ADAMS STATE COLLEGE

FINANCIAL AND COMPLIANCE AUDIT

Fiscal years ended June 30, 2012 and 2011

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ADAMS STATE COLLEGE

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

Fiscal years ended June 30, 2012 and 2011

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 2012 audit was conducted under contract with Dalby, Wendland & Co., P.C. The audit was conducted in accordance with audit 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. Audit work was performed during June through October 2012.

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, 2012 and to express an opinion on the College's financial statements. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements preformed in accordance with *Government Auditing Standards*.

- Evaluate compliance with laws and regulations governing the expenditures of federal and State funds.

- Express an opinion on the Statement of Appropriations, Expenditures, Transfers and Reversions of State-Funded Student Assistance Programs for the fiscal year ended June 30, 2012.

- 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 fiscal year ended June 30, 2012 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, 2012 and 2011. Dalby, Wendland & Co., P.C. also expressed an unqualified opinion on the Statements of Appropriations, Expenditures, Transfers and Reversions of State-Funded Student Financial Assistance Programs for the fiscal years ended June 30, 2012 and 2011.

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 are summarized in the Recommendation Locator, which follows the Summary.

We noted that the College did not properly record the portion of extended studies tuition revenue that was due and payable to instructors, causing tuition and fees to be overstated and accounts payable to be understated dating back to the year ended June 30, 2010.

Recommendation and College Response

The recommendation for the finding summarized above 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. A detailed description of the audit finding and recommendation is contained in the Findings and Recommendations Section of the report.

Summary of Progress in Implementing Prior Audit Findings

There were two recommendations made in the prior year audit. These recommendations were implemented during the year ended June 30, 2012. Detailed descriptions and the dispositions are contained in the Disposition of Prior Audit Recommendations section of this report.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	5	To ensure proper recording of payables and tuition revenue, the College should establish monitoring procedures to ensure that all accounts payable subsidiary ledgers are reconciled and investigate any abnormal balances in related accounts payable accounts. In addition, the College should correct the automatic journal entry in the Banner system to properly record the instructor payable portion of extended studies tuition with the remainder recorded as extended studies tuition revenue.	Agree	December 31, 2012

Description of Adams State College

House Bill 03-1093 authorized independent governance for Adams State College effective July 1, 2003 and as a result 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. Additionally, 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, Business, 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:

	2010	2011	2012
Resident Students	1,856.6	1,948.6	1,975.9
Nonresident Students	308.0	372.3	483.6
Total Students	2164.6	2,320.9	2,459.5
Faculty FTEs	163.4	172.8	185.8
Staff FTEs	131.3	134.1	126.3
Total Staff and Faculty FTEs	294.7	306.9	312.1

FINDINGS AND RECOMMENDATIONS SECTION

Findings and Recommendations

Accounts Payable Error

The College uses a database system, Banner, to track and record all of the College's revenue including extended studies program revenue. The extended studies program is a program designed to allow students to take college courses on-line without attending a traditional campus classroom. Course instructors for the College's extended studies program are paid a portion of course tuition rather than a set wage like traditional campus instructors. Banner is programmed to make an automatic journal entry that splits the tuition earned between the portion that the College's extended studies program gets to retain, which is recorded as revenue, and the portion that is payable to the instructor, which is recorded in accounts payable. This split in revenue is determined by management of the College based on the College's contracts with extended studies program instructors.

What was the purpose of the audit work?

The purpose of the audit work was to test the College's accounts payable for proper recording of liabilities.

What audit work was performed and how were results measured?

We reviewed accounts payable balances as of June 30, 2012 for any unusual or material debit, or negative, accounts payable balances. We inquired of the College as to the unusual debit (negative) accounts payable balance of $239,761 that was noted in the Extended Studies Instructor Fees Payable account in the Extended Studies Fund.

What problem did the audit work identify?

We found that the automatic journal entry in Banner was not recording the instructor payable portion of the initial recording of the revenue. This error began happening during the year ended June 30, 2010.

Why did the problem occur?

An error in the Banner system incorrectly stopped recording the instructor's accounts payable amounts when tuition revenue was originally recorded. The College did not realize there was a large debit balance because it was thought to be just a timing issue. As a result, no detailed review of negative accounts payable balances was being performed.

Why does this problem matter?

A portion of the extended studies revenue is paid out to the respective instructor's. The automatic journal entry recording extended studies revenue was not properly recording the portion payable to the instructor and resulted in a cumulative understatement of accounts payable and an overstatement of revenue of $239,761 over the period of fiscal years 2012, 2011, and 2010. Lack of detailed review and investigation into unusual accounts payable balances could result in inaccurate financial performance information being provided to the Board and management for purposes of making the College's strategic and operational decisions. Additionally, lack of detailed review and investigation into unusual accounts payable balances could result in improper payments to vendors and other parties going unnoticed.

Recommendation No. 1:

To ensure all accounts payable amounts are properly stated, Adams State College should:

a) Establish monitoring procedures to ensure that all accounts payable subsidiary ledgers are reconciled and investigate any abnormal balances in related accounts payable accounts.

b) Correct the automatic entry in the Banner system to properly record the instructor payable portion of the extended studies tuition with the remainder recorded as extended studies tuition revenue.

Adams State College Response:

Agree. In accordance with the recommendation above:

a) The College will monitor, investigate and correct any abnormal balances in its Banner accounting system on a monthly basis, as it currently does with the State COFRS Accounting System.

b) The Extended Studies Department will review all tuition accruals for its classes to ensure that there are no errors in the accrual of tuition, accrual of accounts payable or classification of instructor fee payments.

Disposition of Prior Audit Recommendations

Listed below are the recommendations included in the audit report for Adams State College for the year ended June 30, 2011, and their disposition as of June 30, 2012.

	Recommendation	Disposition
1.	Adams State College should ensure that it complies with the monthly Financial Student Aid Direct Loan program requirement to perform monthly reconciliations of loan disbursements. The College should create a report in the Banner System that contains disbursements made to students by the associated award year and compare the report to the School Account Statement data file to ensure the College's financial records agree.	Implemented.
2.	To ensure federal timeframes are met for the return of FSA Program funds, Adams State College should ensure their current return of FSA funds procedure is followed at all times by improving departmental communications and administrative oversight of the FSA Program, and automating controls using the Banner System, where appropriate.	Implemented.

FINANCIAL STATEMENTS SECTION

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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) as of and for the years ended June 30, 2012 and 2011 which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of Adams State College Foundation, a discretely presented component unit, discussed in note 1 to the financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2012 and 2011, respectively. Those financials statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for the Foundation, are based on the report of other auditors. 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, 2012 and 2011, 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 4, 2012, 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Series 2009A, 2009B, 2009C, and 2012 Auxiliary Facilities Revenue Bonds for the years ended June 30, 2012 and 2011 are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedules of Revenues and Expenses for Series 2009A, 2009B, 2009C, and 2012 Auxiliary Facilities Revenue Bonds for the years ended June 30, 2012 and 2011 are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

December 4, 2012

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, 2012, with selected comparative information for the years ended June 30, 2011 and June 30, 2010. 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, 2012

The College's total net assets decreased by $3.8 million during fiscal year 2012 compared to a $0.6 million increase in net assets during fiscal year 2011. The decrease is primarily a result of a decrease in Fee for Service Contract Revenue of $1.9 million, increases in total operating expenses of $3.0 million and interest on capital debt of $1.1 million net of increases in tuition and fees of $1.8 million from fiscal year 2012 to 2011.

The College had a ratio of current assets to current liabilities of 3.5. This current ratio demonstrates the liquidity of College assets and the relative availability of working capital to fund current operations. The increase in the current ratio from fiscal year 2011 to fiscal year 2012 is primarily a result of the payment of accrued liabilities associated with various construction projects in fiscal year 2012.

An operating deficit of $12.5 million is the result from the College's dependence on Federal Pell Grants, Gifts and Donations and Other Non-operating revenue, which under the guidelines established by Governmental Accounting Standards Board (GASB) Statements 34 and 35 is shown as non-operating revenues. The College received no state operating appropriations, but received $8.4 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 2012.

Year ended June 30, 2011

The College's total net assets increased by $0.7 million during fiscal year 2011 compared to a $1.9 million increase in net assets during fiscal year 2010. The decrease in the change in net assets from fiscal year 2011 as compared to fiscal year 2010 is primarily a result of decreases in State Fiscal Stabilization of $6.9 million and an increase in total operating expenses of $3.8 million net of increases in Fee for Service Contract Revenue of $4.9 million and Tuition and fees of $3.5 million from fiscal year 2011 to 2010.

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. The decrease in the current ratio of 4.3 for fiscal year 2010 to 2.6 for fiscal year 2011 is primarily a result of the spend down of bond proceeds on various construction projects in fiscal year 2011.

An operating deficit of $9.7 million is the result from the College's dependence on Federal Pell Grants, 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 $10.3 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 2011. The College also received $0.4 million in Federal non-operating American Recovery and Reinvestment Act (ARRA) funds during fiscal year 2011 from the Colorado Department of Higher Education.

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:

	2012	2011	2010
		(in thousands)	
Assets			
Current Assets	$ 33,325	$ 35,078	$ 54,412
Noncurrent Assets	110,815	102,280	82,014
Total Assets	144,140	137,358	136,426
Liabilities			
Current Liabilities	9,597	13,542	12,688
Noncurrent Liabilities	73,427	58,899	59,435
Total Liabilities	83,024	72,441	72,123
Net Assets			
Invested in Capital Assets, net of related debt	47,301	49,916	52,238
Restricted	4,834	4,413	3,786
Unrestricted	8,982	10,587	8,278
Total Net Assets	$ 61,117	$ 64,916	$ 64,302

At June 30, 2012 the College's total assets were $144.1 million. The largest asset category is the $109.4 million in capital assets, net of accumulated depreciation of $54.6 million. These assets include land, buildings, equipment, library holdings, and construction in process. Construction in progress decreased by a net amount of $19.1 million in fiscal year 2012. The McDaniel Hall Project increased construction in progress by $4.4 million. The McDaniel Hall, Music Building Renovation and Parking Lot projects were completed in fiscal year 2012 and transferred out of construction in progress in the amounts of $12.2

million, \$5.9 million and \$5.5 million, respectively. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets.

In fiscal year 2012, the College's current assets of \$33.3 million were sufficient to cover current liabilities of \$9.6 million (producing a current ratio of 3.5). Cash and cash equivalents (bank deposits, certificates of deposits, and pooled cash with the State Treasurer) comprised over \$30.8 million in assets per the Statement of Net Assets.

Bonds payable of \$71.3 million represent almost 86% of the College's total liabilities of \$83.0 million. The current portion of the bonds payable liability is \$0.8 million.

The College's financial position worsened during the fiscal year as evidenced by the decrease of \$3.8 million in net assets (see the Statement of Revenues, Expenses and Changes in Net Assets) to \$61.1 million. Net Assets is composed of \$47.3 million invested in capital assets net of related debt, \$4.8 million externally restricted for specific purposes, and \$9.0 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 \$15.5 million of the \$37.0 million in operating revenues. The tuition and fee amount is net of scholarship allowances of \$11.3 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. The tuition rate for resident undergraduate full-time tuition increased by 12.2% from fiscal year 2011 to 2012, causing an increase in gross tuition revenue.

Operating expenses totaled \$49.5 million. Of that total, \$16.8 million was for instruction, \$2.2 million for academic support, \$3.8 million for student services, \$3.5 million for institutional support, \$2.8 million for operations of plant and \$13.0 million for auxiliary enterprises.

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

	2012	2011	2010
		(in thousands)	
Operating Revenues			
Tuition and Fees, net	$ 15,524	$ 13,713	$ 10,184
Grants and Contracts	13,017	15,126	10,112
Auxiliary Enterprises	7,638	7,086	6,691
Other	790	853	497
Total Operating Revenues	36,969	36,778	27,484
Operating Expenses	49,456	46,443	42,669
Net Operating (Loss)	(12,487)	(9,665)	(15,185)
Nonoperating Revenue (Expense)			
State Fiscal Stabilization Funds	-	425	7,331
Federal Pell Grants	6,215	7,156	6,790
Gifts and Donations	1,888	1,789	1,465
Interest Income	127	(281)	925
Other Nonoperating	(966)	213	(381)
Net Nonoperating Revenue	7,264	9,302	16,130
Income (Loss) Before Other Revenue, Expenses, Gains or Losses	(5,223)	(363)	945
Student Capital Fees	1,483	1,100	689
State Appropriations, Capital	17	17	345
Other	(76)	(73)	(84)
Increase (Decrease) In Net Assets	(3,799)	681	1,895
Prior Period Adjustment	-	(67)	-
Net Assets			
Net Assets - beginning of the year	64,916	64,302	62,407
Net Assets - end of the year	$ 61,117	$ 64,916	$ 64,302

CAPITAL ASSETS

At June 30, 2012, the College had approximately $109.4 million invested in capital assets, net of accumulated depreciation of $54.6 million. Depreciation charges were $5.6 million for the current year compared to $4.5 million in 2011 and $3.9 million in 2010. Details of these assets for the three years are shown below.

	2012	2011	2010
Land	$ 445,249	$ 445,249	$ 445,249
Land Improvements	7,844,059	2,929,416	2,008,783
Buildings	93,266,546	70,779,644	51,259,297
Construction in Progress	5,468,850	24,545,737	24,807,692
Equipment	1,583,781	1,460,525	1,172,325
Library Materials	776,090	809,305	846,399
Total	$ 109,384,575	$ 100,969,876	$ 80,539,745

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

McDaniel Hall Renovation, Bond Funds	$12,201,230
Music Building Renovation, Bond Funds	5,910,945
Parking Lots, Bond Funds	5,469,257
Coronado Hall Renovation, Bond Funds	3,740,836
Girault Hall Renovation, Bond Funds	1,855,078
	$ 29,177,346

DEBT

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.

On December 15, 2009, the College issued Auxiliary Facilities Revenue Bonds Series 2009B in the amount of $12,760,000 for the purpose of refunding $9,380,000 of Series 2004A Enterprise Revenue Bonds and to obtain additional funds in the amount of $2,621,740 for improvement projects. Proceeds in the amount of $10,407,501 were placed into an irrevocable escrow account and invested in non-callable direct obligations of the United States of America. Principal and interest on the government obligations will be used, together with any cash balance in the escrow account, to pay the regularly scheduled principal and interest on the refunded bonds through May 15, 2014 and to redeem on such date the refunded bonds maturing on and after May 15, 2015. As a result, the Series 2004A Bonds are considered defeased and the liability for those bonds has been removed from the College's Statement of Net Assets.

On December 15, 2009, the College also issued Taxable Auxiliary Facilities Revenue Bonds Series 2009C in the amount of $27,615,000 for the purpose of obtaining funds for various campus improvement projects, including the remodeling of various academic buildings. The Series 2009C Bonds are designated as "Build America Bonds" and the College will receive a cash subsidy payment equal to 35% of the interest payable on these bonds.

On May 1, 2012, the College issued Institutional Enterprise Revenue Bonds, Series 2012 in the amount of $12,975,000 for the purpose of obtaining funds for certain capital improvements to the campus. These bonds will be paid off using proceeds from a student capital fee approved by College students in 2008.

At June 30, 2012, the College had approximately $73.4 million in debt outstanding compared to $58.6 million at June 30, 2011 and $58.8 million at June 30, 2010. The table below summarizes these amounts by type of debt.

Outstanding Debt, at Year End

	2012	2011	2010
2009A Series Revenue Improvement Bonds	$ 19,751,197	$ 20,148,597	$ 20,160,997
2009B Series Auxiliary Facilities Revenue Bonds	10,994,988	11,268,482	11,531,975
2009C Series Taxable Auxiliary Facilities Revenue Bonds	27,053,319	27,033,923	27,014,527
2012 Series Institutional Enterprise Revenue Bonds	13,538,055	-	-
Capital Lease	2,029,168	63,371	82,151
Notes Payable	38,980	45,530	18,570
Total	$ 73,405,707	$ 58,559,903	$ 58,808,220

ECONOMIC OUTLOOK

The economic position of the College is closely tied to that of the State. For fiscal years 2012, 2011, and 2010, 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 2012, 2011, 2010, 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 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006, the yearly stipend is $1,860, $1,860, $1,860, $1,320, $2,040, $2,670, $2,580 and $2,400, respectively, for a full-time public higher education student taking 30 credit hours of classes.

The College has budgeted for $2.9 million in College Opportunity Fund stipends for fiscal year 2013. The College received $2.8 million, $2.8 million, $1.9 million, $2.7 million, $3.7 million, $3.7 million and $3.4 million stipends in fiscal years 2012, 2011, 2010, 2009, 2008, 2007 and 2006, respectively. In fiscal year 2013, $8.0 million will be billed through a fee for service contract with the Colorado Department of Higher Education (CDHE). The College received $8.4 million, $10.3 million, $5.3 million, $9.4 million, $10.0 million, $8.8 million and $8.8 million in fee for service revenue in fiscal years 2012, 2011, 2010, 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.

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

On May 19, 2012, Governor Hickenlooper signed House Bill 12-1080, changing the name of Adams State College to Adams State University, effective August 7, 2012.

ADAMS STATE COLLEGE

STATEMENTS OF NET ASSETS

As of June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 28,207,743**	$ 29,865,569
Investments	**2,554,570**	2,525,797
Student accounts receivable, net	**1,244,252**	1,141,934
Other accounts receivable	**667,420**	852,707
Student loans receivable, net	**89,801**	69,923
Inventories	**371,043**	422,603
Prepaid expenses and other assets	**190,589**	199,193
Total Current Assets	**33,325,418**	35,077,726
Noncurrent Assets		
Restricted cash and cash equivalents	**97,525**	28,250
Student loans receivable, net	**643,245**	713,756
Deferred charges-bond issuance costs	**689,548**	567,712
	1,430,318	1,309,718
Non-depreciable capital assets:		
Land	**445,249**	445,249
Construction in progress	**5,468,850**	24,545,737
Total Non-depreciable Capital Assets	**5,914,099**	24,990,986
Depreciable capital assets, net:		
Buildings	**93,266,546**	70,779,644
Land improvements	**7,844,059**	2,929,416
Furniture and equipment	**1,583,781**	1,460,525
Library books	**776,090**	809,305
Total Depreciable Capital Assets, net	**103,470,476**	75,978,890
Total Noncurrent Assets	**110,814,893**	102,279,594
Total Assets	**144,140,311**	137,357,320
LIABILITIES		
Current Liabilities		
Accounts payable	**1,709,005**	4,220,475
Accrued liabilities	**5,143,210**	7,093,294
Deferred revenue	**921,019**	922,003
Deposits held for others	**623,364**	459,910
Bonds payable, current	**800,000**	780,000
Notes payable, current	**9,551**	9,551
Capital leases payable, current	**363,360**	19,907
Compensated absences liability	**27,120**	36,459
Total Current Liabilities	**9,596,629**	13,541,599
Noncurrent Liabilities		
Compensated absences liability	**1,194,156**	1,148,957
Notes payable	**29,429**	35,979
Capital leases payable	**1,665,808**	43,464
Bonds payable	**70,537,559**	57,671,002
Total Noncurrent Liabilities	**73,426,952**	58,899,402
Total Liabilities	**83,023,581**	72,441,001
NET ASSETS		
Invested in capital assets, net of related debt	**47,300,695**	49,915,930
Restricted for non-expendable purposes:		
Endowments	**28,250**	28,250
Restricted for expendable purposes:		
Endowments	**37,845**	39,644
Loans	**890,761**	928,441
Other Purposes	**3,877,364**	3,416,908
Total Restricted	**4,834,220**	4,413,243
Unrestricted	**8,981,815**	10,587,146
Total Net Assets	**$ 61,116,730**	$ 64,916,319

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash in Bank	$ 400,215	$ 348,863
Pooled Cash - Brokerage Accounts	225,869	277,159
Restricted Cash - Brokerage Accounts	87,202	136,833
Certificates of Deposit	300,000	400,000
Pooled Investments, at Fair Value	7,077,273	6,728,978
Restricted Investments, at Fair Value	5,571,942	5,580,244
Pledges Receivable, net of allowance	120,466	119,811
Inventories	13,160	13,160
Land - Available for Sale	3,650	3,650
Art Collection	220,750	220,750
TOTAL ASSETS	$ 14,020,527	$ 13,829,448
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 20,135	$ 32,453
TOTAL LIABILITIES	20,135	32,453
NET ASSETS		
Unrestricted:		
Unreserved	761,385	747,496
Unrestricted, FASB ASC 958-205-65	(111,318)	(48,196)
Board Designated	26,750	25,900
Total Unrestricted	676,817	725,200
Temporarily Restricted Net Assets:		
Temporarily Restricted	1,841,647	1,786,142
Temporarily Restricted, FASB ASC 958-205-65	111,318	48,196
Total Temporarily Restricted Net Assets	1,952,965	1,834,338
Permanently Restricted Net Assets	11,370,610	11,237,457
TOTAL NET ASSETS	14,000,392	13,796,995
TOTAL LIABILITIES AND NET ASSETS	$ 14,020,527	$ 13,829,448

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

ADAMS STATE COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the years ending June 30, 2012 and 2011

	2012	2011
Operating Revenues:		
Tuition and fees (including $8,482,085 and $8,377,620, respectively of revenues pledged for bonds and net of scholarship allowances of $11,328,773 and $12,083,937, respectively)	**$ 15,523,672**	$ 13,713,055
Sales & services of auxiliary enterprises (including $7,978,085 and $7,715,979, respectively of revenues pledged for bonds and net of scholarship allowances of $897,898 and $1,057,232 respectively)	**7,638,380**	7,085,942
Fee for Service Contract Revenue	**8,394,711**	10,262,730
Federal grants and contracts	**2,877,923**	2,851,164
State grants and contracts	**1,744,780**	2,012,559
Other operating revenues (including $160,932 and $141,657, respectively of revenues pledged for bonds)	**789,647**	853,222
Total Operating Revenues	**36,969,113**	36,778,672
Operating Expenses:		
Instruction	**16,781,044**	15,790,694
Research	**1,200**	-
Public Service	**16,864**	7,150
Academic support	**2,199,912**	2,291,224
Student services	**3,816,270**	3,268,318
Institutional support	**3,478,844**	3,571,611
Operation of plant	**2,834,266**	2,731,916
Scholarships and fellowships	**1,725,344**	2,168,377
Auxiliary enterprises expenditures	**13,023,324**	12,084,228
Depreciation	**5,578,687**	4,529,743
Total operating expenses	**49,455,755**	46,443,261
Operating Loss	**(12,486,642)**	(9,664,589)
Nonoperating Revenues (Expenses):		
Federal Pell Grants	**6,215,410**	7,156,021
Gifts and Donations	**1,888,398**	1,788,925
Federal Build America Bonds Subsidy	**618,713**	696,688
Investment and interest income (expense) (including $35,671 and $40,169 respectively of revenue pledged for bonds)	**127,227**	(280,657)
Limited Gaming Transfer	**24,342**	24,124
State Fiscal Stabilization Funds	**-**	424,665
Interest on capital debt	**(1,610,579)**	(504,313)
Gain or Loss on Disposal of Assets	**-**	(3,967)
Net Nonoperating Revenue	**7,263,511**	9,301,486
Loss Before Other Revenues, Expenses, Gains, Losses or Transfers	**(5,223,131)**	(363,103)
Other Revenues, Expenses, Gains, Losses or Transfers:		
Student capital fees	**1,482,493**	1,100,325
State appropriation, capital	**17,400**	16,515
Transfers to other institutions	**(76,351)**	(72,546)
Increase (Decrease) in Net Assets	**(3,799,589)**	681,191
Prior Period Adjustment		(67,316)
Net Assets - beginning of the year	**64,916,319**	64,302,444
Net Assets - end of the year	**$ 61,116,730**	$ 64,916,319

The accompanying notes are an integral part of this statement.

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	2012			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
NET ASSETS, BEGINNING OF YEAR	$ 725,200	$ 1,834,338	$ 11,237,457	$ 13,796,995
REVENUES, GAINS, AND OTHER SUPPORT				
Donations - Cash	92,382	983,431	123,249	1,199,062
Investment Income	(73,381)	398,839	-	325,458
Net Realized Gains (Losses) on long-term investments	97,745	(144,919)	-	(47,174)
Net Unrealized Gains (Losses) on long-term investments	(87,857)	85,609	-	(2,248)
Subtotal	28,889	1,322,960	123,249	1,475,098
Net Assets Released from Restriction	1,198,619	(1,198,619)	-	-
Total from Revenues, Gains, and Other Support	1,227,508	124,341	123,249	1,475,098
EXPENSES AND LOSSES				
Program Services	1,213,619	-	-	1,213,619
Supporting Services:				
Professional Fees and Consulting	16,148	-	-	16,148
Insurance	2,853	-	-	2,853
General Administration	5,838	-	-	5,838
Lease	1,340	-	-	1,340
Meetings	951	-	-	951
Real Estate Taxes	279	-	-	279
Supplies	1,855	-	-	1,855
Printing and Postage	7,888	-	-	7,888
Fundraising	8,230	-	-	8,230
Support and Maintenance	12,475	-	-	12,475
Other Expense	225	-	-	225
Total Expenses and Losses	1,271,701	-	-	1,271,701
Reclass for FASB ASC 958-205-65 adjustment	(63,122)	63,122	-	-
Transfers:				
Transfers In/(Out)	58,932	(68,836)	9,904	-
Change in Net Assets for the Year	(48,383)	118,627	133,153	203,397
NET ASSETS AT END OF YEAR	$ 676,817	$ 1,952,965	$ 11,370,610	$ 14,000,392

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS, BEGINNING OF YEAR	$ (282,251)	$ 1,731,092	$ 10,431,443	$ 11,880,284
REVENUES, GAINS, AND OTHER SUPPORT				
Donations - Cash	101,460	1,061,335	211,325	1,374,120
Investment Income	(38,136)	377,615	-	339,479
Net Realized Gains (Losses)				
on long-term investments	176,014	247,180	-	423,194
Net Unrealized Gains (Losses)				
on long-term investments	768,057	349,846	-	1,117,903
Subtotal	1,007,395	2,035,976	211,325	3,254,696
Net Assets Released from Restriction	1,252,593	(1,252,593)	-	-
Total from Revenues, Gains, and Other Suppo	2,259,988	783,383	211,325	3,254,696
EXPENSES AND LOSSES				
Program Services	1,267,593	-	-	1,267,593
Supporting Services:				
Professional Fees and Consulting	17,430	-	-	17,430
Insurance	2,762	-	-	2,762
General Administration	5,868	-	-	5,868
Lease	1,340	-	-	1,340
Meetings	636	-	-	636
Real Estate Taxes	234	-	-	234
Supplies	1,227	-	-	1,227
Printing and Postage	19,502	-	-	19,502
Fundraising	9,013	-	-	9,013
Support and Maintenance	12,205	-	-	12,205
Other Expense	175	-	-	175
Total Expenses and Losses	1,337,985	-	-	1,337,985
Reclass for FASB ASC 958-205-65 adjustment	(10,739)	10,739	-	-
Transfers:				
Transfers In/(Out)	96,187	(690,876)	594,689	-
Change in Net Assets for the Year	1,007,451	103,246	806,014	1,916,711
NET ASSETS AT END OF YEAR	$ 725,200	$ 1,834,338	$ 11,237,457	$ 13,796,995

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

ADAMS STATE COLLEGE

STATEMENTS OF CASH FLOWS

For the years ending June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Cash Received:		
Tuition and fees	**$ 15,584,826**	$ 13,810,813
Fee for service Contract Revenue	**8,394,711**	10,262,730
Sales of services	**6,150,177**	5,786,135
Sales of products	**1,182,203**	1,225,406
Grants and contracts	**4,711,364**	4,819,555
Student loans collected	**232,862**	197,755
Other receipts	**857,305**	656,469
Cash Payments:		
Payments to or for employees	**(29,307,210)**	(27,500,927)
Payments to suppliers	**(14,854,152)**	(13,754,698)
Scholarships disbursed	**(1,725,344)**	(2,168,377)
Student loans disbursed	**(213,061)**	(214,488)
Net Cash Used by Operating Activities	**(8,986,319)**	(6,879,627)
Cash Flows from Noncapital Financing Activities:		
Federal grants and contracts, non-operating	**6,834,123**	8,199,399
Gifts/grants for other than capital purposes	**1,912,740**	1,813,049
Agency receipts	**22,644,093**	25,741,496
Agency payments	**(22,473,517)**	(25,986,251)
Transfers from (to) other institutions	**(76,351)**	(72,546)
Net Cash Provided by Noncapital Financing Activities	**8,841,088**	9,695,147
Cash Flows from Capital and Related Financing Activities:		
State appropriations, capital	**17,400**	16,515
Proceeds from capital debt	**13,384,800**	66,855
Student capital fees	**1,471,284**	1,102,870
Acquisition or construction of capital assets	**(11,257,154)**	(20,140,883)
Principal paid on capital debt	**(1,829,764)**	(315,172)
Interest paid on capital debt	**(3,434,880)**	(3,292,222)
Net Cash Used by Capital and Related Financing Activities	**(1,648,314)**	(22,562,037)
Cash Flows from Investing Activities:		
Investment earnings	**233,767**	136,837
Net Cash Provided by Investing Activities	**233,767**	136,837
Net Decrease in Cash	**(1,559,778)**	(19,609,680)
Beginning cash balance	**32,419,616**	52,029,296
Ending cash balance	**$ 30,859,838**	$ 32,419,616

The accompanying notes are an integral part of this statement.

ADAMS STATE COLLEGE

STATEMENTS OF CASH FLOWS

For the years ending June 30, 2012 and 2011

	2012	2011
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	**$ (12,486,642)**	$ (9,664,589)
Adjustments to reconcile:		
Depreciation expense	**5,578,687**	4,529,743
Decrease (increase) in assets:		
Receivables, net	**144,811**	(53,144)
Inventories and prepaids	**60,164**	(34,055)
Increase (decrease) in liabilities:		
Accounts payable	**(2,511,470)**	(613,695)
Accrued liabilities	**200,377**	(1,197,010)
Deferred revenues	**(984)**	30,041
Student deposits	**(7,122)**	8,249
Compensated absences	**35,860**	114,833
Net Cash Used by Operating Activities	**$ (8,986,319)**	$ (6,879,627)
Noncash Investing, Capital, and Financing Activities:		
State Capital Contributions	**$ 17,400**	$ 16,515
Loss on capital asset deletions	**-**	3,967
Amortization of capital premium/discount and capital loss	**156,360**	153,214

The accompanying notes are an integral part of this statement.

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. Additionally, the Board also includes an elected member of the student body of the College who serves for a one-year term and an elected member of the faculty of the College who serves for a two-year term.

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 Governmental Accounting Standards Board (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, 2012 and 2011. 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 15 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.

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

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

Inventory
Inventories consist primarily of 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 years ended June 30, was $1,685,803 (2012) and $2,422,046 (2011).

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.

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

Enterprise Designation
Senate Bill 04-189 provides higher education institutions the opportunity to become designated enterprises under Section 20, Article X of the State Constitution (The Taxpayer's Bill of Rights) so long as the governing board of the institution has the authority to issue revenue bonds and the institution receives less than ten percent of its revenue from the State of Colorado and local governments. 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 enterprise in fiscal years 2012, 2011, 2010, 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 2011 financial statements presentation in order to conform to the fiscal year 2012 financial statements presentation.

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

For an investment, custodial credit risk is the risk that in the event of a bank failure, the 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, 2012 the College had $25,987,196, including unrealized gains of $353,128, 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	$ 7,730
Cash in checking accounts at bank	1,758,891
Certificate of Deposits	3,106,021
Total cash	$ 4,872,642

The carrying amount of the College's cash on deposit was $4,864,912. The bank balance of these deposits was $5,049,118, of which $919,982 was covered by federal depository insurance and $4,129,136 was collateralized by securities held in single institution collateral pools as provided by the Colorado Public Deposit Protection Act.

At June 30, 2011, the College had $28,241,641, including unrealized gains of $421,567, on deposit with the State Treasurer. At year-end, cash on hand and in banks consisted of the following:

Cash on hand	$ 9,914
Cash in checking accounts at bank	1,096,141
Certificate of Deposits	3,071,920
Total cash	$ 4,177,975

The carrying amount of the College's cash on deposit was $4,168,061. The bank balance of these deposits was $4,857,695, of which $920,796 was covered by federal depository insurance and $3,936,899 was 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, 2012. 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. The College had unrealized gains for the years ended June 30, of $353,128 (2012) and $421,567 (2011). 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

At June 30, investments recorded at fair value are comprised of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Common Fund	$12,524,943	$12,962,286	$12,329,592	$12,723,214

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

	2012		2011	
	Value at Contribution	Carrying Value	Value at Contribution	Carrying Value
Art collection	$ 220,750	$ 220,750	$ 220,750	$ 220,750
Land-available for sale	3,650	3,650	3,650	3,650
	$ 224,400	$ 224,400	$ 224,400	$ 224,400

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, the Foundation had bank deposits in two financial institutions that exceeded insurance coverage by a total of $250,215 (2012) and $252,421 (2011).

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, accounts receivable were as follows:

	2012	2011
Student Accounts Receivable	$ 2,158,120	$ 1,899,617
Less: Allowance for Doubtful Accounts	(913,868)	(757,683)
Student Accounts Receivable, net	1,244,252	1,141,934
Other Accounts Receivable	667,420	852,707
Student Loans Receivable	$ 1,025,728	$ 1,025,729
Less: Allowance for Doubtful Accounts	(292,682)	(242,050)
Student Loans Receivable, net	733,046	783,679
Total Receivables	$ 2,644,718	$ 2,778,320

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2012.

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Nondepreciable Capital Assets				
Land	$ 445,249			$ 445,249
Construction in Progress	24,545,737	11,756,845	30,833,732	5,468,850
Total Nondepreciable Capital Assets	$ 24,990,986	$ 11,756,845	$ 30,833,732	$ 5,914,099
Depreciable Capital Assets				
Land Improvements	$ 7,067,188	$ 5,469,257		$ 12,536,445
Buildings and Improvements	109,178,200	27,084,163	-	136,262,363
Equipment	4,904,829	399,270	818,209	4,485,890
Library Materials	4,718,427	127,219	15,492	4,830,154
Total Depreciable Capital Assets	125,868,644	33,079,909	833,701	158,114,852
Less: Accumulated Depreciation				
Land Improvements	4,137,772	554,614		4,692,386
Buildings and Improvements	38,398,556	4,597,261	-	42,995,817
Equipment	3,444,304	266,378	808,573	2,902,109
Library Materials	3,909,122	160,434	15,492	4,054,064
Total Accumulated Depreciation	49,889,754	5,578,687	824,065	54,644,376
Net Depreciable Capital Assets	$ 75,978,890	$ 27,501,222	$ 9,636	$ 103,470,476

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2011.

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Nondepreciable Capital Assets				
Land	$ 445,249	$ -	$ -	$ 445,249
Construction in Progress	24,807,692	24,169,709	24,431,664	24,545,737
Total Nondepreciable Capital Assets	$ 25,252,941	$ 24,169,709	$ 24,431,664	$ 24,990,986
Depreciable Capital Assets				
Land Improvements	$ 5,806,324	$ 1,260,864	$ -	$ 7,067,188
Buildings and Improvements	85,895,480	23,311,056	28,336	109,178,200
Equipment	4,548,237	541,109	184,517	4,904,829
Library Materials	4,604,877	126,825	13,275	4,718,427
Total Depreciable Capital Assets	100,854,918	25,239,854	226,128	125,868,644
Less: Accumulated Depreciation				
Land Improvements	3,797,541	340,231		4,137,772
Buildings and Improvements	34,636,183	3,786,742	24,369	38,398,556
Equipment	3,375,912	238,851	170,459	3,444,304
Library Materials	3,758,478	163,919	13,275	3,909,122
Total Accumulated Depreciation	45,568,114	4,529,743	208,103	49,889,754
Net Depreciable Capital Assets	$ 55,286,804	$ 20,710,111	$ 18,025	$ 75,978,890

NOTE 5 - NONCURRENT LIABILITIES

The College's noncurrent liability activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Current Portion
Bond and Leases Payable:					
Series 2009A Bonds	$ 19,805,000	$ -	$ 385,000	$ 19,420,000	$ 400,000
Series 2009B Bonds	11,995,000	-	395,000	11,600,000	400,000
Series 2009C Bonds	27,615,000	-	-	27,615,000	-
Series 2012 Bonds	-	12,975,000	-	12,975,000	-
Unamortized Premium 2009A	343,597	-	12,400	331,197	-
Unamortized Premium 2009B	347,526	-	19,352	328,174	-
Unamortized Discount 2009C	(581,077)	-	(19,396)	(561,681)	-
Unamortized Premium 2012	-	566,201	3,146	563,055	-
Refunding Loss 2009B	(1,074,044)	-	(140,858)	(933,186)	-
Capital Lease Obligation	63,371	3,134,368	1,168,571	2,029,168	363,360
Total Bonds and Leases Payable	58,514,373	16,675,569	1,823,215	73,366,727	1,163,360
Other Liabilities:					
Compensated Absences	1,185,416	35,860	-	1,221,276	27,120
Other	45,530	-	6,550	38,980	9,551
Total Other Liabilities	1,230,946	35,860	6,550	1,260,256	36,671
Total Long-Term Liabilities	$ 59,745,319	$ 16,711,429	$ 1,829,765	$ 74,626,983	$ 1,200,031

The College's noncurrent liability activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Current Portion
Bond and Leases Payable:					
Series 2009A Bonds	$ 19,805,000	$ -	$ -	$ 19,805,000	$ 385,000
Series 2009B Bonds	12,380,000	-	385,000	11,995,000	395,000
Series 2009C Bonds	27,615,000	-	-	27,615,000	-
Unamortized Discount 2009C	(600,473)	-	(19,396)	(581,077)	-
Unamortized Premium 2009B	366,877	-	19,351	347,526	-
Unamortized Premium 2009A	355,997	-	12,400	343,597	-
Refunding Loss 2009B	(1,214,902)	-	(140,858)	(1,074,044)	-
Capital Lease Obligation	82,151	-	18,780	63,371	19,907
Total Bonds and Leases Payable	58,789,650	-	275,277	58,514,373	799,907
Other Liabilities:					
Compensated Absences	1,070,583	114,833	-	1,185,416	36,459
Other	18,570	66,855	39,895	45,530	9,551
Total Other Liabilities	1,089,153	181,688	39,895	1,230,946	46,010
Total Long-Term Liabilities	$ 59,878,803	$ 181,688	$ 315,172	$ 59,745,319	$ 845,917

NOTE 6 - LEASE OBLIGATIONS

A capital lease for a bus was entered into August 4, 2008 in the amount of $99,868. The lease requires annual payments of $23,711 for five years at an interest rate of 6.00%.

A capital lease for the Evans School, now known as the Adams State East Campus, was entered into October 28, 2011 in the amount of $1,719,688 at an imputed interest rate of 3%. The lease requires an initial payment of $850,000 and annual payments of $300,000 for three years.

A capital lease for Energy Conservation Measures equipment was entered into July 7, 2011 in the amount of $1,414,680. The lease requires quarterly payments ranging between $30,026 and $37,855 for fifteen years at an interest rate of 4.375%.

Principal and Interest requirements to maturity for all lease purchases are as follows:

Year Ending June 30	
2013	$ 443,992
2014	444,515
2015	121,648
2016	122,796
2017	127,128
2018-2022	678,436
2023-2027	646,990
	2,585,505
Less amount representing interest	(556,337)
Principal outstanding	$ 2,029,168

NOTE 7 - BONDS PAYABLE

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 thru 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 pledge of all net revenues of the Auxiliary Facilities System. In addition, ten percent of tuition revenues will be pledged as collateral if the College is designated as an institutional enterprise under Section 23-5-101.7, Colorado Revised Statutes, as amended.

Series 2009B and 2009C Bonds

On December 15, 2009, the College issued Auxiliary Facilities Revenue Bonds Series 2009B in the amount of $12,760,000 for the purpose of refunding $9,380,000 of Series 2004A Enterprise Revenue Bonds and to obtain additional funds in the amount of $2,621,740 for improvement projects. Proceeds in the amount of $10,407,501 were placed into an irrevocable escrow account and invested in non-callable direct obligations of the United States of America. Principal and interest on the government obligations will be used, together with any cash balance in the escrow account, to pay the regularly scheduled principal and interest on the refunded bonds through May 15, 2014 and to redeem on such date the refunded bonds maturing on and after May 15, 2015. As a result, the Series 2004A Bonds are considered defeased and the liability for those bonds has been removed from the College's Statement of Net Assets.

On December 15, 2009, the College also issued Taxable Auxiliary Facilities Revenue Bonds Series 2009C in the amount of $27,615,000 for the purpose of obtaining funds for various campus improvement projects, including the remodeling of various academic buildings. The Series 2009C Bonds are designated as "Build America Bonds" and the College will receive a cash subsidy payment equal to 35% of the interest payable on these bonds.

The Series 2009B Bonds have annual maturities through 2029. The Series 2009C Bonds have annual maturities through 2041. The bonds maturing after May 15, 2020 are subject to optional redemption prior to their respective maturities at the option of the Board of Trustees. The bonds maturing between May 2022 thru May 2041 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 on the Series 2009B Bonds vary from 2.00% to 4.50% with an average rate of 3.79%. Interest rates on the Series 2009C Bonds vary from 5.245% to 6.621% with an average rate of 4.32% net of the 35% Federal Interest Subsidy for Build America Bonds.

The bonds are collateralized by first lien on and pledge of all net revenues of continuing education, capital construction debt service fee and pledge of all net revenues of the Auxiliary Facilities System. In addition, ten percent of tuition revenues will be pledged as collateral if the College is designated as an institutional enterprise under Section 23-5-101.7, Colorado Revised Statutes, as amended.

Series 2012 Bonds

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

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

At June 30, 2012 and 2011, the College was in compliance with all covenants related to all bonds outstanding.

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

The following is a schedule of future minimum bond payments as of June 30, 2012:

	2009A Series	2009B Series	2009C Series	2012 Series	Total
Year Ending June 30,					
2013	$ 1,368,511	$ 851,700	$ 1,767,752	$ 548,165	$ 4,536,128
2014	1,358,511	863,700	1,767,752	527,645	4,517,608
2015	1,362,511	1,309,250	1,767,752	602,645	5,042,158
2016	1,360,061	1,310,500	1,767,752	701,145	5,139,458
2017	1,361,780	1,302,900	1,767,752	817,645	5,250,077
2018-2022	6,810,025	4,878,725	10,460,314	4,109,025	26,258,089
2023-2027	6,806,465	3,785,163	11,298,492	4,096,938	25,987,058
2028-2032	6,803,725	1,516,525	13,021,376	4,099,945	25,441,571
2033-2037	6,804,000	-	13,562,117	4,195,000	24,561,117
2038-2042	2,724,275	-	7,862,776	4,099,400	14,686,451
Total Bond Payments	36,759,864	15,818,463	65,043,835	23,797,553	141,419,715
Less Interest Included Above	(17,339,864)	(4,218,463)	(37,428,835)	(10,822,553)	(69,809,715)
Total Principal Outstanding	19,420,000	11,600,000	27,615,000	12,975,000	71,610,000
Less Current Portion	(400,000)	(400,000)	-	-	(800,000)
Net Long Term Principal	19,020,000	11,200,000	27,615,000	12,975,000	70,810,000
Less Unamortized Premium, Discount and Refunding Loss	331,197	(605,012)	(561,681)	563,055	(272,441)
Bonds Payable, Net	$ 19,351,197	$ 10,594,988	$ 27,053,319	$ 13,538,055	$ 70,537,559

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, 2012.

NOTE 9 - 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, of $2,284,358 (2012) and $2,146,328 (2011), respectively.

NOTE 10 - COMPENSATED ABSENCES

Employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount, which will be paid upon termination. The estimated costs of current compensated absences for which employees are vested for the years ended June 30, are estimated as $27,120 (2012) and $36,459 (2011). The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, are estimated as $1,194,156 (2012) and $1,148,957 (2011). Current expenses include an increase of $35,859 for the estimated compensated absence liability. None of the liability relates to the current restricted fund.

NOTE 11 - 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, were $1,156,805 (2012), $1,103,281 (2011) and $1,035,123 (2010). These contributions were equal to the required contributions for each year. All ORP contributions are immediately vested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and decisions made by participants for their individual investment accounts.

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

PERA 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 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 PERA Board of Trustees. 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 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 participate3 in a defined contribution plan administered by PERA rather than the defined benefit plan.

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. Community college employees hired after January 1, 2010, are required to become members of PERA and must elect either PERA's defined benefit or defined contribution plan within 60 days unless they had been a PERA member within the prior twelve months. In that case, they are required to remain in the PERA plan in which they participated previously.

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 any years of service.
- Hired between January 1, 2007 and December 31, 2010 – 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. For members with less than five years of service credit as of January 1, 2011, age and service

requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.

- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 58 with 30 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.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

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 2 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 then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

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 (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. Effective July 1, 2011 Senate Bill 11-076 extended the requirement for members in the State and Judicial Divisions to pay 2.5 percent additional member contributions through June 30, 2012. Employer contributions for members in these two divisions will be reduced by 2.5 percent.

From July 1, 2011, to December 31, 2011, the state contributed 12.25 percent (14.95 percent for state troopers and 14.86 percent for the Judicial Branch) of the employee's salary. From January 1, 2012, through June 30, 2012, the state contributed 13.15 percent (15.85 percent for state troopers and 14.86 percent for the Judicial Branch). During all of Fiscal Year 2011-12, 1.02 percent of the employees' total salary 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, 2011, the division of PERA in which the State participates has a funded ratio of 57.7 percent and a 56 year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly lower at 57.6 percent.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, 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, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

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 PERA and/or the state defined contribution plan for the fiscal years ending June 30, were $1,400,744 (2012), $1,258,111 (2011), and $1,305,123 (2010). These contributions met the contribution requirement 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

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 $153,572. Employee contributions were 7.5 percent of covered payroll.

NOTE 12 - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2010, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution with a temporarily increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional $5,500 contribution in 2010, for total contributions of $22,000. Contributions and earnings are tax deferred. At December 31, 2011, the plan had 17,821 participants.

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The State offers a 457 deferred compensation plan and certain agencies and institutions of the State offer 403(b) or 401(a) plans.

NOTE 13 - 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 11. 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 for the Fiscal Years $111,920 (2012), $108,456 (2011), $99,276 (2010) as required by statute. 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, 2011, there were 50,217 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2011, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.43 billion, a funded ratio of 16.5 percent, and a 49-year amortization period.

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, 2012 there were 21 participants in post retirement coverage from the seven member higher education institutions. For fiscal year 2012, Adams State College had one retired faculty or administrative participant under CHEIBA.

CHEIBA financial statements are prepared under accounting principles 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 years notice to the CHEIBA board.

NOTE 14 - SCHOLARSHIP ALLOWANCES

Tuition, fee and auxiliary revenue and the related scholarship allowances for the year ended June 30, 2012 and 2011 were as follows:

	Tuition & Fees	Auxiliary Revenue	2012 Total	2011 Total
Gross Revenue	$ 26,852,445	$ 8,536,278	$ 35,388,723	$ 33,940,166
Scholarship Allowances:				
Federal	5,511,026	436,794	5,947,820	6,730,794
State	1,177,085	93,294	1,270,379	1,436,974
Private	1,152,992	91,384	1,244,376	1,046,531
Institutional	3,487,670	276,426	3,764,096	3,926,870
Total Allowances	11,328,773	897,898	12,226,671	13,141,169
Net Revenue	$ 15,523,672	$ 7,638,380	$ 23,162,052	$ 20,798,997

NOTE 15 - 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, the College received funds totaling $962,605 (2012) and $1,001,850 (2011), from the Foundation for scholarships, work study and grants-in-aid. These funds are appropriately accounted for and reported in the financial statements. In addition, the Foundation has expended funds for the purchase of an insignificant quantity of supplies and other services from the College.

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 College is required to obtain insurance, but 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.

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 2012 are as follows:

Budget	$11,214,307
Actual Revenues	$11,214,757
Actual Expenses	$11,214,757

NOTE 18 - PRIOR PERIOD ADJUSTMENT

The College has decreased beginning net assets in 2011 by $67,316 for the cumulative effect of an overstatement of tuition revenue. The college has also reduced tuition revenue for fiscal year 2011 by $96,265 for a cumulative decrease on ending fiscal year 2011 net assets of $163,581.

SUPPLEMENTAL INFORMATION

ADAMS STATE COLLEGE

SCHEDULE OF REVENUES AND EXPENSES
FOR SERIES 2009A, 2009B, 2009C AND 2012 AUXILIARY FACILITIES REVENUE BONDS

For the years ended June 30, 2012 and 2011

		2012	2011
Revenue			
Tuition revenues		**$ 1,857,001**	$ 1,725,381
Extended Studies tuition and fees		**4,476,089**	4,856,561
Capital fees		**1,482,493**	1,100,325
College service fees		**666,508**	695,354
Traffic control fees		**1**	42
Rental income		**4,434,775**	4,202,813
Food service income		**2,217,603**	2,135,013
Sales/services auxiliaries		**1,191,988**	1,224,608
Interest income		**35,671**	40,169
Other income		**294,648**	295,244
	Total Revenue	**16,656,777**	16,275,510
Expenses			
Salaries & benefits		**4,699,454**	4,428,258
Costs of goods		**873,641**	894,884
Utilities expense		**514,054**	547,389
Rental expense		**197,660**	191,857
Contract food services		**1,261,487**	1,193,397
Travel		**83,939**	66,731
Supplies		**266,513**	249,062
Other operating expenses		**368,357**	321,740
Purchased services-personal		**174,997**	251,848
Financial aid		**607,230**	463,198
Administrative cost allowance		**1,612,631**	1,548,202
Furniture & equipment		**348,399**	338,149
Other capital expenditures		**575,000**	386
Other expenses		**357,664**	346,425
	Total Expenses	**11,941,026**	10,841,526
Net Revenue before Transfers		**4,715,751**	5,433,984
Transfers			
Mandatory transfers		**2,497,838**	2,087,015
Nonmandatory transfers		**387,201**	763,516
	Total Transfers	**2,885,039**	2,850,531
	Net Revenue	**$ 1,830,712**	$ 2,583,453
Debt Service Coverage			
Net Operating Revenue		**$ 4,715,751**	$ 5,433,984
Bond Principal and Interest		**3,479,809**	2,491,564
Excess of Net Operating Revenue Over Debt Service		**$ 1,235,942**	$ 2,942,420
Debt Service Coverage Ratio		**136%**	218%

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

Grand Junction

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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) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated December 4, 2012. 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, 2012 and 2011 were audited by other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that reported on separately by those auditors. 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 preforming our audit, we considered the College's internal control over financial reporting as a basis for designing our audit 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the Findings and Recommendations Section to be a significant deficiency: Recommendation 1.

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.

<u>Compliance and Other Matters</u>

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.

DALBY, WENDLAND & CO., P.C.

December 4, 2012

DALBY, WENDLAND & CO., P.C.

Grand Junction

CPAs and Business Advisors

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Members of the Legislative Audit Committee:

We have audited the financial statements of the business-type activities of Adams State College (the College) for the years ended June 30, 2012 and 2011, and have issued our report thereon dated December 4, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 21, 2012. Professional standards also require that we communicate to you the following information related to our audit.

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 1 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, 2012. 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.

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 estimate affecting the financial statements was:

> 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 difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Refer to Appendix A for the adjustment made by management as part of the audit to correct a misstatement.

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 4, 2012.

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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.

DALBY, WENDLAND & CO., P.C.

December 4, 2012

Appendix A - Summary of Audit Adjustments

The following report details the resulting journal entry from the audit of the financial statements of Adams State College as of June 30, 2012 and for the year then ended.

Account	Description	Debit		Credit	
Adjusting Journal Entries JE # 1					
POST - To correct an error discovered in extended studies accounts payable and revenue related to the instructor portion of the revenue.					
EJ-3300-4101-0000-	Fund Balance-Unrestricted-Extended Studies Fund	$	163,581		
JC-3300-51822-0100-129	Tuition-Non Credit - Legal Studies-Extended Studies Fund		109,773		
CB-3300-2125-0000-	ES Instructor Fees Payable-Extended Studies Fund			$	273,354
Total		**$**	**273,354**	**$**	**273,354**

STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS SECTION

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, 2012, 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, 2012.

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 $1,735,000 and $1,936,000 for the fiscal years ended 2012 and 2011, 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 $6,700,000 in the Pell Grant Program, $146,000 in the Supplemental Educational Opportunity Grant Program and $289,000 in the Federal College Work-Study Program.

During the audit period, Adams State College obtained authorizations to award Colorado student financial aid funds of $1,359,000 in the Student Grant Program and $377,000 in the Colorado Work Study Program.

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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 Statement of appropriations, Expenditures, Transfers, and Reversions of the State–Funded Student Assistance Programs (the Statement) for Adams State College (the College) for the year ended June 30, 2012. The Statement is the responsibility of the College's management. Our responsibility is to express an opinion on this Statement 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 Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The Statement was prepared in accordance with the format as set forth in the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education (DHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College. The Statement is a summary of cash activity of the state-funded financial assistance programs with the exception of the Colorado Work-Study Program, and does not present certain transactions that would be included in the statement of the State-Funded Student Financial Assistance Programs if it was presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. As the Statement presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the College, in conformity with U.S. generally accepted accounting principles.

In our opinion, the Statement referred to above presents fairly the appropriations, expenditures, transfers, and reversions of the State-Funded Student Financial Assistance programs of the College, in all material respects, for the year ended June 30, 2012, pursuant to the *2011-12 Audit Guide, Colorado Funded*

Student Aid issued by the Department of Higher Education, and in conformity with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 audit.

Our audit was conducted for the purpose of forming an opinion on the Statement in accordance with the format set forth in the *Audit Guide*, and in conformity with the provisions of the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the College. The accompanying introduction section is presented for purposes of additional analysis and is not a required part of the Statement. The introduction section has not been subjected to the auditing procedures applied in the audit of the Statement, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Legislative Audit Committee, the Board of Trustees and management of the College, the Colorado Department of Higher Education and the Colorado Commission on Higher Education and is not intended to be and should not be used by anyone other than these specified parties.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

December 4, 2012

STATE OF COLORADO
ADAMS STATE COLLEGE

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS

Year ended June 30, 2012

	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	$ 1,735,396	$ -	$ -	$ 1,358,626	$ 376,770	$ -	$ -	$ -
SUPPLEMENTAL	-	-	-	-	-	-	-	-
TRANSFERS	-	-	-	-	-	-	-	-
RETURNED TO CCHE	-	-	-	-	-	-	-	
TOTAL	1,735,396	-	-	1,358,626	376,770	-	-	-
EXPENDITURES	1,735,396	-	-	1,358,626	376,770	-	-	-
REVERSIONS TO STATE GENERAL FUND	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Basis of Accounting

Adams State College's accounting system is 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 Perkins Loans and the College Work Study Program (CWS). Perkins Loan disbursements are recorded as loans receivable when the funds are disbursed. The CWS is on the accrual basis in that the expense is recognized when the services are performed.

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