



FINANCIAL STATEMENTS & AUDITORS' REPORTS FOR FY 2006-07

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MANAGEMENT'S LETTER

The purpose of this report is to provide readers with fiscal information on the activities and financial condition of Aims Junior College District (the District) as a whole. It incorporates the financial activities of the Aims Continuing Education Authority, Aims Leasing Corporation, and the Aims College Campus Planned Community Association, which are blended component units of the District and those of Aims Community College Foundation, a discretely presented component unit.

The report consists of the District's basic financial statements and notes thereto, actual to budget comparisons, and additional information. We have also included our analysis of the financial results of the District. These statements were prepared in conformity with generally accepted accounting principles in the United States of America, Colorado Higher Education Standards, and other applicable guidelines. Readers are encouraged to read the accompanying notes along with their review of the financial statements.

The management of the District is responsible for the integrity and objectivity of these financial statements, which are presented on the accrual basis of accounting and, accordingly, include some amounts based on judgment. Other financial information in the annual report is consistent with information in the financial statements. A system of internal accounting controls is in place to assure that the financial reports and the books of accounts properly reflect the transactions of the District.

The Board of Trustees of the District monitors the financial and accounting operations of the institution, including the review and discussion of periodic financial statements and the evaluation and adoption of budgets.

The financial statements of the District and notes thereto have been audited by BKD, LLP. Their opinions follow.

Carol J. Hoglund Chief Business Officer Susan Dale Chief Financial Officer



Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees Aims Junior College District Greeley, Colorado

We have audited the accompanying basic financial statements of the business-type activities and the discretely presented component unit of Aims Junior College District as of and for the year ended June 30, 2007, which collectively comprise Aims Junior College District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Aims Junior College District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Aims Community College Foundation, the discretely presented component unit of Aims Junior College District, as and for the year ended June 30, 2007. Those statements were audited by other accountants whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Aims Community College Foundation, is based solely on the report of the other accountants. Their report, dated October 2, 2007, included a going concern uncertainty explanatory paragraph, which is discussed in Note 1.

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

In our opinion, based on our audit and the report of other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Aims Junior College District as of June 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Board of Trustees Aims Junior College District Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of Aims Junior College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aims Junior College District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

November 30, 2007



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Aims Junior College District's (the District) financial report includes note disclosures and is prefaced by this Management's Discussion and Analysis (MD&A). The MD&A is designed to provide an easily readable analysis of financial activities for the year ended June 30, 2007. The analysis is based on currently known facts and is prepared by the office of the Chief Business Officer. The MD&A begins with brief highlights and is followed by more in-depth analysis.

Financial and Enrollment Highlights

The following significant highlights occurred during the year ended June 30, 2007:

- Net assets increased by 25.6% due principally to higher general property tax and investment revenues.
- Unrestricted net assets increased 43.1%, primarily due to higher general property tax and investment revenues.

State appropriations received in fiscal year 2007 were \$7,718,912 which was \$419,025 higher than the 2006 State appropriations received of \$7,299,887. The additional appropriation by the state was due to the passing of Referendum C, which is a measure to temporarily override the current TABOR revenue formula that limits annual growth in state revenues to the rate of change of inflation plus population. The revenue retained by the State with the passing of Referendum C was partially earmarked to help fund higher education.

- Operating revenues decreased .4% as result of lower tuition and auxiliary revenues exceeding the increase in grants and contract revenues.
- Total operating expenses for 2007 increased 6.2% from 2006 primarily due to a 26.4% increase in student aid, 13.4% increase in student services, and a 9.2% increase in academic support.
- Personnel costs Increased \$2.15 million or 9.6% mainly as a result of an employee buyout option for retirement benefits and accrued compensated absences, which was partially offset by a reduction in retention and recognition costs and the timing of hiring replacement employees.
- Operating costs included in operating expenses by natural classification decreased \$0.95 million or 9.3% as a result of lower non-capitalized expenditures.
- Student Aid increased \$0.95 million or 26.4% as a result of an increase in funding for student aid programs.
- Student full-time equivalent (FTE) enrollment increased 3.6% over last fiscal year.

Financial and Enrollment Highlights (cont'd)

The tables below summarize student enrollment data over the past five years. The District's solutions to reverse the downward trend in enrollment appear to be working according to the table.

Student Headcount Enrollment					
Fiscal Year	Unduplicated Headcount	Percent Change			
2007	7,408	-0.3%			
2006	7,430	-3.6%			
2005	7,710	-15.5%			
2004	9,128	-24.5%			
2003	12,085	-10.9%			

	Student FTE Enrollment							
	Resident FTE				Non-res	ident FTE	Combi	ined FTE
Fiscal Year	In-District	Out-of- District	TOTAL	Percent of Change	Out-of- State	Percent of Change	TOTAL	Percent of Change
2007	2,321	643	2,964	4.04%	104	-7.96%	3,068	3.58%
2006	2,266	583	2,849	-3.98%	113	0.0%	2,962	-3.83%
2005	2,336	631	2,967	-7.48%	113	-2.59%	3,080	-7.31%
2004	2,437	770	3,207	-8.50%	116	-27.04%	3,323	-9.31%
2003	2,662	843	3,505	-6.40%	159	-23.60%	3,664	-7.30%

Net assets increased by \$9,987,498 for 2007 helped by improving student FTE enrollments. The increased FTE enrollment is an indication that the District is taking the right steps toward increasing overall student enrollment. These improving conditions have helped to enhance the financial health of the District.

The following is management's discussion of the results of operations and overview of the financial statements.

Statement of Net Assets

The Statement of Net Assets is a financial snapshot of the District. It presents the fiscal resources of the District (assets), the claims against those resources (liabilities), and the residual available for future operations (net assets). The Statement of Net Assets is prepared using the accrual basis of accounting, which is similar to the accounting methodology used by most private sector companies. Assets and liabilities are classified by liquidity as either current or noncurrent. Net assets are classified by the way in which they may be used for future operations. An increase or decrease in the District's net assets is one indicator of whether its financial health is improving or deteriorating. Consideration of other nonfinancial factors will need to be used to assess the overall health of the District. For the year ended June 30, 2007, net assets increased 25.6%.

Condensed Statement of Net Assets

	Ju	ıne 30, 2007		June 30, 2006
Assets	_		_	
Current Assets	\$	30,198,412	\$	25,976,728
Noncurrent Assets - Noncapital		11,672,770		1,444,238
Capital, Net of Accumulated Depreciation		37,172,457		24,244,726
Total Assets		79,043,639		51,665,692
Liabilities				
Current Liabilities		5,177,846		4,921,533
Noncurrent Liabilities - Loans Payable		3,837,382		4,286,918
Noncurrent Liabilities - Capital Leases		-		2,081
Noncurrent Liabilities - Certificates of participation		19,052,790		-
Other Noncurrent Liabilities		1,912,419		2,679,455
Total Liabilities		29,980,437		11,889,987
Net Assets				
Invested in Capital Assets				
Net of Related Debt		21,563,107		19,507,627
RestrictedExpendable		1,205,830		1,199,500
Unrestricted		26,294,265		18,368,577
Total Net Assets	\$	49,063,202	\$	39,075,704

Current Assets

Cash and cash equivalents of \$23,176,672 comprise 29.3% of the District's assets. The current ratio (current assets over current liabilities) is approximately six to one (6:1). This means that for every dollar (\$1) of liability currently due next fiscal year, the District has almost six dollars (\$6) of assets available to pay them. This year's current ratio increased 10.5% from the prior year. Financial prudence holds that this ratio should be at least two to one (2:1).

Capital Assets

Capital assets consist of District property and improvements thereto, with a unit cost of \$5,000 or more. The increase in net capital assets of 53.3% is primarily attributable to the construction in progress for the remodel of the Ed Beaty building and the continued construction of the new Allied Health & Science building, as well as various improvements to existing buildings on campus. In addition, there is the offset for disposal of plant assets and the effect of the increase in accumulated depreciation as a result of capital acquisitions and current year depreciation. Note 5 of this report summarizes the changes in capital assets between fiscal year 2007 and 2006.

Liabilities

Obligations of the District increased 152.2% over last year's amount. The increase is attributable to the issuance of the certificates of participation issued August of 2006 for \$19,335,000. A portion (4.8%) of the increase was offset by the reduction in long-term liabilities for retirement benefits and compensated absences or unused leave by employees of the District. The compensated absences liability decreased 13.5% from the amount in 2006, and the retirement benefits obligation decreased 29.6% from the same period. This change is in direct relation to the college's implementation of a buyout plan for retirement benefits and accrued compensated absences completed in 2007. More information about the District's long-term debt is presented in Notes 10-14 and 17 of the financial statements.

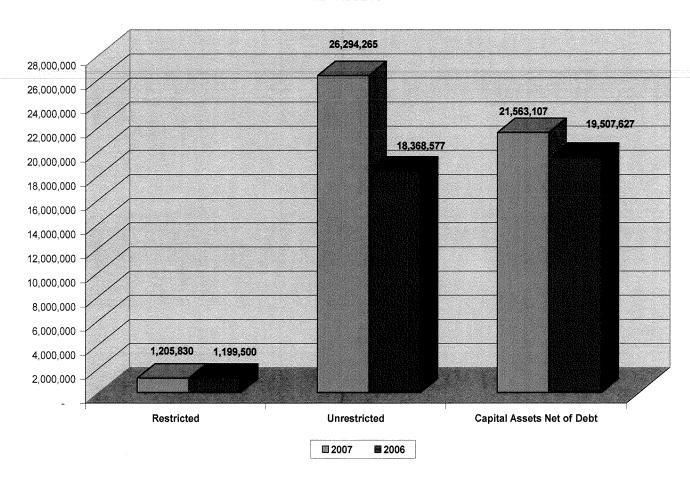
Net Assets

Net assets increased 25.6% in fiscal year 2006-07 primarily due to higher nonoperating revenue. Net assets are the resources available for future operations, that is, assets reduced by liabilities. The District's largest class of assets is its capital assets. Even after consideration of related debt, capital assets net of debt comprise 43.9% of the District's net assets.

Net Assets (cont'd)

It is important to recognize that the Unrestricted Net Assets of \$26.3 million include resources that, while "unrestricted" under legal and financial reporting definitions, are in fact dedicated to particular purposes. Most notably, the Unrestricted Net Assets include \$19.3 million designated for capital construction and general campus capital equipment, as directed by the Board of Trustees. Remaining Unrestricted Net Assets include departmental operating funds and the net assets of the Continuing Education Authority.

NET ASSETS



Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA)

The Statement of Revenues, Expenses, and Changes in Net Assets presents the financial activity of the District throughout the fiscal year, and how it increased or decreased net assets. The focus is on Operating Revenues and Expenses, and it is important to recognize that while State appropriations and property taxes are budgeted for operations, they are reported as nonoperating revenues. This statement is also prepared using the accrual basis of accounting.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

		he year ended ine 30, 2007		he year ended ne 30, 2006
Operating Revenues		_	'	
Net Tuition & Fees	\$	8,712,522	\$	8,897,457
Grants & Contracts		6,868,568		6,577,083
Auxiliary		2,849,660		3,057,022
Other		505,268_		477,072
Total Operating Revenues		18,936,018		19,008,634
Operating Expenses				
Educational & General		37,505,037		35,452,974
Auxiliary		2,706,455		2,404,247
Depreciation and amortization		2,305,943		2,186,353
Total Operating Expenses	AMOUNT FOR CONTRACTOR OF CONTR	42,517,435		40,043,574
Operating Loss		(23,581,417)		(21,034,940)
Nonoperating Revenues (Expenses) and Gains (Lo	sses)			
General Property Taxes	,	24,921,330		21,333,929
State Appropriations		7,718,912		7,299,887
Contribution from the Foundation		218,965		219,284
Investment income		1,733,465		669,942
Interest on Capital Asset Related Debt		(890,073)		(204,739)
Loss on Disposal of Assets		(133,684)		(157,681)
Other		-		54,530
Total Nonoperating Revenues		33,568,915	·····	29,215,152
Increase in Net Assets		9,987,498		8,180,212
Net Assets - Beginning of Year		39,075,704		30,895,492
Net Assets - End of Year	\$	49,063,202	\$	39,075,704

Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) (cont'd) For the year ended June 30, 2007, the District had a net operating ratio of negative 1.25. This ratio measures the operating income or loss in relation to the total operating revenues. A negative 1.25 operating ratio means that operating expenses were 125% greater than operating revenues. The net operating ratio will usually be a negative number because nonoperating revenues are reported below the operating income or loss subtotal.

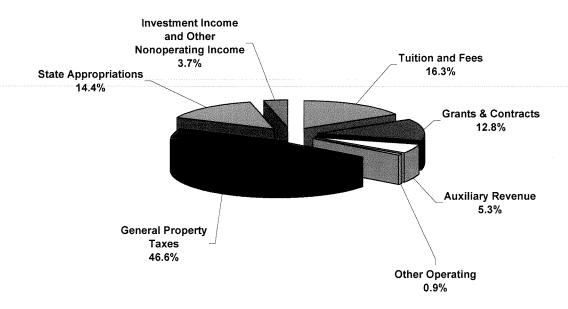
Compared to prior year's operating ratio of negative 1.11, the 2007 ratio declined 12.5%. This means from fiscal year 2006 to 2007 operating expenses increased and operating revenues decreased for the same period. Operating revenues decreased .4%, while operating expenses increased 6.2%.

The primary factor contributing to decreased operating revenues was:

• Although the District did see an increase in Federal, State, and local grants and contracts; this increase was not enough to offset the decrease in Auxiliary operating revenue and tuition revenue. This caused operating revenues to drop slightly from last year. The higher negative ratio is due to the fact that operating expenses increased (\$2.5 million), while operating revenues stayed relatively flat. The increase in operating expenses can be explained by the year end employee buyout offer (\$1.25 million) and the natural increase in payroll costs associated with annual raises. Without the affects of the employee buyout, the operating ratio would have been a negative 1.16.

Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) (cont'd) Other significant changes on the SRECNA include the \$3.6 million increase in Property tax revenue. State of Colorado appropriations increased to \$7.7 million for 2007 compared to the 2006 appropriations of \$7.3 million. At this time, there is an unknown risk of future state appropriations due to the uncertain future economic outlook for the State of Colorado.

TOTAL REVENUES SOURCES



Net revenue from all sources net of scholarship allowances totals \$53.5 million, with \$18.9 million generated from Operating Revenues and \$34.6 million in nonoperating revenues.

General property taxes represent the single largest source (47%) of total revenues to the District, which is 3% higher than in year 2006 (44%). Tuition and fee revenue net of the scholarship allowance is the second largest source (16%). In fiscal year 2007, Grants & Contracts declined to 13% of the total revenue compared to 14% for 2006. State Appropriations remained the same for 2007 and 2006 at approximately 15%.

<u>Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA)</u> (cont'd) Reporting standards require tuition and fees to be shown net of scholarship allowances which were \$878,310 for 2007. Scholarship allowances are those portions of tuition and fees, which are paid by other revenues, primarily federal and state grants for financial aid and also general institutional scholarships (note 1).

Expenses

Operating Expenses are reported on the SRECNA by functional classification. This classification represents the types of programs and services provided by the District. The District also summarized its expenses by their natural classification, which represents expenses by type, regardless of the program or service. The tables below illustrate expenses by functional and natural classifications. Management's analysis for significant changes follows each table.

Functional Classifications

Operating Expenses by Function

		Year Ended			
		June 30, 2007	June 30, 2006		
Instruction	\$	14,897,343	\$ 14,612,449		
Public Service	*	45,947	56,534		
Academic Support		5,985,168	5,480,984		
Student Services		3,748,306	3,306,194		
Institutional Support		4,329,558	4,526,602		
Operation of Plant		3,928,157	3,853,600		
Student Aid		4,570,558	3,616,611		
Auxiliary Operating		2,706,455	2,404,247		
Depreciation and amortization		2,305,943	2,186,353		
Total Operating Expenses	\$	42,517,435	\$ 40,043,574		

Management's Analysis of Functional Classifications

Instruction expenses Increased in 2007 partially due to the employee buyout offer (approx. \$214,000), and an increase in part-time instructional salaries.

Academic Support increased 9.2% for 2007, which can also be attributed to the employee buyout offer (approx. \$565,000).

Student Services Increased 13.4% because of increased payroll costs and increased non-capital expenditures for various student retention programs.

Institutional support expenses decreased \$0.2 million. This decrease was due to the increased fringe benefit allocation offsetting the increased medical insurance expense, as well as higher payroll costs associated with the employee buyout.

Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) (cont'd)

Management's Analysis of Functional Classifications (cont'd)

Student aid net of scholarship allowances increased 26.4% as a result of increased financial aid (federal loan programs), grant paid expenses, and stable enrollment. Although loan funds are not reported in the SRECNA, they are a factor in determining the scholarship allowance which offsets against tuition and fee revenue and student aid line items to derive the net amounts.

Natural Classifications

Operating Expenses by Natural Classification						
		Year En	ded			
	June 30, 2007 June 30, 2006					
Employee & Personnel Services	\$	24,517,979	\$	22,370,363		
Operating		9,339,081		10,292,704		
Costs of Goods Sold		1,783,874		1,577,543		
Depreciation and amortization		2,305,943		2,186,353		
Student Aid		4,570,558		3,616,611		
Total Operating Expenses	\$	42,517,435	\$	40,043,574		

Management's Analysis of Natural Classifications—Employee and personnel costs increased \$2.1 million or 9.6%. The increase is associated with the employee buyout option given at the end of the 2006/2007 academic year (\$1.56 million), the 2006/2007 annual employee raises, and a slight offset for timing of replacements for retired and resigned employees.

Operating costs decreased \$0.95 million as a result of lower expenditures on non-depreciable capital assets, and lower expenditures for contracted services.

Cost of goods sold increased 13.1% due to the increase in the cost of text books.

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash payments during the past year. A summary is presented here with more detail on the actual statement.

The primary cash received from operating activities includes tuition and fees and grant and contract revenues. Cash outlays for operations include payments for salaries, wages, benefits, supplies, and services. Just as the General Property Taxes and State appropriations are not reported as Operating Revenue, cash flows from both are not considered as operating sources, but as noncapital financing. Significant changes in this statement are noted below:

- Net cash used by operating activities increased over 2006 by \$3.32 million primarily due to the combined affect of an increase in grants and contracts receipts of 10.2% being offset by increases in payments to and for employees (9.3%), payments to suppliers (7.2%), and scholarships disbursed (26.4%). The increase in Payments to and for employees is directly related to the employee buyout and the annual raises. Payments to suppliers reflects the college's effort to reduce outstanding liabilities at year end. This corresponds to the increased current ratio at year end compared to 2006. The increased amount for Scholarships disbursed is related to the increased funds received for Grants and contracts being distributed to students.
- Cash flows provided by noncapital financing activities increased over 2006 by \$5.7 million due to the increase in general property tax revenue, and additional State appropriations received.
- Cash provided by capital and related financing activities increased 181%. This is associated with the increase in cash from the issuance of the certificates of participation being offset by the expenditure of cash for the construction of the health/science building, the new aviation building, and the remodel of Ed Beaty Hall. In addition, there were increased expenditures for building improvements and technology.
- Net cash flows provided by investing activities for 2007 was due to the increased earnings on invested assets due to higher interest rates offset by the increased available funds to invest. Investment revenue related to funds associated with the issuance of the certificates of participation account for over \$698,000 of the over \$1.73 million dollars earned on investments.

Overall, the District's cash position increased \$14.3 million, which includes restricted money market funds of \$8.4 million.

Economic Outlook

Factors affecting the future of the District include student enrollment and the amount of funding received from district property taxes and State appropriations. Each factor is sensitive to the condition of the local and statewide economies. Other factors include the ability of the District to meet educational needs of the community, attracting and retaining qualified faculty and staff.

Student FTE enrollment increased by 3.6% from the prior year 2006 to the current year 2007. The increase is attributed to the Districts conscious effort to improve enrollment through various programs aimed at helping students succeed in college. The District will continue its diligent efforts to increase student FTE enrollment. One large step the District has taken to help insure its future growth is the purchase of 30.06 acres of land along the I-25 corridor in Berthoud, Colorado. The foresight of this land purchase is to construct an additional southern campus to service an anticipated increased population of District students in southern Weld County, as well as non-district students in the surrounding counties near the site.

State appropriations improved in fiscal 2007, primarily due to the State's passing of Referendum C. However the State's economic situation is still a concern. The fiscal year 2008 State appropriation is expected to increase slightly, however, that could change depending on the State's economic situation due to a slowing economy, funding issues, and the upcoming national elections.

The growth and the assessed valuation of property within the taxing district play an equally critical role as the State support erodes. Six counties contribute to the assessed value of the taxing district, with the largest contribution coming from Weld County. Growth and assessed valuation have grown steadily but are anticipated to slow down over the next year. The fiscal year 2007 increase in property tax revenue was derived primarily from oil and gas in Weld County. However, this is not the case for fiscal year 2008. The District anticipates only a slight increase in property tax revenue of less than 1% in 2008.

Given the positive improvement in enrollments and State appropriations uncertainty, the District has continued its implementation of the following strategies:

- Assess educational needs of the community and adjust instructional programs accordingly.
- Continue to implement strategies to improve student retention.
- Implement initiatives to offset potential future slowing property tax revenues and the continued risk of lower State appropriations.

Additionally, the District analyzes tuition rates annually and adjusts tuition based on funding mix and projected costs. The District's tuition remains competitive with other Colorado community colleges.

The District will continue to explore solutions that will support its educational mission and strengthen its presence in the community.

Requests for Information

This financial report is designed to provide a general overview of the Aims Junior College District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information for the District and the financial statements of Aims Community College Foundation should be addressed to the Chief Business Officer, Aims Junior College District, PO Box 69, 5401 W. 20th Street, Greeley, Colorado, 80632.



BASIC FINANCIAL STATEMENTS

AIMS JUNIOR COLLEGE DISTRICT STATEMENT OF NET ASSETS June 30, 2007

ASSETS

A33E13	
Current Assets:	
Cash and cash equivalents	\$ 23,176,672
Short-term investments and certificates of deposit	1,060,442
Accrued interest receivable	42,230
Student accounts receivable, net of allowance of \$393,438	612,211
Accounts receivable, net of allowance of \$42,745	545,543
Property tax receivable	3,927,254
Inventories	427,358
Other current assets	406,702
Total Current Assets	30,198,412
Noncurrent Assets:	
Land held for development	1,451,565
Money market funds-restricted for construction	8,434,689
Long-term investments	1,196,167
Deferred capital lease issuance costs, net	590,349
Nondepreciable Capital Assets:	11,672,770
Land	1,025,588
Land improvements	1,102,449
Art/historical figures	21,132
Construction in Progress	15,794,432
Depreciable Capital Assets:	10,104,402
Land improvements	1,093,408
Buildings and improvements	12,314,344
Leasehold improvements	291,827
Equipment and Furniture	5,529,277
Total Capital Assets (net)	37,172,457
Total Noncurrent Assets	48,845,227
TOTAL ASSETS	79,043,639
LIABILITIES	
Current Liabilities:	
Accounts payable	1,593,166
Accrued liabilities	799,910
Deferred revenue	600,068
Loans payable, current portion	449,537
Capital leases payable, current portion	2,081
Capital leases payable-certificates of participation, current portion	635,000
Retirement benefits payable, current portion	657,931
Compensated absence liabilities, current portion	238,245
Deposits held in custody for others	201,908
Total Current Liabilities	5,177,846
Noncurrent Liabilities:	
Loans payable	3,837,382
Capital leases payable-certificates of participation, net	19,052,790
Retirement benefits payable	959,437
Compensated absence liabilities	952,982
Total Noncurrent Liabilities	24,802,591
TOTAL LIABILITIES	29,980,437
NET ASSETS	
Invested in capital assets, net of related debt Restricted for:	21,563,107
Expendable purposes:	
TABOR reserves	1,194,327
Loans	6,588
Non-governmental grants and contracts	4,915
Unrestricted	26,294,265
TOTAL NET ASSETS	\$ 49,063,202

AIMS COMMUNITY COLLEGE FOUNDATION STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS		
Cash and cash equivalents	\$	454,341
Investments		3,794,472
Contributions receivable, net		1,124,828
Student loans receivable, net		1,686
Donor restricted funds advanced for unrestricted operations		145,990
Interest receivable		6,730
TOTAL ASSETS		5,528,047
LIABILITIES		
Accounts payable	\$	839
Borrowing from donor restricted funds		145,990
Split interest payable		4,011
Deferred revenue		16,326
TOTAL LIABILITIES		167,166
NET ASSETS		
Unrestricted		(137,621)
Temporarily restricted		3,079,795
Permanently restricted	***************************************	2,418,707
TOTAL NET ASSETS		5,360,881
TOTAL LIABILITIES AND NET ASSETS	\$	5,528,047

AIMS JUNIOR COLLEGE DISTRICT STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2007

NONOPERATING REVENUES (EXPENSES) General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073)	REVENUES		
Federal grants and contracts 5,003,282 State and local grants and contracts 1,865,286 Auxiliary operating revenue 505,268 Total Operating Revenues 18,936,018 EXPENSES Very Contract of the Contract of the Contract of Contra	Operating Revenues:		
State and local grants and contracts 1,865,286 Auxiliary operating revenue 2,849,660 Other operating revenue 505,288 Total Operating Revenues 18,936,018 EXPENSES Separating Expenses: Educational and general Instruction Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues <th>Student tuition and fees, net of scholarship allowances of \$878,310</th> <th>\$</th> <th>8,712,522</th>	Student tuition and fees, net of scholarship allowances of \$878,310	\$	8,712,522
Auxiliary operating revenue 2,849,660 Other operating revenue 505,268 Total Operating Revenues 18,936,018 EXPENSES Operating Expenses: Educational and general Instruction 14,897,343 Public service 45,947 Academic support 5,965,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,335 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) (23,581,417) General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 <t< td=""><td>Federal grants and contracts</td><td></td><td>5,003,282</td></t<>	Federal grants and contracts		5,003,282
Other operating revenue 505,288 Total Operating Revenues 18,936,018 EXPENSES Operating Expenses: Educational and general 14,897,343 Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 3,28,1417) NONOPERATING REVENUES (EXPENSES) 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 21,8965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets	State and local grants and contracts		1,865,286
Total Operating Revenues 18,936,018 EXPENSES Operating Expenses: Educational and general Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 9,987,498	Auxiliary operating revenue		2,849,660
EXPENSES Operating Expenses: Educational and general 14,897,343 Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) Seneral property taxes State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,884) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 9,987,498	Other operating revenue		505,268
Operating Expenses: Educational and general Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net assets—beginning of year 39,075,704	Total Operating Revenues		18,936,018
Educational and general Instruction	EXPENSES		
Instruction 14,897,343 Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assets—beginning of year 39,075,704	Operating Expenses:		
Public service 45,947 Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assets—beginning of year 39,075,704	Educational and general		
Academic support 5,985,168 Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assets—beginning of year 39,075,704	Instruction		14,897,343
Student services 3,748,306 Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 9,987,498	Public service		45,947
Institutional support 4,329,558 Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 9,987,798	Academic support		5,985,168
Operation of plant 3,928,157 Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) State appropriations General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 9,987,498	Student services		3,748,306
Student aid 4,570,558 Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 39,075,704	Institutional support		4,329,558
Depreciation and amortization 2,305,943 Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 39,075,704	Operation of plant		3,928,157
Auxiliary operating 2,706,455 Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assetsbeginning of year 39,075,704	Student aid		4,570,558
Total Operating Expenses 42,517,435 Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 39,075,704	Depreciation and amortization		2,305,943
Operating Loss (23,581,417) NONOPERATING REVENUES (EXPENSES) 24,921,330 General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets 39,075,704	Auxiliary operating		2,706,455
NONOPERATING REVENUES (EXPENSES) General property taxes 24,921,330 State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assets—beginning of year 39,075,704	Total Operating Expenses		42,517,435
General property taxes24,921,330State appropriations7,718,912Contribution from the Foundation218,965Investment income1,733,465Interest on capital asset related debt(890,073)Loss on disposal of assets(133,684)Net Nonoperating Revenues33,568,915Increase in Net Assets9,987,498Net Assets39,075,704	Operating Loss		(23,581,417)
State appropriations 7,718,912 Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assets—beginning of year 39,075,704	NONOPERATING REVENUES (EXPENSES)		
Contribution from the Foundation 218,965 Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assetsbeginning of year 39,075,704	General property taxes		24,921,330
Investment income 1,733,465 Interest on capital asset related debt (890,073) Loss on disposal of assets (133,684) Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assetsbeginning of year 39,075,704	State appropriations		7,718,912
Interest on capital asset related debt Loss on disposal of assets Net Nonoperating Revenues Increase in Net Assets Net Assets Net assets—beginning of year (890,073) (133,684) 9,987,498 33,568,915	Contribution from the Foundation		218,965
Loss on disposal of assets Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assetsbeginning of year 39,075,704	Investment income		1,733,465
Net Nonoperating Revenues 33,568,915 Increase in Net Assets 9,987,498 Net Assets Net assetsbeginning of year 39,075,704	Interest on capital asset related debt		(890,073)
Increase in Net Assets Net Assets Net assetsbeginning of year 39,075,704	Loss on disposal of assets		(133,684)
Net Assets Net assetsbeginning of year 39,075,704	Net Nonoperating Revenues		33,568,915
Net assetsbeginning of year 39,075,704	Increase in Net Assets		9,987,498
	Net Assets		
Net AssetsEnd of Year \$ 49,063,202	Net assetsbeginning of year		39,075,704
	Net AssetsEnd of Year	\$	49,063,202

AIMS COMMUNITY COLLEGE FOUNDATION STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2007

		Temporarily	Permanently	
Revenue and Gains:	Unrestricted	Restricted	Restricted	Total
Contributions	\$ 94,792	\$ 1,246,301	\$ 16,300	\$ 1,357,393
Investment earnings	31,850	428,102	-	459,952
Special events, net	(1,325)	-	-	(1,325)
Miscellaneous income	-	2,391	-	2,391
Net assets released from restrictions:				
Satisfaction of program restrictions	552,739	(552,739)		
Total revenues and gains	678,056	1,124,055	16,300	1,818,411
Expenses				
Program services:				
Scholarships:				
Student	173,708	-	-	173,708
Childcare subsidy	30,007	-	-	30,007
Contributions to College:				
Automotive	28,180			28,180
Caring for Colorado grant	77,900			77,900
Colorado Trust grant	98,912			98,912
Aviation faculty development	2,564	-		2,564
Medical programs	2,970	-	-	2,970
Childcare	13,367	-	-	13,367
Other	12,473		_	12,473
Total Program Services	440,081	-	-	440,081
Support Services:				
Fund raising	147,600	-	-	147,600
General and administrative	81,002	-	-	81,002
Total Support Services	228,602			228,602
Total Expenses	668,683	_		668,683
Donor Transfers	21,054	(27,367)	6,313	
Change in net assets	30,427	1,096,688	22,613	1,149,728
Net assetsbeginning of year	(168,048)	1,983,107	2,396,094	4,211,153
Net assetsend of year	\$ (137,621)	\$ 3,079,795	\$ 2,418,707	\$ 5,360,881

AIMS JUNIOR COLLEGE DISTRICT STATEMENT OF CASH FLOWS Year Ended June 30, 2007		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:	•	0.770.040
Tuition and fees	\$	8,773,616
Sales of services		751,971
Sales of products		2,105,464
Grants and contracts		7,041,759
Other receipts		544,563
Cash Payments:		(05.400.053)
Payments to and for employees		(25,468,653)
Payments to suppliers		(12,294,475)
Scholarships disbursed		(4,570,558)
Net cash used by operating activities	*	(23,116,313)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from the Foundation		218,965
State appropriations, noncapital		7,718,912
General property taxes, noncapital		25,418,434
Increase in deposits held in custody for others		153,734
Net cash provided by noncapital financing activities	***************************************	33,510,045
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets		(14,081,948)
Proceeds from certificates of participation, net of issuance costs of \$478,079		18,856,921
Issuance costs paid directly		(151,882)
Capital lease premium-certificates of participation		376,462
Principal paid on loans and capital leases		(448,099)
Interest paid on loans and capital leases		(1,085,675)
Net cash provided by capital financing and related activities		3,465,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for land held for development		(300,000)
Purchases of investments		(2,474,296)
Proceeds from sales of investments		1,528,168
Investment earnings		1,702,753
Net cash provided by investing activities		456,625
Net Increase in Cash and Cash Equivalents		14,316,136
Beginning cash and cash equivalents Beginning cash and cash equivalents balance		17.295.225
Ending cash and cash equivalents balance (includes \$8,434,689 money market funds-		17,295,225
restricted for construction)	\$	31,611,361
Tookington of contentation,		31,011,001
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$	(23,581,417)
Adjustments to reconcile operating loss to net cash		
used by operating activities:		
Depreciation and amortization expense		2,305,943
Decrease (increase) in assets:		
Receivables, net		323,704
Inventories & prepaids		147,312
Increase (decrease) in liabilities:		
Accounts payable		(1,397,606)
Accrued liabilities		(84,683)
Deferred revenues		36,426
Retirement benefits payable		(679,317)
Compensated absences		(186,675)
Net cash used by operating activities	\$	(23,116,313)
Noncash capital and related financing activities:		
Construction accounts payable and retainages payable in accounts payable	\$	1,010,388
Amortization of bond issuance costs		39,612
Amortization of deferred capital lease premium-certificates of participation		23,672
Capital assets donated to the District		77,900
Interest cost capitalized		170,421
See accompanying notes to financial statements		
Aims Community College Financial Statements & Auditors' Reports for FY 2006-07		

AIMS COMMUNITY COLLEGE FOUNDATION STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES Cash received from donors Interest and dividends received Cash paid to support College programs Cash paid to employees and suppliers Net cash provided by operating activities	\$	942,157 121,288 (360,131) (80,384) 622,930
CASH FLOWS FROM INVESTING ACTIVITIES Net increase in investments Net cash (used) by investing activities		(451,781) (451,781)
CASH FLOWS FROM FINANCING ACTIVITIES Contributions restricted for endowments Net cash provided by financing activites	Management of the Control of the Con	16,300 16,300
Net increase in cash and cash equivalents		187,449
Beginning cash and cash equivalents balance		266,892
Ending cash and cash equivalents balance	\$	454,341
Reconciliation of change in net assets to net cash (used) provided by operating activities:		
Change in net assets Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:	\$	1,149,728
Net (gain) on investments Contributions restricted for endowments Changes in operating assets and liabilities:		(338,664) (16,300)
Contributions receivable Student loans receivable Prepaid expenses Interest receivable Accounts payable Split interest payable Deferred revenue		(142,810) 2,878 3,500 (3,667) 195 (240) (31,690)
Net cash (used) provided by operating activities	\$	622,930

Aims Community College Financial Statements & Auditors' Reports for FY 2006-07



NOTES TO FINANCIAL STATEMENTS

Reporting Entity

Aims Junior College District (the District) is a self-governing junior college district with direct taxing authority. The District was formed in January 1967 to serve the post-high school educational needs of Weld County, Colorado and adjacent counties, including vocational and adult education. Aims Junior College District operates under the name of Aims Community College (the College).

The financial statements of the District include all of the integral parts of the District's operations. The District applied various criteria to determine if it is financially accountable for any organization that would require that organization to be included in the District's reporting entity. These criteria include fiscal dependency, financial benefit/burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

As required by generally accepted accounting principles, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, which was adopted by the District for fiscal year 1994, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which was adopted by the District for fiscal year 2004.

Blended Component Units

The Aims Continuing Education Authority (the Authority), a not-for-profit corporation under the Colorado Nonprofit Corporation Act, was established July 1, 1996, to provide continuing education services.

The Aims Leasing Corporation, a Colorado non-profit corporation (the Corporation), was established on February 6, 2002, to acquire real and personal property to be used by the College or the Authority.

The Aims College Campus Planned Community Association (the Association), a not-for-profit corporation under the Colorado Revised Nonprofit Corporation Act, was incorporated August 30, 2006, and was created pursuant to a Declaration (the Declaration) by the Aims Junior College District to acquire real and personal property to be used by the College or the Association. The Declaration created separate ownership of a planned community unit and for the ownership and management by the association of the common elements appurtenant thereto. The planned community unit represents property leased under a lease purchase agreement between Wells Fargo Bank, National Association and the District, as lessee (see note 17 for further information regarding the lease agreement).

These entities are blended with the District because they provide services entirely to the District or among each other.

Discretely Presented Component Unit

The Aims Community College Foundation (Foundation), a not-for-profit corporation under Article 40, Title 7 of the Colorado Revised Statutes of 1973, was established in 1979 to promote the welfare, development, growth, and wellbeing of Aims Community College, and also to permit the Foundation to engage in such activities as may be beyond the scope of the Trustees of the District. In addition, the Foundation is concerned and involved in the affairs of the community. The Foundation is discretely presented in the District's financial statements because it meets the three criteria contained in GASB 39 for inclusion as a component unit. The Foundation is a separate legal entity from the District. The voting members of the Foundation's Board of Directors are composed of a group of concerned individuals, one of whom is a member of the District staff. The Foundation contributed \$218,965 to the operations of the District and \$203,715 for scholarships for the year ended June 30, 2007. The District has recorded \$174,675 as Deposits Held in Custody for Others on behalf of the Foundation as of June 30, 2007.

The Foundation generated adequate levels of unrestricted contributions to cover its operating expenses for the year ended June 30, 2007. In order to fund its operations in the prior year, the Foundation borrowed funds from temporarily restricted assets to cover operating shortfalls at June 30, 2006. However, the Foundation did reduce the amount of borrowing outstanding by \$29,545 during 2007. Although these prior year conditions create an uncertainty about the Foundation's ability to continue as a going concern, the Foundation has implemented a plan to continue to reduce and eliminate the prior year operating shortfalls.

The Foundation began assessing a 3% administrative fee on all gifts received in the fiscal year 2006-2007. This fee results in unrestricted revenue regardless of donor restrictions which pertain to the underlying gift. If the amount of increases in revenues and reductions in support services are inadequate to return the unrestricted operations of the Foundation to a positive basis, the Foundation may not be able to fund its on-going operations.

The financial statements of the Foundation may be obtained at the following address:

Aims Junior College District Attn: Chief Business Officer PO Box 69, 5401 W. 20th Street Greeley, CO 80632

Basis of Presentation and Changes in Accounting Principles

The District's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) pronouncements, and Colorado Higher Education Accounting Standards.

The District has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB standards conflict with Governmental Accounting Standards Board (GASB) standards. The District has elected not to apply FASB pronouncements issued after the applicable date.

The Foundation's financial statements have been presented under the reporting format described in FASB No. 117, *Financial Statements of Not-for-Profit Organizations*.

Basis of Accounting

The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. In addition, all significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents, include money market accounts and other demand deposits, including funds deposited in Colorado Diversified Trust, an investment fund organized in accordance with Colorado State Statutes. For purposes of the statements of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The District accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost or market on the first-in, first-out (FIFO) basis.

Property Taxes

Property taxes are levied in November and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The January 1, 2007, levy for the District was 6.36 mills, or approximately \$22,577,855. Anticipated tax revenue not received at June 30 is recorded as property tax receivable in the statement of net assets.

Deferred Capital Lease Issuance Costs

Issuance costs associated with the issuance of bonds or other long-term debt obligations, including certificates of participation, are deferred and amortized to expense over the life of the respective obligation using the interest method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings and land improvements that exceed \$50,000 and significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Interest cost is capitalized on assets constructed by the District during the period of construction.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 15 to 20 years for land improvements, and 3 to 10 years for equipment.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues for summer tuition and fees are calculated based on the number of days falling within each respective fiscal year. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employees' compensated absences are accrued at year-end for financial statement purposes. The current portion represents estimated amounts that will be paid out within one year.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of capital lease and retirement benefit obligations maturing after one year and other estimated liabilities. Only amounts specifically identified as payable within one year are classified in current liabilities in the statement of net assets. Remaining balances have been classified as noncurrent liabilities as maturities are due in greater than one year or there is uncertainty as to when the estimated liabilities will be paid. Deferred capital lease premium, which is netted against the related obligation, represents the deferral of the premium on the issuance of the 2006 certificates of participation that is being amortized to interest expense over the life of the obligations using the interest method.

Net Assets

The District's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the District's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets—expendable: Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, property tax, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Classification of Revenue

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

Operating revenues: Operating revenues generally result from providing goods and services for instruction, public service or related support services to an individual or entity separate from the District.

Nonoperating revenues: Nonoperating revenues are those revenues that do not meet the definition of operating revenues. For example, nonoperating revenues include state appropriations, general property taxes, gifts, investment income, and insurance reimbursement revenue.

Scholarship Allowances

The District uses the "Alternate Method" prescribed by the National Association of College and University Business Officers (NACUBO) to compute its scholarship allowances or tuition discount. Under the Alternative Method, institutions may use a rational, documented allocation methodology to determine the portion of applicable financial aid support to be applied as scholarship allowances and student aid expenses.

NACUBO provides guidance for two methods for the application of financial aid and institutional resources to student accounts receivable. The first is on a case-by-case method and the second is a rational allocation method. Because a case-by-case method is not feasible for most institutions, the rational allocation or 'Alternate Method' is the preferred method of determining tuition and scholarship allowances. NACUBO issued Advisory Report 2000-05, September 8, 2000, detailing the 'Alternate Method.'

Application of Restricted and Unrestricted Resources

The District's policy is to first apply an expense against restricted resources then toward unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

NOTE 2—BUDGET LAW

The Board of Trustees adopts an annual budget to authorize and control spending from the various accounting funds of the District and Continuing Education Authority (the Authority). The District's expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consistent with generally accepted accounting principles. The preparation and adoption of the District's operating budget is prescribed by the School District Budget Law of 1964 (Article 44, Title 22 of the Colorado Revised Statutes).

NOTE 3: DEPOSITS AND INVESTMENTS

At June 30, 2007, the District's deposits of cash and certificates of deposits in banks, exclusive of restricted money market funds, was \$1,688,213. The entire bank balance was either covered by federal deposit insurance or collateralized under PDPA (see below). The District also had cash on hand of \$14,357at June 30, 2007.

Cash and cash equivalents as of June 30, 2007 is comprised of the following:

Union Colony Bank		563,289
Wells Fargo Advantage - Money Market		164,693
		23,162,315
Cash on hand	•	14,357
Total	\$	23,176,672

The Colorado Public Deposit Protection Act (PDPA) requires eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state.

The statutes of the State of Colorado authorize the District to invest in certificates of deposit, money market certificates, bonds or other interest-bearing obligations of the United States, state, county and school district bonds, and state, county and municipal warrants, obligations of national mortgage associations, certain repurchase agreements, local government investment pools, and government money market funds.

State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. State law allows the investment of public funds in any security issued by, guaranteed by, or the credit of which is pledged for payment by the United States, a federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, or the government national mortgage association. Investments in these types of securities are limited to a term of five years from the date of purchase, unless the governing body authorizes investment for such period in excess of five years. The District has no investment policy that would further limit its investment choices.

As of June 30, 2007, the District's investment in Colorado Diversified Trust investment pool was rated AAAm by Standards and Poor.

NOTE 3: DEPOSITS AND INVESTMENTS (cont'd)

As of June 30, 2007, the District had the following investments, restricted money market funds and certificates of deposit with original maturities greater than 90 days:

Investment		Current rket Value		Cost Basis	Current <u>Yield</u>	<u>Maturity</u>	Credit R	ating <u>S&P</u>
Government issued or guaranteed bonds								
Federal National Mortgage Association Note	\$	100,211	\$	100,924	6.38%	9/24/2007	Aaa	AAA
Fed Home Loan Mortgage Corp		100,313		100,940	5.33%	4/15/2008	Aaa	AAA
Fed Home Loan Bank		99,688		99,994	5.26%	9/12/2008	Aaa	AAA
Fed Home Loan Bank		99,656		100,153	5.25%	12/12/2008	Aaa	AAA
Federal National Mortgage Association		100,000		107,116	5.25%	1/15/2009	Aaa	AAA
Federal National Mortgage Association Note		99,875		100,000	5.45%	2/17/2009	Aaa	AAA
Fed Home Loan Mortgage Corp		100,844		101,812	5.22%	3/15/2009	Aaa	AAA
Fed Home Loan Mortgage Corp		99,757		100,000	5.42%	3/20/2009	Aaa	AAA
Fed Home Loan Bank		99,563		99,983	5.19%	12/11/2009	Aaa	AAA
Fed Home Loan Bank		99,813		99,995	5.57%	2/16/2010	Aaa	AAA
Fed Home Loan Mortgage Corp		99,873		100,031	5.60%	3/5/2010	Aaa	AAA
		1,099,593		1,110,948				
Corporate Obligations - Bonds								
Citigroup Inc.		98,989		100,101	5.26%	2/1/2008	Aa1	AA
IBM Corp		97,796		102,102	5.32%	9/15/2009	A1	A+
		196,785		202,203				
Total Investments	\$	1,296,378	\$	1,313,151				
Money Market Funds - restricted								
Wells Fargo Advantage Funds - Government								
Money Market Fund	\$	8,434,689	\$	8,434,689			Aaa	AAA
Certificate of Deposits								
New Frontier Bank	\$	121,389	\$	121,389				
Colorado East Bank & Trust	•	655,140	•	655,140				
Bank of Colorado		183,702		183,702				
	\$	960,231	\$	960,231				
Statement of net assets classifiction								
Short-term investments and certificates of deposit- unrestricted	\$	1,060,442	\$	1,061,155				
Money market funds-restricted for construction		8,434,689		8,434,689				
Long-term investments		1,196,167		1,212,227				

NOTE 3: DEPOSITS AND INVESTMENTS (cont'd)

The District does have a formal investment procedure that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. State law allows the investment of public funds in any security issued by, guaranteed by, or the credit of which is pledged for payment by the United States, a federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, or the government national mortgage association. Investments in these types of securities are limited to a term of five years from the date of purchase, unless the governing body authorizes investment for such period in excess of five years. The District has no investment policy that would further limit its investment choices. The District's investment in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association were rated Aaa by Moody's Investors Service. The District's investment in Wells Fargo Advantage Funds – Government Money Market Fund was rated AAA by Standards and Poor's and Aaa by Moody's.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. More than 66.2% of the District's deposits and investments are in the Colorado Diversified Trust investment pool. The District also has 24.9% of its deposits and investments restricted for construction and or repayment of the certificates of participation issued in August of 2006. In addition, approximately (3.2%) of the District's deposits and investments are invested in the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank.

The following details the investments held by the Foundation for each major category of investments and the related fair market value at June 30, 2007:

Mutual funds	\$ 1,016,046
Common stock	1,093,868
U.S. Treasury notes	911,941
Corporate bonds & Preferred securities	703,265
Real estate and specialty assets	69,352
Total	\$ 3,794,472

NOTE 4—LAND HELD FOR DEVELOPMENT

Land held for development is carried at cost and is comprised of land, water rights, professional fees and site preparation costs related to land owned by the District that is being proposed for development as a residential/commercial project either internally or through sale of the land to an outside developer. The District on June 20, 2007 passed a resolution authorizing the execution of a Letter of Intent with DownUnder Development LLC to sell 12.891 acres out of the approximately 55 acres held for investment for \$3,088,426. As of June 30, 2007 no date has been set for DownUnder Development LLC to close on the land sale.

NOTE 5—CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2007.

		Balance uly 1, 2006		Additions	De	ductions	Jı	Balance une 30, 2007
Capital assets, not being depreciated:								
Land	\$	1,025,588	\$	_	\$	_	\$	1,025,588
Land Improvements	•	1,102,449	·	_		_		1,102,449
Art/Historical Figures		21,132		_		_		21,132
Total capital assets, not								
being depreciated		2,149,169		-		-		2,149,169
Capital assets, being depreciated:								
Land Improvements		2,245,530		_		-		2,245,530
Buildings & Improvements		28,269,616		56,870				28,326,486
Vehicles		721,189		94,114		10,462		804,841
Equipment		12,334,039		876,597		581,307		12,629,329
Leasehold Improvements		27,091		299,569				326,660
Total capital assets, being								
depreciated		43,597,465		1,327,150		591,769		44,332,846
Less Accumulated Depreciation								
Land Improvements		1,085,117		67,005		-		1,152,122
Buildings & Improvements		15,239,553		772,589		-		16,012,142
Vehicles		542,102		78,266		10,462		609,906
Equipment		6,412,269		1,302,509		419,791		7,294,987
Leasehold Improvements		3,792		31,041		-		34,833
Total Accumulated Depreciation		23,282,833		2,251,410		430,253		25,103,990
Total capital assets, being								
depreciated, net		20,314,632		(924,260)		161,516		19,228,856
Add Construction in Progress		1,780,925		14,013,507				15,794,432
Net Carrying Amount	\$	24,244,726	\$	13,089,247	\$	161,516	\$	37,172,457

Interest cost capitalized for 2007 was \$170,421

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at (303) 832-9550 or (800) 759-PERA (7372).

Funding Policy

Plan members and the District are required to contribute to the CSSDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District is 10.65% thru December 31, 2006 and 11.15% as of January 1, 2007 of covered salary. As of July 1, 2005 PERA Retirees were included in the 10.65% employer's portion. Beginning with payroll periods ending after January 1, 2001, the employer contribution paid to the CSSDTF were reduced by an employer match on members' voluntary contributions to a defined contribution plan (DC). match, set by the Board of Trustees of PERA, is 100% of a member's eligible tax-deferred retirement program contributions limited by a per payroll whole percentage of PERA-includable salary limit (percentage set for 2002 was 3.0%, 2003 was 2.0% and 2004 was 1.1% from January 1, 2004, through June 30, 2004). Any unused DC match money is forwarded to the CSSDTF. Also, a portion of the District's contribution (1.10% of covered salary January 1, 2004 through June 30, 2007) is allocated for the Health Care Trust Fund.

The District's contributions to CSSDTF for the years ended June 30, 2007, 2006, 2005, 2004, and 2003, were \$1,944,450, \$1,760,804, \$1,690,487, \$1,662,931, and \$1,833,868, respectively, equal their required contributions for each year.

NOTE 7—DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The (CSSDTF) members (See Note 6) of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$12,000 in 2003, \$13,000 in 2004, \$14,000 in 2005, \$15,000 in 2006, and \$15,500 in 2007). Beginning January 1, 2001, an employer match was legislated, which would match 100% of a member's eligible tax-deferred retirement program contributions limited by 2.0% in 2003, 1.0% in 2004, and 0.0% for 2005, 2006 and 2007 per payroll of the PERA-includable salary. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended.

NOTE 8—POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

Health Care Program

PERACare (formerly known as the PERA Health Care Program) began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During FY 06-07, the premium subsidy was \$115 for those with 20 years of service credit (\$230 for members under age 65), and it was reduced by 5% for each year of service fewer than 20. Medicare eligibility also affects the premium subsidy.

The Health Care Trust Fund is maintained by an employer's contribution as discussed in Note 6.

Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans and with health maintenance organizations providing services within Colorado.

Life Insurance Program

PERA provides its members access to term life and accidental death and dismemberment (AD&D) insurance offered by UNUM Provident (1 to 4 units), and may continue coverage into retirement. Members must be enrolled prior to retirement and cannot add units after retirement. Premiums are paid monthly by payroll deduction or other means.

NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards, or property sales. The District believes it is in compliance with the requirements of TABOR.

On November 2, 1999, voters in the District approved superseding the provisions of TABOR and other State requirements that limit the amount of revenue the District could retain each year, without increasing or adding taxes of any kind. Included in the accompanying financial statements are emergency reserves required by TABOR of at least 3% of fiscal year spending. The emergency reserve of \$1,194,327 is recorded as restricted net assets on the statement of net assets.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, though the District expects such amounts, if any, to be immaterial. The District believes it is in compliance with all requirements of the grantor agencies.

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for risks of loss in excess of deductible amounts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

As of June 30, 2007, the District had construction commitments outstanding of approximately 5 million dollars principally related to the construction of the new health/science building (note 17) and the remodel of Ed Beaty Hall.

NOTE 10—COMPENSATED ABSENCES

District employees accrue annual vacation and sick leave based on length of service and may accumulate it subject to certain limitations regarding the amount that will be paid upon termination.

The estimated liability related to compensated absences for which employees are vested at June 30, 2007, is \$1,191,227.

Any benefited employee with excess sick time above the maximum 640 hours allowed to be carried over to the next year is allowed to convert 25% of their excess sick time into either additional vacation hours or pay (based on their hourly rate at the time).

NOTE 11—LONG-TERM LIABILITIES

The following presents changes in long-term liabilities for the year ended June 30, 2007:

	Balance uly 1, 2006	Additions	Re	eductions	Ju	Balance ine 30, 2007	D	Amounts ue Within One Year
Loans Payable Certificates of Participation	\$ 4,717,998 -	- 19,335,000	\$	(431,079) -	\$	4,286,919 19,335,000	\$	449,537 635,000
Capital Leases Payable	19,101	-		(17,020)		2,081		2,081
Unamortized capital lease premium-certificates of participation	_	376,462		(23,672)		352,790		
Total	\$ 4,737,099	\$ 19,711,462	\$	(471,771)	\$	23,976,790	\$	1,086,618
Other Liabilities: Retirement Benefits Accrued Compensated Absences	\$ 2,296,685 1,377,902	\$ 52,100 -	\$	(731,417) (186,675)	\$	1,617,368 1,191,227		657,931 238,245
Total Other Liabilities	\$ 3,674,587	\$ 52,100	\$	(918,092)	\$	2,808,595	\$	896,176

Amounts shown in "Balance, June 30, 2007" of long-term liabilities include both current and noncurrent portions. Additional information regarding loans payable obligations are included in Note 12, capital lease obligations are included in Note 13, retirement benefits payable are included in Note 14 and Certificates of Participation are included in Note 17.

NOTE 12—LOANS PAYABLE

On July 29, 2005, Aims Leasing Corporation signed a promissory note with Wells Fargo Brokerage, LLC for \$5,062,500. The note is dated July 29, 2005 and matures on August 1, 2015 with a fixed interest rate of 4.2%. The purpose of this note was to refinance two existing promissory notes: one for the corporate education center and simulator building, and the other for the flight simulator. The note is collateralized by a building. Additional proceeds from the refinancing were used to purchase new equipment for the flight simulator and pay closing costs. The two promissory notes were previously held by Union Colony Bank and GE Capital. The refinancing was conducted by the Aims Leasing Corporation (the Corporation) for the benefit of the Continuing Education Authority (the Authority, see note 1). The Authority accounts for the promissory notes as a loan payable. Upon completion of the refinancing, the Authority renewed its leasing commitment for the education center, simulator building, and flight simulator. There are no loan covenants. The activities of the Authority and the Corporation are blended with those of the District. Accordingly, under the provisions of GASB 14, the debt and assets of the blended component units are reported as a form of the District's debt and assets.

Annual debt service requirements to maturity for the loan payable are as follows:

Year Ending June 30		Principal	Interest		Total		
2008	\$	449,537	\$	171,463	\$	621,000	
2009	,	468,786		152,214		621,000	
2010		488,858		132,142		621,000	
2011		509,790		111,210		621,000	
2012		531,618		89,382		621,000	
2013-2016		1,838,330		128,168		1,966,498	
Total Loans Payable	\$	4,286,919	\$	784,579	\$	5,071,498	

NOTE 13—LEASES

The District also leases office equipment to support its operations. The lease is accounted for a capital lease and is reflected in the financial statements as such. The leased equipment is included in capital assets at \$24,250 with accumulated depreciation of \$21,306 as of June 30, 2007. The following table summarizes the future minimum lease payments for this lease as of June 30, 2007:

Year Ending June 30	Pr	rincipal	Intere	st	Total		
2008		2,081		291	 2,372		
Total Capital Lease Obligation	\$	2,081	\$	291	\$ 2,372		

NOTE 13—LEASES (cont'd)

The District also leases space and equipment under operating leases to conduct its operations. Rental payments for operating leases were \$451,328 for the year ended June 30, 2007. The future minimum rental payments for operating leases as of June 30, 2007, are as follows:

Year Ending June 30	 Amount
2008	\$ 376,919
2009	80,001
2010	82,790
2011	 64,013
	\$ 603,723

The District has operating leases for airplanes used in its flight training program. The planes are leased on a per hour basis. Rental payments under these leases for the year ended June 30, 2007, were \$58,841.

NOTE 14—RETIREMENT BENEFITS PAYABLE

The District has a Retention and Recognition Plan, which rewards full-time faculty and administrators hired before July 1, 1994, who leave the employment of the District with 15 or more years of service. Benefits equal the last year's base salary and are paid out over a five year period, for employees retiring at normal PERA retirement age, with reduced benefits for those retiring after a specified time period. Employees with 16 or more years of service also receive partial payment of unused sick leave. In 2005 The Board of Trustees offered an alternative option for eligible employees. Under the terms of the alternative option, eligible employees could elect to receive their retirement benefits over a three year period before retirement. Eligible employees had until October 3, 2005 to make this election. As of June 30, 2007, \$1,617,368 is due to individuals whose applications have been approved by the Board of Trustees. The liability as of June 30, 2007 includes all eligible individuals hired before July 1, 1994, whether or not they have 15 or more years of service as of that date. Future payments under the plan as of June 30, 2007, are as follows:

Year Ending June 30	Amount		
2008	\$	657,931	
2009		464,273	
2010		288,768	
2011		134,174	
2012		19,937	
2013 and beyond	-	52,285	
	\$	1,617,368	

On May 2, 2007 the Board of Trustees approved an agreement to offer eligible employees a voluntary early retirement and salary buy-out. In order to be eligible, an employee would need to have attained the age of 60 years and completed at least five (5) years of full-time benefited service; or have completed at least fifteen (15) years of full-time benefited service with Aims Community College. An employee who met one of the above criteria would be eligible to receive one-half of their current base salary plus an additional five percent (5%) of the employee's current base salary for each year above and beyond fifteen (15) years of full-time benefited service. The maximum eligible salary buy-out was one hundred percent of the employee's salary. Employees, who agreed to the voluntary early retirement and salary buy-out, voluntarily resigned from their positions on June 28, 2007, and are not eligible to work in a full-time benefited position at Aims for a minimum of two years. The total salary buyout cost was \$1,253,479, and was paid out in full as of June 28, 2007.

NOTE 15—INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Invested in capital assets, net of related debt, is comprised of the following as of June 30, 2007:

Total capital assets, net of accumulated depreciation	\$ 37,172,457
(less) plus:	
Loans payable, current portion	(449,537)
Capital leases payable, current portion	(2,081)
Capital leases payable-certificates of participation, current portion	(635,000)
Loans payable - noncurrent	(3,837,382)
Capital leases payable-certificates of participation, noncurrent	(18,700,000)
Unspent proceeds-certificates of participation, restricted funds	8,434,689
Deferred capital lease issuance costs, net	590,349
Construction accounts payable	(244,385)
Retainages payable	(766,003)
	\$ 21,563,107

NOTE 16—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2007, the following table represents operating expenses within both natural and functional classifications:

			NA	TURAL CLA	SSIFICATION		
FUNCTIONAL CLASSIFICATIONS	Employee & Personnel Services	Operatii	ng (Cost of Goods Sold	Depreciation	Student Aid	TOTAL OPERATING EXPENSES
Instruction	\$ 11,097,784	\$ 3,700,	978 \$	98,581	\$ -	\$ -	\$ 14,897,343
Public Service	16,715	29,	232	-	-	- .	45,947
Academic Support	5,139,366	845,	802	-	_	-	5,985,168
Student Services	2,896,809	851,	497	-	-	-	3,748,306
Institutional Support	3,264,360	1,065,	198	-	-	-	4,329,558
Operation of Plant	1,317,796	2,610,	361	-	-	-	3,928,157
Student Aid	-		_	-	-	4,570,558	4,570,558
Auxiliaries	785,149	236,	013	1,685,293			2,706,455
Depreciation and amortization	-		-	-	2,305,943	<u></u>	2,305,943
TOTAL EXPENSES	\$ 24,517,979	\$ 9,339,	081 \$	1,783,874	\$ 2,305,943	\$ 4,570,558	\$ 42,517,435

NOTE 17— CAPITAL LEASE PAYABLE-CERTIFICATES OF PARTICIPATION

On August 30, 2006, Aims Junior College District (operating under the name of Aims Community College) entered into a Lease Purchase Agreement with Wells Fargo Bank, National Association, solely in its capacity as Trustee under an Indenture of Trust, as Lessor (Lessor), whereby Lessor issued Certificates of Participation (COP), Series 2006, to finance the construction of a new health/science building, the leased property. The aggregate principal amount of the financing was \$19,335,000. The Lease Purchase Agreement is payable solely through annual appropriations by the Board of Trustees for Base Rentals and any Purchase Option Price paid by the District under the lease. Base rental payments under the lease equal the principal and interest on the Certificates. The lease is subject to annual termination by the District and will be terminated upon the occurrence of an Event of Non-appropriation by the Board or an Event of Default under the lease.

In connection with the capital lease transaction, the District, through a Declaration, formed the Aims College Campus Planned Community Association (the Association), as a nonprofit company to own common elements or the real property on which the new health/science building is being constructed. Common elements represent all portions of the planned community created by the Declaration other than the units (buildings constructed thereon and any other improvements located thereon) within the planned community.

The Certificates bear per annum interest and mature serially beginning December 15, 2007 and continue annually through December 15, 2026. The Certificates interest rates range from 3.625% to 5.0%, with effective yields ranging from 3.60% to 4.54%. The series is rated AAA by Standard & Poor's.

The maturity schedule for the Certificates of Participation is presented in a chart on the following page.

NOTE 17—CAPITAL LEASE PAYABLE-CERTIFICATES OF PARTICIPATION (cont'd)

Maturity Schedule

Year ending June 30	Interest <u>Rate</u>	Price or <u>Yield</u>	Principal Amount	Interest		<u>Total</u>
2008	4.000%	3.600%	\$ 635,000	\$ 854,869	\$	1,489,869
2009	3.625%	3.640%	660,000	830,206		1,490,206
2010	4.000%	3.670%	680,000	804,644		1,484,644
2011	4.000%	3.750%	710,000	776,844		1,486,844
2012	4.000%	3.800%	740,000	747,844		1,487,844
2013	5.000%	3.860%	775,000	713,669		1,488,669
2014	4.250%	3.940%	805,000	677,188		1,482,188
2015	4.250%	4.020%	840,000	642,231		1,482,231
2016	4.250%	4.070%	875,000	605,788		1,480,788
2017	4.250%	4.120%	915,000	567,750		1,482,750
2018	4.100%	4.200%	950,000	528,831		1,478,831
	4.125%	4.260%	990,000	488,937		1,478,937
2020	4.250%	4.310%	1,025,000	446,737		1,471,737
2021	5.000%	4.350%	1,075,000	398,081		1,473,081
2022	4.750%	4.390%	1,130,000	344,369		1,474,369
2023	5.000%	4.430%	1,180,000	288,031		1,468,031
2024	5.000%	4.460%	1,240,000	227,531		1,467,531
2025	5.000%	4.480%	1,305,000	163,906		1,468,906
2026	5.000%	4.500%	1,370,000	97,031		1,467,031
2027	4.375%	4.540%	 1,435,000	31,391	***************************************	1,466,391
Total Certificates of Par	ticipation		\$ 19,335,000	\$ 10,235,878	\$	29,570,878

NOTE 18—SUBSEQUENT EVENTS

The Board of Trustees at its September 5, 2007 Board meeting approved a proposal to negotiate the development of an additional campus site in Windsor, Colorado with Martin Lind and TROLLCO INC. subject to the Board's final approval of any agreement.

On March 5, 2007 Aims Junior College District signed a Letter of Intent to purchase 30.06 acres of land at the Northeast corner of Interstate 25 and Highway 56 in Berthoud, Colorado for \$5,227,200 from WRB Investments, LLC. The land purchase closed on July 13, 2007. The current intended use for the land is for a future campus site.



SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT ALL FUNDS ACTUAL TO BUDGET COMPARISON

				Favorable (Unfavorable)
Year Ended June 30, 2007		Actual	Budget	Variance
Develope				
Revenues:	¢	0 500 022	₾○ 005 407	(\$204 66E)
Tuition and fees	\$	9,590,832	\$9,885,497	(\$294,665) (878,310)
Less: Tuition Discounts (Student Financial Aid) Net Tuition and Fees		(878,310) 8,712,522	9,885,497	(878,310) (1,172,975)
Net ruition and rees		8,112,022	9,000,401	(1,112,313)
Gifts, grants and contracts		6,868,568	7,226,100	(357,532)
Auxiliary operating revenue		2,849,660	2,602,067	247,593
Other operating revenue		505,268	360,571	144,697
Total Operating Revenues		18,936,018	20,074,235	(1,138,217)
Operating Expenses: Education and general		35,403,273	40,742,808	5,339,535
Other restricted programs		35,403,273 2,101,764	2,553,878	5,339,535 452,114
Depreciation expense		2,101,764	Z,000,070	(2,305,943)
Auxiliary enterprises expenses		2,305,945 2,706,455	2,553,498	(2,303,943)
Total Operating Expenses	***************************************	42,517,435	45,850,184	3,332,749
Total Operating Expended		72,017,:100	70,000,.0.	<u> </u>
Nonoperating Revenues and Expenses:				
General property taxes		24,921,330	24,166,597	754,733
State appropriations		7,718,912	7,764,615	(45,703)
Investment income		1,733,465	643,000	1,090,465
Interest expense		(890,073)	-	(890,073)
Loss on disposal of fixed assets		(133,684)	-	(133,684)
Contribution from the Foundation		218,965	_	218,965
Total Nonoperating Revenue and Expense		33,568,915	32,574,212	994,703
Transfers In (Out):				
Non-mandatory transfers in		27,043,564	27,306,079	262,515
Non-mandatory transfers out		(27,043,564)	(35,461,679)	(8,418,115)
Total Transfers In (Out)		0	(8,155,600)	(8,155,600)
			· · · · · · · · · · · · · · · · · · ·	
Net Increase in Net Assets		9,987,498	(1,357,337)	11,344,835
Net Assets, July 1, 2006		39,075,704	39,075,704	_
Net Assets, June 30, 2007		\$49,063,202	\$37,718,367	\$11,344,835

Single Audit Reports

June 30, 2007

June 30, 2007

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Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA # Number	Federal Expenditures
U.S. Department of Education		
Student Financial Assistance Cluster		
Pell Grant Program	84.063	\$ 2,825,506
Supplemental Education Opportunity Grants	84.007	82,025
College Work-Study Program	84.033	53,211
Federal Direct Student Loans	84.268	5,692,854
Academic Competitiveness Grants	84.375	750
reducine competitiveness crains	¥ 332 , 4	8,654,346
Passed through Colorado Department on Higher Education		
Leveraging Educational Assistance (LEAP) Program	84.069	10,153
English Language Acquisition - Career Ladder	84.195	299,879
Child Care Access Means Parents In School	84.335	26,593
Trio Student Support Services	84.042	216,710
Title III - Strengthening Institutions	84.031	400,738
Passed through Colorado Community Colleges		
Vocational Education - Basic Grants to States:		
Postsecondary Non-Reserved Grant:	84.048	
Academic Integration		2,542
Professional Development		7,841
Evaluations		6,423
Modernization / Expansion		217,237
Services & Activities		13,638
Secondary/Postsecondary Linkages		6,522
Special Populations		8,481
Non-Traditional Training & Employment		9,534
Administration		6,269
		278,487
Passed through the University of Colorado:		
English Language Acquisition - CO-TOP*ELA	84.195	1,584
Total U.S. Department of Education		9,888,490

Schedule of Expenditures of Federal Awards (continued) Year Ended June 30, 2007

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA # Number	Federal Expenditures
U.S. Department of Health and Human Services	02.600	157.065
Head Start Partnership	93.600	177,067
Passed through Colorado Department of Education: Child Care & Development Block Grant	93.575	10,572
Passed through Weld County Dept. of Social Services - United Way: Child Care & Development Block Grant	93.575	6,210
Total CFDA #93.575		16,782
Passed through Weld County Department of Public Health & Environment Centers for Disease Control & Prevention	93.283	900
Total U.S. Department of Health and Human Services		194,749
U.S. Department of Transportation Highway Planning and Construction Cluster		
Passed through Colorado Department of Transportation: Building Highways/Building Careers	20.205	161,025
Passed through Townsend Management Group Assistance to Small & Disadvantaged Businesses	20.910	5,343
Total U.S. Department of Transportation		166,368
U.S. Department of Labor		
WIA Pilots, Demonstrations & Research Projects	17.261	392,866
U.S. Department of Agriculture Passed through Colorado Dept. of Public Health and Environment: Child and Adult Care Food Program	10.558	18,878
	10.000	***************************************
National Science Foundation Passed through Colorado State University		
Education & Human Resources	47.076	1,479
U.S. Small Business Administration Passed through Colored of Projects Developments		
Passed through Colorado Office of Business Development: Small Business Development Center	59.037	20,342
Total Expenditures of Federal Awards		\$ 10,683,172

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

- 1. This schedule includes the federal awards activity of Aims Junior College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- 2. Of the federal expenditures presented in this schedule, there were no funds passed on to subrecipients.



Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees Aims Junior College District Greeley, Colorado

We have audited the financial statements of the business type activities and the discretely presented component unit of Aims Junior College District (the District) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Aims Community College Foundation, the discretely presented component unit of the District, were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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



Board of Trustees Aims Junior College District

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

Compliance and Other Matters

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

We noted certain matters that we reported to the District's management in a separate letter dated November 30, 2007.

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

BKD, LLP

November 30, 2007



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs and Schedule of Expenditures of Federal Awards

Board of Trustees Aims Junior College District Greeley, Colorado

Compliance

We have audited the compliance of Aims Junior College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the compliance of Aims Junior College District based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Aims Junior College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-1 and 2007-2.



Board of Trustees Aims Junior College District

Internal Control Over Compliance

The management of Aims Junior College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on them.

Board of Trustees Aims Junior College District

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the discretely presented component unit of Aims Junior College District as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BKD, LLP

December 21, 2007

Schedule of Findings and Questioned Costs Year Ended June 30, 2007

Summary of Auditor's Results

1.	The opinion(s) expressed in the independent accountants' report was (were): (Check each description that applies)		
	Unqualified Qualified Adverse Di	sclaimed	
2.	The independent accountants' report on internal control over finan-	cial reporting o	described:
	Significant deficiency(ies) noted considered material weakness(es)?	☐ Yes	⊠ No
	Significant deficiency(ies) noted that are not considered to be a material weakness?	Yes	⊠ No
3.	Noncompliance considered material to the financial statements was disclosed by the audit?	☐ Yes	⊠ No
4.	The independent accountants' report on internal control over compapplicable to major federal awards programs described:	liance with red	quirements
	Significant deficiency(ies) noted considered material weakness(es)?	Yes	⊠ No
	Significant deficiency(ies) noted that are not considered to be a material weakness?	☐ Yes	⊠ No
5.	 The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were): (Check each description that applies. If any other than unqualified apply, also list the name of each major program by the type of opinion applicable to that program.) 		
	☐ Unqualified ☐ Qualified ☐ Adverse ☐ Di	sclaimed	
6.	The audit disclosed findings required to be reported by OMB Circular A-133?	⊠ Yes	□ No

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2007

_	CC1	T			
7.	The	District	s majo	or programs	were:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	
Pell Grant Program	84.063
Supplemental Education Opportunity Grants	84.007
College Work-Study Program	84.033
Academic Competitiveness Grant	84.375
Federal Direct Student Loans	84.268
Title III – Strengthening Institutions	84.031
WIA Pilots, Demonstrations & Research Projects	17.261

- 8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$320,495.
- 9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133?
 ☐ Yes ☐ No

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2007

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

with program requirements.

Reference Number	Finding	Questioned Costs
2007-1	CFDA 84.031 Title III – Strengthening Education Grant,	
	U.S. Department of Education	None
	Criteria: Reporting - Title III programs are required to submit an annual performance report and a final performance report within	
	90 days of the end of the performance period. The U.S. Office of Management and Budget (OMB) <i>Circular A-133</i> ,	
	Compliance Supplement requires that all reports for Federal awards include the activity of the reporting period are supported	
	by applicable accounting or performance records, are mathematically accurate, and are fairly presented in accordance	

Condition: The information included in the enrollment section of the report did not agree to supporting records.

Context: Errors were noted in the performance report submitted which included information that did not agree to the Integrated Postsecondary Education Data System (IPEDS) reports as required for enrollment information.

Effect: Inaccurate reporting of information to the U.S. Department of Education.

Cause: Lack of review of the report by someone other than the preparer.

Recommendation: We recommend that a detailed review of the report, including agreeing information reported to supporting records and recalculation of amounts be performed by someone other than the preparer prior to the report being submitted.

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2007

Reference Number	
	Views Agi

Finding

Questioned Costs

Views of responsible officials and planned corrective actions:

Agree. Implementation date: January 31, 2008.

Draft data was reviewed for accuracy for submittal to the Department of Education by the program director. The director confirmed the accuracy of the data for submittal. However, during the time frame that lapsed between the review of the data and the electronic submittal, it appears the College had a computer blip that caused the data transmission error. The College will resubmit the corrected information with explanation to the Department of Education by the end of January 2008.

In the future, the College will implement procedural controls to cross check the accuracy of all data submitted to the Department of Education with the IPEDS information immediately prior to transmission.

Contact: For questions or additional information concerning this finding, please contact Dr. Deb Bellbaker (program director) via email at Deb.Bellbaker@aims.edu.

2007-2 CFDA 84.031 Title III – Strengthening Education Grant, U.S. Department of Education

\$2,740

Criteria: Allowable Costs & Activities - Per 34 CFR section 607.10 (c)(10) costs of student recruitment such as advertisements, literature and college fairs are unallowable costs and activities under the Title III Grant. Also per A-21 cost principles section 220 Appendix A subsection J.1(3) costs of promotional items are unallowable costs and activities for Higher Education Institutions that follow the A-21 cost principles.

Condition: The College charged promotional expenditures to the grant.

Context: One of the 30 expenditures selected for testing consisted of unallowable costs.

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2007

Reference		Questioned
Number	Finding	Costs

Effect: Refund of unallowable costs to the federal sponsor.

Cause: A misinterpretation of the grant guidelines by the District.

Recommendation: All expenses charged against a grant should be evaluated for compliance with grant guidelines. The District should consult with grantor and/or consultants for any items which the College is unsure of the allowability of the expenditure.

Views of responsible officials and planned corrective actions:

Agree. Implementation date: January 31, 2008.

Expenses are evaluated by the program director for compliance and allowance. Based on consultation with the grant consultant, this particular expenditure was interpreted to be appropriate to promote student engagement. After further review of the literature and discussion with our auditors, the expense has been redistributed to the institution and a refund of Federal funds completed.

The College will continue to support continued education of those individuals involved in the administration of Federal Grants to help ensure future accuracy of allowable costs and activities.

Contact: For questions or additional information concerning this finding, please contact Dr. Deb Bellbaker (Program Director) via email at Deb.Bellbaker@aims.edu.

Summary Schedule of Prior Audit Findings Year Ended June 30, 2007

Reference Number	Summary of Finding	Status
2006-1	The District was not properly notifying students receiving a direct loan of their disbursement or right to cancel all or a portion of their loan within 30 days of crediting the student's account. Three of the 30 individuals tested were not notified of the disbursement or their right to cancel the loan within the proper time period.	Implemented
2006-2	The District did not correctly report withdrawal status to the National Student Loan Data System (NSLDS) and failed to report a student's graduation status to the NSLDS.	Implemented