Aims Community College

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2013

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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 accounting principles generally accepted 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.

Robert G. Cox
Chief Business Officer

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

Board of Trustees
Aims Junior College District
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Foundation), the discretely presented component unit of the District. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Foundation is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 the District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Trustees
Aims Junior College District

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the Actual to Budget Comparison – All Funds and 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the 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* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
December 11, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Aims Junior College District's (the District) financial report includes financial statements and note disclosures and is prefaced by this Management's Discussion and Analysis (MD&A). The MD&A is designed to provide an easy to read analysis of financial activities for the year ended June 30, 2013. The analysis is based on currently known facts and is prepared by the office of the Chief Business Officer. The MD&A begins with brief highlights and is followed by more in-depth analysis.

Financial and Enrollment Highlights

The following significant highlights occurred during the year ended June 30, 2013:

- Net position increased by 17.1% in 2013. This was more than the 16.1% increase in 2012 and was primarily due to an increase in property tax revenue for oil and gas. Property tax revenue for oil and gas are received in arrears. The price for oil has held its value over the prior year, and with the continued interest in drilling for oil and gas within the property tax boundaries of the Aims Community College (the College), the College was able to witness an increased benefit of approximately $6 million dollars in property tax revenue in 2013. The interest in drilling for oil and gas within our property tax region is expected to continue for the near future; however, oil and gas prices are highly volatile and tend to fluctuate based on the economic outlook, as well as other political and environmental events.

- Operating revenues increased 5.4% due to an increase in Federal grant revenue. The College recognized a slight increase in tuition and fee revenue (1.2%) due to increased tuition collections and a decrease in scholarship allowances. For the 2012/13 academic year, the College retained the same tuition rates from 2011/12. Student Full-Time Equivalent (FTE) decreased by 5.6% over 2012 and overall headcount decreased by 8.6%. It would appear that students are taking fewer courses compared to students in 2012, as a result of the improving economy in the College district and the State.

- Total operating expenses for 2013 increased 6.7% from 2012. A majority of the increase is due to the 3.0% average salary increase approved by the Board for the 2012/13 academic year. Salary expense is the largest expenditure category of the College. Instructional expenditures increased by 9.4%, mainly due to higher costs for salaries and benefits and the replacement of positions held vacant due to prior periods' economic slump.

Financial and Enrollment Highlights (cont'd)

Academic support had a 15.6% increase in operating expenses based on higher costs for salaries and benefits, as well as increased expenditures for other operating expenses. Student services costs increased by 18.0% relating to higher salary and benefit costs, and replacement of vacant positions. Institutional support had increased costs associated with information technology (IT) expenditures. Operation of plant cost increased slightly, mostly due to salary and benefit increases. Student aid decreased by 13.3%.

- Net nonoperating revenues increased 12.9% in 2013 due to an increase in property tax revenue ($6 million) for oil and gas in 2012. The rise in property tax revenue was slightly offset by a reduction in State appropriations, which declined by $202,000 (2.8%).

- Nonoperating expenses remained unchanged for 2013. The largest expenditure in this category is for interest expense associated with the financing of the Allied Health & Science building. The Board of Trustees approved the payoff of the Certificates of Participation (COP), Series 2006, at their April 3, 2013 Board meeting. The payoff on May 15, 2013 was $15,424,289 to pay the outstanding principal due and accrued interest to retire the COP (see Note 17). There was a loss on the extinguishment of debt in the amount of $144,391.

- Net investments in capital assets increased 39.2%, due to the payoff of the COP.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
(Unaudited)

Financial and Enrollment Highlights (cont'd)

The tables below summarize student enrollment data over the past five years.

Student Headcount Enrollment

Fiscal Year	Unduplicated Headcount	Percent Change
2013	7,273	-8.6%
2012	7,961	-1.3%
2011	8,068	0.3%
2010	8,043	2.4%
2009	7,852	9.2%

Student FTE Enrollment

	Resident FTE				Nonresident FTE		Combined FTE	
Fiscal Year	In-District	Out-of-District	TOTAL	Percent of Change	Out-of-State	Percent of Change	TOTAL	Percent of Change
2013	2,737	672	3,409	-5.59%	105	-7.08%	3,514	-5.64%
2012	2,908	703	3,611	1.49%	113	-5.04%	3,724	1.28%
2011	2,874	684	3,558	2.04%	119	5.31%	3,677	2.14%
2010	2,749	738	3,487	11.73%	113	-5.04%	3,600	11.11%
2009	2,506	615	3,121	3.52%	119	16.67%	3,240	3.95%

The decreased student headcount enrollment is an indication that the natural cyclical effect of the economy on enrollments in community colleges during economic improvement is beginning to take effect. Unemployment is lower than what it was in 2012, with more people choosing to work instead of going to school. On the other hand, FTE enrollment remains strong and well ahead of enrollments prior to 2009 and the economic downturn that drove the influx of students back to school.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
(Unaudited)

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

Statement of Net Position

The Statement of Net Position 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 position). The Statement of Net Position 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 position is classified by the way in which it may be used for future operations. An increase or decrease in the District's net position is one indicator of whether its financial health is improving or deteriorating. Consideration of other nonfinancial factors may be relied upon to assess the overall health of the District. For the year ended June 30, 2013, net position increased 17.1%.

Condensed Statement of Net Position

	June 30, 2013	June 30, 2012
Assets		
Current Assets	$ 62,394,822	$ 63,206,634
Noncurrent Assets - Noncapital	6,058,767	6,506,293
Capital, Net of Accumulated Depreciation	73,723,661	66,569,332
Total Assets	**142,177,250**	**136,282,259**
Liabilities		
Current Liabilities	9,042,026	7,100,637
Noncurrent Liabilities - Certificates of Participation	-	15,349,429
Other Noncurrent Liabilities	1,275,415	1,221,458
Total Liabilities	**10,317,441**	**23,671,524**
Net Position		
Net Investment in Capital Assets	70,497,030	50,633,019
Restricted - Expendable	1,745,983	1,542,678
Unrestricted	59,616,796	60,435,038
Total Net Position	**$ 131,859,809**	**$ 112,610,735**

Current Assets

Cash and cash equivalents of $52,717,917 comprise 40.0% of the District's total net position. The current ratio (current assets over current liabilities) is approximately seven to one (7:1). This means that for every dollar ($1) of liability currently due next fiscal year, the District has about seven dollars ($7) of assets available to pay them. Financial prudence holds that this ratio should be at least two to one (2:1).

Capital Assets

Capital assets consist of District property and improvements thereto, with a unit cost of $5,000 or more. The increase in net capital assets of 10.7% is primarily attributable to the increase in the current year accumulated depreciation being less than the capital acquisitions and ongoing construction-in-process, which includes the Platte Building in Ft. Lupton and the reroofing projects on the gym and the General Services buildings. The Promenade walkway project was completed in 2013. Note 5 of this report summarize the changes in capital assets between fiscal years 2013 and 2012.

Liabilities

Obligations of the District significantly decreased by 56.4% over the prior year due to the payoff of the COP note on May 15, 2013 (see Note 17). Accounts payable increase is associated with the new Platte facility and the renovation of the Prairie facility in Ft. Lupton. More information about the District's long-term debt is presented in Notes 10-13 and 17 of the financial statements. The only area with a measurable liability increase was the compensated absence liability. Tuition and fees for summer enrollment are allocated between school years based on the number of days falling within each school year. Tuition and fees attributable to those days falling after June 30, 2013 are recorded as deferred revenue. Deferred revenue decreased 32.5% due to the decreased summer enrollment and tuition and fee revenue. Deposits held in the custody of others remained unchanged and are mostly attributable to funds held for the Foundation.

Net Position

Net position increased 17.1% in fiscal year 2012-13 primarily due to higher nonoperating revenue. Net position is 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, net investment in capital assets comprise 53.5% of the District's net position.

It is important to recognize that the Unrestricted Net Position of $59.6 million include resources that, while "unrestricted" under legal and financial reporting definitions, are in fact dedicated to particular purposes. Most notably, the Unrestricted Net Position include $31.9 million designated for capital construction and general campus capital equipment, as well as a $22.2 million Quasi Endowment Reserve Fund created to offset any future shortfalls in funding by the State and/or property tax revenues as directed by the Board of Trustees. Remaining unrestricted net position include departmental operating funds and the net position of the Continuing Education Authority (see Note 15).

Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)

The statement of revenues, expenses, and changes in net position present the financial activity of the District throughout the fiscal year, and how it increased or decreased net position. 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 Position

	For the year ended June 30, 2013	For the year ended June 30, 2012
Operating Revenues		
Net Tuition & Fees	$ 13,586,979	$ 13,429,207
Grants & Contracts	4,945,322	4,059,044
Auxiliary	2,718,333	2,907,674
Other	409,175	148,050
Total Operating Revenues	**21,659,809**	**20,543,975**
Operating Expenses		
Educational & General	48,046,311	44,498,459
Auxiliary	2,524,198	2,604,244
Depreciation and Amortization	3,929,508	3,987,652
Total Operating Expenses	**54,500,017**	**51,090,355**
Operating Loss	(32,840,208)	(30,546,380)
Nonoperating Revenues (Expenses) and Gains (Losses)		
General Property Taxes	36,507,533	30,461,548
State Appropriations	7,024,616	7,226,614
Federal Nonoperating Revenue	9,074,617	9,153,018
Contributions from the Foundation	62,001	83,373
Investment Income	251,189	122,389
Interest on Capital Asset Related Debt	(626,133)	(796,488)
Loss on Disposal of Assets	(60,150)	(110,884)
Loss on Early Extinguishment of Debt	(144,391)	-
Total Nonoperating Revenues	**52,089,282**	**46,139,570**
Income Before Other Revenues, Expenses, Gains or Losses	**19,249,074**	**15,593,190**
Capital Grants and Gifts	**-**	**20,000**
Increase in Net Position	19,249,074	15,613,190
Net Position - Beginning of Year	112,610,735	96,997,545
Net Position - End of Year	**$ 131,859,809**	**$ 112,610,735**

Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) (cont'd)

For the year ended June 30, 2013, the District had a net operating ratio of negative 1.52. This ratio measures the operating income or loss in relation to the total operating revenues. A negative 1.52 operating ratio means that operating expenses were 152% 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 1.49, the ratio for 2013 was negative 1.52. This means from fiscal year 2012 to 2013, operating expenses increased at a higher rate than operating revenues for the period. Operating revenues increased 5.4%, while operating expenses increased 6.7%.

The primary factors contributing to the increased operating revenues were:

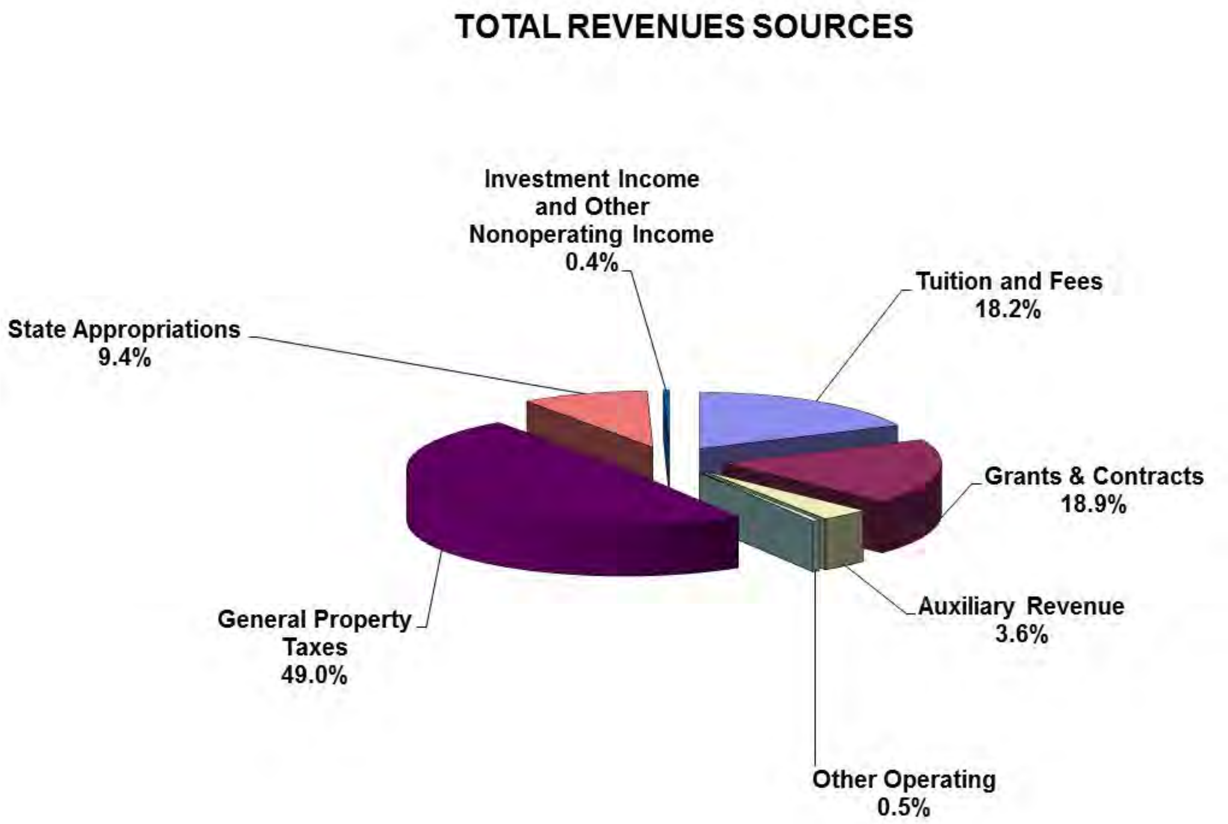
- The District had an increase in Federal grants and contracts of 70.4%. Most of the increase can be explained by an increase in federal grant revenue, specifically the Trade Adjustment Assistance Community College Career Training (TAACCCT) grant.

- Tuition and fee revenue increased 1.2% in relation to the increase in the net tuition and fee collections after adjusting for declining scholarship/Pell allowances.

Other changes on the SRECNP include the State of Colorado appropriations decrease of $202,000 for 2013 compared to the 2012 appropriations. State appropriations are expected to improve in the next fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
(Unaudited)

Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) (cont'd)



Net revenue from all sources net of scholarship allowances totals $74.6 million, with $21.7 million generated from operating revenues and $52.9 million in nonoperating revenues.

General property taxes represent the single largest source (49.0%) of total revenues to the District, which is up in comparison to 2012 (45.1%). In fiscal year 2013, tuition and fees revenue net of the scholarship allowance slipped from second to third largest revenue source at 18.2%, down from the 19.9% in 2012. Grants and contracts (18.9%) moved from third to second largest revenue source, because of the TAACCCT grant award. State appropriations decreased for 2013 to approximately 9.4% of total revenue compared to 10.7% for 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
(Unaudited)

Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) (cont'd)

Reporting standards require tuition and fees to be shown net of scholarship allowances, which were $2,193,235 for 2013. Scholarship allowances are those portions of tuition and fees, which are paid by other revenues, primarily Federal and State grants for financial aid and general institutional scholarships (see Note 1).

Expenses

Operating expenses are reported on the SRECNP 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, 2013	Year Ended June 30, 2012
Instruction	$ 20,543,542	$ 18,776,022
Public Services	7,500	10,000
Academic Support	3,944,270	3,410,604
Student Services	3,661,112	3,103,116
Institutional Support	7,650,509	5,843,371
Operation of Plant	3,966,423	3,808,484
Student Aid	8,272,955	9,546,862
Auxiliary	2,524,198	2,604,244
Depreciation and Amortization	3,929,508	3,987,652
Total Operating Expenses	$ 54,500,017	$ 51,090,355

Management's Analysis of Functional Classifications

Instruction expenses increased in 2013 by 9.4% attributable to the aforementioned salary and benefit increases and the receipt of a $1,900,000 TAACCCT grant that provides funding for course improvement and, in this case, gas and oil programs.

Academic support increased 15.6% for 2013, mostly attributable to the aforementioned employee salary and benefit increases and refilling positions held vacant from the economic slump from prior periods.

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

Student services expenses increased 18.0%. Payroll expense increased by about 7.9%, and the College continued seeing costs associated with contracted services for assistance in processing the high volume of applications for financial aid applicants.

Institutional support expenses were up 30.9%, mostly associated with an expanded demand for IT. The College allocates IT costs each year across functional expense categories based on total expenditures. Salary expense was also higher by 7.9%.

Student aid net of scholarship allowances decreased 13.3% because of decreased financial aid (Federal loan programs), grants paid expenses, and decreased enrollment. Although loan funds are not reported in the SRECNP, 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, 2013	**June 30, 2012**
Employee & Personnel Services	$ 26,578,287	$ 24,065,261
Other Operating	14,233,685	11,900,579
Costs of Goods Sold	1,485,582	1,590,001
Depreciation and Amortization	3,929,508	3,987,652
Student Aid	8,272,955	9,546,862
Total Operating Expenses	**$ 54,500,017**	**$ 51,090,355**

Management’s Analysis of Natural Classifications

Employee and personnel costs increased $2.5 million or 10.4%. This increase includes the Board approved 3% average salary increase and an increase in benefits for College employees.

Other operating costs increased by approximately $2.3 million as a result of funding new equipment for Ft. Lupton and the improvements to the College landscaping.

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

The depreciation and amortization expense is attributable to the College assets for equipment and vehicles reaching their depreciable lives.

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, grant and contract revenues, and auxiliary revenue. 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 in operating activities decreased over 2012 by approximately $1.0 million. The decrease is primarily due to scholarship disbursements (13.3%). Tuition and fee increase is due to a decrease in student scholarships over 2012. The increase in payments to suppliers corresponds to an increase in accounts payable and a decrease in inventory at year-end, as well as lower costs for goods sold reflected in the greater revenue for sales of products and services.

- Cash flows provided by noncapital financing activities increased over 2012 by $7.2 million. The College recognized additional general property tax revenue relating to oil and gas.

- Cash used in capital and related financing activities increased by $17.3 million. This is primarily associated with the retirement of the College's COP note, which was paid off in May 2013 and capital acquisitions primarily used to construct and equip the Platte Building in Ft. Lupton.

Statement of Cash Flows (cont’d)

- Cash flows provided by investing activities for 2013 were up due to use of invested funds to pay off the COP note as referenced above.

- Overall, the District’s cash position increased by $14.3 million to $52.7 million.

Economic Outlook

Factors affecting the future of the District include decreasing student enrollment and the risk of decreased funding 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 decreased by 5.6% from the prior year 2012 to the current year 2013. 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 ensure 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 the District’s students in southern Weld County, as well as nondistrict students in the surrounding counties near the site. Although the future Berthoud campus remains a key option for future growth of the College, it is prudent to monitor the economic uncertainties facing the State and funding for Higher Education in the State, as well as the risk of lower property tax if the economy turns stagnant for an extended period of time.

State appropriations decreased in fiscal year 2013 by 2.8%. The State’s economic situation is constantly a major concern to the College and Higher Education as a whole. On a positive note, economic conditions in the State are improving and revenue profiles suggest that some funding that was cut from College budgets in the prior years may be replaced to offset higher tuition costs to students who are finding it more and more difficult to seek a higher degree or learn the skills they need for the employment opportunities emerging in Colorado.

Economic Outlook (cont'd)

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 improved in some categories. The largest category within the Schools property tax revenue, oil and gas, has shown substantial improvement from the low point of the economic downturn. The rise in property tax for oil and gas has offset the declines in other property tax categories, but current estimates from the county assessor for next year appear to be higher. For fiscal year 2013 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 prudent balancing between operating and capital funding by the College, in order to control the unstable funding swings oil and gas can demonstrate. Although at the close of fiscal year 2013, oil and gas appears to have slipped to a lower price range than expected, and thus demonstrates the volatility of this source of revenue for the College in relation to the current economic environment.

Given the decline in student FTE 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 Aims Junior College District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information for the District and the financial statements of Aims Community College Foundation should be addressed to the Chief Business Officer, Aims Junior College District, P.O. Box 69, 5401 W. 20th Street, Greeley, Colorado, 80632.

BASIC FINANCIAL STATEMENTS

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

ASSETS		
Current Assets:		
Cash and cash equivalents	$	52,717,917
Short-term investments		1,793,258
Student accounts receivable, net of allowance of $762,604		1,534,711
Accounts receivable, net of allowance of $27,795		495,105
Property tax receivable		4,774,633
Inventories		383,014
Other current assets		696,184
Total Current Assets		62,394,822
Noncurrent Assets:		
Land held for development		1,419,342
Long-term investments		4,639,425
		6,058,767
Nondepreciable Capital Assets:		
Land		8,735,272
Land improvements		1,931,538
Art/historical figures		42,132
Construction-in-progress		7,800,434
Depreciable Capital Assets (Net):		
Land improvements		5,095,084
Buildings and improvements		45,835,138
Leasehold improvements		15,713
Equipment and furniture		4,268,350
Total Capital Assets (Net)		73,723,661
Total Noncurrent Assets		79,782,428
TOTAL ASSETS		**142,177,250**
LIABILITIES		
Current Liabilities:		
Accounts payable		4,686,492
Accrued liabilities		1,047,250
Deferred revenue		764,735
Retirement benefits payable, current portion		10,456
Compensated absence liabilities, current portion		314,933
Deposits held in custody for others		2,218,160
Total Current Liabilities		9,042,026
Noncurrent Liabilities:		
Retirement benefits payable		15,685
Compensated absence liabilities		1,259,730
TOTAL LIABILITIES		**10,317,441**
NET POSITION		
Net investment in capital assets		70,497,030
Restricted for:		
Expendable purposes:		
TABOR reserves		1,684,316
Nongovernmental grants and contracts		61,667
Unrestricted		59,616,796
TOTAL NET POSITION	**$**	**131,859,809**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS	
Cash and cash equivalents	$ 2,263,104
Investments	4,244,527
Contributions receivable, net	15,385
Prepaid expenses	1,733
TOTAL ASSETS	**$ 6,524,749**
LIABILITIES	
Accounts payable	$ 469
Split-interest payable	2,718
Deferred revenue	12,500
TOTAL LIABILITIES	**15,687**
NET ASSETS	
Unrestricted	641,671
Temporarily restricted	3,589,953
Permanently restricted	2,277,438
TOTAL NET ASSETS	**6,509,062**
TOTAL LIABILITIES AND NET ASSETS	**$ 6,524,749**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2013

REVENUES	
Operating Revenues:	
Student tuition and fees, net of scholarship allowances of $2,193,235	$ 13,586,979
Federal grants and contracts	2,470,047
State and local grants and contracts	2,475,275
Auxiliary operating revenue	2,718,333
Other operating revenue	409,175
Total Operating Revenues	**21,659,809**
EXPENSES	
Operating Expenses:	
Educational and general	
Instruction	20,543,542
Public service	7,500
Academic support	3,944,270
Student services	3,661,112
Institutional support	7,650,509
Operation of plant	3,966,423
Student aid	8,272,955
Depreciation and amortization	3,929,508
Auxiliary	2,524,198
Total Operating Expenses	**54,500,017**
Operating Loss	**(32,840,208)**
NONOPERATING REVENUES (EXPENSES)	
General property taxes	36,507,533
State appropriations	7,024,616
Federal nonoperating revenue	9,074,617
Contributions from the Foundation and private donor (excluding $23,934 included in state and local grants and contracts above)	62,001
Investment income	251,189
Interest on capital asset related debt	(626,133)
Loss on disposal of assets	(60,150)
Loss on early extinguishment of debt	(144,391)
Net Nonoperating Revenues	**52,089,282**
Increase in Net Position	**19,249,074**
Net Position, Beginning of Year	112,610,735
Net Position, End of Year	**$ 131,859,809**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Gains:				
Contributions and grants	$ 74,893	$ 233,122	$ 500	$ 308,515
Investment earnings	102,672	294,279	-	396,951
Net assets released from restrictions:				
Satisfaction of program restrictions	274,007	(274,007)	-	-
Total revenues and support	**451,572**	**253,394**	**500**	**705,466**
Expenses:				
Program services:				
Scholarships:				
Student	150,151	-	-	150,151
Contributions to College:				
Aims Fest	5,000	-	-	5,000
Aims Honors	4,147	-	-	4,147
Allied Health Programs	1,475	-	-	1,475
Automotive	44,705	-	-	44,705
Emerging Scholars	4,329	-	-	4,329
Fire Academy	4,500	-	-	4,500
High School Equivalency	4,298	-	-	4,298
Information Technology	5,552	-	-	5,552
Sculptures and Signage	4,547	-	-	4,547
Welding	1,000	-	-	1,000
Writers Community	2,707	-	-	2,707
Other	10,477	-	-	10,477
Total Program Services	242,888	-	-	242,888
Support Services:				
Fundraising	67,903	-	-	67,903
General and administrative	142,214	-	-	142,214
Total Support Services	210,117	-	-	210,117
Total Expenses	**453,005**	**-**	**-**	**453,005**
Donor transfers	**79,103**	**(19,378)**	**(59,725)**	**-**
Change in net assets before other changes	**77,670**	**234,016**	**(59,225)**	**252,461**
Other changes - loss on investments	**14,205**	**(14,205)**	**-**	**-**
Change in net assets	**91,875**	**219,811**	**(59,225)**	**252,461**
Net assets--beginning of year	549,796	3,370,142	2,336,663	6,256,601
Net assets--end of year	**$ 641,671**	**$ 3,589,953**	**$ 2,277,438**	**$ 6,509,062**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and fees	$	13,159,139
Sales of services		633,802
Sales of products		2,137,513
Grants and contracts		5,088,465
Other receipts		409,175
Cash Payments:		
Payments to and for employees		(26,447,904)
Payments to suppliers		(14,279,836)
Scholarships disbursed		(8,272,955)
Net cash used in operating activities		**(27,572,601)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from the Foundation and private donors		62,001
State appropriations, noncapital		7,024,616
Federal revenues, noncapital		9,074,617
General property taxes, noncapital		36,568,356
Decrease in deposits held in custody for others		(48,830)
Direct loans receipts		9,659,493
Direct loans disbursements		(9,659,493)
Net cash provided by noncapital financing activities		**52,680,760**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets		(7,917,356)
Principal paid on capital leases		(15,910,000)
Interest paid on capital leases		(656,176)
Payment of prior year payables for capital assets		(1,278,427)
Net cash used in capital and related financing activities		**(25,761,959)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments		(8,906,019)
Proceeds from sales of investments		23,499,560
Investment earnings		371,648
Net cash provided by investing activities		**14,965,189**
Increase in Cash and Cash Equivalents		14,311,389
Cash and Cash Equivalents, Beginning of Year		38,406,528
Cash and Cash Equivalents, End of Year	$	52,717,917
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$**	**(32,840,208)**
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense		3,929,508
Decrease (increase) in assets:		
Receivables, net		136,383
Inventory		367,708
Other assets		(67,007)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities		1,199,052
Deferred revenues		(368,098)
Compensated absences		70,061
Net cash used in operating activities	$	(27,572,601)
Noncash capital and related financing activities and investing activities:		
Construction accounts payable and retainages payable in accounts payable	$	3,226,631
Loss on disposal of capital assets		60,150
Loss on early extinguishment of debt		144,391
Unrealized loss on investment		120,257

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors	$	189,285
Interest and dividends received		147,300
Cash paid to support College programs		(184,902)
Cash paid to College for employees		(99,614)
Cash paid to suppliers and other vendors		(35,610)
Net cash provided by operating activities		**16,459**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investments		(124,518)
Net cash used in investing activities		**(124,518)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments		500
Net cash provided by financing activities		**500**
Net decrease in cash and cash equivalents		(107,559)
Beginning cash and cash equivalents balance		2,370,663
Ending cash and cash equivalents balance	**$**	**2,263,104**
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$	252,461
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments		(249,651)
Contributions restricted for endowments		(500)
Changes in operating assets and liabilities:		
Contributions receivable		18,194
Prepaid expense		229
Interest receivable		6,934
Accounts payable		469
Split-interest payable		(177)
Deferred revenue		(11,500)
Net cash provided by operating activities	**$**	**16,459**

See accompanying notes to financial statements

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.

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 nonprofit 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 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 purchased 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).

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

Blended Component Units (cont'd)

These entities are blended with the District because they provide services entirely to the District or among each other. Separate financial statements for the blended component units are not issued.

Discretely Presented Component Unit

The Aims Community College Foundation (the 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 a separate legal entity with its own Board of Trustees. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the District. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the District, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. The Foundation contributed $92,737 to the operations of the District and $150,151 for scholarships for the year ended June 30, 2013. The District has recorded $2,162,548 as deposits held in custody for others on behalf of the Foundation as of June 30, 2013.

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

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

Basis of Presentation

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

The Foundation's financial statements have been presented under the reporting format described in FASB Accounting Standards Codification ASC 958-205, *Presentation of Financial Statements.*

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. In addition, all significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents, include money market accounts and other demand deposits, including funds deposited in Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment fund organized in accordance with Colorado State Statutes. COLOTRUST is reported at the net asset value per share (which approximates fair value) of the fund and is subject to regulatory oversight by the State Securities Commissioner. 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 based on quoted market prices. 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 position.

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. Six counties contribute to the assessed valued of the taxing district, with the largest contribution coming from Weld County. The January 1, 2013 levy for the District was 6.318 mills, or approximately $34,254,033 from Weld County. Anticipated tax revenue not received at June 30 is recorded as property tax receivable in the statement of net position.

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

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.

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. Assets recorded under capital lease agreements are amortized over either the term of the lease or the estimated useful life, whichever period is shorter. Such amortization is included as depreciation expense in the accompanying financial statements.

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 retirement benefit obligations maturing after one year. Only amounts specifically identified as payable within one year are classified in current liabilities in the statement of net position. 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.

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

Net Position

The District's net position are classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of accumulated depreciation reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

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

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

Classification of Revenue

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

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

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

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.

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

Scholarship Allowances (cont'd)

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 position during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Principle

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement changes the organization of the statement of net position, formerly the statement of net assets. Under this new standard, the statement of net position includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities and will report net position instead of net assets. The implementation of GASB 63 had no effect on beginning net position or change in net position.

Related Party

The District maintains deposits at First National Bank and investments with First National Wealth Management. One member of the District's Board of Trustees is employed by First National Bank, this Board member; however, is not involved in any investment decisions on behalf of the District and is excused from all Board matters involving First National Bank or First National Wealth Management.

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 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—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2013 is comprised of the following:

First National Bank Wealth Management	$	768,896
Wells Fargo Bank		249,984
Wells Fargo Advantages - Money Market		609,224
Goldman Sachs Fin SQ FDS Government Preferred 488		36,652,313
COLOTRUST		14,430,730
		52,711,147
Cash on hand		6,770
Total	$	52,717,917

Deposits

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.

FDIC insurance limits for all accounts is $250,000. At June 30, 2013, the carrying amount of the District's deposits was $1,008,507. The District's deposits of cash and nonnegotiable certificates of deposits in banks was $1,400,375 of which $1,249,984 is covered by federal deposit insurance. Any accounts in excess of $250,000 during the year would be uninsured but collateralized in accordance with the provisions of PDPA. The District also had cash on hand of $6,770 at June 30, 2013.

NOTE 3—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS (cont'd)

Investments

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.

As of June 30, 2013, the District had the following investments, 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 Moody's	Credit Rating S&P
Corporate Obligations - Bonds						
Berkshire Hathway	$ 53,221	$ 55,166	4.85%	1/15/2015	AA2	AA
Coca Cola Company	51,006	51,307	1.50%	11/15/2015	Aa3	AA-
Colgate Palmolive Co.	52,608	53,223	3.15%	8/5/2015	AA3	AA-
General Electric Cap Corp.	50,437	50,039	2.10%	1/7/2014	A1	AA+
Howard Hughes Med Inst.	51,656	53,589	3.45%	9/1/2014	Aaa	AAA
JP Morgan Chase & Co	50,157	50,403	1.65%	9/30/2013	A2	A
Merck & CO Inc.	53,256	54,150	4.00%	6/30/2015	Aa3	AA
Novartis Capital 5	51,095	53,503	4.13%	2/10/2014	AA2	AA-
Procter & Gamble Co.	52,361	54,204	3.50%	2/15/2015	AA3	AA-
Toyota Mtr Crd Corp.	50,061	50,718	1.38%	8/12/2013	Aa3	AA-
Wal-Mart Stores Inc.	50,774	52,345	3.00%	2/3/2014	AA2	AA
Yale University Mtn	24,723	25,472	2.90%	10/15/2014	AAA	AAA
	591,355	604,119				

NOTE 3—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS (cont'd)

I. First National (continued)

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Municipal Bonds						
Primero Reorg Sch Dist No 2 Co Go	25,517	25,435	5.00%	12/15/2013	Aa3	AA-
	25,517	25,435				
Certificates of Deposit (Negotiable)						
Bank Okla N A Tulsa CTF Dep	100,000	96,820	0.00%	7/31/2015	N/A	N/A
Compass Bk Birmingham Ala	180,481	180,000	0.50%	5/16/2014	N/A	N/A
Discover Bk CTF Dep	149,933	150,000	0.40%	11/21/2013	N/A	N/A
Discover Bk CTF Dep	95,242	95,523	1.20%	10/3/2016	N/A	N/A
GE Cap Bk Inc Retail CTF Dep	249,778	250,000	1.05%	11/2/2015	N/A	N/A
Hsbc Bk USA NA CTF Dep	71,699	72,135	Variable	12/31/2015	N/A	N/A
Hsbc Bk USA NA CTF Dep	48,255	48,400	Variable	5/31/2016	N/A	N/A
Union Bank NA CTF Dep	51,865	51,125	0.00%	7/29/2013	N/A	N/A
Union Bank NA CTF Dep	147,990	148,875	0.00%	3/31/2014	N/A	N/A
Union Bank NA CTF Dep	47,220	49,300	0.00%	12/30/2016	N/A	N/A
Wells Fargo Bk N.A.	19,790	19,880	0.00%	10/7/2013	N/A	N/A
Wells Fargo Bk N.A.	59,344	59,274	0.00%	12/6/2013	A1	N/A
Wells Fargo Bk N.A. CA	39,865	40,000	1.00%	6/9/2014	N/A	N/A
Wells Fargo Bk N.A. CA	25,492	25,000	0.00%	3/9/2015	N/A	N/A
Wells Fargo Bk N.A. CA	77,161	78,594	0.00%	6/7/2016	N/A	N/A
	1,364,115	1,364,926				
Certificates of Deposit (Non-Negotiable)						
Cobiz Bank	250,753	251,498				
Colorado State Bank & Trust	250,000	250,000				
Great Western Bank	250,000	250,000				
	750,753	751,498				
Government issued or guaranteed bonds						
Federal National Mortgage Association	50,653	54,335	4.63%	10/15/2013	AAA	AA+
Federal National Mortgage Association	56,946	59,893	5.25%	9/15/2016	AAA	AA+
U.S. Treasury Note	52,139	52,389	1.88%	7/15/2015	AAA	AA+
U.S. Treasury Note	51,628	52,897	2.00%	1/15/2016	AAA	AA+
U.S. Treasury Note	55,145	57,561	4.50%	2/15/2016	AAA	AA+
U.S. Treasury Note	56,417	59,020	4.88%	8/15/2016	AAA	AA+
U.S. Treasury Note	54,114	55,613	3.25%	12/31/2016	Aaa	AA+
U.S. Treasury Note	49,879	52,802	2.38%	1/15/2017	AAA	AA+
U.S. Treasury Note	43,156	44,328	3.13%	1/31/2017	Aaa	AA+
U.S. Treasury Note	56,618	59,098	4.63%	2/15/2017	AAA	AA+
	526,695	547,936				
Money Market Funds						
Advantage Bank	248,197	248,197			N/A	N/A
Flatirons Bank	249,000	249,000			N/A	N/A
Goldman Sachs Fin SQ FDS Government Preferred 488	36,652,313	36,652,313			Aaa	AAAm
Goldman Sachs Preferred	21,905	21,905			N/A	N/A
Solera Bank	249,794	249,794			N/A	N/A
	37,421,209	37,421,209				
Total Investments - First National	$ 40,679,644	$ 40,715,123				

NOTE 3—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS (cont'd)

II. Wells Fargo Investments

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Government issued or guaranteed bonds						
Fed Home Loan Bank	712,134	754,908	4.00%	12/13/2013	AGY	AA+
Fed Home Loan Bank	2,055,124	2,076,420	1.75%	9/11/2015	AGY	AA+
Freddie Mac Note	103,162	108,273	4.50%	4/2/2014	N/A	AA+
	2,870,420	2,939,601				
Corporate Obligations - Bonds						
Goldman Sachs Group INC	303,828	319,422	5.00%	10/1/2014	A3	A-
	303,828	319,422				
Money Market Funds						
Wells Fargo Advantage Funds - Prime Investment Money Market Fund - Institutional	609,224	609,224			Aaa	AAAm
	609,224	609,224				
Total Investments - Wells Fargo	$ 3,783,472	$ 3,868,247				

Statement of net position classification	
Short-term investments	$ 1,793,258
Money market funds included in cash and cash equivalents	$ 38,030,433
Long-term investments	$ 4,639,425

NOTE 3—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS (cont'd)

Investments (cont'd)

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

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

As of June 30, 2013, the District's investment in COLOTRUST investment pool was rated AAAm by Standards and Poor.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. Approximately 24.4% of the District's deposits and investments are in the COLOTRUST investment pool. In addition, 67.0% of the District's deposits and investments are invested in implicitly guaranteed government securities as direct holdings with the College's First National Bank Investment Account (0.2%) and the Wells Fargo Investment Account (4.9%) or through the First National Bank Investment – Goldman Sachs Government Preferred Account (61.9%). The District also has money market funds as direct holdings with the Wells Fargo Investment Account, which comprise 1.0% of the District's deposits and investments.

NOTE 3—CASH AND CASH EQUIVALENTS AND DEPOSITS AND INVESTMENTS (cont'd)

Investments (cont'd)

The following details the investments held by the Foundation for each major category of investments and the related fair market value at June 30, 2013:

	2013
Mutual funds	$ 795,199
Equities	2,398,317
U.S. Treasury notes	142,069
Corporate bonds	409,291
Real estate and specialty assets	499,651
Total	$ 4,244,527

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.

On June 8, 2011, the College sold 6.11 acres of land to Waltel Minerals, LLC for $35,000. The sale of the property did not include any water or mineral rights. At the time of the sale, a repurchase option was signed by the buyer and the College allowing the College the option to buy back the property for $35,000 upon on the termination date of the mineral lease the College signed with Synergy Resources Corporation and extending five (5) years thereafter.

The property was sold contingent on the buyer or a third party being granted an oil and gas lease on the property by the College. On June 8, 2011, the College entered into an oil and gas lease with Synergy Resources Corporation for the purpose of drilling oil and gas wells on the property in consideration of the College receiving a 16.67% net royalty interest after taxes and agreed-upon costs. In addition to the royalty interest, the College also received a one-time $300 per acre royalty bonus ($54,780) for land it owned (182.6 acres) under which the wells will be extracting minerals. The future value of royalties to be received is unknown at this time.

NOTE 5—CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2013.

	Balance, July 1, 2012	Additions	Deductions	Transfers	Balance, June 30, 2013
Capital assets, not being depreciated:					
Land	$ 8,735,272	$ -	$ -	$ -	$ 8,735,272
Land Improvements	1,931,538	-	-	-	1,931,538
Art/Historical Figures	42,132	-	-	-	42,132
Total capital assets, not being depreciated	10,708,942	-	-	-	10,708,942
Capital assets, being depreciated:					
Land Improvements	3,489,813	-	-	3,478,145	6,967,958
Buildings & Improvements	72,429,824	25,837	-	1,270,553	73,726,214
Vehicles	1,394,440	25,175	-	-	1,419,615
Equipment	17,019,538	1,406,138	655,944	-	17,769,732
Leasehold Improvements	27,091	-	-	-	27,091
Total capital assets, being depreciated	94,360,706	1,457,150	655,944	4,748,698	99,910,610
Less accumulated depreciation					
Land Improvements	1,658,008	214,866	-	-	1,872,874
Buildings & Improvements	25,417,116	2,473,960	-	-	27,891,076
Vehicles	1,089,436	125,964	-	-	1,215,400
Equipment	13,187,756	1,113,635	595,794	-	13,705,597
Leasehold Improvements	10,295	1,083	-	-	11,378
Total accumulated depreciation	41,362,611	3,929,508	595,794	-	44,696,325
Total capital assets, being depreciated, net	52,998,095	(2,472,358)	60,150	4,748,698	55,214,285
Add construction-in-progress	2,862,295	9,686,837	-	(4,748,698)	7,800,434
Net carrying amount	$ 66,569,332	$ 7,214,479	$ 60,150	$ -	$ 73,723,661

Included in land improvements not being depreciated are $280,200 of water rights.

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, 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 by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at (303) 832-9550 or (800) 759-PERA (7372).

Funding Policy

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. Prior to July 1, 2010, the contribution rate for members was 8.0% and for the District was 10.15% of covered salary. Effective July 1, 2010, the member contribution rate increased to 10.5% and the employer contribution rate decreased to 7.65% due to the passage of Senate Bill 10-146. The contribution rate changes were intended to be for a one-year modification that would end on June 30, 2011. However, with the passage of Senate Bill 11-076 in 2011, the contribution change was extended through fiscal year 2011-12. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see Note 8). The District is also required to pay an amortization equalization disbursement (AED) equal to 3.4% of the total payroll for the calendar year 2013 (3.0% of total payroll for the calendar year 2012, and 2.6% of total payroll for the calendar year 2011). Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.0% of the total payroll for the calendar year 2013 (2.5% of the total payroll for the calendar year 2012, and 2.0% of the total payroll for the calendar year 2011). 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, no member contributions are required. However, Senate Bill 10-001 requires retirees who return to work for a PERA covered employer to make nonrefundable contributions at the same rate as members working for the employer. Therefore, beginning January 1, 2011 retirees will be treated the same as members with respect to the above contribution. For more detailed information on SB 10-146 and SB 10-001 contact Colorado PERA.

For the years ended June 30, 2013, 2012, and 2011, the District's employer contributions to the SDTF were $3,073,309, $2,256,231, and $2,087,453, respectively, equaling its 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 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 ($17,000 for the calendar year 2012 and $17,500 calendar year 2013). Catch-up contributions up to $5,500 for the calendar year 2012 and 2013 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). 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 2012-13, 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 $1,684,316 is recorded as restricted net position on the statement of net position.

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. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded this coverage in any of the past three fiscal years.

As of June 30, 2013, the District had construction commitments outstanding of $3,143,711. The Board approved a number of capital projects for the 2012-13 academic year. At the top of the list was a new building in Ft. Lupton primarily to provide classroom space to train students for employment in the oil and gas industry and to expand the College's business training programs in agriculture. Other projects included a new roof for the gym and the General Services Building and the completion of the Promenade project. The Ft. Lupton facility is expected to be completed in the fall of 2013 as is the General Services Building roof project. For the academic year 2013-14, the Board approved the renovation of the General Services Building. This building is expected to be completed in the fall of the 2014. The budgeted cost to construct and furnish the building is $6,000,000. No other major construction projects have been approved by the Board.

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, 2013 is $1,574,663. The District estimates 20% of the liability will be paid in the subsequent year.

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. In June of 2010, the Board agreed to allow the above change for sick leave accrual from 10.67 to 8 hours to sunset after June 2012 for faculty hired before July 1, 2009. The College reserved the right to renegotiate the sunset provision prior to June 2012 through the consultation process. With the approval of the consultation agreement at the June 2012 Board meeting, the Board decided to allow the Leave of Absence policy change to sunset. Effective July 1, 2012, the revised sick leave accrual for employees hired prior to July 1, 2009 will be 10.67 hours and 8.00 hours for those 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, 2013:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Amounts Due Within One Year
Certificates of Participation	$ 15,910,000	$ -	$ (15,910,000)	$ -	$ -
Unamortized Capital Lease Premium-Certificates of Participation	214,429	-	(214,429)	-	-
Total	**$ 16,124,429**	$ -	**$ (16,124,429)**	**$ -**	**$ -**
Other Liabilities:					
Retirement Benefits	$ 36,598	$ -	$ (10,457)	$ 26,141	$ 10,456
Accrued Compensated Absences	1,494,145	80,518	-	1,574,663	314,933
Total Other Liabilities	**$ 1,530,743**	**$ 80,518**	**$ (10,457)**	**$ 1,600,804**	**$ 325,389**

Amounts shown in “Balance, June 30, 2013” of long-term liabilities include both current and noncurrent portions. Additional information regarding accrued compensated absences is included in Note 10, retirement benefits payable in Note 13 and certificates of participation in Note 17.

NOTE 12—LEASES

The District leases space and equipment under operating leases to conduct its operations. Rental payments for operating leases were $45,840 for the year ended June 30, 2013. The future minimum rental payments for operating leases as of June 30, 2013, are as follows:

Year Ending June 30	Amount
2014	$ 14,659
2015	8,551
	$ 23,210

The District has operating leases for airplanes used in its flight-training program. The airplanes are leased on a per hour basis. Rental payments under these leases for the year ended June 30, 2013 were $49,441.

NOTE 13—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, 2013, $26,141 is due to individuals whose applications have been approved by the Board of Trustees. The liability as of June 30, 2013 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, 2013, are as follows:

Year Ending June 30	Amount
2014	$ 10,456
2015	10,456
2016	5,229
	$ 26,141

NOTE 14—NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, is comprised of the following as of June 30, 2013:

Total capital assets, net of accumulated depreciation	$	73,723,661
Less construction accounts payable		(3,226,631)
	$	70,497,030

NOTE 15—BOARD DESIGNATED ACCOUNTS

Included in the balance of unrestricted net position of the District are monies designated by the Board for specific purposes. These amounts are not included in restricted net position because the designations do not meet the definition of restricted net position as defined by accounting principles general accepted in the United States of America. Board designations were as follows as of June 30:

	2012	2013
Quasi Endowment - Futures Account	$ -	$ 22,229,489
Quasi Endowment - Royalty Account	-	155,843
Designated for Capital Contruction	35,861,926	31,861,926
Reserve Fund	18,200,080	-
Total Board-designated accounts	$ 54,062,006	$ 54,247,258

NOTE 16—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2013, 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	$ 13,475,451	$ 7,066,843	$ 1,248	$ -	$ -	$ 20,543,542
Public Service	-	7,500	-	-	-	7,500
Academic Support	3,189,954	754,316	-	-	-	3,944,270
Student Services	2,666,827	994,285	-	-	-	3,661,112
Institutional Support	5,402,240	2,248,094	175	-	-	7,650,509
Operation of Plant	1,101,324	2,865,099	-	-	-	3,966,423
Student Aid	-	-	-	-	8,272,955	8,272,955
Auxiliary	742,491	297,548	1,484,159	-	-	2,524,198
Depreciation and Amortization	-	-	-	3,929,508	-	3,929,508
TOTAL EXPENSES	**$ 26,578,287**	**$ 14,233,685**	**$ 1,485,582**	**$ 3,929,508**	**$ 8,272,955**	**$ 54,500,017**

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 the new Allied Health & Science Building, the leased property. The aggregate principal amount of the financing was $19,335,000. The Lease Purchase Agreement was 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 COP. The lease was subject to annual termination by the District and will be terminated upon the occurrence of an event of nonappropriation 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 Association, as a nonprofit company to own common elements or the real property on which the new Allied 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 COP beared per annum interest and matured serially beginning December 15, 2007 and continuing annually through May 15, 2013. The COP interest rates ranged from 3.625% to 5.0%, with effective yields ranging from 3.60% to 4.54%.

The Board of Trustees approved the payoff of the Certificates of Participation, Series 2006 at the April 3, 2013 Board meeting. The District paid $775,000 of principal payments from July 1, 2012 through May 1, 2013. On May 15, 2013 the District paid $15,424,289, which was comprised of $15,135,000 in outstanding principal due and accrued interest of $289,289, to retire the COP.

SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT
ALL FUNDS
ACTUAL TO BUDGET COMPARISON

Year Ended June 30, 2013	Actual	Budget	Favorable (Unfavorable) Variance
Revenues:			
Tuition and fees	$ 15,780,214	$ 16,131,184	$ (350,970)
Less: Tuition discounts (Student Financial Aid)	(2,193,235)	-	(2,193,235)
Net Tuition and Fees	13,586,979	16,131,184	(2,544,205)
Gifts, grants and contracts (including Pell)	14,019,939	14,543,504	(523,565)
Auxiliary operating revenue	2,718,333	3,104,630	(386,297)
Other operating revenue	409,175	119,398	289,777
Total Operating Revenues	30,734,426	33,898,716	(3,164,290)
Operating Expenses:			
Education and general	39,773,356	40,929,320	1,155,964
Student aid	8,272,955	10,789,800	2,516,845
Depreciation and amortization expense	3,929,508	-	(3,929,508)
Auxiliary enterprises expenses	2,524,198	3,204,630	680,432
Total Operating Expenses	54,500,017	54,923,750	423,733
Nonoperating Revenues and Expenses:			
General property taxes	36,507,533	31,500,000	5,007,533
State appropriations	7,024,616	6,551,106	473,510
Investment gain	251,189	396,739	(145,550)
Interest expense	(626,133)	(244,539)	(381,594)
Loss on disposal of assets	(60,150)	-	(60,150)
Contribution from the Foundation	62,001	-	62,001
Loss on early extinguishment of debt	(144,391)	-	(144,391)
Total Nonoperating Revenue and Expense	43,014,665	38,203,306	4,811,359
Transfers In (Out):			
Nonmandatory transfers in	38,302,953	15,058,878	23,244,075
Nonmandatory transfers out	(38,302,953)	(15,058,878)	(23,244,075)
Total Transfers In (Out)	-	-	-
Increase in Net Assets	$ 19,249,074	$ 17,178,272	$ 2,070,802

REPORTS REQUIRED BY OMB CIRCULAR A-133

BKD LLP
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303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Aims Junior College District's (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2013. Our report includes a reference to other auditors who audited the financial statements of Aims Community College Foundation, as described in our report on the District's financial statements. The financial statements of Aims Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2013-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Aims Junior College District's Response to Finding

Aims Junior College District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BKD, LLP

Denver, Colorado
December 11, 2013

BKD LLP
CPAs & Advisors

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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Aims Junior College District
Greeley, Colorado

Report on Compliance for Each Major Federal Program

We have audited Aims Junior College District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Board of Trustees
Aims Junior College District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
December 11, 2013

Aims Junior College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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	$	9,074,617
Federal Supplemental Educational Opportunity Grants	84.007		122,143
Federal Work-Study Program	84.033		80,030
Federal Direct Student Loans	84.268		9,659,493
			18,936,283
TRIO Cluster			
Trio Student Support Services	84.042		449,175
English Language Acquisition Grant	84.365Z		293,639
Passed through Colorado Community Colleges			
Career and Technical Education - Basic Grants to States:			
Postsecondary Non-Reserved Grant:	84.048		
Academic Rigor			5,799
Secondary/Postsecondary Linkages			-
Professional Development			6,373
Evaluations			8,849
Expand & Modernize			358,835
Sufficient Scope			-
Special Populations			28,994
Indirect Costs			6,038
			414,888
Total U.S. Department of Education			20,093,985
National Science Foundation			
Passed through Colorado State University			
Education and Human Resources	47.076		13,764
Total National Science Foundation			13,764
U.S. Department of Labor Employment and Training			
Trade Adjustment Assistance Community College and Career Training Grants	17.282		1,069,426
Total U.S. Department Labor Employment and Training			1,069,426
Total Expenditures of Federal Awards		$	21,177,175

See Notes to the Schedule of Expenditures of Federal Awards

Aims Junior College District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

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 through to subrecipients.

Aims Junior College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☒ Yes	☐ None Reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major programs:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☐ Yes	☒ None Reported

5. Types of auditor's report issued on compliance for major programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ Yes ☒ No

7. Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
17.282	Trade Adjustment Assistance Community College and Career Training Grants
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.042	Trio Cluster
84.048	Career and Technical Education – Basic Grants to States

8. Dollar threshold used to distinguish between Type A and Type B programs: $300,000.

9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding
2013-001	**Finding:** Accounting for Capital Assets

Criteria or Specific Requirement: Under accounting principles generally accepted in the United States of America (US GAAP), capital assets should be accounted for at their historical cost and in the period in which the asset is acquired. Capital outlay items that do not meet the criteria to be a capital asset should be expensed in the period incurred. Accounting guidance that addresses the proper recognition and accounting of capital assets includes Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and various implementation guidance issued by the GASB.

Condition: While testing the District's capital outlay accounts, we noted that the general ledger information and corresponding schedules prepared by Management either did not properly capitalize costs as capital assets, but rather showed items as a current period expenses, or capitalized costs as capital assets that should have been expensed.

Effect: Multiple adjusting journal entries were recorded to correct capital asset and capital outlay account balances. The net effect on the operating statement to record all adjusting entries was an increase in net position of $10.6 million.

Cause: The primary cause was fluctuation in staffing throughout the year and lack of cross-training which resulted in a limited number of employees with the knowledge of the year-end close out process related to capital assets.

Recommendation: We recommend the District implement policies and procedures to ensure proper cross-training of all accounting staff for all key accounting areas. This should include training current accounting staff on the policies and procedures for recording capital assets. Furthermore, as the process for analyzing capital outlay and determining which costs should be capitalized is a very manual and intensive process, management should consider performing this process on a quarterly versus an annual basis.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the audit finding and will implement policies and procedures to ensure accounting transactions, including those related to capital assets, are recorded accurately and on a timely basis. We have contracted with our Banner consultant, Strata, to provide system training to all Financial Services staff in the areas of purchasing, accounts payable, budgeting, reporting, and fixed assets. The consultant will also aid in the implementation of the Fixed Asset module in the Banner system, which will automate the recording of capital assets, and the capital accounts will be reconciled on a monthly basis. Written procedures will be developed to document the process, and cross-training conducted on an on-going basis.

Person(s) responsible for implementation: Cindy Cook, Controller.

Implementation date: In process with an expected completion date of March 31, 2014.

Aims Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2013

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Aims Junior College District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2013

Reference Number	Summary of Finding	Status
	No matters are reportable.	