant Program, Colorado Work Study Program, Undergraduate Merit Award Program, Perkins Student Loan Matching Program, Diversity Grant Program, Governor's Opportunity Scholarship, CLEAP and SLEAP.

The State-funded student assistance awards made by the College were approximately \$2,433,000 and \$2,080,000 for the fiscal years ended 2009 and 2008, respectively.

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

During the audit period, Adams State College obtained authorizations to award federal student financial aid funds of \$4,417,000 in the Pell Grant Program, \$146,000 in the Supplemental Educational Opportunity Grant Program and \$289,000 in the College Work-Study Program.

During the audit period, Adams State College obtained authorizations to award Colorado student financial aid funds of \$110,000 in the CLEAP and SLEAP Programs, \$1,642,000 in the Student Grant Program, \$448,000 in the Colorado Work Study Program, \$22,000 in the Merit Award Program, and \$164,000 in the Governor's Opportunity Scholarship.

DALBY, WENDLAND & CO., P.C.



Certified Public Accountants & Consultants

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214 • www.dalbycpa.com

**REPORT OF INDEPENDENT AUDITOR ON THE STATEMENTS
OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND
REVERSIONS OF THE STATE-FUNDED STUDENT FINANCIAL
ASSISTANCE PROGRAMS**

Members of the Legislative Audit Committee:

We have audited the accompanying Statements of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs for Adams State College (the College) for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The statements were prepared in the format as set forth in the *Colorado Handbook for State-Funded Student Financial Assistance Programs*, issued by the Colorado Department on Higher Education (CDHE), 2009 revision. The statements are a summary of cash activity of the state-funded student financial assistance programs with the exception of the College Work-Study Program and the Perkins Loan Program, and do not present certain transactions that would be included in the statements of the state-funded student financial assistance programs if presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying statements are not intended to present the financial position or changes in financial position of the College in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the statements referred to above present fairly the appropriations, expenditures, transfers, and reversions of the state-funded student assistance programs of the College, in all material respects, for the year ended June 30, 2009 and 2008, in conformity with the provisions of the Colorado Department of Higher Education's *Colorado Handbook for State-Funded Student Financial Assistance Programs*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


DALBY, WENDLAND & CO., P.C.

December 2, 2009

STATE OF COLORADO
ADAMS STATE COLLEGE
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
Year ended June 30, 2009

	TOTAL STATE-FUNDED STUDENT ASSISTANCE	CLEAP PROGRAM	SLEAP PROGRAM	STUDENT GRANT PROGRAM	WORK STUDY PROGRAM	COLORADO MERIT SCHOLARSHIP	SCHOLARSHIP FOR PRECOLLEGIATE PROGRAMS	GOVERNOR'S OPPORTUNITY SCHOLARSHIP
APPROPRIATIONS:								
ORIGINAL	\$ 2,334,093	\$ 45,405	\$ 64,189	\$ 1,552,041	\$ 373,040	\$ 22,186	\$ 47,232	\$ 230,000
SUPPLEMENTAL	165,000	-	-	90,000	75,000	-	-	-
TRANSFERS	-	-	-	-	-	-	-	-
RETURNED TO CCHE	(65,654)	-	-	-	-	-	-	(65,654)
TOTAL	2,433,439	45,405	64,189	1,642,041	448,040	22,186	47,232	164,346
EXPENDITURES	2,433,439	45,405	64,189	1,642,041	448,040	22,186	47,232	164,346
REVERSIONS TO STATE	-	-	-	-	-	-	-	-
GENERAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**ADAMS STATE COLLEGE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO STATEMENT OF APPROPRIATIONS, EXPENDITURES,
TRANSFERS AND REVERSIONS**

Basis of Accounting

The accounting systems of Adams State College are structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in its revised publication *Financial Accounting and Reporting Manual*.

All student aid is expensed on a cash basis except for the Perkins Loan Program and the College Work-Study Program. Perkins Student Loans are recorded as loans receivable when the funds are disbursed. College Work-Study is on the accrual basis in that the expense is recognized when the services are performed.

Note A

CLEAP and SLEAP Grants consist of 41 percent state funds and 59 percent federal funds. The amount shown is the combined total.

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

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

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

Report Control Number: 2000