AURARIA HIGHER EDUCATION CENTER

Financial and Compliance Audit
Fiscal Years ended June 30, 2025 and 2024
(With Independent Auditor's Reports Thereon)

Report Number 2507F

Legislative Audit Committee

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Deputy State Auditor	*Marisa Edwards, CPA*
Contract Monitor	*Monica Power, CPA*
Contractor	*Crowe LLP*

Crowe LLP
Independent Member Crowe Global

The Members of the Legislative Audit Committee
and the Auraria Higher Education Center Board of Directors

We have completed the financial statement audit of the Auraria Higher Education Center as of and for the year ended June 30, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions, and agencies of the state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

Crowe LLP

Crowe LLP

Denver, Colorado
December 15, 2025

AURARIA HIGHER EDUCATION CENTER

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Purpose and Scope

The Office of the State Auditor engaged Crowe LLP (Crowe) to conduct a financial and compliance audit of the Auraria Higher Education Center (the Center) for the years ended June 30, 2025 and 2024. Crowe performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted the related fieldwork from June 2025 to December 2025.

The purpose and scope of our audit was to:

- Express an opinion on the financial statements of the Center as of and for the years ended June 30, 2025 and 2024. This includes a consideration of internal control as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.

- Evaluate the Center's compliance and report on internal control over financial reporting based on our audit of the basic financial statements performed in accordance with *Government Auditing Standards*.

Audit Opinions and Reports

We expressed an unmodified opinion on the Center's financial statements as of and for the years ended June 30, 2025 and 2024.

We issued a report on the Center's 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*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 identified no instances involving the internal control over financial reporting and its operating effectiveness that we consider to be material weaknesses.

Summary of Key Findings

There were no reported findings and recommendations resulting from the audit for the Fiscal Year 2025.

Summary of Prior Year Findings

There were no prior year findings and recommendations from our Fiscal Year 2024 audit.

Organization

The Board of Directors of the Auraria Higher Education Center (Center) is a corporate body created by the State of Colorado. The authority under which the Center operates is Article 70 of Title 23, C.R.S. Its mission is to plan, manage, and operate the physical plant, facilities, buildings, and grounds of the Auraria Campus. The Auraria Campus houses Metropolitan State University of Denver (MSU Denver), the University of Colorado Denver (CU Denver), and the Community College of Denver (CCD) (the constituent institutions). The Center operates shared facilities on the Auraria Campus that, in addition to classrooms and offices, include the Tivoli Student Union; the Health, Physical Education, and Recreation Facility; the Auraria Early Learning Center; and various parking facilities. The Center provides a number of shared student and administrative services to the constituent institutions.

The Center’s Board of Directors consists of nine voting members and two nonvoting members. Three of the voting members are appointed by the Governor of the State of Colorado. In addition, the governing boards of each of the three constituent institutions appoint a voting member, and the president or chief executive officer of each of the constituent institutions also serves as a voting member. The nonvoting members are appointed by the students and faculties of the constituent institutions.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the
Legislative Audit Committee
and Auraria Higher Education Center
Board of Directors
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Auraria Higher Education Center (the Center), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Center, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Center are intended to present the financial position, the changes in financial position, and the cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Center. As a result, they do not purport to, and do not, present fairly the financial position of the State as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 to 14 and schedules of proportionate share of net pension and OPEB liabilities and employer contributions on pages 68 to 76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Denver, Colorado
December 15, 2025

This section of the Auraria Higher Education Center's (the Center) financial statements presents discussion and analysis, prepared by the Center's management, of the Center's financial performance during the Fiscal Years ended June 30, 2025 and June 30, 2024 with comparable information for Fiscal Year ended June 30, 2023. The purpose of this section is to provide an objective and easily readable analysis of the Center's financial position and results of operations based on currently known facts, decisions, and opinions. It should be read in conjunction with the financial statements and the related notes.

Understanding the Comparative Financial Report

GASB Statement No. 101, Compensated Absences. The Governmental Accounting Standards Board implemented a new standard on accounting for compensated absences, effective for reporting periods beginning after December 15, 2023. The Center implemented GASB Statement No. 101 during Fiscal Year 2025. After reviewing the implementation guidance and evaluating the Center's leave policies and related accruals, management determined that the adoption of this standard did not have a material impact on the Center's financial statements.

GASB Statement No. 102, Certain Risk Disclosures. The Governmental Accounting Standards Board implemented a new standard requiring governments to disclose information about concentrations and constraints that could expose the entity to a heightened level of financial risk, but only when the concentration or constraint is known to the government, and a related event or circumstance has occurred, or is more likely than not to occur within twelve months of the financial statement date. The standard is effective for reporting periods beginning after June 15, 2023. The Center implemented GASB Statement No. 102 during Fiscal Year 2025. The Center conducted an evaluation of its revenue streams, vendor relationships, debt obligations, contractual constraints and other external factors that could give rise to such risks and concluded there were not any concentrations or constraints that meet the disclosure requirements of GASB Statement No. 102.

This report contains three financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The statements report on all of the Center's activities including services provided to the Community College of Denver, Metropolitan State University of Denver, and the University of Colorado Denver (the constituent institutions), parking operations, and student fee operations. This management's discussion and analysis focuses on the financial activities of the Center.

The statements of net position and the statements of revenue, expenses, and changes in net position report the Center's net position and how they have changed using the accrual basis of accounting. This means that all revenue and expenses are reported in the year in which they are earned or incurred and not when the cash is received or paid.

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Statements of Net Position

The Center's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are ways to measure the Center's financial health (or financial position). Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating. Nonfinancial factors are also important to consider, including student enrollment at the constituent institutions and the condition of campus buildings.

As of June 30, 2025 and 2024, total assets and deferred outflows of resources of the Center exceeded total liabilities and deferred inflows of resources by $191.4 million and $153.3 million, respectively. Net investment in capital assets represents the Center's investment in capital assets, net of accumulated depreciation and outstanding debt related to acquisition, construction, or improvement of those assets. This category increased by $8.4 million in Fiscal Year 2025 as compared to a $5.8 million increase in Fiscal Year 2024. Since these are capital assets that provide the facilities and infrastructure necessary for the three constituent institutions to provide educational services, these assets are not available for future spending.

The Center's net position of $191.4 million at June 30, 2025 was not significantly impacted by PERA net pension and OPEB liabilities and their related deferred outflows and inflows, as shown below (in thousands):

	2025	2024	2023
Net position (GAAP) basis	$ 191,440	$ 153,341	$ 141,279
Add: GASB 68 – Net Pension impact	39,670	39,158	40,893
Add: GASB 75 – Net OPEB impact	1,090	1,437	1,733
Net position (excluding pension and OPEB)	$ 232,200	$ 193,936	$ 183,905
Net pension liability	$ 44,276	$ 46,321	$ 48,511
Deferred inflows – pension obligations	358	250	1,959
Deferred outflows – pension obligations	(4,964)	(7,413)	(9,577)
GASB 68 – Net pension impact	$ 39,670	$ 39,158	$ 40,893
Net OPEB liability	$ 769	$ 1,132	$ 1,242
Deferred inflows – OPEB obligations	545	570	749
Deferred outflows – OPEB obligations	(224)	(265)	(258)
GASB 75 – Net OPEB impact	$ 1,090	$ 1,437	$ 1,733

The Center's total net position increased by $38.1 million in Fiscal Year 2025 as compared to a $12.1 million increase in Fiscal Year 2024. The increase in Fiscal Year 2025 was largely due to an increase in the amount of state funding received to help fund capital projects on campus. The increase in Fiscal Year 2024 was due to an increase in the amount of state funding received to help fund capital projects on campus.

Restricted expendable net position represents resources that are subject to externally imposed stipulations regarding their use. Restricted net position totaled $7.8 million and $7.8 million as of June 30, 2025 and June 30, 2024, respectively, which represents 4.1% of net position in 2025 and 5.1% of net position in 2024.

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Unrestricted net position is not subject to externally imposed stipulations although these resources may be designated for specific purposes by the Center’s management or board of directors. Unrestricted net position totaled $25.4 million as of June 30, 2025 compared to $(4.3) million as of June 30, 2024. The Center’s unrestricted net position at June 30, 2024 was not significantly impacted by PERA net pension and OPEB liabilities and their related deferred outflows and inflows, as shown below (in thousands):

	2025	2024	2023
Unrestricted net position	$ 25,361	$ (4,336)	$ ($10,662)
Add: GASB 68 – Net pension impact	39,670	39,158	40,893
Add: GASB 75 – Net OPEB impact	1,090	1,437	1,733
Unrestricted net position (excluding pension and OPEB)	$ 66,121	$ 36,259	$ 31,964

From Fiscal Year 2024 to 2025, total assets and deferred outflows of resources increased $34.6 million primarily due to an increase in net capital assets of $23.6 million and a $7.6 million increase in accounts receivable, net. These were partially offset by a $2.7 million decrease in deferred outflows of resources. The primary reasons for the increase in net capital assets and accounts receivable, net is due to current year additions of capital assets from ongoing construction projects and a large receivable of $5.0 million in Fiscal Year 2025 that did not occur in Fiscal Year 2024. For that same period, total liabilities and deferred inflows decreased by $3.5 million. The decrease was primarily due to the significant decrease in pension obligations and accounts payable and accrued liabilities. The decrease in accounts payable and accrued liabilities was due to timing differences of when payments were made for outstanding obligations in Fiscal Year 2025 compared to Fiscal Year 2024. There was also a $2.4 million decrease in pension and OPEB obligations.

Condensed Statements of Net Position

	2025 (in thousands)	2024 (in thousands)	2023 (in thousands)
Assets:			
Current assets	$ 49,478	$ 42,659	$ 35,928
Capital assets, net	227,712	204,107	200,125
Other noncurrent assets	23,574	16,735	17,736
Total assets	300,764	263,501	253,789
Deferred outflows of resources	5,604	8,275	10,613
Total assets and deferred outflows of resources	$ 306,368	$ 271,776	$ 264,402
Liabilities:			
Current liabilities	$ 18,922	$ 25,390	$ 15,595
Noncurrent liabilities	95,103	92,225	104,820
Total liabilities	114,025	117,615	120,415
Deferred inflows of resources	903	820	2,708
Total liabilities and deferred inflows of resources	$ 114,928	$ 118,435	$ 123,123
Net position:			
Net investment in capital assets	$ 158,279	$ 149,854	$ 144,101
Restricted for expandable purposes	7,800	7,823	7,840
Unrestricted	25,361	(4,336)	(10,662)
Total net position	$ 191,440	$ 153,341	$ 141,279

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position report operating and non-operating revenue and expenses during the year and the resulting increase or decrease in net position at the end of the year.

For Fiscal Year 2025, the operating and non-operating activities of the Center resulted in an increase in net position of $38.1 million as compared to an increase of $12.1 million for Fiscal Year 2024. For Fiscal Year 2025, operating revenue totaled $67.5 million while operating expenses totaled $66.1 million, resulting in an operating gain of $1.5 million. In Fiscal Year 2024, operating revenue totaled $61.4 million while operating expenses totaled $64.2 million, resulting in an operating loss of $2.8 million. The increase in results was primarily due to an increase in Parking Auxiliary revenue as a result of a price increase and a higher volume of on campus parking as well as an increase in revenue from constituent institutions because of an increase in costs that is passed from the Center to the three constituent institutions to help cover salary increases, higher state risk insurance and the higher projected utility costs. In Fiscal Year 2025, operating expenses increased by $1.9 million (3%) from Fiscal Year 2024. The increase was primarily due to a significant amount of maintenance and improvements to the campus, investments in auxiliary initiatives and increases in the cost of labor. For Fiscal Year 2024, operating expenses increased by $6.4 million (11%).

In 2025, approximately $4.2 million of auxiliary revenue and auxiliary reserves were used to support general operating costs. For 2025 and 2024, the State of Colorado (State) provided $35.2 million and $16.8 million, respectively, in capital contributions primarily for the completion of steam to natural gas conversion, campuswide HVAC infrastructure, ADA walkways (various), upgrade classroom security, transformers in PE Events, North Classroom, St. Cajetan's, Plaza and various other projects currently in progress. The State provided no supplemental appropriations for 2025 and 2024.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year ended June 30		
	2025 (in thousands)	**2024** (in thousands)	**2023** (in thousands)
Operating revenue:			
Auxiliary enterprises	$ 26,554	$ 24,186	$ 20,462
Revenue from constituent institutions	30,449	28,470	29,710
Student fees	5,332	5,061	4,802
Other operating revenue	5,198	3,654	35
Total operating revenue	67,533	61,371	55,009
Operating expenses:			
Auxiliary enterprises	18,730	18,849	33,425
Operating and maintenance of plant	15,922	14,613	6,570
Institutional support	18,143	17,189	4,014
Depreciation	13,258	13,519	13,749
Total operating expenses	66,053	64,170	57,758
Operating gain (loss)	1,480	(2,799)	(2,749)
Nonoperating revenue (expenses):			
Investment income (loss)	1,523	232	537
State support for pensions	350	74	885
Interest expense on capital debt	(2,103)	(2,211)	(2,501)
Gain on disposal of capital assets	438	(50)	820
Total nonoperating revenue (expenses), net	208	(1,955)	(259)
State and capital contributions, grants, and gifts	36,411	16,817	4,401
Increase in net position	38,099	12,063	1,393
Net position, beginning of year	153,341	141,278	139,885
Net position, end of year	$ 191,440	$ 153,341	$ 141,278

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Capital Assets

At June 30, 2025, the Center had approximately $227.7 million invested in capital assets, net of accumulated depreciation of approximately $344.9 million. At June 30, 2024, the Center had approximately $204.1 million invested in capital assets, net of accumulated depreciation of approximately $331.8 million. Depreciation expense was approximately $13.3 million and $13.5 million for the years ended June 30, 2025 and 2024, respectively.

A summary of capital assets, net of accumulated depreciation, is provided below:

	June 30		
	2025	**2024**	**2023**
			(in thousands)
Land	$ 27,896	$ 27,896	$ 27,896
Land improvements	8,099	8,684	9,449
Buildings and improvements	128,734	118,142	130,085
Equipment	4,122	4,316	4,750
Collections	89	-	-
Construction in progress	58,772	45,069	27,945
Total capital assets, net	$ 227,712	$ 204,107	$ 200,125

Construction in progress increased by $13.7 million in Fiscal Year 2025 due to the ongoing projects of phase I and II of the B-HVAC infrastructure project and Project C – CP Building Envelope & Energy Code Deficiencies.

In December 2008, the Center purchased a parcel of land adjacent to campus, increasing the acreage of the campus by 13.54 acres. The cost of the new parcel was approximately $16.5 million, and as part of the campus master plan, the Center's Board of Directors, at their December 2010 meeting, approved the property as the location for the Metropolitan State University of Denver's Regency Athletic Complex, which was completed in February 2015 and includes tennis courts, three athletic fields (soccer, baseball, and softball), and a 23,000-square-foot locker room and training facility. The Center owns the land and Metropolitan State University of Denver owns the fields and facilities on the land.

On October 7, 2010, the Regional Transportation District (RTD) filed a Petition in Condemnation to acquire 1.04 acres of the aforementioned 13.54 acres of land. On December 8, 2010, the Court granted immediate possession of the property to RTD, including any and all claims, rights, title, interests, easements, liens, encumbrances, reversionary interests, and rights of entry, upon payment of just compensation in the amount of $1,515,700.

Net proceeds from the land condemnation with interest and gains in the amount of $1,664,821 are currently being held by UMB Bank, as trustee, until these funds are needed to pay the final debt service obligations on the Series 2017 Refunding Certificates of Participation, with final maturity on May 1, 2028. These proceeds are included in restricted cash and cash equivalents at June 30, 2025 and 2024.

See Note 3 to the financial statements for additional information on capital asset activity during the Fiscal Year.

Bonds and Finance Obligations

At June 30, 2025, the Center had approximately $54.5 million of bond and finance obligations outstanding as compared to $53.4 million as of June 30, 2024. The outstanding revenue bonds as of June 30, 2025 comprise Parking Revenue Bonds totaling $26.8 million and Student Fee Revenue Bonds totaling $2.6 million. These debt service requirements are met by pledged revenue from the Center's parking operations and student fees. Additionally, two new bonds were added during Fiscal Year 2025. The 2024 Energy Performance Bonds (EPB) were added to improve energy performance on campus buildings in the amount of $7.9 million. In June 2025, the Center entered into an agreement with the Colorado Department of Personnel and Administration's (DPA) P3 Office to provide a portion of financing for a campus housing development project. The DPA provided a one-time payment of $5 million, with a repayment balance of $3.75 million. The P3 DPA Bonds, Series 2025 are included in the Center's debt at June 30, 2025, in the amount of $3.75 million.

The finance obligations as of June 30, 2025 comprise three Certificates of Participation totaling $13.5 million. The constituent institutions share in the cost of debt service of the three Certificates of Participation.

During Fiscal Year 2025, long-term debt and finance obligations increased $1.1 million from $53.4 million in 2024 to $54.5 million as the result of scheduled principal payments on the debt described above being offset by the new debt that was acquired during the Fiscal Year.

During Fiscal Year 2024, long-term debt and finance obligations decreased $8.4 million from $61.9 million in 2023 to $53.4 million as the result of scheduled principal payments on the debt described above.

See Note 5 to the financial statements for additional information on bond and finance obligations during the Fiscal Year.

Long-Term Debt and Finance Obligations

	June 30		
	2025	2024	2023
			(in thousands)
Auxiliary enterprise revenue bonds	$ 40,997	$ 36,476	$ 41,582
Finance obligations	13,481	16,955	20,298
Total long-term debt and finance obligations	$ 54,478	$ 53,431	$ 61,880

Economic Outlook

AHEC is heavily reliant on auxiliary operations which include Parking, the Tivoli Student Union, Starbucks, Food Service and the Early Learning Center. AHEC serves a campus of approximately 38,000 students, faculty and staff. While enrollment has stabilized across the three institutions on campus over the past year, the continued modality shifts from onsite to hybrid and remote poses potential impacts to AHEC operations.

AHEC has been funded under a pass-thru model for the last several years whereby the State of Colorado funds the three partner institutions and the institutions pass that funding along to AHEC. The appropriations were based on a pro-rata share. However, for Fiscal Year 2026 the State elected to move to a direct appropriation approach. Starting in Fiscal Year 2026, AHEC will receive a direct appropriation from the State of Colorado. AHEC's appropriation is increasing 4.0%, from $28.4 million to $29.5 million. When the institutionally funded deferred maintenance is added in, the total appropriation is up 2.3%, from $30.7 million to $31.4 million.

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Historically, Auxiliary operations provide approximately $5.5 million to the general operations of the Center. For Fiscal Year 2025, Auxiliary operations provided $5.16 million in transfers to the general operations of the Center, mostly coming from the Parking Auxiliary. As auxiliary operations continue to rebound from the pandemic, and the percentage of onsite students, faculty and staff as well as offsite visitation continues to increase, AHEC is budgeting for auxiliary operations to provide $5.6 million in general operational support for Fiscal Year 2026.

The Auraria campus, in conjunction with the three institutions, and as part of our legislative requirement, conducted a thorough framework plan that was approved by the Auraria Board of Directors on June 26, 2024. This new framework plan (formerly called master plan) is a comprehensive effort to outline the future of development for the campus, honoring the academic core of the campus while simultaneously recommending vertical, high density, multi-purpose buildings that work to create a complete neighborhood and deliver on the value of the land. This includes ground lease payments back to the Center to create additional revenue streams to reinvest back into the campus. This new framework plan supersedes and replaces the former master plan that was approved in 2012 and updated in 2017, and represents a shift away from the single occupant, low density focus of the "neighborhoods", and a renewed focus on shared use, high density, vertical development indicative of a shared campus model.

State funding for maintenance projects has been limited and inadequate to meet the ever-increasing needs of the Center's aging campus infrastructure, with many of the campus buildings being 40 years or older and a deferred maintenance backlog that has exceeded $80 million. Beginning with the 2012 Fiscal Year, the three institutions committed and funded an additional appropriation of $1.9 million to be exclusively used on deferred maintenance projects. The three institutions continued that annual additional commitment of $1.9 million toward deferred maintenance during the 2014, 2015 and 2016 Fiscal Years, with the amount being reduced to $1.7 million for Fiscal Year 2017, and increased to $1.8 million for Fiscal Year 2018, increased to $1.9 million for Fiscal Year 2019, increasing to $2 million for Fiscal Year 2020 – 2023, and increasing again in Fiscal Year 2024 to $2.1 million, bringing total deferred maintenance funding during the last ten years to $21.2 million. As part of the Center's Fiscal Year 2025 budget, the three institutions agreed to fund deferred maintenance at $2.3 million, in addition to $28.4 million in general operating support through their annual appropriations. Consistent with SB25-316, the Fiscal Year 2026 appropriation comes direct to AHEC, with the operational appropriation totaling $29.5 million, and deferred maintenance totaling $1.9 million. Deferred maintenance funding has been decreased given the challenges of the State of Colorado budget for Fiscal Year 2026.The deferred maintenance plan has focused on maintenance projects primarily tied to life safety and critical campus operations, which is expected to continue for the foreseeable future.

Below is a list of State of Colorado Capital or Controlled Maintenance Appropriations. This list represents the Fiscal Year the appropriation was approved. In both cases, the funds are spent, then reimbursement is requested to refund the expended funds. Therefore, the total state funded listed below are generally not received in the same Fiscal Year as appropriated. Departments have three (3) years from appropriation date, or the date the Governor signs the Long Bill, to spend the funds for Capital Projects and Controlled Maintenance Projects. In general, all funds, except special financing appropriations such as Certificates of Participation projects (COPs), must be spent by the end of the third (3rd) Fiscal Year. Extensions can be made for unspent funds under certain situations, but extensions are not guaranteed.

Pre – Fiscal Year 2024 (ongoing) State Funding

- $20.6 million for Project B (Campus HVAC upgrades various buildings) Fiscal Year 2022
- $22.1 million for Project C (Building envelope upgrades) Fiscal Year 2023

Fiscal Year 2024 State Funding

- $33.3 million for Project B2 (Campus HVAC upgrades continuation, various buildings)
- $4.2 Million for Controlled Maintenance Projects
    - North Fire Sprinkler Upgrades Phase II
    - Transformers in Plaza and St. Cajetan's
    - Card Access Shared Buildings
    - Emergency Tracer Wire, campuswide

Fiscal Year 2025 State Funding

- $19.9 million for Public Safety Building (Phase I)
- $4.2 million for Capital IT Network Modernization (Phase I)
- $3.1 million for two Controlled Maintenance Projects
    - Transformer replacements in Facilities, 7th Street Classroom and ELC
    - Security Card access readers for 360 shared classrooms

Fiscal Year 2026 State Funding

- $16.1 million for Public Safety Building (Phase II)
- $3.5 million for Capital IT Network Modernization (Phase II)
- $2.9 million for Access Control Campuswide

These capital projects illustrate the State of Colorado’s commitment to invest in the assets needed to provide a safe and effective campus environment for the students, faculty and staff of the Auraria Campus.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller’s Office at the Auraria Higher Education Center at P.O. Box 173361, Campus Box B, Denver, Colorado 80217.

AURARIA HIGHER EDUCATION CENTER
BUSINESS-TYPE ACTIVITIES
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

Assets and Deferred Outflows of Resources	2025	2024
Current assets:		
Cash and cash equivalents	$ 35,969,160	$ 36,814,237
Accounts receivable, net	11,912,171	4,341,100
Notes receivable, current	1,372,578	1,300,840
Inventories	116,937	102,763
Prepaid expenses	107,139	100,285
Total current assets	49,477,985	42,659,225
Noncurrent assets:		
Restricted cash and cash equivalents	18,632,041	10,411,955
Restricted investments	1,980,438	1,972,320
Notes receivable	2,868,790	4,241,367
Prepaid bond costs	92,276	108,726
Capital assets, net of accumulated depreciation	141,043,638	131,142,669
Capital assets not being depreciated	86,668,604	72,964,477
Total noncurrent assets	251,285,787	220,841,514
Total assets	$ 300,763,772	$ 263,500,739
Deferred outflows of resources:		
Deferred amount on refunding	$ 416,234	$ 596,249
Deferred amount on pension obligations	4,964,153	7,413,364
Deferred amount on OPEB obligations	223,566	265,387
Total deferred outflows of resources	5,603,953	8,275,000
Total assets and deferred outflows of resources	$ 306,367,725	$ 271,775,739
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,728,184	$ 9,722,620
Interest payable	457,500	316,236
Deposits held for others	258,808	424,688
Unearned revenue	4,657,967	4,111,126
Long-term debt and finance obligations, current	6,724,676	10,623,798
Compensated absences liability, current	94,691	191,900
Total current liabilities	18,921,826	25,390,368
Noncurrent liabilities:		
Long-term debt and finance obligations	47,753,499	42,806,954
Pension obligations	44,276,413	46,321,190
OPEB obligations	768,572	1,131,708
Compensated absences liability	2,304,430	1,964,752
Total noncurrent liabilities	95,102,914	92,224,604
Total liabilities	114,024,740	117,614,972
Deferred inflows of resources:		
Deferred amount on pension obligations	358,372	249,884
Deferred amount on OPEB obligations	545,035	569,729
Total deferred inflows of resources	903,407	819,613
Total liabilities and deferred inflows of resources	$ 114,928,147	$ 118,434,585
Net Position		
Net position:		
Net investment in capital assets	$ 158,278,537	$ 149,853,796
Restricted for debt service obligations	7,800,273	7,823,191
Unrestricted	25,360,768	(4,335,833)
Total net position	$ 191,439,578	$ 153,341,154

See accompanying notes to financial statements.

AURARIA HIGHER EDUCATION CENTER
BUSINESS-TYPE ACTIVITIES
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2025 and 2024

	2025	2024
Operating revenue:		
Auxiliary enterprises	$ 26,553,756	$ 24,186,748
Revenue from constituent institutions	30,448,879	28,469,672
Student fees	5,331,907	5,060,909
Other operating revenue	5,198,616	3,653,684
Total operating revenue	67,533,158	61,371,013
Operating expenses:		
Auxiliary enterprises	18,730,038	18,849,528
Operation and maintenance of plant	15,922,510	14,612,296
Institutional support	18,142,988	17,189,112
Depreciation	13,257,938	13,518,598
Total operating expenses	66,053,474	64,169,534
Operating gain (loss)	1,479,684	(2,798,521)
Nonoperating revenue (expenses):		
Investment income	1,523,144	231,886
State support for pensions	349,885	74,350
Interest expense on capital debt	(2,103,205)	(2,211,606)
Gain (loss) on disposal of capital assets	437,502	(50,022)
Nonoperating revenue (expenses), net	207,326	(1,955,392)
Gain (loss) before other revenue, expenses, gains, or losses	1,687,010	(4,753,913)
Other revenue, expenses, gains, or losses:		
State capital contributions	35,161,414	16,816,523
State P3 contribution	1,250,000	-
Increase in net position	38,098,424	12,062,610
Net position, beginning of year	153,341,154	141,278,544
Net position, end of year	$ 191,439,578	$ 153,341,154

See accompanying notes to financial statements.

AURARIA HIGHER EDUCATION CENTER
BUSINESS-TYPE ACTIVITIES
STATEMENTS OF CASH FLOWS
Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received:		
Student fees	$ 5,300,096	$ 5,043,434
Grants, contracts and gifts	578,193	919,739
Revenue from constituent institutions	26,984,347	31,054,995
Sales of products and services	25,965,196	24,597,744
Cash payments:		
Payments for employees	(29,730,142)	(22,673,205)
Payments to suppliers	(23,693,623)	(22,142,108)
Net cash from operating activities	5,404,067	16,800,599
Cash flows from noncapital financing activities:		
Receipts of deposits held in custody	165,869	113,760
Net cash from noncapital financing activities	165,869	113,760
Cash flows from capital and related financing activities:		
State appropriations	35,161,414	16,816,523
Gain (loss) on disposal of assets	437,502	(50,022)
Acquisition and construction of capital assets	(31,773,308)	(18,076,870)
Cash received from issuance of debt	8,113,277	-
Principal received on notes receivable	1,120,839	1,233,885
Principal paid on long-term debt and finance obligations	(10,815,854)	(7,794,126)
Interest paid on long-term debt and finance obligations	(1,961,941)	(2,295,492)
Net cash from (used in) capital and related financing activities	281,929	(10,166,102)
Cash flows from investing activities:		
Investment income	1,523,144	231,886
Net cash from investing activities	1,523,144	231,886
Net increase in cash and cash equivalents	7,375,009	6,980,143
Cash and cash equivalents, beginning of year	47,226,192	40,246,049
Cash and cash equivalents, end of year	$ 54,601,201	$ 47,226,192

See accompanying notes to financial statements.

AURARIA HIGHER EDUCATION CENTER
BUSINESS-TYPE ACTIVITIES
STATEMENTS OF CASH FLOWS
Years ended June 30, 2025 and 2024

	2025	2024
Reconciliation of operating gain to net cash by operating activities:		
Operating gain (loss)	$ 1,479,684	$ (2,798,521)
Adjustments to reconcile operating gain to net cash provided by operating activities:		
Depreciation	13,257,938	13,518,598
Bad debt expense	116,742	74,350
Decrease (increase) in assets:		
Accounts receivable	(7,571,071)	(70,440)
Inventories	(14,174)	76,804
Prepaid expenses	(6,854)	(8,977)
Deferred outflows	2,671,047	2,338,348
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(2,994,436)	7,262,519
Unearned revenue	546,841	342,894
Compensated absences	242,469	253,742
Pension liability	(2,044,777)	(2,189,612)
OPEB liability	(363,136)	(110,356)
Deferred inflows	83,794	(1,888,750)
Net cash provided by operating activities	$ 5,404,067	$ 16,800,599
Supplemental cash flow information:		
Non-cash capital and financing activities		
Accounts payable related to capital asset purchases	$ 5,516,939	$ 45,607

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

The Auraria Higher Education Center (the Center) is an agency of the State of Colorado (the State), and its operations are funded largely through revenue from its constituent institutions, student fees, auxiliary sales and services, and fees for services. The Center is responsible for planning and managing the physical plant assets, auxiliary enterprises, and other support services of the Auraria Campus in Denver, Colorado (the Campus). Educational services at the Campus are provided by constituent institutions including the University of Colorado at Denver, Metropolitan State University of Denver, and the Community College of Denver (the constituent institutions).

The financial statements of the Center, which is an institution of higher education of the State, are intended to present the financial position, the changes in financial position, and the cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Center. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Financial results for the State are presented in separate statewide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State is available in these statewide financial statements.

The board of directors of the Center is a corporate body created by the State. The authority under which the Center operates is Article 70 of Title 23, Colorado Revised Statutes (C.R.S.). The Center's board of directors consists of nine voting members and two nonvoting members. Three of the voting members are appointed by the Governor of the State. In addition, the governing boards of each of the three constituent institutions appoint a voting member, and the president or chief executive officer of each of the constituent institutions also serves as a voting member. The nonvoting members are appointed by the students and faculties of the constituent institutions.

(b) Basis of Accounting and Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting. Revenue, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally, state appropriations) are recognized when all applicable eligibility requirements are met. Operating revenue and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income, and interest on capital asset-related debt are included in nonoperating or other revenue and expenses. The Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The operations of the Center are accounted for as an enterprise fund business-type activity. Enterprise funds are used to account for those operations for which the pricing policies of the entity establish fees and charges designed to recover its costs, including capital costs such as depreciation and debt service.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net position during the reporting period. Actual results could differ significantly from those estimates.

(d) Cash Equivalents

The Center considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash and cash equivalents and restricted cash and cash equivalents consisted primarily of U.S. Treasury money market funds, certificates of deposit, cash on hand, and amounts on deposit with the Colorado State Treasurer (the Treasurer).

(e) Investments and Investment Income

Investments in debt securities and commercial paper are carried at fair value. Fair value is determined using quoted market prices. Investment income consists of interest and dividend income and realized and unrealized gains and losses.

(f) Restricted Cash and Cash Equivalents and Restricted Investments

Restricted cash and cash equivalents and restricted investments consist of deposits held for others and required bond reserves.

(g) Accounts Receivable, Net

Accounts receivable, net, consist of the following at June 30:

	2025	2024
Constituent institutions	$ 2,695,521	$ 1,667,290
Collections activities from third party	2,770,245	1,322,282
Auxiliary enterprises	348,828	481,114
Other	7,481,482	1,572,304
	13,296,076	5,042,990
Less allowance for doubtful accounts	(1,383,905)	(701,890)
Accounts receivable, net	$ 11,912,171	$ 4,341,100

The Other accounts receivable balance above, is used to account for various projects on campus that are not yet complete through a billing process where Work In Progress is billed monthly to the proper department or partner. At the end of Fiscal Year 2025, the main projects in Work in Progress were Science Building A/R to Treasury, DPA P3 A/R, State Historical Fund Grant, UCD A/R for billings and Miscellaneous.

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is calculated as 50% of the balance held in collections, which are largely made up of unpaid parking fees. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Notes Receivable

In 2009, the Center entered into finance arrangements with the constituent institutions to use space in the Science Building. The proceeds of these finance arrangements will be used by the Center to fund the $20,133,417 due to the State as required under the State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008 (the Certification) (refer to Note 5 for more details).

Notes receivable consist of the following at June 30:

	2025	2024
Science building – receivable from constituent institutions, current	$ 1,372,578	$ 1,300,840
Science building – receivable from constituent institutions, long term	2,868,790	4,241,367
Total notes receivable	$ 4,421,368	$ 5,542,207

The notes receivable balances are considered to be fully collectible as of June 30, 2025 and 2024.

(i) Capital Assets, Net

Capital assets, net, are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Center:

Land improvements	20 years
Buildings and improvements	20-40 years
Equipment	3-22 years

The following is the capitalization threshold used by the Center:

Furniture and equipment	$ 10,000
Purchased software	10,000
Land and building improvements	50,000

Finance obligations consist of direct financing leases, in which the Center is the lessor with the constituent institutions in relation to the Science Building.

(j) Prepaid Bond Costs and Premiums and Discounts

Prepaid bond costs, which consist of bond insurance premiums, as well as bond premiums and discounts, are amortized over the life of the related bonds as a component of interest expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The deferred outflow balances are amortized as a component of interest, pension or OPEB expense based on:

- Losses on refunding of debt using the straight-line method over the remaining life of the old bonds (refunded) debt or the life of the new debt, whichever is shorter
- Pension contributions made subsequent to the December 31 measurement date used by Colorado Public Employees' Retirement Association (PERA)
- Changes in proportion and differences between pension contributions recognized and proportionate share of contributions
- Changes in assumptions for the pension plan
- The net difference between projected and actual earnings on pension plan investments.
- Pension plan differences between expected and actual experience
- Other Post-Employment Benefits (OPEB) contributions made subsequent to the December 31 measurement date used by PERA
- The net difference between projected and actual earnings on OPEB plan investments
- OPEB plan differences between expected and actual experience
- Changes in proportion and differences between OPEB contributions recognized and proportionate share of contributions

The deferred inflow balances are amortized as a component of pension or OPEB expense based on:

- Pension plan differences between expected and actual experience
- Pension plan differences between expected and actual gains and losses
- Changes in proportion and differences between pension contributions recognized and proportionate share of contributions
- The net difference between projected and actual earnings on OPEB plan investments
- OPEB plan differences between expected and actual experience
- OPEB changes in assumptions
- Changes in proportion and differences between OPEB contributions recognized and proportionate share of contributions.

(l) Pension Obligations

The Center participates in the State Division Trust Fund (SDTF), a cost-sharing, multiple-employer, defined-benefit pension fund administered by PERA. Information regarding the measuring of the net pension liability, pension expense, and related deferred outflows and deferred inflows of resources are described in detail in Notes 4 and 7.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Other Post Employment Benefit (OPEB) Obligations

The Center contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a healthcare premium subsidy and healthcare programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Information regarding the measuring of the net OPEB liability, OPEB expense, and related deferred outflows and deferred inflows of resources are described in detail in Notes 4 and 8.

(n) Accrued Salaries

State Senate Bill 03-197 requires salaries that would normally be paid at the end of June to be paid on July 1. In Fiscal Year 2013, State House Bill 12-1246 was implemented, which excluded biweekly payroll amounts from this requirement. On November 30, 2017, the Office of the State Controller issued Alert #210, which excluded Institutions of Higher Education from this requirement effective July 1, 2017. This resulted in an accrual of $51,161 and $92,691 for biweekly payroll that was included in accounts payable and accrued liabilities at June 30, 2025 and 2024, respectively.

(o) Compensated Absences

The Center's employees earn vacation and sick leave in accordance with the State of Colorado's personnel policies. Vacation leave is fully vested when earned and may be carried forward subject to established limits. Sick leave accumulates but does not vest; however, employees are eligible to receive a partial payout of unused sick leave upon qualified retirement, subject to the State of Colorado's sick leave payout program. The compensated absences liability includes (1) leave that has been used but not yet paid, and (2) unused leave that accumulates and is more likely than not to either be used for time off or paid/settled. The liability is measured using employees' pay rates in effect at the financial statement date and includes salary-related payments directly and incrementally associated with payments of the liability. The estimated cost of compensated absences for which employees are vested at June 30, 2025 and 2024 is $2,399,121 and $2,156,652, respectively. Of these amounts, $94,691 and $191,900, as of June 30, 2025 and 2024, respectively, are considered to be due within one year.

The Governmental Accounting Standards Board required implementation of GASB 101 relating to compensated absences in Fiscal Year 2025. The standard effectively redefined short-term compensation to be defined as the amount paid out in cash within the next year. The Center compiled data using the last three years' records to determine the percentage expected to retire or leave the Center in the next Fiscal Year. That percentage was then used to determine the amount of estimated sick and vacation time that would be paid out in cash. This resulted in a reduction of short term liability for both sick and vacation time and an increase to long term liability. Overall, this standard did not impact the total liability, only the breakout between long-term and short-term. Since there was no overall change to the liability, a restatement was not deemed necessary.

(p) Unearned Revenue

Unearned revenue represents unearned fees and advance payments for which the Center has not earned the revenue. Unearned revenue includes the following for the year ended June 30:

	2025	2024
Deferred Maintenance Provided by Constituent Institutions	$ 4,657,967	$ 4,111,126
	$ 4,657,967	$ 4,111,126

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Classification of Revenue and Expenses

The Center has classified its revenue as either operating or nonoperating according to the following criteria:

Operating revenue and expenses – Operating revenue and expenses include activities that have the characteristics of exchange transactions such as (1) revenue from constituent institutions for use of facilities and services, (2) student fees, (3) sales and services of auxiliary enterprises, and (4) reimbursements for services performed.

Nonoperating revenue and expenses – Nonoperating revenue and expenses include activities that have the characteristics of nonexchange transactions such as gifts and contributions, and other revenue sources that are defined as nonoperating revenue and expenses by Government Accounting Standards Board (GASB) Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state capital contributions, capital grants and gifts, interest expense in capital debt, and investment income.

(r) Functional Allocation of Expenses

The costs of supporting the various services and other activities of the Center have been summarized on a functional basis in the statements of revenue, expenses, and changes in net position. Accordingly, certain costs have been allocated among the appropriate activities and supporting services benefited.

(s) Income Taxes

As a state agency, the income of the Center is excluded from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, income not earned in exercise of the Center's essential government function would be subject to income tax. All income in Fiscal Years 2025 and 2024, with the exception of special events parking revenue, was earned in the exercise of the Center's essential government functions.

(t) The Auraria Foundation

In Fiscal Year 2025, the Auraria Foundation was established to support the activities of the Auraria Higher Education Center. At Fiscal Year-end the Foundation had holdings of $174,939 in cash held in the Auraria Foundation Account. Its activities for Fiscal Year 2025 are considered to be immaterial in relationship to the Center and are not included in the Center's financial statements for Fiscal Year 2025. During Fiscal Year 2025, the Foundation made no gifts to the Center.

(u) Reclassifications

The Center reclassified certain prior year amounts on the Statements of Revenues, Expenses, and Changes in Net Position to more accurately reflect the nature of the activity and be comparable to the current year. There was no change to total net position.

(v) Subsequent Events

There are no subsequent events to report as of the date of this audit report.

NOTE 2 – DEPOSITS, INVESTMENTS, AND INVESTMENT RETURN

(a) Deposits and Cash Equivalents

At June 30, 2025 and 2024, the carrying value of the Center's deposits was $55,361,299 and $48,365,780, respectively. At June 30, 2025 and 2024, balances consist of deposits with the Treasurer, as described below, $42,743,881 and $26,681,243 in bank deposits, and $5,300 and $40,723 of cash on hand, respectively. The bank balances classified by custodial credit risk category are covered 100% by federal depository insurance or by collateral held by the pledging institutions' trust departments in the name of the state public deposit pool as required by the Public Deposit Protection Act.

(b) Investments

The Center deposits its cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2025, the Center had cash on deposit with the State Treasurer of $12,612,118, which represented approximately .079% percent of the total $15,918.2 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2025, the Pool's resources included $39.1 million of cash on hand and $15,879.1 million of investments. As of June 30, 2024, the Center had cash on deposit with the State Treasurer of $21,913,814, which represented approximately .103% percent of the total $19,600.0 million fair value of deposits in the State Treasurer's Pool (Pool).

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

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2025.

(c) Custodial Credit Risk

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in either the Center's or the State's name and are held by either the counterparty to the investment purchase or the counterparty's trust department or agency but not held in the Center's or the State's name. As of June 30, 2025 and 2024, the Center has no investments that are subject to custodial risk.

(d) Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies that assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government.

(Continued)

NOTE 2 – DEPOSITS, INVESTMENTS, AND INVESTMENT RETURN (Continued)

(e) Interest Rate Risk

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. The Center does not have a formal investment policy but manages various elements of investment risk by keeping a majority of investments within the State Treasury Pool, which falls under the Treasurer's investment policy, and maintains other investments in low-risk securities with high-credit ratings when purchased.

The following table lists the Center's restricted investments, by investment type, as of June 30, 2025 and 2024 for those investments not part of the Pool. The fair value amount is shown along with the credit quality rating and weighted average maturity:

Investment Type	Fair Value Amount	Credit Rating	Weighted Average Maturity
June 30, 2025			
Commercial paper	$ 1,980,438	Highest	0.109
Total restricted investments	$ 1,980,438		
June 30, 2024			
Commercial paper	$ 1,972,320	Highest	0.109
Total restricted investments	$ 1,972,320		

(f) Fair Value of Investments

The following table lists the Center's restricted investment types as of June 30, 2025 and 2024, using the fair market input to valuation technique, which determines the hierarchy of fair market value of the investment per Statement No. 72:

Investment Type	Level 1 Quoted Prices In Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
June 30, 2025			
Commercial paper	$ -	$ 1,980,438	$ -
Total restricted investments	$ -	$ 1,980,438	$ -
June 30, 2024			
Commercial paper	$ -	$ 1,972,320	$ -
Total restricted investments	$ -	$ 1,972,320	$ -

(g) Investment Income

Investment income consisted of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Interest and dividend income	$ 859,090	$ 660,189
Net increase (decrease) in fair value of investments	664,054	(428,303)
	$ 1,523,144	$ 231,886

(Continued)

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 27,895,650	$ -	$ -	$ -	$ 27,895,650
Land improvements	36,265,833	-	-	168,655	36,434,488
Buildings and improvements	413,638,802	119,282	-	22,267,815	436,025,899
Equipment	13,010,077	408,675	(136,328)	128,600	13,411,024
Collections	-	89,000	-	-	89,000
Construction in progress, net	45,068,827	36,673,290	(404,035)	(22,565,070)	58,773,012
Total capital assets	$ 535,879,189	$ 37,290,247	$ (540,363)	$ -	$ 572,629,073
Less accumulated depreciation:					
Land improvements	27,581,777	753,798	-	-	28,335,575
Buildings and improvements	295,496,496	11,795,330	-	-	307,291,826
Equipment	8,693,770	708,810	(113,150)	-	9,289,430
Total accumulated depreciation	331,772,043	13,257,938	(113,150)	-	344,916,831
Total capital assets, net	$ 204,107,146	$ 24,032,309	$ (427,213)	$ -	$ 227,712,242

As of June 30, 2025, the main projects in Construction in Progress were Project B – HVAC Infrastructure phase 1 with $2,516,622, Project B phase 2 with $14,972,572, and Project C – CP Building Envelope & Energy Code Deficiencies with $13,627,426.

Capital asset activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 27,895,650	$ -	$ -	$ -	$ 27,895,650
Land improvements	36,178,149	87,684	-	-	36,265,833
Buildings and improvements	413,638,802	-	-	-	413,638,802
Equipment	14,416,663	698,646	(2,272,366)	167,134	13,010,077
Construction in progress, net	27,945,421	17,290,540	-	(167,134)	45,068,827
Total capital assets	$ 520,074,685	$ 18,076,870	$(2,272,366)	$ -	$ 535,879,189
Less accumulated depreciation:					
Land improvements	26,729,069	852,708	-	-	27,581,777
Buildings and improvements	283,554,296	11,942,200	-	-	295,496,496
Equipment	9,666,330	723,690	(1,696,250)	-	8,693,770
Total accumulated depreciation	319,949,695	13,518,598	(1,696,250)	-	331,772,043
Total capital assets, net	$ 200,124,990	$ 4,558,272	$ (576,116)	$ -	$ 204,107,146

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The deferred outflows of resources represent the remaining unamortized deferral balances from losses on refunding of debt, amounts on pension obligations and amounts on other post-employment benefits (OPEB). The June 30, 2025 and 2024 debt-related deferral balances of $416,234 and $596,249, respectively, are included within the net investment in capital assets component of net position. The June 30, 2025 and 2024 pension obligations–related balances for deferred outflows of $4,964,153 and $7,413,364, respectively, and deferred inflows of $358,372 and $249,884, respectively, are included within the unrestricted component of net position. The June 30, 2025 and 2024 OPEB obligations–related balances for deferred outflows of $223,566 and $265,387, respectively, and deferred inflows of $545,035 and $569,729, respectively, are included within the unrestricted component of net position.

A summary of deferred outflows/inflows of resources as of June 30, 2025 and 2024 is as follows:

	2025	2024
Deferred refunding – Series 2013 Student Fee Bonds	$ -	$ 11,889
Deferred refunding – Series 2015 Parking Bonds	14,052	17,799
Deferred refunding – Series 2016 Parking Bonds	19,556	48,890
Deferred refunding – Series 2015 Admin COP	158,665	214,664
Deferred refunding – Series 2017 Land COP	223,961	303,007
Deferred outflow on refunding	$ 416,234	$ 596,249
Deferred pension – projections vs. actual	$ 2,274,783	$ 4,121,471
Deferred pension – contributions after measurement date	2,063,795	1,981,493
Deferred pension – change in employer proportion	625,575	1,310,400
Deferred outflow on pension obligations	$ 4,964,153	$ 7,413,364
Deferred pension – changes in assumptions	$ 343,325	$ 245,964
Deferred pension – proportionate share	15,047	3,920
Deferred inflow on pension obligations	$ 358,372	$ 249,884
Deferred OPEB – experience gains and losses	$ 2,276	$ 3,321
Deferred OPEB – changes in assumptions	8,813	13,308
Deferred OPEB – projected vs. actual	2,605	35,000
Deferred OPEB – contributions after measurement date	101,605	97,888
Deferred OPEB – change in employer proportion	108,267	115,870
Deferred outflow on OPEB obligations	$ 223,566	$ 265,387
Deferred OPEB – experience gains and losses	$ 415,205	$ 351,954
Deferred OPEB – employer contributions vs. employer proportionate share	589	269
Deferred OPEB – proportionate share	129,241	217,506
Deferred inflow on OPEB obligations	$ 545,035	$ 569,729

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS

The following is a summary of long-term debt and finance obligations for the Center for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Public:					
Series 2004 parking	$ 5,051,519	$ 243,277	$ (1,595,000)	$ 3,699,796	$ 1,595,000
Series 2013 student fee	4,642,180	-	(4,642,180)	-	-
Series 2013A parking	15,365,496	-	(118,512)	15,246,984	140,000
Series 2015 parking	6,206,473	-	(61,364)	6,145,109	-
Total revenue bonds payable – publicly traded	31,265,668	243,277	(6,417,056)	25,091,889	1,735,000
Direct borrowings:					
Series 2015 student fee	2,970,000	-	(365,000)	2,605,000	385,000
Series 2016 parking	2,240,000	-	(560,000)	1,680,000	570,000
2024 EPC Bond	-	7,870,000	-	7,870,000	450,000
2025 P3 with DPA	-	3,750,000	-	3,750,000	-
Total revenue bonds payable – direct borrowings	5,210,000	11,620,000	(925,000)	15,905,000	1,405,000
Total revenue bonds payable	36,475,668	11,863,277	(7,342,056)	40,996,889	3,140,000
Finance obligations:					
State:					
State capital construction financing, Series 2008	5,870,084	-	(1,348,798)	4,521,286	1,424,676
Direct borrowings:					
Land acquisition, Series 2017	5,995,000	-	(1,145,000)	4,850,000	1,170,000
Administration facility, Series 2015	5,090,000	-	(980,000)	4,110,000	990,000
Total direct borrowings	11,085,000	-	(2,125,000)	8,960,000	2,160,000
Total finance obligations	16,955,084	-	(3,473,798)	13,481,286	3,584,676
Total long-term debt and finance obligations	$ 53,430,752	$11,863,277	$ (10,815,854)	$ 54,478,175	$ 6,724,676

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

The following is a summary of long term debt and finance obligations for the Center for the year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Public:					
Series 2004 parking	$ 6,341,820	$ 309,699	$ (1,600,000)	$ 5,051,519	$ 1,595,000
Series 2013 student fee	7,387,789	-	(2,745,609)	4,642,180	4,550,000
Series 2013A parking	15,484,008	-	(118,512)	15,365,496	80,000
Series 2015 parking	6,267,837	-	(61,364)	6,206,473	-
Total revenue bonds payable – publicly traded	35,481,454	309,699	(4,525,485)	31,265,668	6,225,000
Direct borrowings:					
Series 2015 student fee	3,315,000	-	(345,000)	2,970,000	365,000
Series 2016 parking	2,785,000	-	(545,000)	2,240,000	560,000
Total revenue bonds payable – direct borrowings	6,100,000	-	(890,000)	5,210,000	925,000
Total revenue bonds payable	41,581,454	309,699	(5,415,485)	36,475,668	7,150,000
Finance obligations:					
State:					
State capital construction financing, Series 2008	7,148,237	-	(1,278,153)	5,870,084	1,348,798
Direct borrowings:					
Land acquisition, Series 2017	7,110,000	-	(1,115,000)	5,995,000	1,145,000
Administration facility, Series 2015	6,040,000	-	(950,000)	5,090,000	980,000
Total direct borrowings	13,150,000	-	(2,065,000)	11,085,000	2,125,000
Total finance obligations	20,298,237	-	(3,343,153)	16,955,084	3,473,798
Total long-term debt and finance obligations	$ 61,879,691	$ 309,699	$ (8,758,638)	$ 53,430,752	$ 10,623,798

(a) Revenue Bonds Payable

The Center had the following bonds outstanding at June 30, 2025:

- Parking Enterprise Revenue Bonds, Series 2004B (Series 2004B Parking Bonds)
- Student Fee Revenue Refunding Bonds, Series 2013 (Series 2013 Student Fee Bonds)
- Parking Enterprise Revenue Bonds, Series 2013A (Series 2013A Parking Bonds)
- Parking Enterprise Revenue Refunding Bonds, Series 2015 (Series 2015 Parking Bonds)
- Student Fee Revenue Bonds, Series 2015 (Series 2015 Student Fee Bonds)
- Parking Enterprise Revenue Refunding Bonds, Series 2016 (Series 2016 Parking Bonds)
- Energy Performance Bonds, Series 2024
- P3 DPA Bonds, Series 2025

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

(b) Series 2004 Parking Bonds

On March 10, 2004, the Center issued Series 2004A and 2004B Parking Enterprise Revenue Bonds in the amounts of $6,550,000 and $13,012,401, respectively, for the acquisition, construction, and equipping of an 850-car parking garage to be located at the Center and to relocate and construct eight tennis courts at the Center.

The Series 2004B Bonds accrete in value from the date of issuance, compounding semiannually, beginning April 1, 2004. Principal payments began on April 1, 2012 and range from $75,000 to $2,295,000. Interest payments also began on April 1, 2012 and range from 3.6 percent to 5.2 percent. The final installment is due April 1, 2028.

The Series 2004B Parking Bonds are collateralized by revenue from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2025 and 2024, the Series 2004 Parking Bonds accreted interest of $243,277 and $309,699, respectively, and have related prepaid bond costs of $31,649 and $40,280, respectively.

(c) Series 2013 Student Fee Bonds

On March 7, 2013, the Center issued $17,040,000 in Series 2013 Bonds for the purpose of current refunding $15,851,887 of Series 2003 Student Fee Revenue Bonds. These bonds were redeemed on May 1, 2013. As a result, the Series 2003 Bonds are considered defeased and the liability for those bonds has been removed from the Center's statements of net position. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $173,565, and was recorded as a loss on the refunding of the bonds. The deferred amount on refunding is reported in the accompanying statements of net position as a deferred outflow of resources and is being charged to operations through the Fiscal Year 2025. Bonds maturing on or after May 1, 2024 can be called for redemption at the option of the Center's board of directors on or after May 1, 2023 as a whole or in part on any interest payment date, at a redemption price equal to the principal amount of the bonds redeemed, plus accrued interest to the redemption date.

The Center completed the current refunding to reduce its total debt service payments by $1,618,461 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,583,423.

The Series 2013 Bonds are payable in semiannual installments with annual principal payments ranging from $345,000 to $4,550,000 and interest ranging from 2.5 percent to 4.0 percent. The final installment was due May 1, 2025. The Series 2013 Student Bonds are collateralized by revenue from student fees assessed for student facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2025 and 2024, the Series 2013 Bonds are shown net of a premium of $0 and $92,174, respectively, and an unamortized deferred loss on refunding of $0 and $11,889, respectively. This obligation was paid off in 2025.

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

(d) Series 2013A Parking Bonds

On June 5, 2013, the Center issued $15,680,000 in Series 2013A Parking System Revenue Bonds for the purpose of financing the construction and equipping of a four-story parking garage located at 5th Street and Walnut Street on the Auraria campus. The Series 2013A Parking Revenue Bonds are payable in semiannual installments with annual principal payments ranging from $55,000 to $3,150,000 and interest ranging from 2.0% to 5.0%. The final installment is due April 1, 2034. Bonds maturing on or after April 1, 2024 can be called for redemption at par at the option of the Center's board of directors, in whole or in part at any time on or after April 1, 2023. The Series 2013A Bonds are collateralized by revenue from the operation of the parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2025 and 2024, the Series 2013A Parking Revenue Bonds are shown net of a premium of $336,983 and $375,496, respectively, and have related prepaid bond costs of $54,786 and $61,047, respectively.

(e) Series 2015 Parking Bonds

On February 26, 2015, the Center issued Series 2015 Parking Enterprise Revenue Refunding Bonds in the amount of $6,030,000 for the purpose of current refunding $6,550,000 in Series 2004A Parking Bonds. The Center refunded those bonds by placing the proceeds of the Series 2015 Parking Bonds and amounts held in reserve related to the Series 2004A Parking Bonds in an irrevocable trust to provide for the early redemption of the Series 2004A Parking Bonds. The Series 2004A Parking Bonds were redeemed on April 1, 2015. As a result, the Series 2004A Parking Bonds are considered defeased and the liability for those bonds has been removed from the Center's statements of net position.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $52,772. The 2004 Series bonds maturing on or after April 1, 2015 can be called for redemption at the option of the Center's board of directors on or after April 1, 2016 as a whole or in part on any interest payment date, at a redemption price equal to the principal amount of the bonds redeemed plus accrued interest to the redemption date. The Center completed the current refunding to reduce its total debt service payments by $1,092,180 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $819,439.

The Series 2015 Bonds are payable in semiannual installments with annual principal payments beginning on April 1, 2015 ranging from $115,000 to $4,010,000 and interest ranging from 3.0 percent to 5.0 percent. The final installment is due April 1, 2029. The Series 2015 Bonds are collateralized by revenue from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2025 and 2024, the Series 2015 bonds are shown net of a premium of $230,111 and $291,480, respectively; an unamortized deferred loss on refunding of $14,052 and $17,799, respectively; and related prepaid bond costs of $5,842 and $7,400, respectively.

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

(f) Series 2015 Student Fee Bonds

On August 12, 2015, the Center issued Series 2015A (Tax-Exempt) and 2015B (Taxable) Student Fee Revenue Bonds in the amounts of $5,050,000 and $250,000, respectively, for the purpose of financing the construction and equipping of the Tivoli Park/Quadrangle, the Tivoli Patio and Coffee Lounge, and other future student gathering spaces throughout the campus. Portions of the proceeds will be advanced by the purchaser upon request of the Center in accordance with the requirements of the Bond Resolution adopted June 24, 2015. An initial advance of $1,100,000 was made on August 12, 2015: $850,000 from Series 2015 Tax-Exempt Bonds and $250,000 from Series 2015 Taxable Bonds. A second advance of $1,877,488 was made on May 26, 2016 from Series 2015 Tax-Exempt Bonds. The remaining Series 2015 Tax-Exempt bond proceeds were drawn on July 8, 2016 in the amount of $1,720,903 and August 31, 2016 in the amount of $601,609.

The Series 2015A Bonds are payable in semiannual installments on May 1 and November 1, with annual principal payments ranging from $250,000 to $485,000, a fixed interest rate of 2.66 percent, and payments commencing on November 1, 2015. Bonds maturing on or after May 1, 2019 can be called for redemption at par at the option of the Center's board of directors, in whole or in part at any time on or after May 15, 2018. The Series 2015B Bonds are due on May 1, 2016. Interest payments began on November 1, 2015 at a fixed rate of 1.25 percent.

The Series 2015 Fee Student Bonds are collateralized by revenue from student fees assessed for student facilities and spaces and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

(g) Series 2016 Parking Bonds

On March 9, 2016, the Center issued $5,845,000 in Series 2016 Parking Enterprise Revenue Refunding Bonds, together with other funds of the Center for the purpose of current refunding $6,370,000 of Series 2006 Parking Enterprise Revenue Refunding Bonds. These bonds were redeemed on April 1, 2016. As a result, the Series 2006 Parking Bonds are considered defeased and the liability for those bonds has been removed from the Center's statements of net position. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $293,338 and was recorded as a loss on the refunding of the bonds. The deferred amount on refunding is reported in the accompanying statements of net position as a deferred outflow of resources and is being charged to operations through Fiscal Year 2026.

The Series 2016 Parking Bonds are subject to redemption prior to the stated maturity at the option of the Center's board of directors, in whole or in part (and if in part, in inverse order of the principal payment dates shown on Schedule I), on or after April 1, 2019 on the dates and at the redemption prices set forth below equal to the principal amount of the Series 2016 Parking Bonds being redeemed plus accrued interest to the redemption date, plus the applicable premium:

Date	Price
April 1, 2021 through the maturity date	101%
April 1, 2023 through the maturity date	101%

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

The Center completed the current refunding to reduce its total debt service payments by $835,419 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $762,556.

The Series 2016 Parking Bonds are payable in semiannual installments with annual principal payments ranging from $480,000 to $1,110,000 and a fixed interest rate of 1.80 percent. The final installment is due April 1, 2026. The Series 2016 Parking Bonds are collateralized by revenue from the operation of parking facilities and earnings on the investment of the issuance's income fund less general operating expenses of those facilities.

At June 30, 2025 and 2024, the Series 2016 Bonds have an unamortized deferred loss on refunding of $19,556 and $48,890, respectively.

(h) Energy Performance Bonds, Series 2024

On December 10, 2024, the Center issued $7,870,000 in a Series 2024 Energy Performance Bonds. These bonds will cover the unfunded balance of Campus HVAC upgrades and energy efficiency projects (building envelope upgrades) on various buildings around campus, for Projects B, B2 and C. The bonds are financed at 3.979% interest with payments commencing in May 2026 with annual principal payments ranging between $270,000 and $765,000 through May 2041.

(i) P3 DPA Bonds, Series 2025

On June 25, 2025, the Center entered into an agreement with the Colorado Department of Personnel and Administration's P3 Office to provide a portion of financing for the construction of an early learning center. DPA provided a one-time payment of $5,000,000, with a repayment balance of $3,750,000, with payments of $125,000 per year starting in 2029 through 2035, when the final payment of $3,000,000 is due. This is at 0% interest and the development is expected to include 300 or more affordable housing rental apartments.

(j) Bond Maturity Schedule

Debt service to maturity for all bonds as of June 30, 2025 is as follows:

	Public		Direct Borrowings		
	Principal	Interest	Principal	Interest	Total
Year(s) ending June 30:					
2026	$ 1,735,000	$ 897,350	$ 1,405,000	$ 538,809	$ 4,576,159
2027	2,375,000	893,150	1,785,000	374,274	5,427,424
2028	2,070,000	890,350	720,000	332,778	4,013,128
2029	4,120,000	791,950	895,000	309,669	6,116,619
2030	2,680,000	627,700	945,000	284,900	4,537,600
2031-2035	11,810,000	1,421,800	6,280,000	1,072,309	20,584,109
2036-2040	-	-	3,110,000	541,343	3,651,343
2041-2045	-	-	765,000	30,439	795,439
	24,790,000	5,522,300	15,905,000	3,484,521	49,701,821
Add premiums, net of discounts	567,094	-	-	-	567,094
Less unaccreted principal on Series 2004 Parking Bonds	(265,205)	-	-	-	(265,205)
	$ 25,091,889	$ 5,522,300	$ 15,905,000	$ 3,484,521	$ 50,003,710

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

Reserve balances and requirements for outstanding bond issues at June 30, 2025 are as follows:

	Reserve Balance	Required Reserve
Series 2004 and series 2016 Parking Bonds:		
Debt service reserve	$ 1,980,439	$ 1,956,240
Repair and replacement reserve	702,016	584,500
2013 Student Fee Bonds:		
Debt service reserve	$ 2,226,030	$ 1,838,574
Repair, replacement, and operation and maintenance reserve	350,000	350,000

As of June 30, 2025 and 2024, the Center believes it was in compliance with all bond covenants and related reserve requirements.

Student bond fees and parking revenue were pledged as follows:

	2025	2024
Revenue source:		
Student fees pledged for bond payments	$ 4,797,600	$ 4,537,862
Interest earned on student fees pledged for bond payments	-	84,071
Parking revenue	15,293,638	11,844,885
Total pledged revenue	$ 20,091,238	$ 16,466,818

(k) Finance Obligations

The Center is obligated under leases accounted for as finance obligations. Assets under finance obligations are included in the statements of net position at June 30, 2025 and 2024 as follows:

June 30, 2025	Cost	Accumulated Depreciation	Carrying Value
Administrative building	$ 15,518,172	$ 13,532,351	$ 1,985,821
Land	14,983,536	-	14,983,536
Science building	97,807,826	49,153,961	48,653,865
Science building equipment	1,050,330	1,050,330	-
Total finance obligations	$ 129,359,864	$ 63,736,642	$ 65,623,222

June 30, 2024	Cost	Accumulated Depreciation	Carrying Value
Administrative building	$ 15,518,172	$ 13,144,396	$ 2,373,776
Land	14,983,536	-	14,983,536
Science building	97,807,826	46,708,766	51,099,060
Science building equipment	1,050,330	1,050,330	-
Total finance obligations	$ 129,359,864	$ 60,903,492	$ 68,456,372

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

(l) Series 2017 Refunding Certificates of Participation

On September 26, 2017, the Center issued Series 2017 Refunding Certificates of Participation (COP) in the amount of $12,560,000 for the purpose of advance refunding and defeasing $11,345,000 in Series 2008 Certificates of Participation. The Center refunded those COPs by placing the proceeds of the Series 2017 Certificates of Participation in a special fund and trust account with Wells Fargo Bank, escrow agent, to provide for the May 1, 2019 redemption of Series 2008 Certificates maturing on and after May 1, 2019 pursuant to the optional redemption provisions of the 2008 Indenture.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $836,562 and was recorded as a loss on the refunding of the COP. The deferred amount on refunding is reported in the accompanying statements of net position as a deferred outflow of resources and is being charged to operations through the Fiscal Year 2028. The Center completed the advance refunding to reduce its total debt service payments by $1,522,130 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,334,421.

The Series 2017 COP can be called for redemption at the option of the Center's board of directors, in whole or in part on any date, upon thirty (30) days prior written notice, at a redemption price equal to the principal amount of the bonds redeemed plus accrued interest to the redemption date.

The Series 2017 COP are payable in semiannual installments with annual principal payments beginning on May 1, 2018 ranging from $1,015,000 to $1,255,000 and interest rate at 2.42 percent. The final installment is due May 1, 2029.

At June 30, 2025 and 2024, the Series 2017 COP have an unamortized deferred loss on refunding of $223,961 and $303,007, respectively.

(m) Administrative Facility Series 2015

On March 26, 2015, the Center issued Series 2015 COP in the amount of $13,060,000 for the purpose of current refunding $12,635,000 in Series 2005 Certificates of Participation. The Center refunded those COPs by placing the proceeds of the Series 2015 Certificates of Participation in an irrevocable trust to provide for the early redemption of the Series 2005 Certificates of Participation. The Series 2005 Certificates of Participation were redeemed on May 1, 2015. As a result, the Series 2005 COP are considered defeased and the liability for those COP has been removed from the Center's statements of net position.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $732,655 and was recorded as a loss on the refunding of the COP. The deferred amount on refunding is reported in the accompanying statements of net position as a deferred outflow of resources and is being charged to operations through the Fiscal Year 2028. The Series 2015 COP can be called for redemption at the option of the Center's board of directors on or after May 1, 2016 as a whole or in part on any interest payment date, at a redemption price equal to the principal amount of the bonds redeemed plus accrued interest to the redemption date. The Center completed the current refunding to reduce its total debt service payments by $1,767,125 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,531,999.

The Series 2015 COP are payable in semiannual installments with annual principal payments beginning on May 1, 2015 ranging from $820,000 to $1,065,000 and interest rate at 2.2 percent. The final installment is due May 1, 2028.

At June 30, 2025 and 2024, the Series 2015 COP have an unamortized deferred loss on refunding of $158,665 and $214,664, respectively.

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

(n) Land Acquisition Series 2008

On December 30, 2008, the Center entered into an agreement to finance the acquisition of approximately 13.54 acres of land located south of West Colfax Avenue and west of Rio Court near the Campus. Issuance of Certificates of Participation (Series 2008 Land Acquisition Certificates) in the amount of $16,500,000 was used to fund the project. The Center has entered into a leased property agreement with the three constituent institutions in order to finance the property acquisition. The institutions share 50 percent of the costs of debt service through their lease payments to the Center.

Effective November 1, 2013, based on the provisions of a Memorandum of Understanding entered into August 24, 2011 by the three constituent institutions and the Center, which amends and supplements the original leased property agreement, MSU Denver assumed responsibility for the entire 50 percent institutional share of the costs of the land debt service, while the Center will continue to fund the other 50 percent of debt service costs. MSU Denver assumed CU Denver and CCD's obligation under the original lease property agreement in exchange for paying for their respective shares of the $3 million electrical infrastructure upgrade that was completed in March 2014, and was critical to the ongoing campus wide building expansion defined in the Campus Master Plan.

The Series 2008 Land Acquisition Certificates are payable in semiannual installments with annual principal payments ranging from $450,000 to $1,355,000, maturing on May 1, 2028, and have an interest rate of 6.0 percent.

At June 30, 2025 and 2024, the Series 2008 Land Acquisition Certificates did not have an unamortized discount. Series 2008 Land Acquisition Certificates were defeased on September 26, 2017 with the proceeds of the Series 2017 Refunding Certificates of Participation and were redeemed on May 1, 2019.

(o) State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008

On November 6, 2008, the Treasurer completed a lease purchase agreement under which a Trustee (Wells Fargo Bank, National Association) issued $230,845,000 of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008 (the Certificates). The Certificates were issued at a net premium of $180,940 and were a combination of serial and term maturities with the final maturity in November 2027. The Certificates carry coupon rates ranging from 3.00 percent to 5.50 percent with a total interest cost of 5.40 percent. The Certificate proceeds will be used to fund renovations, additions, and new construction at 12 state institutions of higher education and are collateralized with existing properties at 11 of the 12 institutions. C.R.S. § 23-1-106.3 enacted in the 2008 session of the Colorado State General Assembly authorized the lease purchase and limited the lease payments to average $16.2 million for the first 10 years and $16.8 million for the second 10 years. The legislation envisions annual appropriations of Federal Mineral Lease program revenue to fund the semiannual lease payments required. Annual lease payments are made by the State and are subject to annual appropriations by the Legislature. As a result, the portion of the liability related to the Center of $63,619,181 is recognized by the State and not included in the Center's financial statements.

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

On November 6, 2008, certificate proceeds were allocated to the Science Building renovation and addition project on the Campus in the amount of $83,752,598 with $63,619,181 funded through state appropriations and $20,133,417 to be paid by the Center to the State. The Center pledged the Library/Media Center building and the King Center building as collateral for the project.

The Certificates are payable in semiannual installments with annual principal payments ranging from $493,645 to $1,590,823, with final payment maturing on November 1, 2027, and have an interest rate of 5.2 percent.

(p) Future Minimum Finance Obligation Payments

The following is a schedule of future minimum finance obligation payments under all finance obligations for the year ended June 30, 2025:

	State		Direct Borrowings		
	Principal	Interest	Principal	Interest	Total
Year(s) ending June 30:					
2026	$ 1,424,676	$ 221,661	$ 2,160,000	$ 219,915	$ 4,026,252
2027	1,505,787	144,287	2,215,000	166,896	4,031,970
2028	1,590,823	58,315	2,265,000	112,526	4,026,664
2029	-	-	2,320,000	56,939	2,376,939
2030	-	-	-	-	-
Less unamortized discount	-	-	-	-	-
	$ 4,521,286	$ 424,263	$ 8,960,000	$ 556,276	$ 14,461,825

(q) Ground Leases

On November 13, 2009, the Center entered into an interagency ground lease with MSU Denver to lease land occupied by their new Student Success Building. The new building added an estimated 145,000 square feet of space on campus for classrooms and faculty offices, specifically for MSU Denver students and professors, and will provide students with a central location for a wide range of MSU Denver support services. The groundbreaking for the building was held on December 3, 2010, with an opening date of March 2012.

The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, MSU Denver paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. MSU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

On October 28, 2010, the Center entered into an interagency ground lease with MSU Denver to lease land occupied by their new Hotel and Hospitality Learning Center. The new structure includes a 150-room hotel and conference center as well as an additional 28,000 square feet of space, including classrooms, specialty learning labs, and faculty offices, to provide hands-on training opportunities for students in MSU Denver’s Hospitality, Tourism, and Events Department.

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, MSU Denver paid $15,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. MSU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

On December 22, 2011, the Center entered into an interagency ground lease with CCD to lease land occupied by their new building, Confluence. The new building added an estimated 87,000 square feet of space on campus for classrooms, administrative offices, and a wide range of CCD support services. The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, CCD paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. CCD shall be solely responsible for any and all operating expenses of the premises and improvements.

On February 1, 2012, the Auraria Foundation donated 0.57 acres of land located at 1030 St. Francis Way on the Auraria Campus with an estimated market value of $831,552 to the Center. The property is the site location of the St. Francis Center, a building formerly owned by the Auraria Foundation. Upon receipt of the donated land, the Center subsequently entered into an interagency ground lease with CCD to lease the donated land so that CCD could purchase the St. Francis Center building from the Auraria Foundation.

The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, CCD paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. CCD shall be solely responsible for any and all operating expenses of the premises and improvements.

On November 14, 2012, the Center entered into an interagency ground lease with CU Denver to lease land on which their new Academic Building was constructed. The new building added an estimated 120,000 square feet of space on campus for their College of Liberal Arts and Sciences, as well as a wide range of CU Denver support services.

The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, CU Denver paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. CU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

On October 14, 2015, the Center entered into an interagency ground lease with MSU Denver to lease land on which their new Aerospace Engineering Sciences (AES) building is being constructed. The new building will add an estimated 142,000 square feet of space on campus and will house five programs as part of the initiative fostering advantageous connections between aviation; aerospace sciences; civil, electrical, and mechanical engineering technology; and computer information systems and computer science. In addition, the AES initiative will include Colorado’s only Institute for Advanced Manufacturing. The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, MSU Denver paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. MSU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

(Continued)

NOTE 5 – LONG-TERM DEBT AND FINANCE OBLIGATIONS (Continued)

On January 21, 2016, the Center entered into an interagency ground lease with CU Denver to lease land on which their new CU Denver Wellness Center was constructed. The new building added an estimated 85,000 square feet of space on campus and includes weight and fitness studios, basketball courts, a rock-climbing wall, wellness and information center, training and assessment rooms, social lounge, locker rooms, and a multiactivity court.

The term of this lease is 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, CU Denver paid $10,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. CU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

On July 16, 2019, the Center entered into an interagency ground lease with CU Denver to lease land on which their new CU Denver First Year Student Housing building will be constructed. The new residence hall will include 550 beds and student dining.

The term of this lease shall be 50 years and rent in the amount of $1 for the term of the lease was paid in advance in full upon execution of the lease agreement. In addition, CU Denver paid $15,000 to reimburse reasonable out-of-pocket legal expenses incurred by the Center. CU Denver shall be solely responsible for any and all operating expenses of the premises and improvements.

On June 26, 2025, the Center entered into an interagency ground lease with MSU Denver to lease land occupied by their new East Tower located on campus just west of the Tivoli Student Union. This building will include student housing on the upper floors and a retail space on the ground floor. Groundbreaking for this building was held in September 2025.

NOTE 6 – STATE CONTRIBUTIONS AND ALLOCATIONS FROM OTHER STATE AGENCIES

The Colorado State General Assembly establishes spending authority for the Center in its annual Long Appropriations Bill (Long Bill). Long Bill–appropriated funds may include an amount from the State's General Fund as well as certain cash funds. The source of nearly all appropriated funds for the Center is cash, primarily in the form of appropriated funds transferred from the constituent institutions. Other sources of appropriated cash funds are the sale of goods and services and certain other revenue.

For the year ended June 30, 2025, appropriated current fund expenditures were within the authorized spending authority. The Center had total current funds appropriations of $28,408,385 for which the constituent institutions funded $28,408,385. The constituent institutions also provided nonappropriated funding of $2,315,040 for various deferred maintenance projects. An additional amount of $1,576,503 was provided by MSU Denver and CU Denver in lease payments related to the financed portion of the Science Building Project. MSU Denver provided additional nonappropriated funding of $631,185 to fund a portion of the debt service payments on the additional 13 acres of land purchased in December 2008.

For the year ended June 30, 2024, appropriated current fund expenditures were within the authorized spending authority. The Center had total current funds appropriations of $25,986,383 for which the constituent institutions funded $25,986,383. The constituent institutions also provided nonappropriated funding of $2,204,800 for various deferred maintenance projects. An additional amount of $1,577,711 was provided by MSU Denver and CU Denver in lease payments related to the financed portion of the Science Building Project. MSU Denver provided additional nonappropriated funding of $630,040 to fund a portion of the debt service payments on the additional 13 acres of land purchased in December 2008.

All other revenue, expenditures, and transfers reported by the Center represent nonappropriated funds and are excluded from the annual appropriations bill. Nonappropriated funds include certain grants and contracts, gifts, certain revenue of auxiliary, self-funding activities, and miscellaneous revenue.

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN

(a) Summary of Significant Accounting Policies

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

(b) General Information about the Pension Plan

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

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Contributions provisions as of June 30, 2025: Eligible employees of the Center and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2024 through June 30, 2025 are summarized in the table below:

	January 1, 2024 Through June 30, 2024	January 1, 2025 Through June 30, 2025
Employee contribution (all employees other than Safety Officers)	11.00%	11.00%
Safety Officers	13.00%	13.00%

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The employer contribution requirements for all employees other than Safety Officers are summarized in the table below:

	January 1, 2024 Through June 30, 2024	January 1, 2025 Through June 30, 2025
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	**20.59%**	**20.61%**

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Center is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Center were $4,287,787 and $3,886,827 for the years ended June 30, 2025 and 2024, respectively.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability for the SDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The Center proportion of the net pension liability was based on Center contributions to the SDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2025, the Center reported a liability of $44,276,413 for its proportionate share of the net pension liability.

At December 31, 2024, the Center's proportion was .4656 percent, which was an increase of .0076 percent from its proportion measured as of December 31, 2023.

For the years ended June 30, 2025 and 2024, the Center recognized pension expense of $512,925 and $1,735,926, respectively. At June 30, 2025, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions or other inputs	-	343,325
Net difference between projected and actual earnings on pension plan investments	2,274,783	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	15,048
Change in employer proportion	625,575	-
Contributions subsequent to the measurement date	2,063,796	-
	$ 4,964,153	$ 358,372

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2024, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 245,964
Change in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	4,121,471	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Change in employer proportion	1,310,400	3,920
	5,431,871	249,884
Contributions subsequent to the measurement date	1,981,493	-
	$ 7,413,364	$ 249,884

$2,063,796 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended June 30:	
2026	$ 2,019,760
2027	$ 2,659,058
2028	$ (1,532,820)
2029	$ (604,016)

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions. The TPL in the December 31, 2024, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.30%-10.90%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of pension plan	7.25%
Investment expenses, including price inflation Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

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

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

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the Center's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would 11.be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

Year ended June 30, 2025:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 58,995,158	$ 44,276,413	$ 31,877,913

Year ended June 30, 2024:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 60,541,752	$ 46,321,190	$ 34,363,636

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

(c) Other Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Center that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Center agreed to match employee contributions up to 0 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025 program members contributed $0 and Center recognized pension expense and a liability of $0 and $0, respectively, for the PERAPlus 401(k) Plan.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Defined Contribution Retirement Plan (PERA DC Plan)

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

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy – All participating employees in the PERA DC Plan and the Center's are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2024 through June 30, 2025, are summarized in the tables below:

	January 1, 2024 Through June 30, 2024	January 1, 2025 Through June 30, 2025
Employee Contribution Rates:		
All employees other than Safety Officers	11.00%	11.00%
Safety Officers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees other than Safety Officers	10.15%	10.15%
Safety Officers	12.85%	12.85%

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

	January 1, 2024 Through June 30, 2024	January 1, 2025 Through June 30, 2025
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	**11.46%**	**11.48%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $13,391 and the Center recognized pension expense and a liability of $12,356, respectively, for the PERA DC Plan.

PERAPlus 457 Plan

Plan Description - The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009 as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(a) Summary of Significant Accounting Policies

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

(b) General Information about the OPEB Plan

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

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

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

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

(Continued)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Center is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Center were $244,402 for the year ended June 30, 2025.

(Continued)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

At June 30, 2025, the Center reported a liability of $768,572 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Center proportion of the net OPEB liability was based on the Center's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Center's proportion was .1607 percent, which was an increase of .0022 percent from its proportion measured as of December 31, 2023.

For the years ended June 30, 2025 and 2024, the Center recognized OPEB expense of $(244,402) and ($198,948) respectively.

At June 30, 2025 and 2024, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$129,241
Changes of assumptions or other inputs	8,813	589
Net difference between projected and actual earnings on OPEB plan investments	2,605	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,276	169,531
Change in employer proportionate share	108,267	245,674
Contributions subsequent to the measurement date	101,605	-
Total	$223,566	$545,035

(Continued)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$231,954
Changes of assumptions or other inputs	13,308	120,000
Net difference between projected and actual earnings on OPEB plan investments	35,000	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,321	217,506
Change in employer proportionate share	115,870	269
Contributions subsequent to the measurement date	97,888	-
Total	$265,387	$569,729

$101,605 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	$(166,007)
2027	(87,095)
2028	(75,271)
2029	(42,083)
2030	(32,451)
2031	(20,167)
Total	($423,074)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions. The December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%			
Discount rate	7.25%			
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034			
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034			
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

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

(Continued)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

AGE-RELATED MORBIDITY ASSUMPTIONS
Age-Related Morbidity Assumptions

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,710	$1,420	$585	$486	$1,897	$1,575
70	$1,921	$1,589	$657	$544	$2,130	$1,763
75	$2,122	$1,670	$726	$571	$2,353	$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,536	$5,429	$4,241	$3,523	$7,063	$5,866
70	$7,341	$6,073	$4,764	$3,941	$7,933	$6,563
75	$8,110	$6,385	$5,262	$4,143	$8,763	$6,900

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare Medicare Plans[1]	MAPD PPO #2[1]	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

(Continued)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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

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

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

- Salary scale assumptions were altered to better reflect actual experience.

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- Participation rates were reduced.

- MAPD premium costs are no longer age graded.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$747,865	$768,572	$792,007

[1]For the January 1, 2025, plan year.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
June 30, 2025			
Proportionate share of the net OPEB liability	$941,987	$768,572	$619,145

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
June 30, 2024			
Proportionate share of the net OPEB liability	$1,336,689	$1,131,708	$956,346

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

NOTE 9 – LAND CONDEMNATION

On December 30, 2008, Certificates of Participation (Series 2008 Land Acquisition Certificates) in the amount of $16,500,000 were issued pursuant to a Mortgage and Indenture of Trust, dated as of December 1, 2008, as amended and supplemented, by and between Wells Fargo Bank, National Association, as grantor, and Wells Fargo Bank, National Association, as trustee, to finance the acquisition of approximately 13.54 acres of land, located south of West Colfax Avenue and west of Rio Court near the Campus, to be used for recreational and athletic field purposes by the Constituent Institutions.

On October 7, 2010, the Regional Transportation District (RTD) filed a Petition in Condemnation to acquire 1.04 acres of the aforementioned 13.54 acres of land. On December 8, 2010, the Court granted immediate possession of the property to RTD, including any and all claims, rights, title, interests, easements, liens, encumbrances, reversionary interests, and rights of entry, upon payment of just compensation in the amount of $1,515,700. The 1.04 acres of land that was condemned by RTD was purchased on December 30, 2008 at a cost of $1,516,464, resulting in a net loss on the condemnation of this property of $25,344.

Net proceeds from the land condemnation with interest and gains in the amount of $1,713,354 are currently being held by UMB Bank, as trustee, until these funds are needed to pay the final debt service obligations on the Series 2017 Refunding Certificates of Participation, with final maturity on May 1, 2028. These proceeds are included in restricted cash and cash equivalents at June 30, 2025 and 2024.

NOTE 10 – RISK MANAGEMENT

The Center is subject to risks of loss from liability for accident, property damage, and personal injury. These risks are managed by the State Division of Risk Management, an agency formed by statute and funded by the Long Bill. Therefore, the Center is not required to obtain additional insurance, and accordingly, no reduction occurred in coverage nor did any settlements exceed coverage. The Center does not retain risk of loss except for damage incurred to property belonging to the State, limited to a $5,000 deductible per incident. This deductible rate has been effective since June 7, 2010, when HB-10-1181 was signed into law increasing the property loss claim deductible from $1,000 to $5,000 per incident.

The State Division of Risk Management is deemed to be a public entity risk pool; therefore, under the Governmental Immunity Act, the Center is protected from claims by the Doctrine of Sovereign Immunity except under certain circumstances in which immunity is waived.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

Operating revenue consists of revenue from the constituent institutions, student fees, auxiliary enterprises, and fees for services and facilities provided by the Center. This revenue currently covers the costs of operating the Campus.

NOTE 12 – LITIGATION

The Center is at times involved in litigation arising from the normal course of business. Management has consulted with legal counsel and estimates that these matters will be resolved without a material impact on the operations or financial position of the Center.

REQUIRED SUPPLEMENTARY INFORMATION

The schedule of proportionate share of net pension liability and schedule of employer contributions present multiyear trend information for the last 10 fiscal years.

The following schedules are for the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined-benefit pension fund administered by the PERA of Colorado for the following years:

Schedule of proportionate share of the net Pension liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
AHEC's proportion of the net pension liability	0.46561%	0.45803%	0.44618%	0.41796%	0.46855%	0.51411%	0.51990%	0.52274%	0.53282%	0.52015%
AHEC's proportionate share of the net pension liability	$ 44,276,413	$ 46,321,190	$ 48,510,802	$ 30,824,860	$ 44,441,595	$ 49,888,384	$ 59,157,707	$ 104,642,140	$ 97,869,336	$ 54,777,089
AHEC's covered payroll	17,501,261	15,362,292	14,431,448	14,716,874	16,562,787	17,039,780	15,977,931	16,030,265	15,222,897	15,070,368
AHEC's proportionate share of the net pension liability as a percentage of its covered payroll	252.9%	301.5%	336.1%	209.5%	268.3%	292.8%	370.2%	652.8%	642.9%	363.5%
Plan fiduciary net position as a percentage of the total pension liability	67.2%	64.7%	60.6%	41.8%	65.3%	62.2%	55.1%	43.2%	42.6%	56.1%

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

(Continued)

Notes to Required Supplementary Information (Net Pension Liability) – Fiscal Year 2025 Changes in benefit terms and actuarial assumptions

Changes in assumptions or other inputs effective for the December 31, 2024 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2023 measurement period are as follows:

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

(Continued)

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:

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

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

(Continued)

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- House Bill 20-1379 enacted on June 29, 2020, suspended the $255,000 direct distribution payable on July 1, 2020 for the State's Fiscal Year 2021.
- Senate Bills 18-200 and 20-057 enacted in 2018 and 2020, respectively, expanded the definition of "State Trooper" under Colorado law as follows:
    - Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII; and
    - New members hired on or after January 1, 2020 as a corrections officer classified as I through IV by a State Division employer.
- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for Safety Officers was changed to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

(Continued)

- The post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50 percent to 1.25 percent.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follow:

- The assumed investment rate of return of 7.25 percent was used as the discount rate, rather than using the blended rate of 4.72 percent.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50 percent to 5.26 percent.

(Continued)

Schedule of employer contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 4,440,018	$ 3,959,481	$ 3,342,762	$ 2,929,717	$ 2,907,275	$ 3,077,146	$ 3,131,312	$ 2,944,776	$ 2,767,338	$ 2,505,828
Contributions in relation to the statutorily required contribution	(4,440,018)	(3,959,481)	(3,342,762)	(2,929,717)	(2,907,275)	(3,077,146)	(3,131,312)	(2,944,776)	(2,767,338)	(2,505,828)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AHEC's covered payroll	$ 20,185,543	$ 17,501,261	$ 15,362,292	$ 14,431,448	$ 14,716,874	$ 16,562,787	$ 17,039,780	$ 15,977,931	$ 16,030,265	$ 15,222,897
Contributions as a percentage of covered payroll	22.00%	22.60%	38.57%	20.30%	19.75%	18.58%	18.38%	18.43%	17.26%	16.46%

(Continued)

The schedule of proportionate share of net OPEB liability and schedule of employer contributions present multiyear trend information for the last 10 Fiscal Years. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

The following schedules are for the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined-benefit OPEB fund administered by the PERA of Colorado for the following years:

Schedule of proportionate share of the net OPEB liability	2025	2024	2023	2022	2021	2020	2019	2018
AHEC's proportion of the net OPEB liability	0.16073%	0.15856%	0.15212%	0.14539%	0.16591%	0.18075%	0.18650%	0.18900%
AHEC's proportionate share of the net OPEB liability	$ 768,572	$ 1,131,708	$ 1,242,064	$ 1,246,367	$ 1,576,569	$ 2,031,611	$ 2,537,390	$ 2,454,498
AHEC's covered payroll	20,185,543	17,501,261	15,362,292	14,716,874	16,562,787	17,039,780	15,977,931	16,091,172
AHEC's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.8%	6.5%	8.1%	8.5%	9.5%	11.9%	15.9%	15.3%
Plan fiduciary net position as a percentage of the total OPEB liability	59.8%	46.2%	38.6%	22.2%	32.8%	24.5%	17.0%	17.5%

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

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future Fiscal Years until 10 years of information is available.

Schedule of employer contributions	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 201,829	$ 191,921	$ 164,858	$ 150,953	$ 149,279	$ 161,955	$ 166,960	$ 157,014
Contributions in relation to the statutorily required contribution	(201,829)	(191,921)	(164,858)	(150,953)	(149,279)	(161,955)	(166,960)	(157,014)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AHEC's covered payroll	$ 20,185,543	$ 17,501,261	$ 15,362,292	$ 14,431,448	$ 14,716,874	$ 16,562,787	$ 17,039,780	$ 15,977,931
Contributions as a percentage of covered payroll	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

(Continued)

Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2025
Changes in benefit terms and actuarial assumptions

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provisions Since 2023

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

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Changes in assumptions or other inputs effective for the December 31, 2023 measurement period are as follows:

- There were no changes in assumptions or other inputs effective for the December 31, 2023 measurement period for OPEB compared to the prior year.

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:

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

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

(Continued)

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to the age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scaled MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

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

Members of the
Legislative Audit Committee
and Auraria Higher Education Center
Board of Directors
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Auraria Higher Education Center (the "Center"), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Denver, Colorado
December 15, 2025

Crowe LLP
Independent Member Crowe Global

Members of the
Legislative Audit Committee
and Auraria Higher Education Center
Board of Directors
Denver, Colorado

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Center for further information on the responsibilities of management and of Crowe LLP.

Auditor's Responsibility Under Government Auditing Standards

As part of obtaining reasonable assurance about whether the Center'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Center's financial statements and our auditor's report thereon does not extend beyond the financial information identified in our auditor's report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the Center's report, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

(Continued)

Significant Accounting Policies and Management Judgments and Accounting Estimates

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. The significant accounting policies used by the Center are described in Note 1 to the financial statements.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

Management's estimates include the allowance for uncollectible receivables, the period to depreciate capital assets owned by the Center, accrued compensated absences, net pension liability and the net OPEB liability. We evaluated the key factors and assumptions used to develop these estimates, including possible management bias in developing the estimates, in determining that the estimates are reasonable in relation to the financial statements as a whole.

Corrected and Uncorrected Misstatements

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

There were no such misstatements.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditor's report on the Center's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended June 30, 2025.

(Continued)

Significant Issues Discussed, or Subject To Correspondence, with Management

Major Issues Discussed with Management prior to Retention: We generally discuss a variety of matters with the board of directors and management each year prior to our retention by you as the Center's auditors. However, these matters occurred in the normal course of our professional relationship and responses were not a condition to our retention.

Material Written Communications: Management has been provided copies of the following material written communications between management and us:

1. Engagement letter; and

2. Management representation letter

Significant Difficulties Encountered During the Audit

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

Independence

Confirmation of Audit Independence: We hereby confirm that as of December 15, 2025, we are independent accountants with respect to the Center under relevant professional and regulatory standards.

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This letter to the Legislative Audit Committee is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the Center's board of directors, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

Crowe LLP

Crowe LLP

Denver, Colorado
December 15, 2025