Aims Community College

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2014

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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

1700 Lincoln Street, Suite 1400 // Denver, CO 80203-4514
303.861.4545 // fax 303.832.5705 // bkd.com

Independent Auditor's Report

Board of Trustees
Aims Junior College District
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying basic 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, 2014, 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, 2014, and the respective changes in financial position and 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

Other Matters

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 November 14, 2014, 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
November 14, 2014

Aims Community College

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, 2014. 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, 2014:

- Net position increased by 11.7% in 2014, which 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 continues to hold its value over the prior fiscal years, and with the continued interest in drilling for oil and gas within the property tax boundaries of Aims Community College (the College), the College continued to witness an increased benefit of approximately $3.9 million dollars in property tax revenue in 2014. 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 decreased 15.9% due to a decrease in non-resident enrollment and the elimination of several mandatory fees. For the 2013-14 academic year, the College retained the same tuition rates from 2011-12. State appropriations increased by approximately $290,000 (4.1%). Student FTE decreased by 3.8% over 2013 and overall headcount increased by 10.9%. It appears more students are enrolling but taking fewer courses compared to students in 2013, as a result of the improving economy in the District and the State.

- Total operating expenses for 2014 increased 8.9% from 2013. A majority of the increase is due to the 4.0% average salary increase approved by the Board for the 2013-14 academic year and improvements to employee benefits from 75%/25% to 85%/15% for family health insurance and increasing employee-only share up to 100% paid by the College. This change increased health insurance expense for those employees with family coverage by 17.5%, and those employees with employee-only coverage by 22.0% from 2013. Also, health insurance premiums were up over 11% from 2013. Salary expense is the largest expenditure category of the College.

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

Financial and Enrollment Highlights (cont'd)

- Academic support had a 28.8% increase in operating expenses based on higher costs for salaries and benefits, the addition of the learning outcomes assessment programs, the addition of associate deans to prepare for anticipated transitions expected through retirements, as well as increased expenditures for concurrent enrollment and other operating expenses. Student services costs increased by 7.7% relating to higher salary and benefit costs, and the addition of staff to assist students who need tutoring and remediation. Institutional support has experienced decreased costs due to turnover in information technology, financial services and human resources. Operation of plant costs increased due to an increase in budget to pay for furniture and equipment for the newly renovated "Cornerstone" building and an increase in maintenance improvements at the Loveland, Fort Lupton, and Greeley campuses.

- Net nonoperating revenues increased 8.7% in 2014 due to an increase in property tax revenue ($3.9 million) for oil and gas in 2013. State appropriations increased by approximately $290,000 (4.1%).

- In 2013, the College eliminated its long-term debt, thus eliminating any nonoperating expense for 2014 other than the small write-off to dispose of various assets.

- Unrestricted net position increased 11.0%, primarily due to higher property tax revenue.

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

Financial and Enrollment Highlights (cont'd)

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

Student Headcount Enrollment

Fiscal Year	Unduplicated Headcount	Percent Change
2014	8,068	10.9%
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
2014	2,640	662	3,302	-3.14%	77	-26.67%	3,379	-3.84%
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 increase in student headcount enrollment and the corresponding decrease in FTE enrollment is an indication that more students are taking a class or two but not enrolling full-time as they are employed due to the economic improvements we are experiencing in this area of the State. Unemployment is lower than what it was in 2013, with more people choosing to work instead of going to school full-time. On the other hand, FTE enrollment remains strong and 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, 2014, net position increased 11.7%.

Condensed Statement of Net Position

	June 30, 2014	June 30, 2013
Assets		
Current Assets	$ 42,378,358	$ 62,394,822
Noncurrent Assets - Noncapital	32,593,365	6,058,767
Capital, Net of Accumulated Depreciation	80,813,348	73,723,661
Total Assets	**155,785,071**	**142,177,250**
Liabilities		
Current Liabilities	7,070,437	9,042,026
Other Noncurrent Liabilities	1,389,146	1,275,415
Total Liabilities	**8,459,583**	**10,317,441**
Net Position		
Net Investment in Capital Assets	79,635,096	70,497,030
Restricted - Expendable	1,489,510	1,745,983
Unrestricted	66,200,882	59,616,796
Total Net Position	**$ 147,325,488**	**$ 131,859,809**

Current Assets

Cash and cash equivalents of $34,089,471 comprise 23.1% of the District's total net position. The current ratio (current assets over current liabilities) is approximately six to one (6:1). This means that for every dollar ($1) of liability currently due next fiscal year, the District has about six dollars ($6) of assets available to pay them. Financial prudence holds that this ratio should be at least two to one (2:1). One significant change from 2013 is that during 2014, long-term investments increased from $4.6 million to $31.2 million to improve the College's investment income. These funds are "laddered" over a four-year period with funds becoming available on a monthly basis to either use for operations or reinvest to improve the College's investment income.

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 9.6% 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, major maintenance projects, which extend the useful lives of assets and the Cornerstone (formerly General Services) building. The College Board of Trustees also purchased 10.7 acres of land in Windsor, next to the College's Automotive and Technology Center near Highway 34 and County Road 17 to construct a new Public Safety Institute for training for Fire Science, Emergency Management and Criminal Justice. (Note 5 of this report summarizes the changes in capital assets between fiscal years 2014 and 2013.)

Liabilities

Obligations of the District decreased by 18.0% over the prior year due to payables due to contractors for the Fort Lupton Prairie Building that was very close to completion in 2013. Accounts payable decrease is associated with the new Platte facility and the renovation of the Prairie facility in Ft. Lupton from 2013. More information about the District's long-term liabilities is presented in Notes 10-12 of the financial statements. The only area with a measurable liability increase was the compensated absence liability. Most of the increase is associated with salary increases for 2014. The remainder relates to increased staffing levels and the amount of leave an employee has available at year-end. 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, 2014 are recorded as unearned revenue. Unearned revenue remained virtually unchanged from 2013. Deposits held in the custody of others remained unchanged and are mostly attributable to funds held for the Foundation.

Net Position

Net position increased 11.7% in fiscal year 2013-14 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 comprising 54.1% of the District's net position.

It is important to recognize that the Unrestricted Net Position of $66.2 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 includes $31.8 million designated for capital construction, general campus capital equipment, and deferred maintenance, as well as a $22.6 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 (see Note 15). Remaining Unrestricted Net Position includes departmental operating funds and the net position of the Continuing Education Authority.

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, 2014	For the year ended June 30, 2013
Operating Revenues		
Net Tuition & Fees	$ 10,261,684	$ 13,586,979
Grants & Contracts	4,619,382	4,945,322
Auxiliary	2,590,618	2,718,333
Other	743,817	409,175
Total Operating Revenues	**18,215,501**	**21,659,809**
Operating Expenses		
Educational & General	52,155,711	48,046,311
Auxiliary	3,005,727	2,524,198
Depreciation and Amortization	4,186,358	3,929,508
Total Operating Expenses	**59,347,796**	**54,500,017**
Operating Loss	(41,132,295)	(32,840,208)
Nonoperating Revenues (Expenses) and Gains (Losses)		
General Property Taxes	40,425,511	36,507,533
State Appropriations	7,315,752	7,024,616
Federal Nonoperating Revenue	8,711,191	9,074,617
Contributions from the Foundation	-	62,001
Investment Income	169,070	251,189
Interest on Capital Asset Related Debt	-	(626,133)
Loss on Disposal of Assets	(23,550)	(60,150)
Loss on Early Extinguisement of Debt	-	(144,391)
Total Nonoperating Revenues	**56,597,974**	**52,089,282**
Increase in Net Position	15,465,679	19,249,074
Net Position - Beginning of Year	131,859,809	112,610,735
Net Position - End of Year	**$ 147,325,488**	**$ 131,859,809**

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

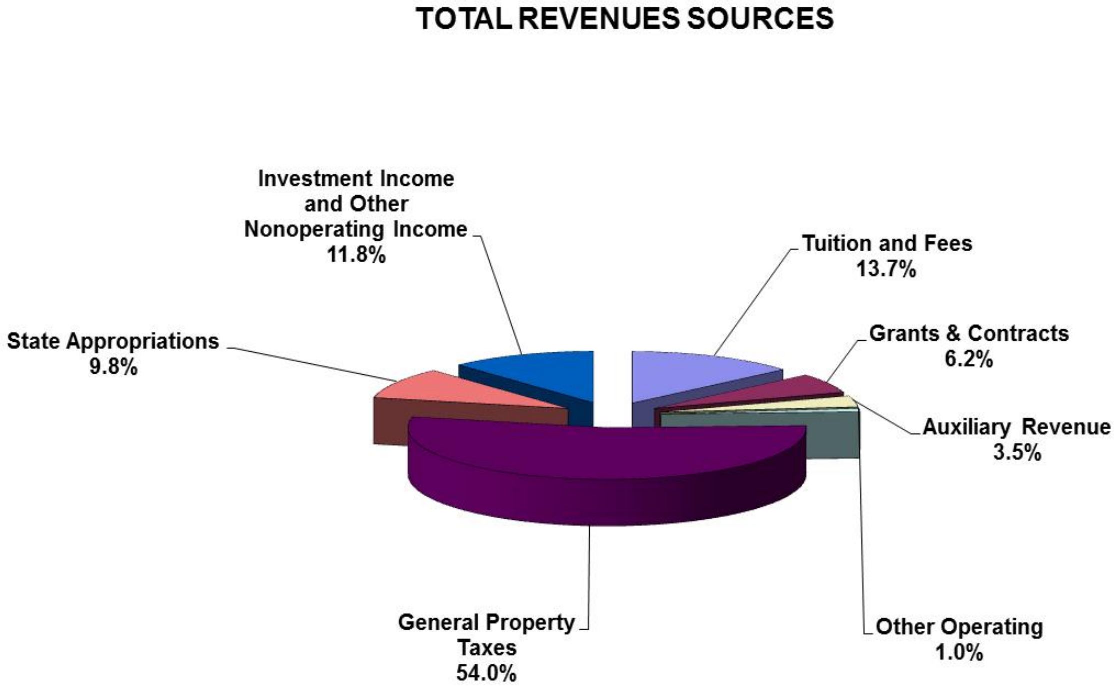
For the year ended June 30, 2014, the District had a net operating ratio of negative 2.26. This ratio measures the operating income or loss in relation to the total operating revenues. A negative 2.26 operating ratio means that operating expenses were 226% greater than operating revenues. The net operating ratio will usually be a negative number because nonoperating revenues are reported below the operating income or loss subtotal.

In comparison, the prior year's operating ratio was negative 1.52. This means from fiscal year 2013 to 2014, operating expenses increased as operating revenues decreased for the period. Operating revenues decreased 15.9%, while operating expenses increased 8.9%.

The primary factor contributing to the decreased operating revenues was the decline in tuition and fee income after adjusting for declining scholarship/Pell allowances due to declining student FTE. Keep in mind however, headcount enrollment is up, meaning more students are taking a class or two but are not eligible for Pell and many scholarships.

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 $74.8 million, with $18.2 million generated from operating revenues and $56.6 million in nonoperating revenues.

General property taxes represent the single largest source (54.0%) of total revenues to the District, which is up in comparison to 2013 (49.0%). In fiscal year 2014, tuition and fees revenue net of the scholarship allowance moved back to second from third largest revenue source at 13.7%, down from the 18.2% in 2013. Grants and contracts (6.2%) moved to fifth largest revenue source, because the Trade Adjustment Assistance Community College Career Training (TAACCCT) grant award was recognized last year. State appropriations increased for 2014 to approximately 9.8% of total revenue compared to 9.4% for 2013.

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 $2,625,937 for 2014. 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, 2014	Year Ended June 30, 2013
Instruction	$ 21,109,066	$ 20,543,542
Public Services	2,500	7,500
Academic Support	5,080,682	3,944,270
Student Services	3,941,566	3,661,112
Institutional Support	7,157,219	7,650,509
Operation of Plant	5,725,431	3,966,423
Student Aid	9,139,247	8,272,955
Auxiliary	3,005,727	2,524,198
Depreciation and Amortization	4,186,358	3,929,508
Total Operating Expenses	**$ 59,347,796**	**$ 54,500,017**

Management's Analysis of Functional Classifications

Instruction expenses increased in 2014 by 2.8% attributable to the aforementioned salary and benefit increases.

Academic support increased 28.8% for 2014, mostly attributable to the aforementioned employee salary and benefit increases and the hiring of associate deans to prepare the College for continuity as senior managers begin to retire.

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

Student services expenses increased 7.7%. Payroll expense increased by about 13.2%, 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 down 6.4%, mostly associated with a turnover in information technology (IT) and financial services (FS).

Student aid net of scholarship allowances increased 7.1% primarily due to a reclassification of Colorado State Grant scholarship expenses from instructional in fiscal year 2013 to scholarship in fiscal year 2014.

Natural Classifications

Operating Expenses by Natural Classification

	Year Ended June 30, 2014	Year Ended June 30, 2013
Employee and Personnel Services	$ 30,082,563	$ 26,578,287
Other Operating	14,105,663	14,233,685
Costs of Goods Sold	1,833,965	1,485,582
Depreciation and Amortization	4,186,358	3,929,508
Student Aid	9,139,247	8,272,955
Total Operating Expenses	**$ 59,347,796**	**$ 54,500,017**

Management's Analysis of Natural Classifications

Employee and personnel costs increased $3.5 million or 13.2%. This increase includes the Board approved 4% average salary increase and an increase in benefits for College employees as described earlier. The increase also reflects the addition of new positions described in the functional classification section.

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 increased over 2013 by $9.3 million. The increase is primarily due to payments to and for employee compensation (13.0%). Tuition and fee decrease (19.8%) is due to a decrease in student full-time enrollments over 2013. The increase in payments to suppliers as we began the process to close the College bookstore in June 2014 and eliminate inventory and accounts receivable.

- Cash flows provided by noncapital financing activities increased over 2013 by $5.7 million. The College recognized additional general property tax revenue relating to oil and gas.

- Cash used in capital and related financing activities decreased by $12.4 million. This is primarily associated with the retirement of the College's COP note which was paid off in May 2013 and recorded in the prior fiscal year.

- Cash flows used in investing activities for 2014 were down due to use of invested funds to pay off the COP note in 2013 as referenced above. Cash flow to purchase investments were up over $24 million in 2014 to improve the investment income in the future.

- Overall, the District's cash position decreased by $18.6 million to $34.1 million due to the investment purchases discussed above.

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 3.8% from the prior year 2013 to the current year 2014. 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 ensure its future growth was the purchase of 10.7 acres in Windsor to construct a Public Safety Institute. This project is expected to be completed by the fall of 2016. Another 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 District 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 increased in fiscal year 2014 by 4.1%. 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 have improved and revenue profiles suggest that funding from the State will continue to be appropriated 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. 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 2014 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 2014, oil and gas appears to have slipped to a lower price range, oil and gas expansion continues to increase. This all could change if oil prices decline and expansion stops or oil production declines.

Given the decline in student FTE, the District continues to implement 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 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.

Aims Community College

BASIC FINANCIAL STATEMENTS

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

ASSETS		
Current Assets:		
Cash and cash equivalents	$	34,089,471
Short-term investments		2,281,008
Student accounts receivable, net of allowance of $281,333		911,650
Accounts receivable		1,484,302
Property tax receivable		2,749,488
Inventories		33,142
Prepaid expenses and other current assets		829,297
Total Current Assets		42,378,358
Noncurrent Assets:		
Land held for development		1,419,342
Long-term investments		31,174,023
		32,593,365
Nondepreciable Capital Assets:		
Land		10,299,308
Land improvements		1,931,538
Art/historical figures		42,132
Construction-in-progress		3,990,895
Depreciable Capital Assets (Net):		
Land improvements		5,081,345
Buildings and improvements		54,715,564
Leasehold improvements		14,629
Vehicles		170,861
Equipment and furniture		4,567,076
Total Capital Assets (Net)		80,813,348
Total Noncurrent Assets		113,406,713
TOTAL ASSETS		**155,785,071**
LIABILITIES		
Current Liabilities:		
Accounts payable		2,625,158
Accrued liabilities		1,126,339
Unearned revenue		762,663
Retirement benefits payable, current portion		10,456
Compensated absence liabilities, current portion		345,979
Deposits held in custody for others		2,199,842
Total Current Liabilities		7,070,437
Noncurrent Liabilities:		
Retirement benefits payable		5,229
Compensated absence liabilities		1,383,917
Total Noncurrent Liabilities		1,389,146
TOTAL LIABILITIES		**8,459,583**
NET POSITION		
Net investment in capital assets		79,635,096
Restricted for:		
Expendable purposes:		
TABOR reserves		1,482,328
Nongovernmental grants and contracts		7,182
Unrestricted		66,200,882
TOTAL NET POSITION	**$**	**147,325,488**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2014

ASSETS	
Cash and cash equivalents	$ 2,171,559
Investments	1,604,125
Contributions receivable, net	79,074
Endowment	
Investments	1,158,050
Beneficial Interest in perpetual trust	2,053,916
TOTAL ASSETS	**$ 7,066,724**
LIABILITIES	
Liabilities under split-interest agreements	$ 2,552
TOTAL LIABILITIES	**2,552**
NET ASSETS	
Unrestricted	711,902
Temporarily restricted	4,074,357
Permanently restricted	2,277,913
TOTAL NET ASSETS	**7,064,172**
TOTAL LIABILITIES AND NET ASSETS	**$ 7,066,724**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2014

REVENUES		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of $2,625,937	$	10,261,684
Federal grants and contracts		2,346,454
State and local grants and contracts		2,272,928
Auxiliary operating revenue		2,590,618
Other operating revenue		743,817
Total Operating Revenues		**18,215,501**
EXPENSES		
Operating Expenses:		
Educational and general		
Instruction		21,109,066
Public service		2,500
Academic support		5,080,682
Student services		3,941,566
Institutional support		7,157,219
Operation of plant		5,725,431
Student aid		9,139,247
Depreciation and amortization		4,186,358
Auxiliary		3,005,727
Total Operating Expenses		**59,347,796**
Operating Loss		**(41,132,295)**
NONOPERATING REVENUES (EXPENSES)		
General property taxes		40,425,511
State appropriations		7,315,752
Federal nonoperating revenue		8,711,191
Investment income		169,070
Loss on disposal of assets		(23,550)
Net Nonoperating Revenues		**56,597,974**
Increase in Net Position		**15,465,679**
Net Position, Beginning of Year		131,859,809
Net Position, End of Year	**$**	**147,325,488**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
June 30, 2014

Revenue, Support, and Gains:	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net investment return	$ 107,964	$ 533,324	$ -	$ 641,288
Contributions	25,797	215,354	475	241,626
Donated professional services	45,796	12,759	-	58,555
In-kind contributions	-	32,039	-	32,039
Net assets released from restrictions	307,480	(307,480)	-	-
Total revenues and support	**487,037**	**485,996**	**475**	**973,508**
Expenses:				
Program services:				
Scholarships:				
Student	125,939	-	-	125,939
Contributions to College:				
Academic advising	4,462	-	-	4,462
Agriculture	2,000	-	-	2,000
Aims online writing lab	4,000	-	-	4,000
Automotive	26,203	-	-	26,203
Catalyst	7,175	-	-	7,175
Flood assistance	5,076	-	-	5,076
Gerontology	7,366	-	-	7,366
Information resource management	1,200	-	-	1,200
Mango languages	3,600	-	-	3,600
Medical preparation	4,526	-	-	4,526
Sculptures and signage	1,888	-	-	1,888
Welding	1,500	-	-	1,500
Other	6,684	-	-	6,684
Total Program Services	201,619	-	-	201,619
Support Services:				
Management and general	162,647	-	-	162,647
Fundraising and development	54,132	-	-	54,132
Total Support Services	216,779	-	-	216,779
Total Expenses	**418,398**	-	-	**418,398**
Change in net assets before other changes	**68,639**	**485,996**	**475**	**555,110**
Other changes - loss on investments	**1,592**	**(1,592)**	**-**	**-**
Change in net assets	**70,231**	**484,404**	**475**	**555,110**
Net assets--beginning of year	641,671	3,589,953	2,277,438	6,509,062
Net assets--end of year	**$ 711,902**	**$ 4,074,357**	**$ 2,277,913**	**$ 7,064,172**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received:	
Tuition and fees	$ 10,549,803
Sales of services	631,593
Sales of products	1,876,831
Grants and contracts	4,065,024
Receipts from Foundation	35,382
Other receipts	746,315
Cash Payments:	
Payments to and for employees	(29,887,217)
Payments to suppliers	(15,707,304)
Scholarships disbursed	(9,139,247)
Net cash used in operating activities	**(36,828,820)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations, noncapital	7,315,752
Federal revenues, noncapital	8,711,191
General property taxes, noncapital	42,450,656
Decrease in deposits held in custody for others	(75,973)
Direct loans receipts	8,328,965
Direct loans disbursements	(8,328,965)
Net cash provided by noncapital financing activities	**58,401,626**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition or construction of capital assets	(10,121,343)
Payment of prior year payables for capital assets	(3,226,631)
Net cash used in capital and related financing activities	**(13,347,974)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(33,005,431)
Proceeds from sales of investments	6,077,662
Investment earnings	74,491
Net cash used in investing activities	**(26,853,278)**
Decrease in Cash and Cash Equivalents	(18,628,446)
Cash and Cash Equivalents, Beginning of Year	52,717,917
Cash and Cash Equivalents, End of Year	$ 34,089,471
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	**$ (41,132,295)**
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	4,186,358
Decrease (increase) in assets:	
Receivables, net	(366,136)
Inventory	349,872
Prepaid expenses and other assets	(133,113)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	66,134
Deferred revenues	55,583
Compensated absences	144,777
Net cash used in operating activities	$ (36,828,820)
Noncash capital and related financing activities and investing activities:	
Construction accounts payable and retainages payable in accounts payable	$ 1,178,252
Loss on disposal of capital assets	23,550
Unrealized loss on investment	94,579

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
June 30, 2014

CASH FLOWS FOR OPERATING ACTIVITIES		
Cash received from donors	$	164,796
Interest and dividends received		125,368
Cash paid to support College programs		(169,581)
Cash paid to College for employees		(131,216)
Cash paid to suppliers and other vendors		(25,743)
Net cash used in operating activities		**(36,376)**
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchases of operating investments		(862,809)
Proceeds from sales of operating investments		842,148
Net decrease in endowment investments		(13,607)
Net increase in beneficial interest in perpetual trust		10,516
Net cash used in investing activities		**(23,752)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted to endowment		475
Net cash provided by financing activities		**475**
Net change in cash and cash equivalents		(59,653)
Cash and Cash Equivalents, Beginning of Year		2,231,212
Cash and Cash Equivalents, End of Year	**$**	**2,171,559**
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	$	555,110
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Net gain on investments		(515,920)
Collections of contributions restricted to endowment		(475)
Liabilities under split-interest agreements		(166)
Changes in operating assets and liabilities:		
Contributions receivable		(63,689)
Prepaid expenses and other assets		1,733
Accounts payable		(469)
Deferred revenue		(12,500)
Net cash used in operating activities	**$**	**(36,376)**

See accompanying notes to financial statements

Aims Community College

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

As required by generally accepted accounting principles, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

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.

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.

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

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 the 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 $75,680 to the operations of the District and $125,939 for scholarships for the year ended June 30, 2014. The District has recorded $2,096,564 as deposits held in custody for others on behalf of the Foundation as of June 30, 2014.

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, 2014 levy for the District was 6.302 mills, or approximately $37,798,697 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.

Unearned Revenues

Unearned 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. Unearned revenues for summer tuition and fees are calculated based on the number of days falling within each respective fiscal year. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned as eligibility requirements have not been met.

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 is 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, Pell grants, 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. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard expands on the financial reporting guidance provided in GASB 63 and concepts introduced in GASB Concepts Statement 4, *Elements of Financial Statements.* The implementation of GASB 65 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, 2014 is comprised of the following:

First National Bank Wealth Management	$	3,446,115
Wells Fargo Advantage Funds - Money Market		15,462
Goldman Sachs Fin SQ FDS Government Preferred 488		30,178,402
COLOTRUST		444,412
		34,084,391
Cash on hand		5,080
Total	$	34,089,471

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, 2014, the carrying amount of the District's deposits was $753,536. The District's deposits of cash and nonnegotiable certificates of deposits in banks was $809,840 of which $806,304 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 $5,080 at June 30, 2014.

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, 2014, the District had the following investments, money market funds and certificates of deposit with original maturities greater than 90 days:

I. Held at First National Wealth Management

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Corporate Obligations - Bonds						
Berkshire Hathaway	$ 358,670	$ 358,635	4.73%	1/15/2015	Aa2	AA
Chevron Corp	150,955	150,902	0.88%	6/24/2016	Aa1	AA
Coca Cola Company	355,233	355,581	1.48%	11/15/2015	Aa3	AA
Colgate Palmolive Co Medium Term	257,467	257,542	3.06%	8/5/2015	Aa3	AA-
Colgate Palmolive Co Mtns Nt	101,064	100,947	1.29%	1/15/2017	Aa3	AA-
General Electric Cap Corp	352,692	353,073	0.99%	12/11/2015	Aa3	AA+
International Business Machs	352,846	352,380	1.24%	2/6/2017	Aa3	AA-
Johnson & Johnson Sr Nt	350,693	350,067	0.70%	11/28/2016	Aaa	AAA
Merck & Co Inc	51,820	51,198	3.86%	6/30/2015	A1	AA
Microsoft Corp Nt	152,478	152,559	1.60%	9/25/2015	AAA	AAA
Novartis Cap Corp	357,448	357,505	2.84%	4/24/2015	AA3	AA-
Procter & Gamble Co Sr Nt	356,885	357,011	3.43%	2/15/2015	Aa3	AA-
3M Co Sr Nt	279,835	279,667	1.35%	9/29/2016	Aa2	AA-
Toyota Mtr Crd Corp	359,040	359,173	1.95%	9/15/2016	Aa3	AA-
US Bank National Association	250,943	250,793	1.10%	1/30/2017	AA-	
Walmart Stores Inc	391,800	391,365	4.80%	4/5/2017	Aa2	AA
	4,479,869	4,478,398				

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

I. Held at First National Wealth Management (continued)

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Certificates of Deposit (Negotiable)						
Ally Bank Midvale Utah	100,533	100,453	0.90%	12/21/2015	N/A	N/A
Ally Bank Midvale Utah	100,184	100,120	1.00%	11/28/2016	N/A	N/A
Ally Bank Midvale Utah	49,800	50,000	1.15%	6/26/2017	N/A	N/A
American Express Centrn	247,523	246,911	1.34%	10/4/2016	N/A	N/A
BMW Bk North Amer Utah	248,052	247,653	0.95%	1/31/2017	N/A	N/A
Bank Amer N A	75,067	74,384	1.00%	7/30/2015	N/A	N/A
Bank Okla N A Tulsa	130,000	125,932	0.00%	7/31/2015	N/A	N/A
Bank Okla N A Tulsa	100,000	98,250	0.00%	8/31/2015	N/A	N/A
Bank Okla N A Tulsa	20,000	19,815	1.00%	9/30/2015	N/A	N/A
Barclays BK Del	249,285	250,000	1.45%	4/16/2018	N/A	N/A
Berkshire BK Pittsfield MA	249,287	250,000	1.10%	10/30/2017	N/A	N/A
Bridgewater BK Bloomington MN	248,460	250,000	1.61%	12/28/2018	N/A	N/A
CIT Bk Salt Lake City UT	50,680	50,546	1.33%	12/27/2016	N/A	N/A
CIT Bk Salt Lake City UT	201,512	201,880	2.03%	11/14/2018	N/A	N/A
CitiBank N A	241,600	241,828	1.03%	2/24/2017	N/A	N/A
Discover BK	55,870	55,481	1.58%	9/5/2017	N/A	N/A
Discover BK	95,981	95,428	1.19%	10/3/2016	N/A	N/A
Discover BK	100,126	100,259	0.80%	10/23/2015	N/A	N/A
Everbank Jacksonville Fla	149,895	150,000	0.35%	12/26/2014	N/A	N/A
Everbank Jacksonville Fla	99,778	100,000	0.60%	12/30/2015	N/A	N/A
First Priority Bk Malvern PA	248,857	250,000	0.80%	12/27/2016	N/A	N/A
Flowers Natl BK Cainsville MO	249,395	250,000	0.50%	9/25/2015	N/A	N/A
GE Cap Retail BK Draper UT	249,115	250,000	1.51%	4/25/2018	N/A	N/A
GE Cap BK Inc Retail	251,097	250,000	1.05%	11/2/2015	N/A	N/A
Goldman Sachs BK USA NY	250,480	250,000	2.00%	2/19/2019	N/A	N/A
HSBC BK USA NA	24,195	24,730	0.00%	7/31/2015	N/A	N/A
HSBC BK USA NA	72,231	72,135	0.00%	12/31/2015	N/A	N/A
HSBC BK USA NA	48,620	48,400	0.00%	5/31/2016	N/A	N/A
HSBC BK USA NA	49,439	49,744	0.00%	6/30/2016	N/A	N/A
HSBC BK USA NA	48,555	50,000	1.03%	1/30/2017	N/A	N/A
Iberiabank Lafayette LA	247,120	248,000	1.40%	5/2/2018	N/A	N/A
Investors BK Short Hills NJ	27,365	26,402	1.02%	4/30/2018	N/A	N/A
JPMorgan Chase Bank NA Columbs OH	51,673	52,668	1.05%	12/30/2016	N/A	N/A
JPMorgan Chase Bank NA	47,320	47,585	1.06%	9/29/2017	N/A	N/A
M&I Marshall & Ilsley BK Wis	101,940	99,810	0.00%	9/2/2014	N/A	N/A
Mascoma Svgs BK Lebanon NH	150,987	151,350	1.79%	10/23/2018	N/A	N/A
Medallion BK Utah	100,232	100,382	1.00%	12/5/2016	N/A	N/A
Medallion BK Utah	149,340	150,000	0.85%	12/23/2016	N/A	N/A
PrivateBank & Tc Chicago Ill	249,080	250,000	1.66%	11/21/2018	N/A	N/A
Sallie Mae Bk Slt Lake City UT	249,518	249,000	1.05%	12/12/2016	N/A	N/A
Synovus Bk Columbus GA	99,543	100,000	0.80%	12/27/2016	N/A	N/A
Union Bank NA	50,200	50,830	0.00%	10/27/2015	N/A	N/A
Union Bank NA	94,140	98,599	0.00%	12/22/2017	N/A	N/A
Union Bank NA	23,312	23,847	0.00%	6/29/2018	N/A	N/A
Union Bank NA	48,540	49,415	0.00%	12/30/2016	N/A	N/A
Union Bank NA	23,736	24,767	0.00%	12/26/2017	N/A	N/A
Washington Tr Co Westerly	94,725	95,000	1.10%	11/14/2017	N/A	N/A
Wells Fargo Bk N A	50,584	50,684	0.00%	4/30/2015	N/A	N/A
Wells Fargo Bk N A CA	25,809	25,000	0.00%	3/9/2015	N/A	N/A
Wells Fargo Bk N A CA	49,623	49,742	0.00%	3/9/2015	N/A	N/A
Wells Fargo Bk N A CA	24,798	24,848	0.00%	4/8/2015	N/A	N/A
Wells Fargo Bk N A CA	79,633	79,079	0.00%	6/7/2016	N/A	N/A
	6,344,835	6,350,957				

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

I. Held at First National Wealth Management (continued)

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Certificates of Deposit (Non-Negotiable)						
Cobiz Bank	253,536	254,281	1.11%	11/30/2014		
Great Western Bank CD	250,000	250,000	0.55%	1/2/2015		
Colorado State Bank CD	250,000	250,000	0.70%	8/18/2014		
	753,536	754,281				
Government Issued or Guaranteed Bonds						
Federal Natl Mtg Assn	55,065	55,125	4.77%	9/15/2016	AAA	AA+
US Treasury Note	626,881	621,582	1.62%	3/31/2019	Aaa	AA+
US Treasury Note	51,922	53,339	1.80%	7/15/2015	AAA	AA+
US Treasury Note	51,653	53,828	1.90%	1/15/2016	AAA	AA+
US Treasury Note	53,406	51,374	4.21%	2/15/2016	AAA	AA+
US Treasury Note	54,627	52,926	4.46%	8/15/2016	AAA	AA+
US Treasury Note	50,180	53,674	2.17%	1/15/2017	AAA	AA+
US Treasury Note	220,446	219,077	4.20%	2/15/2017	AAA	AA+
US Treasury Note	660,240	656,027	3.52%	5/15/2018	Aaa	AA+
US Treasury Note	665,040	660,360	3.61%	8/15/2018	AAA	AA+
US Treasury Note	330,036	329,730	3.41%	11/15/2018	AAA	AA+
US Treasury Note	273,647	273,512	1.89%	1/15/2019	AAA	AA+
US Treasury Note	659,644	654,645	2.61%	2/15/2019	AAA	AA+
US Treasury Note	53,211	53,436	3.05%	12/31/2016	Aaa	AA+
US Treasury Note	201,854	201,594	2.94%	1/31/2017	Aaa	AA+
	4,007,852	3,990,229				
Money Market Funds						
Advantage Bank MM	249,580	249,580			N/A	N/A
Flatirons Bank MM	249,000	249,000			N/A	N/A
Solera Bank MM	250,794	250,794			N/A	N/A
GS Fin Squares Gov 465	2,696,741	2,696,741			Aaa-mf	AAAm
Goldman Sachs Fin SQ FDS Government Preferred 488	30,178,402	30,178,402			Aaa-mf	AAAm
	33,624,517	33,624,517				
Total Investments - Held at First National Wealth Management	$ 49,210,609	$ 49,198,382				

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 Farm Cr Bks	$ 1,201,268	$ 1,200,000	1.33%	8/7/2017	WR	AA+
Fed Home Loan Bk Bond	2,006,418	2,026,650	1.38%	3/9/2018	Aaa	AA+
Fannie Mae	2,010,706	2,019,615	1.63%	11/27/2018	Aaa	AA+
Federal Home Loan Bank	2,000,194	2,001,000	1.00%	6/20/2017	Aaa	AA+
Federal Home Loan Bank	2,000,946	2,000,000	1.00%	9/26/2017	Aaa	AA+
Freddie Mac	1,997,760	2,000,500	1.15%	12/27/2017	Aaa	AA+
Federal Home Loan Bank	1,998,358	2,001,000	1.45%	6/20/2018	Aaa	AA+
Federal Home Loan Bank	1,997,942	2,000,000	1.50%	3/20/2019	Aaa	AA+
Federal Home Loan Bank	2,002,568	2,000,000	1.00%	3/26/2019	Aaa	AA+
Federal Home Loan Bank	139,668	140,000	1.80%	6/10/2019	Aaa	AA+
	17,355,828	17,388,765				
Corporate Obligations - Bonds						
INTERNATIONAL BUSINESS MACHINES CORP SRNT	513,111	518,081	1.95%	7/22/2016	Aa3	AA-
	513,111	518,081				
Money Market Funds						
Wells Fargo Advantage Heritage Fund	15,462	15,462			Aaa-mf	AAAm
Total Investments - Wells Fargo	$ 17,884,401	$ 17,922,308				

Statement of net position classification	
Short-term investments	$ 2,281,008
Money market funds included in cash and cash equivalents	$ 33,639,979
Long-term investments	$ 31,174,023

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, 2014, 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 0.66% of the District's deposits and investments are in the COLOTRUST investment pool. In addition, 74.5% 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 (0.1%) and the Wells Fargo Investment Account (25.7%) or through the First National Bank Investment – Goldman Sachs Government Preferred Accounts (48.7%). The District also has money market funds as direct holdings with the Wells Fargo Investment Account, which comprise 0.02% 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, 2014:

Operating investments		
Mutual funds - fixed income	$	748,586
Mutual funds - equities		573,297
Common stocks		266,829
Government obligations		15,413
Total	$	1,604,125
Beneficial interest in perpetual trust	$	2,053,916
Endowment investments		
Mutual funds - fixed income	$	134,725
Mutual funds - equities		76,470
Common stocks		592,442
Government obligations		51,177
Corporate bonds		303,686
Total	$	1,158,500

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 dependent upon the activity of the oil and gas wells.

NOTE 5—CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2014.

	Balance, July 1, 2013	Additions	Deductions	Transfers	Balance, June 30, 2014
Capital assets, not being depreciated:					
Land	$ 8,735,272	$ 1,564,036	$ -	$ -	$ 10,299,308
Land Improvements	1,931,538	-	-	-	1,931,538
Art/Historical Figures	42,132	-	-	-	42,132
Total capital assets, not being depreciated	10,708,942	1,564,036	-	-	12,272,978
Capital assets, being depreciated:					
Land Improvements	6,967,958	279,713	-	-	7,247,671
Buildings & Improvements	73,726,214	887,259	-	10,644,118	85,257,591
Vehicles	1,419,615	58,803	19,510	-	1,458,908
Equipment	17,769,732	1,675,205	1,836,742	-	17,608,195
Leasehold Improvements	27,091	-	-	-	27,091
Total capital assets, being depreciated	99,910,610	2,900,980	1,856,252	10,644,118	111,599,456
Less accumulated depreciation					
Land Improvements	1,872,874	293,452	-	-	2,166,326
Buildings & Improvements	27,891,076	2,650,951	-	-	30,542,027
Vehicles	1,215,400	92,157	19,510	-	1,288,047
Equipment	13,705,597	1,148,714	1,813,192	-	13,041,119
Leasehold Improvements	11,378	1,084	-	-	12,462
Total accumulated depreciation	44,696,325	4,186,358	1,832,702	-	47,049,981
Total capital assets, being depreciated, net	55,214,285	(1,285,378)	23,550	10,644,118	64,549,475
Add construction-in-progress	7,800,434	6,834,579	-	(10,644,118)	3,990,895
Net carrying amount	$ 73,723,661	$ 7,113,237	$ 23,550	$ -	$ 80,813,348

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

Plan members and the College are required to contribute to the SDTF at a rate set by the statute. The contribution requirements of plan members and the College are established under Title 24, Article 51, Part 4 of the CRS, as amended. For the fiscal years ended June 30, 2014, 2013, and 2012 the contribution rate for members was 8.00%, 8.00%, and 10.50%, respectfully. The contribution rate for the College was 17.45% effective January 1, 2014 through June 30, 2014, 16.55% effective January 1, 2013 to December 31, 2013, 15.65% effective July 1, 2012 to December 30, 2012, 13.15% effective January 1, 2012 to June 30, 2012 and 12.25% effective January 1, 2011 to December 31, 2011. Also, a portion of the College's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see Note 8). The District is required to pay a supplemental amortization equalization disbursement (AED) equal to 3.8% of the total payroll for the calendar year 2014 (3.4% of total payroll for the calendar year 2013, and 3.0% for the calendar year 2012). Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.5% of the total payroll for calendar year 2014 (3.0% of the total payroll for the calendar year 2013, and 2.5% of the total payroll for the calendar year 2012).

For the years ended June 30, 2014, 2013, and 2012, the District's employer contributions to the SDTF were $3,598,830, $3,073,309, and $2,256,23, respectively, equaling its required contributions for each year.

NOTE 7—DEFINED CONTRIBUTION PENSION PLAN & DEFERRED COMPENSATION 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 (800) 759-PERA (7372).

Employees may also participate in the 457(b) eligible deferred compensation plan administered by PERA as provided by Title 24, Article 51, Part 16 of the CRS. Plan participation is voluntary, and contributions are separate from others made to PERA. The plan uses a third-party administrator, and all costs of administration and funding are borne by the plan participants. The plan is subject to the Colorado State Deferred Compensation Program, as defined in §24-10-102, C.R.S., and its governing board. The state's governing board has full authority to make changes to the plan. PERA issues a publicly available annual financial report for the 457(b) Plan. That report may be obtained online at www.copera.org or by writing to Colorado PERA at (303) 832-9550 or (800) 759-PERA (7372).

Funding Policy

The 401(k) and 457 Plan are funded by voluntary member contributions of up to a maximum limit set by the IRS ($17,500 for the calendar years 2014 and 2013). Catch-up contributions up to $5,500 for the calendar year 2014 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. Employees contributed $475,732 to the 401(k) plan and $158,838 to the 457 plan during the year. The District does not match contributions made by participants for either plan.

NOTE 8—POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

PERA Health Care Trust Fund

Plan Description

The District contributes to the Health Care Trust Fund, a cost-sharing multiple-employer post-retirement health care plan administered by PERA. The plan provides a healthcare premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or online at www.copera.org or by calling PERA at (800) 759-PERA (7372) or Denver metro area (303) 832-9550.

Funding Policy

As discussed in Note 6, the District is required to contribute at a rate of 1.02% for all PERA members as set by statute. No member contributions are required. The contribution requirements of plan members and the College are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statures, as amended. The District's contributions to the HCTF for the years ended June 30, 2014, 2013, and 2012 were $215,800, $194,686, and $181,969, respectively, equal to the required contributions for each year.

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

Tax, Spending and Debt Limitations

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 $1,482,328 is recorded as restricted net position on the statement of net position.

Federally Assisted Grant Programs

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.

Risk Management

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.

Construction Commitments

As of June 30, 2013, the District had construction commitments outstanding of $2,497,935. 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 2014. The budgeted cost to construct and furnish the building is $6 million. For the academic year 2014-15, the Board approved the renovation of the Physical Education Building. Construction is expected to begin in the spring of 2015 and has a budgeted cost of $8.5 million. No other major construction projects have been approved by the Board.

NOTE 10—LONG-TERM LIABILITIES

The following presents changes in long-term liabilities for the year ended June 30, 2014:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Amounts Due Within One Year
Other Liabilities:					
Retirement Benefits	$ 26,141	$ -	$ (10,456)	$ 15,685	$ 10,456
Accrued Compensated Absences	1,574,663	155,233	-	1,729,896	345,979
Total Other Liabilities	**$ 1,600,804**	**$ 155,233**	**$ (10,456)**	**$ 1,745,581**	**$ 356,435**

Amounts shown in “Balance, June 30, 2014” of long-term liabilities include both current and noncurrent portions. Additional information regarding accrued compensated absences is included in Note 11 and retirement benefits payable in Note 12.

NOTE 11—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, 2014 is $1,729,896. 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 is 10.67 hours and 8.00 hours for those employees hired on or after July 1, 2009.

NOTE 12—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, 2014, $15,685 is due to individuals whose applications have been approved by the Board of Trustees. The liability as of June 30, 2014 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, 2014, are as follows:

Year Ending June 30	Amount
2015	$ 10,456
2016	5,229
	$ 15,685

NOTE 13—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, 2014. The future minimum rental payments for operating leases as of June 30, 2014, are as follows:

Year Ending June 30	Amount
2015	$ 8,551

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, 2014 were $67,449.

NOTE 14—NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, is comprised of the following as of June 30, 2014:

Total capital assets, net of accumulated depreciation	$	80,813,348
Less construction accounts payable		(1,178,252)
	$	79,635,096

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, 2014:

Quasi Endowment - Futures Account	$ 22,229,489
Quasi Endowment - Royalty Account	378,658
Designated for Capital Construction	31,861,926
Total Board-designated accounts	$ 54,470,073

NOTE 16—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2014, 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	$ 15,494,032	$ 5,611,667	$ 3,367	$ -	$ -	$ 21,109,066
Public Service	-	2,500	-	-	-	2,500
Academic Support	4,269,815	810,867	-	-	-	5,080,682
Student Services	3,172,088	769,478	-	-	-	3,941,566
Institutional Support	4,908,225	2,247,096	1,898	-	-	7,157,219
Operation of Plant	1,365,311	4,360,120	-	-	-	5,725,431
Student Aid	-	-	-	-	9,139,247	9,139,247
Auxiliary	873,092	303,935	1,828,700	-		3,005,727
Depreciation and Amortization	-	-	-	4,186,358	-	4,186,358
TOTAL EXPENSES	**$ 30,082,563**	**$ 14,105,663**	**$ 1,833,965**	**$ 4,186,358**	**$ 9,139,247**	**$ 59,347,796**

SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT
ALL FUNDS
ACTUAL TO BUDGET COMPARISON

Year Ended June 30, 2014	Actual	Budget	Favorable (Unfavorable) Variance
Revenues:			
Tuition and fees	$ 12,887,621	$ 12,993,142	$ (105,521)
Less: Tuition discounts (Student Financial Aid)	(2,625,937)	-	(2,625,937)
Net Tuition and Fees	10,261,684	12,993,142	(2,731,458)
Gifts, grants and contracts (including Pell)	13,330,573	14,098,725	(768,152)
Auxiliary operating revenue	2,590,618	2,790,000	(199,382)
Other operating revenue	743,817	500,000	243,817
Total Operating Revenues	26,926,692	30,381,867	(3,455,175)
Operating Expenses:			
Education and general	43,016,464	60,242,659	17,226,195
Student aid	9,139,247	11,561,876	2,422,629
Depreciation and amortization expense	4,186,358	-	(4,186,358)
Auxiliary enterprises expenses	3,005,727	2,861,692	(144,035)
Total Operating Expenses	59,347,796	74,666,227	15,318,431
Nonoperating Revenues and Expenses:			
General property taxes	40,425,511	40,500,000	(74,489)
State appropriations	7,315,752	7,328,588	(12,836)
Investments	169,070	350,000	(180,930)
Loss on disposal of assets	(23,550)	-	(23,550)
Total Nonoperating Revenue and Expense	47,886,783	48,178,588	(291,805)
Transfers In (Out):			
Nonmandatory transfers in	26,507,371	26,475,207	32,164
Nonmandatory transfers out	(26,507,371)	(26,556,953)	49,582
Total Transfers In (Out)	-	(81,746)	81,746
Increase in Net Assets	$ 15,465,679	$ 3,812,482	$ 11,653,197

REPORTS REQUIRED BY OMB CIRCULAR A-133

BKD LLP
CPAs & Advisors
1700 Lincoln Street, Suite 1400 // Denver, CO 80203-4514
303.861.4545 // fax 303.832.5705 // 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 (the District), as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2014, which contained a reference to the report of other auditors. The financial statements of the Aims Community College Foundation, the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the District's 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 District'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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as items 2014-001 that we consider to be a significant deficiency in internal control.

Board of Trustees
Aims Junior College District

Compliance and Other Matters

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

Aims Junior College District's Response to Findings

The District's response to the findings identified in our audit are 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.

We also noted certain matters that we reported to the District's management in a separate letter dated November 14, 2014.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 14, 2014

BKD LLP
CPAs & Advisors
1700 Lincoln Street, Suite 1400 // Denver, CO 80203-4514
303.861.4545 // fax 303.832.5705 // bkd.com

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Trustees
Aims Junior College District
Greeley, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of Aims Junior College District (the District) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2014. The District's major federal program is 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 the District's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Board of Trustees
Aims Junior College District

Opinion on the 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 its major federal program for the year ended June 30, 2014.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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. 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
November 14, 2014

Aims Junior College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA # Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	$ 8,711,191
Federal Supplemental Educational Opportunity Grants	84.007	N/A	166,994
Federal Work-Study Program	84.033	N/A	70,595
Federal Direct Student Loans	84.268	N/A	8,328,965
			17,277,745
TRIO Cluster			
Trio Student Support Services	84.042	N/A	460,783
English Language Acquisition Grant	84.365Z	N/A	286,472
Passed through Colorado Community Colleges			
Career and Technical Education - Basic Grants to States:			
Postsecondary Non-Reserved Grant:	84.048	1445	
Evaluations			4,549
Expand & Modernize			379,029
Special Populations			28,509
Indirect Costs			9,170
			421,257
Total U.S. Department of Education			18,446,257
National Science Foundation			
Passed through Colorado State University			
Education and Human Resources	47.076	G-3336-2	7,400
Total National Science Foundation			7,400
U.S. Department of Labor Employment and Training			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	N/A	904,561
Total U.S. Department Labor Employment and Training			904,561
Total Expenditures of Federal Awards			$ 19,358,218

The accompanying notes are an integral part of this schedule

Aims Junior College District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

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, 2014

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
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

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

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

Aims Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2014

Section II – Financial Statement Findings

Reference Number	Finding

2014-001 **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 and depreciated over their estimated useful life. Capital assets no longer being used should be disposed of and written off. 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 GASB.

Condition: While testing the District's capital assets we noted the following:

a. Errors in depreciation calculations resulting in assets being under-depreciated by approximately $175,000
b. Management did not properly capitalize costs as capital assets, but rather showed items as a current period expenses of $114,000
c. Several items written off during the year did not have proper supporting documentation in accordance with District policy

Effect: Multiple adjusting journal entries for the amounts noted above were recorded to correct capital asset and depreciation.

Cause: The District began the process to convert its capital assets from a manual tracking process to an automated system within its accounting software. There were errors in the manual tracking spreadsheets which caused errors in information input in the system and thus errors in amounts calculated for current year depreciation. In addition, as part of this process, an inventory of capital assets was performed and several older assets could not be located. Management was able to get verbal confirmation the asset should be written off; however, it appears that departments are not properly notifying financial services when assets are no longer being used or are disposed. Furthermore, the process for analyzing capital outlay and determining which costs should be capitalized is a very manual and intensive process and some expenditures that should have been capitalized were missed.

Reference Number	Finding

Recommendation: We recommend the District review the information input into the subsidiary ledger and correct any errors so there is no impact on future calculations. We also recommend that management ensure all supporting documentation exists prior to writing off any 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.

Views of responsible officials and planned corrective actions: Agree. While we have made great strides to move capital assets from the manual inventory spreadsheets previously used to track capital assets to the College's Banner Financial Accounting System, we will immediately develop processes to assure capital assets are depreciated correctly; develop a process to assure capital assets are determined and properly capitalized; and assure all dispositions are written off with appropriate supporting paperwork.

Person(s) responsible for implementation: Cindy Cook, Controller; Darla Underhill, Accountant Senior.

Implementation date: In process and fully implemented by June 30, 2015.

Aims Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2014

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, 2014

Reference Number	Summary of Finding	Status
2013-001	*Accounting for Capital Assets* - 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.	Partially implemented. See current year finding 2014-001