Aims Community College

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REPORT

YEAR ENDED JUNE 30, 2009

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Aims Community College

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.

Michael Kelly
Chief Financial Officer

BKD LLP
CPAs & Advisors

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Aims Junior College District
Greeley, Colorado

We have audited the accompanying 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, 2009, 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 of and for the year ended June 30, 2009. 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.

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 Aims Junior College 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2009, 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, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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 4, 2009

Aims Community College

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, 2009. The analysis is based on currently known facts and is prepared by the office of the Chief Financial 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, 2009:

- Net assets increased by 12.9% in 2009. This was less than the 21.6% increase in 2008, primarily due to increased operating expenses, and lower nonoperating revenue, which are detailed later in this discussion. In 2009, the College recognized higher tuition and fee revenue due to increased enrollment and tuition rates; and increased awards for Federal, State, and local grants, and received Federal dollars from the American Recovery and Reinvestment Act of 2009 (ARRA) allocated by the State of $1.894 million dollars.

- Unrestricted net assets increased 15.0%, primarily due to reduced demand of funds for construction on new buildings and remodeling of existing buildings.

State appropriations received in fiscal year 2009 were $7,261,081 which was $1,114,030 lower than the 2008 State appropriations received of $8,375,111. In late June of 2009, the State re-appropriated $1,509,767 from the College in order to help balance the projected State budget shortfall. At the same time, the State backfilled the reduction with $1,894,692 from stimulus funds it received from the ARRA. These stimulus funds are recorded as Federal State Fiscal Stabilization Funds in the nonoperating revenue section of the financial statements. The current economic outlook places a question on whether future State appropriations will be further reduced due to budgetary constraints in the State brought about by the current economic downturn.

- Operating revenues increased 12.4% due to higher tuition revenue and Federal, State, and local grant revenue. Student FTE increased by 3.95% over 2008, overall headcount increased by 9.2%, which contributed to the increased tuition revenue collected.

- Total operating expenses for 2009 increased 9.3% from 2008. The most significant increase was in employee and personnel costs for Instruction and Institutional Support, which accounted for 56.4% of the increase, and is attributed to increased levels of faculty staffing to handle higher enrollment, annual salary increases, and vacant staff positions being filled during the 2009 fiscal year. In additional, the College had higher depreciation costs associated with the new Allied Health & Science, Aviation, and remodeled Ed Beaty Hall buildings being depreciated for a full year compared to a half year in 2008. Overall the College's depreciation expense increased by 22.8%. Higher levels of Student Aid awarded during the year also added to the increase by 16.3%. It

Financial and Enrollment Highlights (cont'd)

should be noted that operating expenses, net of employee and personnel costs did decrease by 2.9%, reflective of the conscious efforts by College personnel to control costs.

- Nonoperating revenues decreased by $0.613 million (1.7%) in 2009 mostly due to a reduction in investment income ($1.1 million) related to lower interest rates and an unrealized loss on investment relating to the Lehman Brothers bankruptcy (see Note 3), and also reduced State appropriation attributed to the $1.5 million re-appropriated funds by the State to help balance their fiscal budget, which was offset by the receipt of stimulus funds from the ARRA of $1.894 million. Nonoperating revenues also declined due to less contributions received from the Foundation ($0.260 million).

- Nonoperating expenses increased by $0.550 million because of higher interest expense associated with the financing of the Allied Health & Science building.

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
2009	7,852	9.2%
2008	7,191	-2.9%
2007	7,408	-0.3%
2006	7,430	-3.6%
2005	7,710	-15.5%

Student FTE Enrollment

	Resident FTE				Non-resident FTE		Combined FTE	
Fiscal Year	In-District	Out-of-District	TOTAL	Percent of Change	Out-of-State	Percent of Change	TOTAL	Percent of Change
2009	2,506	615	3,121	3.52%	119	16.67%	3,240	3.95%
2008	2,372	643	3,015	1.72%	102	-1.92%	3,117	1.60%
2007	2,321	643	2,964	4.04%	104	-7.96%	3,068	3.58%
2006	2,266	583	2,849	-3.98%	113	0.00%	2,962	-3.83%
2005	2,336	631	2,967	-7.48%	113	-2.59%	3,080	-7.31%

The increased FTE enrollment is an indication that the District is taking the right steps toward increasing overall student enrollment. These improving conditions will help to enhance the financial health of the District.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

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, 2009, net assets increased 12.9%.

Condensed Statement of Net Assets

	June 30, 2009	June 30, 2008
Assets		
Current Assets	$ 33,418,257	$ 28,355,619
Noncurrent Assets - Noncapital	6,184,291	5,925,618
Capital, Net of Accumulated Depreciation	57,768,759	54,218,972
Total Assets	**97,371,307**	**88,500,209**
Liabilities		
Current Liabilities	8,122,278	5,644,648
Noncurrent Liabilities - Loans Payable	2,879,738	3,368,595
Noncurrent Liabilities - Certificates of participation	17,654,712	18,363,326
Other Noncurrent Liabilities	1,342,384	1,459,839
Total Liabilities	**29,999,112**	**28,836,408**
Net Assets		
Invested in Capital Assets Net of Related Debt	38,704,760	34,571,765
Restricted--Expendable	1,230,452	1,231,804
Unrestricted	27,436,983	23,860,232
Total Net Assets	**$ 67,372,195**	**$ 59,663,801**

Current Assets

Cash and cash equivalents of $26,222,094 comprise 26.9% of the District's assets. The current ratio (current assets over current liabilities) is approximately four to one (4:1). This means that for every dollar ($1) of liability currently due next fiscal year, the District has over four dollars ($4) of assets available to pay them. Financial prudence holds that this ratio should be at least two to one (2:1).

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

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 6.5% is primarily attributable to the construction in progress of the Windsor Automotive campus and capitalized equipment purchases. 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 2009 and 2008.

Liabilities

Obligations of the District increased 4.0% over last year's amount. The increase is mostly attributable to the outstanding checks at year end payable to various vendors of the College. Total debt associated with the loan payable and certificates of participation decreased by 5.1% for 2009. The retirement benefits obligation decreased 48.4% from the amount in 2008. 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.

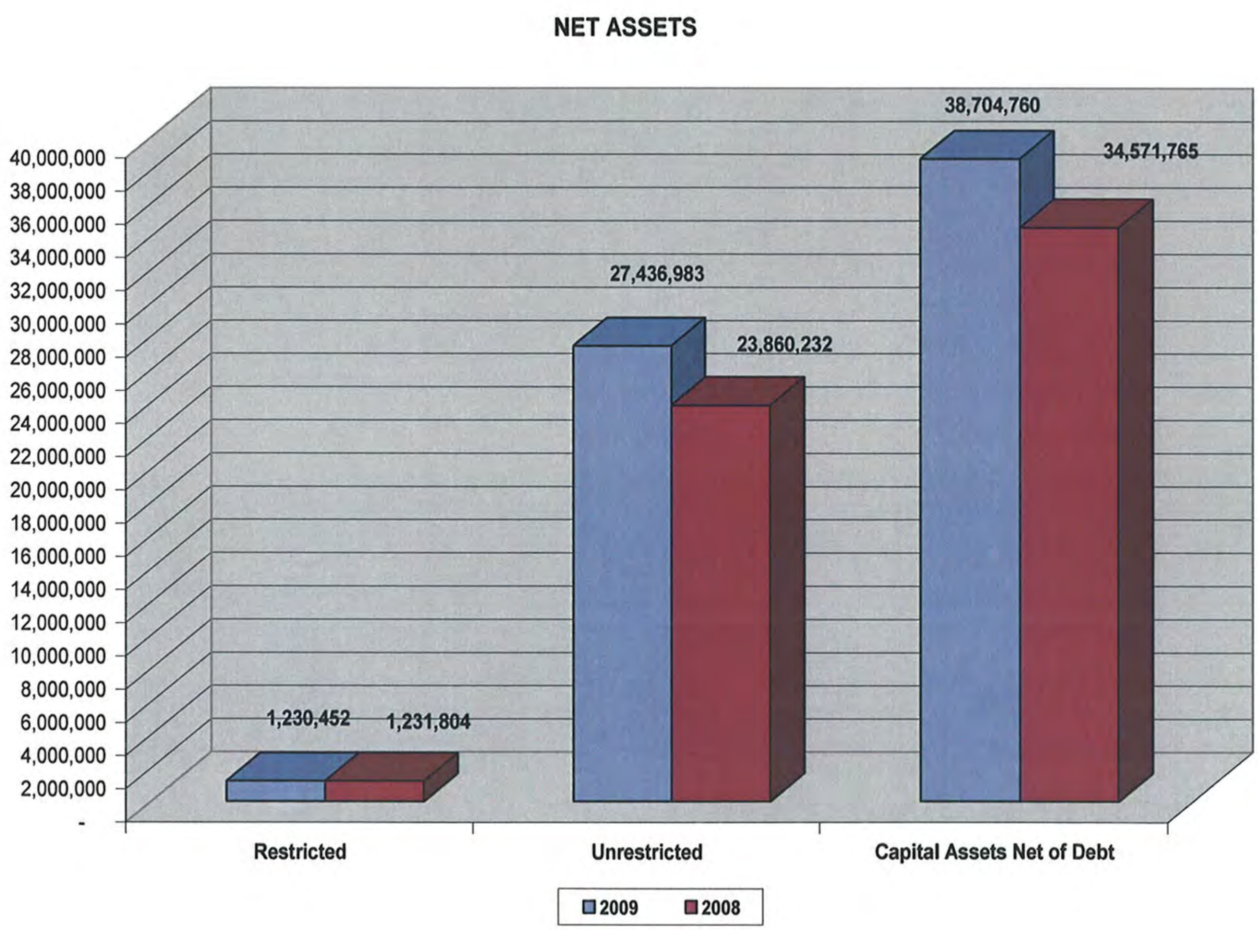
Net Assets

Net assets increased 12.9% in fiscal year 2008-09 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 57.4 % of the District's net assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Net Assets (cont'd)

It is important to recognize that the Unrestricted Net Assets of $27.4 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 $16.1 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

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

The Statement of Revenues, Expenses, and Changes in Net Assets present 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

	For the year ended June 30, 2009	For the year ended June 30, 2008
Operating Revenues		
Net Tuition & Fees	$ 9,509,479	$ 8,548,244
Grants & Contracts	7,327,507	6,222,740
Auxiliary	2,929,144	2,764,406
Other	528,274	518,209
Total Operating Revenues	**20,294,404**	**18,053,599**
Operating Expenses		
Educational & General	40,373,260	37,400,448
Auxiliary	3,016,979	2,679,581
Depreciation and amortization	3,603,959	2,934,200
Total Operating Expenses	**46,994,198**	**43,014,229**
Operating Loss	(26,699,794)	(24,960,630)
Nonoperating Revenues (Expenses) and Gains (Losses)		
General Property Taxes	26,125,238	26,165,258
State Appropriations	7,261,081	8,375,111
Federal State Fiscal Stabilization Funds	1,894,692	-
Contribution from the Foundation	46,317	306,276
Investment income (loss)	(13,397)	1,080,171
Interest on Capital Asset Related Debt	(915,133)	(280,114)
Loss on Disposal of Assets	(610)	(85,473)
Total Nonoperating Revenues	**34,398,188**	**35,561,229**
Income Before Other Revenues, Expenses, Gains or Losses	7,698,394	10,600,599
Capital grants and gifts	10,000	-
Increase in Net Assets	7,708,394	10,600,599
Net Assets, Beginning of Year	59,663,801	49,063,202
Net Assets, End of Year	**$ 67,372,195**	**$ 59,663,801**

Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) (cont'd)
For the year ended June 30, 2009, the District had a net operating ratio of negative 1.32. This ratio measures the operating income or loss in relation to the total operating revenues. A negative 1.32 operating ratio means that operating expenses were 132% 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.

In comparison to the prior year's operating ratio of negative 1.38, the ratio for 2009 decreased by .06 or 4.4%. This means from fiscal year 2008 to 2009, while operating expenses increased, operating revenues increased by a larger proportion in the same period. Operating revenues increased 12.4% while operating expenses increased 9.3%.

The primary factor contributing to the increased operating revenues was:

- The District had an increase in Federal, State, and local grants and contracts of 17.8%. Most of the increase can be explained by an increase in federal grant revenue, specifically student financial aid funds received from the Department of Education.

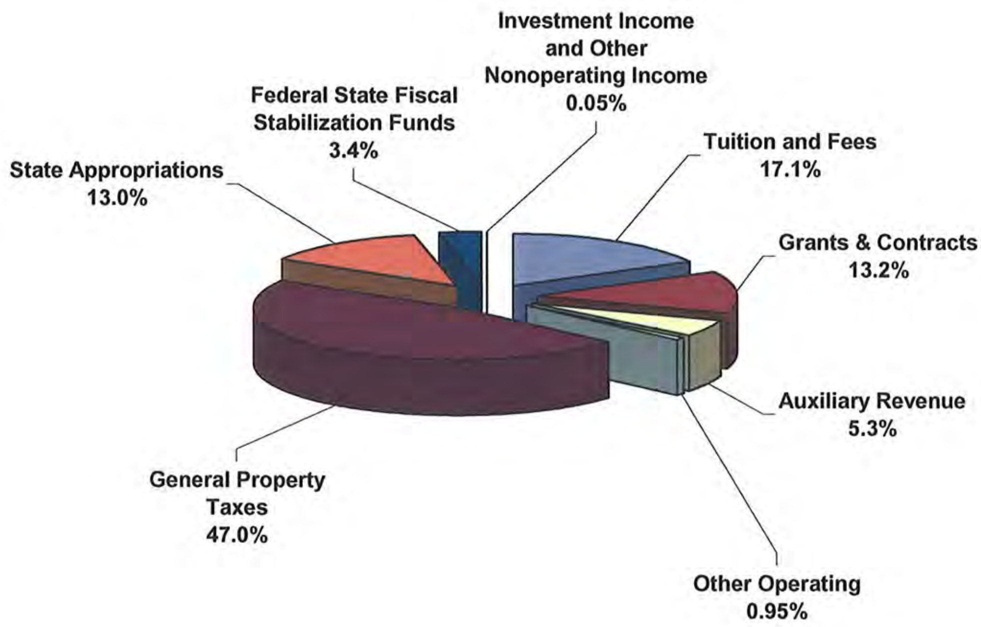
- Tuition and Auxiliary revenue also increased, but at a much smaller percentage of 11.2% and 6.0% respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

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

Other significant changes on the SRECNA include the relatively flat change in property tax revenue. State of Colorado appropriations decreased to $7.3 million for 2009 compared to the 2008 appropriations of $8.4 million. At this time, there is an unknown future of 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 $55.6 million, with $20.3 million generated from Operating Revenues and $35.3 million in nonoperating revenues.

General property taxes represent the single largest source (47.0%) of total revenues to the District, which is flat compared to 2008 (48.5%). Tuition and fee revenue net of the scholarship allowance is the second largest source (17.1%). In fiscal year 2009, Grants & Contracts increased to 13.2% of the total revenue compared to 11.5% for 2008. State Appropriations decreased for 2009 to approximately 13.0%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) (cont'd)
Reporting standards require tuition and fees to be shown net of scholarship allowances which were $1,288,008 for 2009. 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, 2009	Year Ended June 30, 2008
Instruction	$ 16,929,652	$ 15,666,819
Public Service	15,039	16,131
Academic Support	4,669,644	4,357,367
Student Services	3,115,328	2,977,436
Institutional Support	5,159,180	4,573,357
Operation of Plant	5,046,176	5,132,487
Student Aid	5,438,241	4,676,851
Auxiliary Operating	3,016,979	2,679,581
Depreciation and amortization	3,603,959	2,934,200
Total Operating Expenses	$ 46,994,198	$ 43,014,229

Management's Analysis of Functional Classifications

Instruction expenses increased in 2009 by 8.1% mostly attributable to annual salary increases, and the addition of adjunct faculty to handle rising enrollment and the expanding need by incoming students for remedial courses.

Academic Support increased 7.2% for 2009, mostly attributable to annual salary increases, and additional costs associated with the increase in the number of students requiring remedial help.

Student Services expenses increased 4.6% mostly attributable to annual salary increases.

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

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

Institutional Support expenses increased $0.586 million. The increased expense is associated with higher salary and fringe costs, which was partially offset by lower operating expenses due to cost controls.

Student Aid net of scholarship allowances increased 16.3% 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 Ended June 30, 2009	Year Ended June 30, 2008
Employee & Personnel Services	$ 24,958,113	$ 22,268,608
Operating	11,107,796	11,434,844
Costs of Goods Sold	1,886,089	1,699,726
Depreciation and amortization	3,603,959	2,934,200
Student Aid	5,438,241	4,676,851
Total Operating Expenses	**$ 46,994,198**	**$ 43,014,229**

Management's Analysis of Natural Classifications

Employee and personnel costs increased $2.7 million or 12.1%. The increase is attributed to increased levels of faculty staffing to handle higher enrollment, annual salary increases, and vacant staff positions being filled during fiscal year 2009.

Operating costs decreased $0.327 million as a result of budgetary reductions implemented mid-year in order to control costs due to the economic conditions facing the State.

Cost of goods sold increased 11.0% due to the increased purchases for text books due to increased enrollment. In order to help students with the high cost of text books, the Bookstore has been working to selling more used text books when possible.

Depreciation and amortization reflects the full year depreciation of the Allied Health and Science building, the Aviation building, and the remodeled Ed Beaty Hall building.

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 decreased over 2008 by $1.4 million primarily due to the combined affect of an increase in grants and contracts receipts of 16.9%, and tuition and fees increase (11.7%) being offset by increases in payments to and for employees (10.1%), decrease in payments to suppliers (16.4%), and increase in scholarships disbursed (16.3%). The increase in payments to and for employees is related to the salary and enrollment increases. Tuition and fee increase is due to the tuition increase implemented in fall of 2008. Payments to suppliers reflect the College's effort to control cost in response to the economic outlook. This corresponds to the increased current ratio at year end compared to 2008. 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 decreased over 2008 by $0.407 million due to the decrease in General property tax revenue, and a reduction in State appropriations received, as mentioned earlier relating to the re-appropriation of State funds in June of 2009 which was offset by the receipt of Federal dollars from the ARRA received by the State for Higher Education

- Cash used by capital and related financing activities decreased 59.0%. This is due to reduced construction activity in 2009 compared to 2008.

- Cash flows used by investing activities for 2009 was due to the decreased earnings on invested assets due to lower interest rates reflective of the Federal Reserve decision to lower long-term and short-term rates. Investment revenue related to funds associated with the issuance of the certificates of participation account for only $8,856 in 2009 compared to over $153,000 for 2008.

Overall, the District's cash position increased $4.9 million, which includes restricted money market funds of $2.6 million.

Economic Outlook

Factors affecting the future of the District include increasing student enrollment and the decreasing 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, including underprepared students, and attracting and retaining qualified faculty and staff.

Student FTE enrollment increased by 3.95% from the prior year 2008 to the current year 2009. The District has developed several programs to help ensure student success and retention. 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 two conjoined purchases of land along the I-25 corridor in Berthoud, Colorado of 30.06 acres and 10.01 acres. The foresight of this land purchase is to construct an additional southwest 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. Although the future Berthoud campus remains a top priority of the College, due to the economic uncertainties facing the State, and the likelihood of lower property tax after 2010; the College is evaluating the timing of the development of the campus in order to be fiscally responsible.

State appropriations declined in fiscal 2009. Budgetary shortfalls continued to plague the State in 2009, which forced the State to require a re-appropriation of funds from Higher Education in order to attempt to balance the State budget. This reduction of funding was backfilled with Federal dollars from the ARRA received by the State for Higher Education. It is expected that the State will continue to use ARRA dollars to offset a portion of Higher Education funding in order to fill budget gaps due to reduced tax revenues. The State's economic situation is a major concern to the College and Higher Education as a whole. For fiscal year 2010 and 2011, the College is anticipating that State appropriations will substantially decline. ARRA funding for Higher Education is expected to end after 2011, and unless the State's economic picture improves or the State legislates some type of funding mechanism for Higher Education, the outlook for improved State funding looks bleak. The State has created a committee to examine funding issues and devise a possible recommendation for a solution. However, due to the political environment, and the Constitutional constraints in the State surrounding the implementation of new taxes, any solution will be met with formidable obstacles.

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 begun to flatten, and are anticipated to show a bias to the downside (with the exception of 2010) over the next few years until the economy improves. For fiscal year 2009, property tax revenue again was derived primarily from oil and gas in Weld County. The rising allocation oil and gas plays within our property tax revenue stream requires a prudent balancing between operating and capital funding by the College, in order to control the unstable funding swings oil and gas can demonstrate. The District is anticipating a one-time substantial increase in property tax revenue in fiscal year 2010 related to expanded oil and gas extractions in 2009. However, this anomaly is expected to reverse course in 2011, with oil and gas revenues falling below levels seen prior to this one-time benefit.

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 Financial Officer, Aims Junior College District, PO Box 69, 5401 W. 20th Street, Greeley, Colorado, 80632.

Aims Community College

BASIC FINANCIAL STATEMENTS

AIMS JUNIOR COLLEGE DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS		
Current Assets:		
Cash and cash equivalents	$	26,222,094
Short-term investments and certificates of deposit		878,754
Accrued interest receivable		8,478
Student accounts receivable, net of allowance of $397,481		743,708
Accounts receivable, net of allowance of $22,221		400,904
Property tax receivable		4,283,823
Inventories		561,901
Other current assets		318,595
Total Current Assets		33,418,257
Noncurrent Assets:		
Land held for development		1,451,565
Money market funds-restricted for construction		2,557,220
Long-term investments		1,682,343
Deferred capital lease issuance costs, net		493,163
		6,184,291
Nondepreciable Capital Assets (net):		
Land		8,735,272
Land improvements		1,931,538
Art/historical figures		42,132
Construction in Progress		4,157,178
Depreciable Capital Assets:		
Land improvements		1,013,277
Buildings and improvements		35,548,484
Leasehold improvements		393,177
Equipment and Furniture		5,947,701
Total Capital Assets (net)		57,768,759
Total Noncurrent Assets		63,953,050
TOTAL ASSETS		**97,371,307**
LIABILITIES		
Current Liabilities:		
Accounts payable		3,010,993
Accrued liabilities		1,033,733
Deferred revenue		744,417
Loans payable, current portion		488,858
Capital leases payable-certificates of participation, current portion		680,000
Retirement benefits payable, current portion		288,768
Compensated absence liabilities, current portion		283,998
Deposits held in custody for others		1,591,511
Total Current Liabilities		8,122,278
Noncurrent Liabilities:		
Loans payable		2,879,738
Capital leases payable-certificates of participation, net		17,654,712
Retirement benefits payable		206,394
Compensated absence liabilities		1,135,990
Total Noncurrent Liabilities		21,876,834
TOTAL LIABILITIES		**29,999,112**
NET ASSETS		
Invested in capital assets, net of related debt		38,704,760
Restricted for:		
Expendable purposes:		
TABOR reserves		1,221,212
Non-governmental grants and contracts		9,240
Unrestricted		27,436,983
TOTAL NET ASSETS	$	**67,372,195**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2009

ASSETS	
Cash and cash equivalents	$ 1,857,840
Investments	2,909,324
Contributions receivable, net	565,191
Interest receivable	3,928
TOTAL ASSETS	**$ 5,336,283**
LIABILITIES	
Split interest payable	$ 3,488
Deferred revenue	37,200
TOTAL LIABILITIES	**40,688**
NET ASSETS	
Unrestricted (deficit)	(120,873)
Temporarily restricted	2,986,034
Permanently restricted	2,430,434
TOTAL NET ASSETS	**5,295,595**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,336,283**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2009

REVENUES		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of $1,288,008	$	9,509,479
Federal grants and contracts		5,338,874
State and local grants and contracts		1,988,633
Auxiliary operating revenue		2,929,144
Other operating revenue		528,274
Total Operating Revenues		**20,294,404**
EXPENSES		
Operating Expenses:		
Educational and general		
Instruction		16,929,652
Public service		15,039
Academic support		4,669,644
Student services		3,115,328
Institutional support		5,159,180
Operation of plant		5,046,176
Student aid		5,438,241
Depreciation and amortization		3,603,959
Auxiliary operating		3,016,979
Total Operating Expenses		**46,994,198**
Operating Loss		**(26,699,794)**
NONOPERATING REVENUES (EXPENSES)		
General property taxes		26,125,238
State appropriations		7,261,081
Federal State Fiscal Stabilization Fund		1,894,692
Contribution from the Foundation (excluding $80,426 included in State and local grants and contracts above and $10,000 included in capital gifts and grants below)		46,317
Investment Loss		(13,397)
Interest on capital asset related debt		(915,133)
Loss on disposal of assets		(610)
Net Nonoperating Revenues		**34,398,188**
Income Before Other Revenues, Expenses, Gains or Losses		**7,698,394**
Capital grants and gifts		10,000
Increase in Net Assets		**7,708,394**
Net Assets, Beginning of Year		59,663,801
Net Assets, End of Year	$	**67,372,195**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Gains:				
Contributions and grants	$ 113,516	$ 452,057	$ 2,325	$ 567,898
Investment earnings	54,183	(621,916)	-	(567,733)
Miscellaneous income	-	22	-	22
Net assets released from restrictions:				
Satisfaction of program restrictions	330,024	(330,024)	-	-
Total revenues and gains	**497,723**	**(499,861)**	**2,325**	**187**
Expenses:				
Program services:				
Scholarships:				
Student	154,305	-	-	154,305
Contributions to College:				-
Allied Health programs	1,422	-	-	1,422
Automotive	42,890	-	-	42,890
Childcare center	6,000	-	-	6,000
International program	6,140	-	-	6,140
Learning Resource program	4,109	-	-	4,109
Science programs	3,490	-	-	3,490
Sculptures	25,667	-	-	25,667
Student Life programs	9,991	-	-	9,991
Temple Hoyne Buell grant	33,000	-	-	33,000
Other	4,034	-	-	4,034
Total Program Services	291,048	-	-	291,048
Support Services:				
Fundraising	81,769	-	-	81,769
General and administrative	100,338	-	-	100,338
Total Support Services	182,107	-	-	182,107
Total Expenses	**473,155**	**-**	**-**	**473,155**
Board and donor transfers	**67,928**	**(61,325)**	**(6,603)**	**-**
Change in net assets before other changes	**92,496**	**(561,186)**	**(4,278)**	**(472,968)**
Other changes - loss on investments	**(176,312)**	**176,312**	**-**	**-**
Change in net assets	**(83,816)**	**(384,874)**	**(4,278)**	**(472,968)**
Net assets (deficit)--beginning of year	(37,057)	3,370,908	2,434,712	5,768,563
Net assets (deficit)--end of year	**$ (120,873)**	**$ 2,986,034**	**$ 2,430,434**	**$ 5,295,595**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and fees	$	9,544,448
Sales of services		463,380
Sales of products		2,535,688
Grants and contracts		7,224,411
Other receipts		565,793
Cash Payments:		
Payments to and for employees		(25,030,050)
Payments to suppliers		(11,637,768)
Scholarships disbursed		(5,438,241)
Net cash used by operating activities		**(21,772,339)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from the Foundation		46,317
State appropriations, noncapital		7,261,081
Federal State Fiscal Stabilization Fund		1,894,692
General property taxes, noncapital		25,761,848
Increase in deposits held in custody for others		436,003
Net cash provided by noncapital financing activities		**35,399,941**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets		(6,457,575)
Principal paid on loans and capital leases		(1,128,785)
Interest paid on loans and capital leases		(894,906)
Payment of prior year payables for capital assets		(196,527)
Net cash used by capital and related financing activities		**(8,677,793)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments		(1,435,250)
Proceeds from sales of investments		1,373,908
Investment earnings		6,233
Net cash used by investing activities		**(55,109)**
Increase in Cash and Cash Equivalents		4,894,700
Cash and Cash Equivalents, Beginning of Year		23,884,614
Cash and Cash Equivalents, End of Year (includes $2,557,220 money market funds-restricted for construction)	$	28,779,314
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	**(26,699,794)**
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense		3,603,959
Decrease (increase) in assets:		
Receivables, net		(81,796)
Inventory		632
Prepaid expenses		11,773
Increase (decrease) in liabilities:		
Accounts payable and accruad liabilities		1,521,906
Deferred revenues		121,112
Compensated absences		(250,131)
Net cash used by operating activities	$	(21,772,339)
Noncash capital and related financing activities:		
Construction accounts payable and retainages payable in accounts payable	$	705,786
Amortization of bond issuance costs		47,882
Amortization of deferred capital lease premium-certificates of participation		28,614
Capital assets donated to the District		10,000
Interest cost capitalized		19,005
Unrealized gain/loss on investment		

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors	$	713,148
Interest and dividends received		107,979
Cash paid to support College programs		(259,058)
Cash paid to employees and suppliers		(32,902)
Net cash provided by operating activities		**529,167**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) in investments		82,971
Net cash provided by investing activities		**82,971**
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments		2,325
Net cash provided by financing activites		**2,325**
Net increase in cash and cash equivalents		614,463
Beginning cash and cash equivalents balance		1,243,377
Ending cash and cash equivalents balance	$	1,857,840

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	$	(472,968)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net loss on investments		675,712
Contributions restricted for endowments		(2,325)
Changes in operating assets and liabilities:		
Contributions receivable		316,936
Accounts receivable		12,003
Prepaid expenses		63
Interest receivable		1,336
Accounts payable		(1,298)
Split interest payable		(292)
Net cash provided by operating activities	$	529,167

See accompanying notes to financial statements

Community College

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, an amendment of GASB Statement No. 14*, 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 well-being 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 $136,743 to the operations of the District and $154,305 for scholarships for the year ended June 30, 2009. The District has recorded $1,543,562 as Deposits Held in Custody for Others on behalf of the Foundation as of June 30, 2009.

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

Aims Junior College District
Attn: Chief Financial 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*.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Grant revenues are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. 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 COLOTRUST, 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, 2009, levy for the District was 6.323 mills, or approximately $24,245,279. Anticipated tax revenue not received at June 30 is recorded as property tax receivable in the statement of net assets.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 between 27.5 and 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. The District's operating revenues also include revenues from federal and state grants and contracts, which includes Pell grants.

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. Nonoperating revenues also include Federal State Fiscal Stabilization Funds (SFSF), a Federal appropriation under the American Recovery and Reinvestment Act of 2009 (ARRA). The SFSF program is a new one-time appropriation under ARRA whereby the U.S. Department of Education has awarded governors funds determined by formula in exchange for a commitment to advance essential education reforms to benefit students. These funds are intended to stabilize state and local government budgets in order to minimize and avoid reductions in education and other essential public services. The allocation to the State is to be used during fiscal years 2009, 2010 and 2011.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Use of Estimates

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

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, 2009, the District's deposits of cash and certificates of deposits in banks, exclusive of restricted money market funds, was $843,419. 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 $5,963 at June 30, 2009. The balance reflected below for 1st National Bank is net of outstanding checks of $1,917,779, which have been recorded in the Statement of Net Assets as accounts payable at June 30, 2009. The College has a sweep agreement with First National Bank utilizing the Goldman Sachs account to cover checks when presented for payment.

Cash and cash equivalents as of June 30, 2009 is comprised of the following:

1st National Bank	$	129,562
Wells Fargo Advantages - Money Market		266,560
Goldman Sachs Fin SQ FDS Government Preferred 488		12,568,305
COLOTRUST		13,251,704
		26,216,131
Cash on hand		5,963
	$	26,222,094

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

NOTE 3: DEPOSITS AND INVESTMENTS (cont'd)

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, 2009, the District's investment in Colorado Local Government Liquid Asset Trust (COLOTRUST) investment pool and Goldman Sachs Financial Square Government Fund were rated AAAm by Standard and Poor's.

As of June 30, 2009, the District had the following investments, restricted money market funds and certificates of deposit with original maturities greater than 90 days:

I. First National

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moodys	Credit Rating S&P
Corporate Obligations - Bonds						
WAL MART STORES	$ 51,890	$ 52,040	4.13%	2/15/2011	Aa2	AA
CITIBANK NA FDIC	25,064	24,982	1.50%	7/12/2011	Aaa	AAA
BEAR STEARNS CO	52,380	52,263	5.50%	8/15/2011	Aa3	A+
WACHOVIA CORP	52,105	51,751	5.30%	10/15/2011	A1	AA-
CHEVRON CORP	51,575	51,812	3.45%	3/3/2012	Aa1	AA
PFIZER INC	52,462	52,401	4.45%	3/15/2012	Aa2	AAA
BERKSHIRE HATHWY	53,087	53,695	4.75%	5/15/2012	Aa2	AAA
	338,563	338,944				
Certificates of Deposit						
SOLERA NATIONAL BANK	75,000	75,000	2.28%	6/2/2010		
MUTUAL OF OMAHA BANK	75,000	75,000	2.28%	12/10/2010		
SOLERA NATIONAL BANK	50,000	50,000	2.48%	6/9/2011		
	200,000	200,000				
Government issued or guaranteed bonds						
Fed Home Loan Bank	26,555	26,411	4.38%	8/15/2011	Aaa	AAA
Fed Farm Credit Bank	50,172	49,880	2.13%	6/18/2012	Aaa	AAA
	76,727	76,291				
Treasury Inflation-Protection Securities						
UST INFL INDEX NTS	77,395	77,910	1.88%	7/15/2013	Aaa	AAA
UST INFL INDEX NTS	76,718	77,337	2.00%	1/15/2014	Aaa	AAA
	154,113	155,247				
Total - First National	$ 769,403	$ 770,482				

NOTE 3: DEPOSITS AND INVESTMENTS (cont'd)

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moodys	Credit Rating S&P
II. Wells Fargo Investments						
Government issued or guaranteed bonds						
Fed Home Loan Bank	$ 50,469	$ 50,555	5.25%	9/11/2009	Aaa	AAA
Fed Home Loan Bank	102,094	99,983	5.00%	12/11/2009	Aaa	AAA
Fed Home Loan Bank	103,188	99,176	5.00%	3/12/2010	Aaa	AAA
Fed Home Loan Mortgage Corp - Med Term Note	103,637	100,000	3.40%	2/15/2011	Aaa	AAA
Fed Home Loan Bank	52,360	50,633	3.63%	9/16/2011	Aaa	AAA
Fed National Mortgage Association	108,094	102,778	5.00%	10/15/2011	Aaa	AAA
Fed Farm Credit Bank	107,000	102,848	4.40%	4/25/2012	Aaa	AAA
Farm Credit Note	101,000	104,498	4.90%	12/28/2020	Aaa	AAA
	727,842	710,471				
Corporate Obligations - Bonds						
IBM Corp	100,706	102,102	4.25%	9/15/2009	A1	A+
Wal Mart Stores	51,227	50,625	4.13%	7/1/2010	AA2	AA
National Rural Utility Coop Mtn	100,456	101,266	4.25%	3/15/2011	A2	A
Morgan Stanley	104,757	105,288	6.75%	4/15/2011	A2	A
Arden Realty LP	102,187	102,472	5.20%	9/1/2011	AA2	AA+
Merck & Co Inc.	53,922	51,741	5.13%	11/15/2011	AA3	AA-
Wachovia Corp Medium Term	103,300	98,245	5.50%	5/1/2013	A1	AA-
	616,555	611,739				
Total - Wells Fargo	$ 1,344,397	$ 1,322,210				
Money Market Funds - restricted						
Wells Fargo Advantage Funds - Government Money Market Fund	$ 2,557,220	$ 2,557,220			Aaa	AAA
Certificate of Deposits						
Colorado East Bank & Trust	$ 244,173	$ 244,173				
Bank of Colorado	203,124	203,124				
	$ 447,297	$ 447,297				
Statement of net assets classifiction						
Short-term investments and certificates of deposit-unrestricted	$ 878,754					
Money market funds-restricted for construction	2,557,220					
Long-term investments	1,682,343					

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 Standard 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. Approximately 42.3% of the District's deposits and investments are in COLOTRUST. The District also has 8.2% of its deposits and investments restricted for construction and or repayment of the certificates of participation issued in August of 2006. In addition, approximately 43.1% of the District's deposits and investments are invested in Government backed securities as direct holdings with the College's First National Bank Investment Account (0.7%), the Wells Fargo Investment Account (2.3%) and the Goldman Sachs Government Preferred Account held through First National Bank (40.1%).

The following details the investments held by the Foundation for each major category of investments and the related fair market value at June 30, 2009:

Mutual funds	$ 316,431
Common stock	1,346,630
U.S. Treasury notes	437,674
Corporate bonds & Preferred securities	628,532
Real estate and specialty assets	180,057
Total	$ 2,909,324

Investment Loss

Investment loss for the year ended June 30, 2009 consisted of:

Interest income	$ 393,467
Unrealized loss on investments	(406,864)
	$ (13,397)

NOTE 3: DEPOSITS AND INVESTMENTS (cont'd)

The unrealized loss on investments is comprised of a net unrealized gain on investments of $19,106 for investments held in Wells Fargo and First National Bank, as shown in the investment tables above, and an unrealized loss on investment of $425,970 relating to the Lehman Brothers bankruptcy (see below for further information).

During the year, the District held investments with Colorado Diversified Trust (CDT). The Board of Trustees (Trustees) for CDT conducted special meetings on September 15 and 16, 2008 to discuss the transfer of the assets of CDT to another Colorado local government investment pool. The Trustees adopted a recommendation from the Colorado Division of Securities to transfer the investments held in CDT to COLOTRUST for purposes of maintaining the "AAAm" rating on the pooled investments and to enable routine contribution and distribution capability to participants.

COLOTRUST is Colorado's original and largest pooled investment trust in the state. It began operations in 1985 and offers two funds: PRIME and PLUS+, both rated AAAm by Standard & Poor's. The assets at CDT became a part of the $3.5 billion PLUS+ pool which invests in U.S. Treasury, government agencies and in the highest rated commercial paper. MBIA's Colorado Investor Services Corporation, a subsidiary of MBIA Asset Management, serves as the investment advisor and administrator for COLOTRUST. As of September 17, 2008, former CDT participants had accounts established at COLOTRUST which correspond to the accounts held with CDT.

The Trustees took this action based on the untimely declaration of bankruptcy by Lehman Brothers on Monday, September 15, 2008. CDT's investment pool included a commercial paper holding with the face value of $5,000,000 issued by Lehman Brothers with a maturity date of October 10, 2008. This holding represented approximately 1.8% of the total pool of assets held in CDT. The investment was originally purchased in March 2008 and carried one of the highest ratings for commercial paper, A1/P1, as determined by several rating agencies. This rating was maintained until the untimely and unanticipated announcement by Lehman. With the declaration of bankruptcy by Lehman, the liquidation value of this specific holding is uncertain and could ultimately be determined to be as low as zero. The effect of this event has caused the valuation of the CDT investment pool to drop below the value of $1.00 per share. As a result, Standard & Poor's dropped the AAAm rating on CDT. Using the worse case scenario of zero valuation for the Lehman holding, the share price of funds held in CDT was calculated to be approximately $.98 on September 15, 2008. To the extent the Lehman commercial paper holding can ultimately be sold or exchanged for value in the future, each former participant in CDT would then receive a pro-rated contribution to their account at COLOTRUST equal to their percentage ownership of CDT as of September 14, 2008. There is no guarantee that the Lehman holding will ever regain any value. The estimated impact of the investment loss for the Lehman Brothers bankruptcy on Aims Community College has not yet been determined; however the unrealized loss recognized above reflects the District's loss from its monies held at CDT assuming zero valuation relating to the Lehman Brothers commercial paper.

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 was in negotiations to sale the land to United Properties Investment, LLC at the end of 2008. However, due to the downturn in the economy, those negotiations ended.

NOTE 5—CAPITAL ASSETS

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

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	$ 8,735,272	$ -	$ -	$ 8,735,272
Land Improvements	1,102,449	829,089	-	1,931,538
Art/Historical Figures	32,132	10,000	-	42,132
Total capital assets, not being depreciated	9,869,853	839,089	-	10,708,942
Capital assets, being depreciated:				
Land Improvements	2,245,530	55,738	-	2,301,268
Buildings & Improvements	54,367,391	171,173	-	54,538,564
Vehicles	977,958	69,157	16,073	1,031,042
Equipment	14,016,564	1,728,368	117,880	15,627,052
Leasehold Improvements	326,660	214,875	-	541,535
Total capital assets, being depreciated	71,934,103	2,239,311	133,953	74,039,461
Less Accumulated Depreciation				
Land Improvements	1,219,128	68,863	-	1,287,991
Buildings & Improvements	17,261,251	1,728,829	-	18,990,080
Vehicles	667,254	101,652	16,073	752,833
Equipment	8,500,581	1,574,248	117,270	9,957,559
Leasehold Improvements	65,874	82,485	-	148,359
Total Accumulated Depreciation	27,714,088	3,556,077	133,343	31,136,822
Total capital assets, being depreciated, net	44,220,015	(1,316,766)	610	42,902,639
Add Construction in Progress	129,104	4,028,074	-	4,157,178
Net Carrying Amount	$ 54,218,972	$ 3,550,397	$ 610	$ 57,768,759

Interest cost capitalized for 2009 was as follows:

Windsor Automotive Center	$ 18,104
College Center	901
	$ 19,005

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. 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 SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The District is required to contribute member and employer contributions to PERA 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 it is 10.15 % of covered salary. A portion of the District's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (See Note 8). The District is also required to pay an amortization equalization disbursement (AED) equal to 1.80% of the total payroll for the calendar year 2009 (1.40% of total payroll for the calendar year 2008, and 1.00% of total payroll for the calendar year 2007). Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.00% of the total payroll for the calendar year 2009 (0.50% of total payroll for the calendar year 2008). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required.

For the years ending June 30, 2009, 2008, and 2007, the District's employer contributions to the SDTF were $2,343,814, $1,968,332, and $1,944,450, respectively, equal to their required contributions for each year.

NOTE 7—DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Employees of the District who are members of the SDTF (see Note 6) 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. PERA issues a publicly available annual financial report for the 401(k) Plan. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS ($15,500 for the calendar year 2008 and $16,500 calendar year 2009). Catch-up contributions up to $5,000 for the calendar year 2008 and $5,500 for the calendar 2009 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). 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% in 2003, 1.0% in 2004, and 0.0% for 2005 through 2009. 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 08-09, 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 $1,221,212 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, 2009, the District had construction commitments outstanding of approximately $705,786 principally related to the outstanding construction costs of the new Windsor Automotive Center and development costs associated with the future campus to be located in Berthoud, Colorado.

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, 2009, is $1,419,988.

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).

In June 2009, the Board of Trustees voted to revise the Leave of Absence policy to change the sick leave accrual from 10.67 hours per month to 8 hours. The change also eliminated the payout of accrued sick leave for employees hired on or after July 1, 2009.

NOTE 11—LONG-TERM LIABILITIES

The following presents changes in long-term liabilities for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Loans Payable	$ 3,837,381	$ -	$ (468,785)	$ 3,368,596	$ 488,858
Certificates of Participation	18,700,000	-	(660,000)	18,040,000	680,000
Unamortized capital lease premium-certificates of participation	323,326	-	(28,614)	294,712	
Total	**$ 22,860,707**	**$ -**	**$ (1,157,399)**	**$ 21,703,308**	**$ 1,168,858**

Other Liabilities:					
Retirement Benefits	$ 959,435	$ -	$ (464,273)	$ 495,162	$ 288,768
Accrued Compensated Absences	1,205,846	214,142	-	1,419,988	283,998
Total Other Liabilities	**$ 2,165,281**	**$ 214,142**	**$ (464,273)**	**$ 1,915,150**	**$ 572,766**

Amounts shown in "Balance, June 30, 2009" of long-term liabilities include both current and noncurrent portions. Additional information regarding loans payable obligations are included in Note 12, 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
2010	$ 488,858	$ 132,142	$ 621,000
2011	509,790	111,210	621,000
2012	531,618	89,382	621,000
2013	554,381	66,619	621,000
2014	578,118	42,882	621,000
2015-2016	705,831	18,667	724,498
Total Loans Payable	**$ 3,368,596**	**$ 460,902**	**$ 3,829,498**

NOTE 13—LEASES

The District leases space and equipment under operating leases to conduct its operations. Rental payments for operating leases were $337,359 for the year ended June 30, 2009. The future minimum rental payments for operating leases as of June 30, 2009, are as follows:

Year Ending June 30	Amount
2010	$ 346,364
2011	151,988
2012	21,600
	$ 520,752

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, 2009, were $120,394.

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, 2009, $495,162 is due to individuals whose applications have been approved by the Board of Trustees. The liability as of June 30, 2009 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, 2009, are as follows:

Year Ending June 30	Amount
2010	$ 288,768
2011	134,174
2012	19,937
	$ 442,879 *

* There is one employee who has applied for the Retention and Recognition Program, however, as of June 30, 2009 has not declared a retirement date. As such future payments under the plan for this employee cannot be determined. Upon declaration of a retirement date this employee will be paid out over a 60 month period at the salary at the time of application, which is $52,283.

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, 2009:

Total capital assets, net of accumulated depreciation	$ 57,768,759
(less) plus:	
Loans payable, current portion	(488,858)
Capital leases payable-certificates of participation, current portion	(680,000)
Loans payable - noncurrent	(2,879,738)
Capital leases payable-certificates of participation, noncurrent	(17,360,000)
Unspent proceeds-certificates of participation, restricted funds	2,557,220
Deferred capital lease issuance costs, net	493,163
Construction accounts payable (including retainage)	(705,786)
	$ 38,704,760

NOTE 16—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2009, the following table represents operating expenses within both natural and functional classifications:

	NATURAL CLASSIFICATION					
FUNCTIONAL CLASSIFICATIONS	Employee & Personnel Services	Operating	Cost of Goods Sold	Depreciation	Student Aid	TOTAL OPERATING EXPENSES
Instruction	$ 12,819,274	$ 4,056,626	$ 53,752	$ -	$ -	$ 16,929,652
Public Service	-	15,039	-	-	-	15,039
Academic Support	3,717,327	952,317	-	-	-	4,669,644
Student Services	2,523,084	592,244	-	-	-	3,115,328
Institutional Support	3,937,966	1,221,214	-	-	-	5,159,180
Operation of Plant	1,163,271	3,882,905	-	-	-	5,046,176
Student Aid	-	-	-	-	5,438,241	5,438,241
Auxiliaries	797,191	387,451	1,832,337	-	-	3,016,979
Depreciation and amortization	-	-	-	3,603,959	-	3,603,959
TOTAL EXPENSES	**$ 24,958,113**	**$ 11,107,796**	**$ 1,886,089**	**$ 3,603,959**	**$ 5,438,241**	**$ 46,994,198**

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 Rate	Price or Yield	Principal Amount	Interest	Total
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
2019	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 Participation			$ 18,040,000	$ 8,550,803	$ 26,590,803

NOTE 18—CURRENT ECONOMIC CONDITIONS

The current economic environment could present public institutions of higher education with unprecedented circumstances and challenges. The financial statements have been prepared using values and information currently available to the College.

Current economic conditions have made it difficult for the State of Colorado to fund Higher Education at levels previously provided. Higher Education funding for Local College Districts by the State is appropriated as an individual line item in the State Long Appropriations Bill. For fiscal year 2009, the School did receive approximately $1.894 million in federal State Fiscal Stabilization Funds (SFSF) under the federal ARRA to offset the loss of funding by the State. If SFSF funding diminishes and the School continues to receive reduced appropriation from the State, such reduced funding may have an adverse impact on the School's future operating results.

In addition, given the volatility of current economic conditions, the value of assets and liabilities recorded in the financial statements could change rapidly, resulting in future adjustments in investment values and allowances.

Aims Community College

SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT
ALL FUNDS
ACTUAL TO BUDGET COMPARISON

Year Ended June 30, 2009	Actual	Budget	Favorable (Unfavorable) Variance
Revenues:			
Tuition and fees	$ 10,797,487	$ 10,099,031	$ 698,456
Less: Tuition Discounts (Student Financial Aid)	(1,288,008)	-	(1,288,008)
Net Tuition and Fees	9,509,479	10,099,031	(589,552)
Gifts, grants and contracts	7,327,507	6,729,821	597,686
Auxiliary operating revenue	2,929,144	2,990,428	(61,284)
Other operating revenue	528,274	375,172	153,102
Total Operating Revenues	20,294,404	20,194,452	99,952
Operating Expenses:			
Education and general	34,935,019	35,654,291	(719,272)
Other restricted programs	5,438,241	6,462,800	(1,024,559)
Depreciation expense	3,603,959	-	3,603,959
Auxiliary enterprises expenses	3,016,979	3,006,558	10,421
Total Operating Expenses	46,994,198	45,123,649	1,870,549
Nonoperating Revenues and Expenses:			
General property taxes	26,125,238	26,241,736	(116,498)
State appropriations	7,261,081	8,807,281	(1,546,200)
Federal State Fiscal Stabilization Fund	1,894,692	-	1,894,692
Investment loss	(13,397)	363,300	(376,697)
Interest expense	(915,133)	-	(915,133)
Loss on disposal of assets	(610)	-	(610)
Contribution from the Foundation	56,317	-	56,317
Total Nonoperating Revenue and Expense	34,408,188	35,412,317	(1,004,129)
Transfers In (Out):			
Non-mandatory transfers in	21,449,268	697,322	20,751,946
Non-mandatory transfers out	(21,449,268)	(9,175,857)	(12,273,411)
Total Transfers In (Out)	-	(8,478,535)	8,478,535
Net Increase in Net Assets	7,708,394	2,004,585	5,114,257
Net Assets, July 1, 2008	59,663,801	48,895,096	10,768,705
Net Assets, June 30, 2009	$ 67,372,195	$ 50,899,681	$ 16,472,514

REPORTS REQUIRED BY OMB CIRCULAR A-133

Wells Fargo Center
1700 Lincoln Street, Suite 1400
Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

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, 2009, and have issued our report thereon dated November 4, 2009, 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 4, 2009.

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 4, 2009

BKD LLP
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Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

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, 2009. 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, 2009.

Internal Control Over Compliance

The management of Aims Junior College District is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a

Board of Trustees
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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 District'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 District's internal control.

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

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 4, 2009

Aims Junior College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA # Number	Federal Expenditures
U.S. Department of Education		
Student Financial Assistance Cluster		
Federal Pell Grant Program	84.063	$ 3,959,206
Federal Supplemental Educational Opportunity Grants	84.007	73,486
Federal Work-Study Program	84.033	102,423
Federal Direct Student Loans	84.268	6,443,719
Academic Competitiveness Grants	84.375	7,575
		10,586,409
TRIO Cluster		
Trio Student Support Services	84.042	232,293
State Fiscal Stabilization Fund Cluster		
Passed through State of Colorado		
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394A	1,894,692
Congressionally-Directed Grants	84.116Z	42,249
Child Care Access Means Parents In School	84.335	24,853
Passed through Colorado Department on Higher Education		
Leveraging Educational Assistance Partnership Program	84.069	10,182
Passed through Colorado Community Colleges		
Career and Technical Education - Basic Grants to States:		
Postsecondary Non-Reserved Grant:	84.048	
Plans of Study / Linkages		3,879
All Aspects / Industry		4,742
Professional Development		5,435
Evaluations		5,650
Improve, Expand		288,987
Special Initiatives		8,291
Administration		6,631
		323,615
Total U.S. Department of Education		13,114,293
National Science Foundation		
Passed through Arapahoe Community College		
Education and Human Resources	47.076	10,119
Passed through Colorado State University		
Education and Human Resources	47.076	750
Total National Science Foundation		10,869

Aims Junior College District
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2009

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA # Number	Federal Expenditures
U.S. Department of Health and Human Services		
Head Start	93.600	156,842
CCDF Cluster		
Passed through Weld County Department of Human Services		
Child Care and Development Block Grant	93.575	7,450
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	23,591
Total U.S. Department of Health and Human Services		187,883
U.S. Department of Transportation		
Highway Planning and Construction Cluster		
Passed through Colorado Department of Transportation:		
Highway Planning and Construction	20.205	206,531
Passed through Townsend Management Group		
Assistance to Small & Disadvantaged Businesses	20.910	15,494
Total Department of Transportation		222,025
U.S. Department of Labor		
WIA Pilots, Demonstrations, & Research Projects	17.261	105,427
Passed through Weld County Department of Human Services		
WIA Pilots, Demonstrations, & Research Projects	17.261	319
Total U.S. Department of Labor		105,746
U.S. Department of Agriculture		
Passed through Colorado Dept. of Public Health and Environment:		
Child and Adult Care Food Program	10.558	19,873
Total Expenditures of Federal Awards		$ 13,660,689

Aims Junior College District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

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.

Aims Junior College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting 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 compliance with requirements applicable to major federal awards programs 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

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No

Aims Junior College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2009

7. The District's major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Direct Student Loans	84.268
Academic Competitiveness Grants	84.375
ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund)	84.394A

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $409,821.

9. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

Aims Junior College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs

No matters are reportable.

Aims Junior College District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2009

Reference Number	Summary of Finding	Status
	No matters are reportable.	