Aims Community College

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2015

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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 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

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Independent Auditor's Report

Board of Trustees
Aims Junior College District
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Aims Junior College District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 thereon has been furnished to us, and our opinion, insofar as it relates to the 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.

Board of Trustees
Aims Junior College District

Opinions

In our opinion, based on our audit and the report of 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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 Schedule and the schedule of expenditures of federal awards required by OMB 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.

Board of Trustees
Aims Junior College District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015, 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 4, 2015

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, 2015. 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, 2015:

- Net position increased by $20.1 million in 2015, 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 $13.5 million dollars in property tax revenue in 2015. 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 3.9% due to contracting the College bookstore operations to Barnes & Noble Booksellers. The College receives a commission from bookstore operations. For the 2014-15 academic year, the College retained the same tuition rates from 2011-12. State appropriations increased by approximately $707,000 (9.7%). Student FTE decreased by 4.4% over 2014 and overall headcount decreased by 2.0%. It appears students are enrolling and taking fewer courses compared to students in 2014, as a result of the improving economy in the District and the state.

- Total operating expenses for 2015 increased 12.7% from 2014. A majority of the increase is due to the 5.0% average salary increase approved by the Board for the 2014-15 academic year and cost increases for health insurance. Health insurance premiums were up over 13% from 2014. Salary expense is the largest expenditure category of the College. The College also has expanded full-time faculty employment to improve the quality of instruction. During the economic downturn five years ago, full-time positions were not refilled and more part-time faculty were used. Since then, maintaining a part-time faculty contingency has been more difficult due to employment shortages and recent requirements of the U.S. Department of Labor requiring employers to pay for health insurance.

<u>Financial and Enrollment Highlights</u> (cont'd)

- Academic support had a 30.4% 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 31.7% relating to higher salary and benefit costs, and the addition of staff to assist students who need tutoring and remediation. Institutional support expenses were up 38.7%, mostly associated with the Board of Trustees goal to improve technology on campus. Operation of plant costs decreased by 4.5% due to decreases in budget to pay for furniture and equipment replacements and employment turnover.

- Net nonoperating revenues increased 22.8% in 2015 due to an increase in property tax revenue ($13.5 million) for oil and gas in 2014. State appropriations increased by approximately $707,000 (9.7%).

- In 2013, the College eliminated its long-term debt, thus eliminating any nonoperating expense for 2015 other than a small write-off to dispose of various assets.

- Unrestricted net position increased $20.1 million, prior to restatement for change in accounting principle, primarily due to higher property tax revenue.

- The College implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27,* which required the College to record a net pension liability of $77.6 million and a pension expense of $7.4 million. The statement also required the school to record deferred outflows and inflows of resources related to pensions in the amount of $6.6 million and $6 thousand, respectively. The implementation of GASB 68 resulted in a $67.2 million restatement of net position as of July 1, 2014 to show the retroactive effect of this statement.

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

Financial and Enrollment Highlights (cont'd)
The tables below summarize student enrollment data over the past seven years.

Student Headcount Enrollment

Fiscal Year	Unduplicated Headcount	Percent Change
2015	7,107	-2.0%
2014	7,253	-0.3%
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
2015	2,517	642	3,159	-4.3%	71	-7.8%	3,230	-4.4%
2014	2,640	662	3,302	-3.1%	77	-26.7%	3,379	-3.8%
2013	2,737	672	3,409	-5.6%	105	-7.1%	3,514	-5.6%
2012	2,908	703	3,611	1.5%	113	-5.0%	3,724	1.3%
2011	2,874	684	3,558	2.0%	119	5.3%	3,677	2.1%
2010	2,749	738	3,487	11.7%	113	-5.0%	3,600	11.1%
2009	2,506	615	3,121	3.5%	119	16.7%	3,240	3.9%

The decreases in student headcount enrollment and the corresponding decrease in FTE enrollment is an indication that 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 2014, with more people choosing to work instead of going to school full-time. On the other hand, FTE enrollment remains ahead of enrollments prior to 2009 and the economic downturn that drove the influx of students back to school from 2010 through 2012.

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 and deferred outflows of resources), the claims against those resources (liabilities and deferred inflows of resources), 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, 2015, net position increased by $20.1 million. Unrestricted net position decreased due to the change in accounting principle to recognize the College's proportionate share of Colorado Public Employees Retirement (PERA) net pension liability for College employees.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2014*
Assets		
Current Assets	$ 48,367,602	$ 42,378,358
Noncurrent Assets - Noncapital	38,663,934	32,593,365
Capital, Net of Accumulated Depreciation	94,757,200	80,813,348
Total Assets	**181,788,736**	**155,785,071**
Deferred Outflows of Resources	6,578,644	-
Liabilities		
Current Liabilities	9,110,017	7,070,437
Other Noncurrent Liabilities	79,031,580	1,389,146
Total Liabilities	**88,141,597**	**8,459,583**
Deferred Inflows of Resources	5,747	-
Net Position		
Net Investment in Capital Assets	91,292,581	79,635,096
Restricted - Expendable	1,975,927	1,489,510
Unrestricted	6,951,528	66,200,882
Total Net Position	**$ 100,220,036**	**$ 147,325,488**

***See footnotes 1 and 6 in Notes to the Financial Statements for additional information on GASB 68. Information in this table regarding June 30, 2014 has not been restated with the implementation of GASB 68.

Current Assets

Cash and cash equivalents of $38,359,154 comprise 38.3% of the District's total net position. The current ratio (current assets over current liabilities) is five point three to one (5.3:1). This means that for every dollar ($1) of liability currently due next fiscal year, the District has five dollars thirty cents ($5.30) 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 2014 is that during 2015, long-term investments increased from $31.2 million to $37.2 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 17.3% is primarily attributable to the increase in the current year accumulated depreciation being less than the capital acquisitions and ongoing construction-in-progress that includes major maintenance projects, which extend the useful lives of assets and the Cornerstone (formerly General Services) building renovation. 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. The Board of Trustees also approved the expansion and renovation of the College's Physical Education Building. Both of these projects are expected to be completed in fiscal year 2016. (Note 5 of this report summarizes the changes in capital assets between fiscal years 2015 and 2014.)

Liabilities

Current liabilities of the District increased by $2 million over the prior year primarily due to payables due to contractors for the Windsor Public Safety Institute facility and the Greeley campus physical education facility. More information about the District's long-term liabilities is presented in Notes 6, 10 and 11 of the financial statements. 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, 2015 are recorded as unearned revenue. Unearned revenue remained virtually unchanged from 2014. Deposits held in the custody of others are mostly attributable to funds held for the Foundation. One area with a sizeable liability increase was the advent of the net pension liability due to Governmental Accounting Standards Board pronouncement GASB 68. This requires the College to recognize the College's proportionate share of the collective net pension liability as a liability in the College's financial statements. Having employers record their share of the collective net pension liability provides transparency to financial statement users as to the entire net pension liability and pension expense of the cost-sharing plan. This pronouncement increased the College's noncurrent liabilities in the amount of $77.6 million. Many details concerning the implementation of GASB 68 are provided throughout Note 6 of these financial statements.

Net Position

Net position increased by $20.1 million in fiscal year 2014-15 primarily due to higher nonoperating revenue, however the adoption of GASB 68 as described earlier reduced beginning net position by $67.2 million for an overall decrease of $47.1 million. Net position is the resources available for future operations, that is, assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources. The District's largest class of assets is its capital assets comprising 91.1% of the District's net position.

The College had a decrease in unrestricted net position as of June 30, 2015 due to the implementation of GASB 68 resulting in a net pension liability of $77.6 million. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. Unrestricted net position exclusive of this liability would be approximately $74.2 million. The board has designated a portion of the unrestricted net position, exclusive of the net pension liability, to offset future shortfalls of funding by the state or property tax revenues, and capital improvements and deferred maintenance. In addition, a quasi-endowment has been established in the amount of $504,261 for oil and gas royalties.

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, 2015	For the year ended June 30, 2014*
Operating Revenues		
Net Tuition & Fees	$ 10,093,915	$ 10,261,684
Grants & Contracts	5,956,132	4,619,382
Auxiliary	979,041	2,590,618
Other	467,062	743,817
Total Operating Revenues	**17,496,150**	**18,215,501**
Operating Expenses		
Educational & General	61,211,923	52,155,711
Auxiliary	948,718	3,005,727
Depreciation and Amortization	4,715,084	4,186,358
Total Operating Expenses	**66,875,725**	**59,347,796**
Operating Loss	(49,379,575)	(41,132,295)
Nonoperating Revenues (Expenses) and Gains (Losses)		
General Property Taxes	53,888,714	40,425,511
State Appropriations	8,022,950	7,315,752
Federal Nonoperating Revenue	7,216,597	8,711,191
Investment Income	525,602	169,070
Loss on Disposal of Assets	(143,548)	(23,550)
Total Nonoperating Revenues	**69,510,315**	**56,597,974**
Increase in Net Position	20,130,740	15,465,679
Net Position - Beginning of Year, As Previously Reported	147,325,488	131,859,809
Adjustment for Change in Accounting Principle	(67,236,192)	-
Net Position - Beginning of Year, As Restated	80,089,296	131,859,809
Net Position - End of Year	**$ 100,220,036**	**$ 147,325,488**

***See footnotes 1 and 6 in Notes to the Financial Statements for additional information on GASB 68. Information in this table regarding June 30, 2014 has not been restated with the implementation of GASB 68.

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

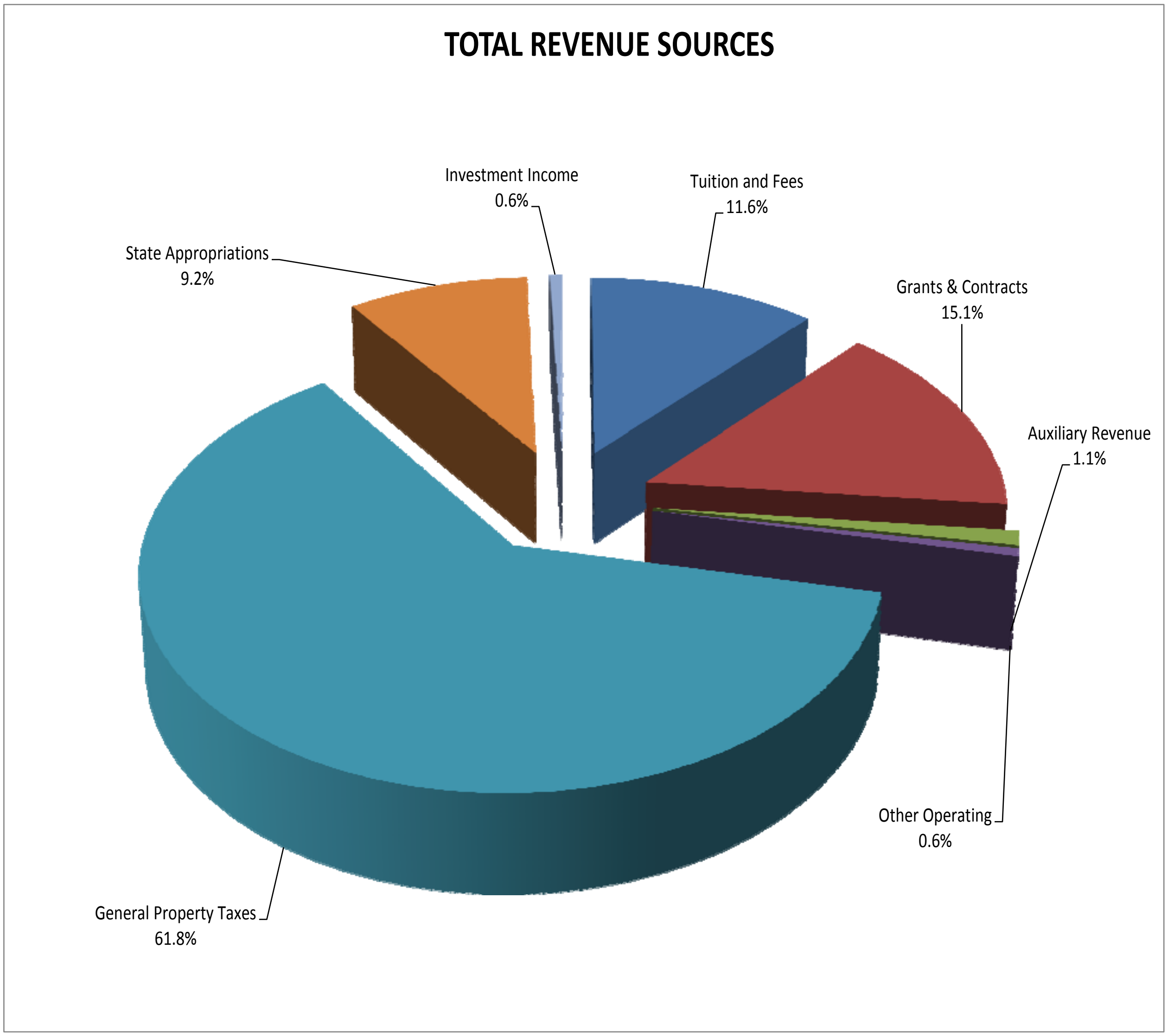
For the year ended June 30, 2015, the District had a net operating ratio of negative 3.82. This ratio measures the operating income or loss in relation to the total operating revenues. A negative 3.82 operating ratio means that operating expenses were 382% greater than operating revenues. The net operating 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 2.26. This means from fiscal year 2014 to 2015, operating expenses increased as operating revenues decreased for the period. Operating revenues decreased 3.9%, while operating expenses increased 12.7%.

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 and headcount enrollment.

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 $87.2 million, with $17.5 million generated from operating revenues and $69.7 million in nonoperating revenues.

General property taxes represent the single largest source (61.8%) of total revenues to the District, which is up in comparison to 2014 (54.0%). In fiscal year 2015, tuition and fees revenue net of the scholarship allowance is 11.6% of total revenues, down from the 13.7% in 2014. Grants and contracts, which includes the Pell grant which is recognized as nonoperating revenue, is 15.1%. State appropriations for 2015 is approximately 9.2% of total revenue compared to 9.8% for 2014.

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 $2,387,237 for 2015. 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 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, 2015	Year Ended June 30, 2014
Instruction	$ 25,260,016	$ 21,109,066
Public Services	5,000	2,500
Academic Support	6,625,712	5,080,682
Student Services	5,191,410	3,941,566
Institutional Support	9,924,045	7,157,219
Operation of Plant	5,467,488	5,725,431
Student Aid	8,738,252	9,139,247
Auxiliary	948,718	3,005,727
Depreciation and Amortization	4,715,084	4,186,358
Total Operating Expenses	**$ 66,875,725**	**$ 59,347,796**

Management's Analysis of Functional Classifications

Instruction expenses increased in 2015 by 19.7% attributable to the aforementioned salary and benefit increases, and expansion of full-time faculty.

Academic support increased 30.4% for 2015, 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 31.1%. Again due to the aforementioned salary and benefit increases, the expansion of tutoring and student assistance programs, and the College continued seeing costs associated with contracted services for assistance in processing the high volume of applications for financial aid applicants.

Institutional support expenses were up 38.7%, mostly associated with the Board of Trustees goal to improve technology on campus.

Student aid net of scholarship allowances decreased 4.4% primarily due to fewer full-time student enrollments.

Natural Classifications

Operating Expenses by Natural Classification

	Year Ended June 30, 2015	Year Ended June 30, 2014
Employee & Personnel Services	$ 38,013,162	$ 30,082,563
Other Operating	15,237,471	14,105,663
Costs of Goods Sold	171,756	1,833,965
Depreciation and Amortization	4,715,084	4,186,358
Student Aid	8,738,252	9,139,247
Total Operating Expenses	**$ 66,875,725**	**$ 59,347,796**

Management's Analysis of Natural Classifications

Employee and personnel costs increased $7.9 million or 26.4%. This increase includes the Board approved 5% 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.

Costs of goods sold decreased $1.7 million or 90.1% due to the transfer of operations of the College's bookstore at the end of the prior fiscal year.

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 2014 by $4.4 million. The increase is primarily due to payments to and for employee compensation (13.9%). Tuition and fee decrease (2.4%) is due to a decrease in student full-time enrollments over 2014.

- Cash flows provided by noncapital financing activities increased over 2014 by $9.7 million. The College recognized additional general property tax revenue relating to oil and gas.

- Cash used in capital and related financing activities increased by $2.0 million. This is primarily associated with the College's construction projects.

- In 2014, $26.8 million cash funds were shifted to investments to improve the rate of return on those funds. Cash flows used in investing activities for 2015 decreased to $7.2 million, as there was less purchase and sale activity in the current year.

- Overall, the District's cash position increased by $4.3 million to $38.4 million due to the increase in property tax revenue 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 4.4% from the prior year 2014 to the current year 2015. 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 2015 by 9.7%. The state's economic situation is a concern to the College and the higher education community 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 a 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 College's 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 flat. For fiscal year 2015 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 2015, oil and gas appears to have slipped to a lower price range, oil and gas expansion has subsided too. Therefore, we are watching the changing tide of oil and gas revenue with some uncertainty.

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, 2015

ASSETS		
Current Assets:		
Cash and cash equivalents	$	38,359,154
Short-term investments		3,984,582
Student accounts receivable, net of allowance of $209,998		752,079
Accounts receivable		1,454,734
Property tax receivable		2,843,510
Inventories		35,058
Prepaid expenses and other current assets		938,485
Total Current Assets		48,367,602
Noncurrent Assets:		
Land held for development		1,419,342
Long-term investments		37,244,592
		38,663,934
Nondepreciable Capital Assets:		
Land		10,299,308
Land improvements		1,931,538
Art/historical figures		42,132
Construction-in-progress		14,508,886
Depreciable Capital Assets (Net):		
Land improvements		4,836,237
Buildings and improvements		57,997,713
Leasehold improvements		13,545
Vehicles		235,022
Equipment and furniture		4,892,819
Total Capital Assets (Net)		94,757,200
Total Noncurrent Assets		133,421,134
TOTAL ASSETS		**181,788,736**
DEFERRED OUTFLOWS OF RESOURCES		**6,578,644**
LIABILITIES		
Current Liabilities:		
Accounts payable		5,455,502
Accrued liabilities		1,251,537
Unearned revenue		807,459
Retirement benefits payable, current portion		5,229
Compensated absence liabilities, current portion		368,396
Deposits held in custody for others		1,221,894
Total Current Liabilities		9,110,017
Noncurrent Liabilities:		
Compensated absence liabilities		1,473,582
Net pension liability		77,557,998
Total Noncurrent Liabilities		79,031,580
TOTAL LIABILITIES		**88,141,597**
DEFERRED INFLOWS OF RESOURCES		**5,747**
NET POSITION		
Net investment in capital assets		91,292,581
Restricted for:		
Expendable purposes:		
TABOR reserves		1,969,708
Nongovernmental grants and contracts		6,219
Unrestricted		6,951,528
TOTAL NET POSITION	**$**	**100,220,036**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS	
Cash and cash equivalents	$ 1,219,085
Operating investments	2,322,887
Contributions receivable, net	100,346
Endowment	
Investments	1,306,029
Beneficial Interest in perpetual trust	1,991,241
TOTAL ASSETS	**$ 6,939,588**
LIABILITIES	
Deferred revenue	$ 12,500
TOTAL LIABILITIES	**12,500**
NET ASSETS	
Unrestricted	728,165
Temporarily restricted	3,763,928
Permanently restricted	2,434,995
TOTAL NET ASSETS	**6,927,088**
TOTAL LIABILITIES AND NET ASSETS	**$ 6,939,588**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2015

REVENUES		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of $2,387,237	$	10,093,915
Federal grants and contracts		2,578,353
State and local grants and contracts		3,377,779
Auxiliary operating revenue		979,041
Other operating revenue		467,062
Total Operating Revenues		**17,496,150**
EXPENSES		
Operating Expenses:		
Educational and general		
Instruction		25,260,016
Public service		5,000
Academic support		6,625,712
Student services		5,191,410
Institutional support		9,924,045
Operation of plant		5,467,488
Student aid		8,738,252
Depreciation and amortization		4,715,084
Auxiliary		948,718
Total Operating Expenses		**66,875,725**
Operating Loss		**(49,379,575)**
NONOPERATING REVENUES (EXPENSES)		
General property taxes		53,888,714
State appropriations		8,022,950
Federal nonoperating revenue		7,216,597
Investment income		525,602
Loss on disposal of assets		(143,548)
Net Nonoperating Revenues		**69,510,315**
Increase in Net Position		**20,130,740**
Net Position, Beginning of Year, As Previously Reported		147,325,488
Adjustment for change in accounting principle		(67,236,192)
Net Position, Beginning of Year, As Restated		**80,089,296**
Net Position, End of Year	**$**	**100,220,036**

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
June 30, 2015

Revenue, Support, and Gains:	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Contributions	$ 18,524	$ 219,740	$ 130,795	$ 369,059
Net investment return	103,309	(5,058)	$ -	98,251
In-kind contributions	-	74,987	-	74,987
Donated professional services	41,425	-	-	41,425
Special events revenue	-	6,915	-	6,915
Net assets released from restrictions	581,887	(581,887)	-	-
Total revenues, support, and gains	**745,145**	**(285,303)**	**130,795**	**590,637**
Expenses:				
Program services:				
Scholarships:				
Student	129,591	-	-	129,591
Contributions to College:				
Art program	3,700	-	-	3,700
Automotive	36,105	-	-	36,105
Emerging Scholars	2,741	-	-	2,741
EMS and paramedic	21,000	-	-	21,000
Fire academy	4,960	-	-	4,960
Healthcare navigator	5,000	-	-	5,000
Intensive English language	2,337	-	-	2,337
IRM Strategic initiative project	250,000	-	-	250,000
Medical preparation	1,494	-	-	1,494
Oil and gas technologies	3,500	-	-	3,500
Student life	5,100	-	-	5,100
Welding	5,371	-	-	5,371
Other	12,792	-	-	12,792
Total Program Services	483,691	-	-	483,691
Support Services:				
Management and general	175,143	-	-	175,143
Fundraising and development	68,887	-	-	68,887
Total Support Services	244,030	-	-	244,030
Total Expenses	**727,721**	**-**	**-**	**727,721**
Donor Transfers	**(1,161)**	**(25,126)**	**26,287**	**-**
Change in Net Assets	**16,263**	**(310,429)**	**157,082**	**(137,084)**
Net assets--beginning of year	711,902	4,074,357	2,277,913	7,064,172
Net assets--end of year	**$ 728,165**	**$ 3,763,928**	**$ 2,434,995**	**$ 6,927,088**

See accompanying notes to financial statements

AIMS JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received:	
Tuition and fees	$ 10,297,741
Sales of services	518,364
Sales of products	488,366
Grants and contracts	5,797,144
Receipts from Foundation	28,162
Other receipts	600,308
Cash Payments:	
Payments to and for employees	(34,042,789)
Payments to suppliers	(16,149,246)
Scholarships disbursed	(8,738,252)
Net cash used in operating activities	**(41,200,202)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations, noncapital	8,022,950
Federal revenues, noncapital	7,216,597
General property taxes, noncapital	53,794,692
Decrease in deposits held in custody for others	(977,948)
Direct loans receipts	5,732,677
Direct loans disbursements	(5,732,677)
Net cash provided by noncapital financing activities	**68,056,291**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition or construction of capital assets	(14,159,613)
Payment of prior year payables for capital assets	(1,178,252)
Net cash used in capital and related financing activities	**(15,337,865)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(22,394,893)
Proceeds from sales of investments	14,641,364
Investment earnings	504,988
Net cash used in investing activities	**(7,248,541)**
Increase in Cash and Cash Equivalents	4,269,683
Cash and Cash Equivalents, Beginning of Year	34,089,471
Cash and Cash Equivalents, End of Year	$ 38,359,154
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	**$ (49,379,575)**
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	4,715,084
Adjustment to net pension expense	3,748,909
Decrease (increase) in assets:	
Receivables, net	189,139
Inventory	(1,916)
Prepaid expenses and other assets	(109,188)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	(509,077)
Deferred revenues	101,626
Compensated absences	44,796
Net cash used in operating activities	$ (41,200,202)
Noncash capital and related financing activities and investing activities:	
Construction accounts payable and retainages payable in accounts payable	$ 3,464,619
Loss on disposal of capital assets	143,548
Unrealized gain on investment	20,614

See accompanying notes to financial statements

AIMS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
June 30, 2015

CASH FLOWS FOR OPERATING ACTIVITIES		
Cash received from donors	$	233,855
Interest and dividends received		124,214
Cash paid to support College programs		(408,704)
Cash paid to College for employees		(180,662)
Cash paid to suppliers and other vendors		(21,943)
Net cash used in operating activities		**(253,240)**
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchases of operating investments		(1,919,107)
Proceeds from sales of operating investments		1,209,367
Net decrease in endowment investments		(142,038)
Net increase in beneficial interest in perpetual trust		21,749
Net cash used in investing activities		**(830,029)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted to endowment		130,795
Net cash provided by financing activities		**130,795**
Net Change in Cash and Cash Equivalents		(952,474)
Cash and Cash Equivalents, Beginning of Year		2,171,559
Cash and Cash Equivalents, End of Year	**$**	**1,219,085**
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	$	(137,084)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Net loss on investments		25,963
Collections of contributions restricted to endowment		(130,795)
Liabilities under split-interest agreements		(2,552)
Changes in operating assets and liabilities:		
Contributions receivable		(21,272)
Deferred revenue		12,500
Net cash used in operating activities	**$**	**(253,240)**

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Blended Component Units

The Aims Continuing Education Authority (the Authority), a not-for-profit corporation under the Colorado Nonprofit Corporation Act, was established July 1, 1996, to provide continuing education services. On June 25, 2015, the Aims Continuing Education Authority Board of Trustees unanimously voted to close the Authority and transfer the operations to Aims Community College. The Aims Board of Trustees accepted the Continuing Education operations (including all existing assets and liabilities) into the College operations effective July 1, 2015.

The Aims Leasing Corporation (the Corporation), a Colorado nonprofit corporation, was established on February 6, 2002, to acquire real and personal property to be used by the College or the Authority. The condensed financial information related to the Corporation is as follows:

Condensed Statement of Net Position

ASSETS	
Capital assets, net of accumulated depreciation	$ 2,028,963
TOTAL ASSETS	$ 2,028,963
NET POSITION	
Net investment in capital assets	$ 2,028,963
TOTAL NET POSITION	$ 2,028,963

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

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

OPERATING EXPENSES	
Depreciation	$ 143,151
OPERATING LOSS	(143,151)
DECREASE IN NET POSITION	(143,151)
NET POSITION, BEGINNING OF YEAR	2,172,114
NET POSITION, END OF YEAR	$ 2,028,963

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. During fiscal year ended and as of June 30, 2015, there was no activity related to the Association.

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

Discretely Presented Component Unit

The Aims Community College Foundation (the Foundation), a not-for-profit corporation under Article 40, Title 7 of the Colorado Revised Statutes of 1973, was established in 1979 to promote the welfare, development, growth, and well-being of 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 $354,100 to the operations of the District and $125,591 for scholarships for the year ended June 30, 2015. The District has recorded $1,084,288 as deposits held in custody for others on behalf of the Foundation as of June 30, 2015.

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

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.*

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 statement 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, 2015 levy for the District was 6.333 mills, or approximately $50,460,803 from Weld County. Anticipated tax revenue not received at June 30 is recorded as property tax receivable in the statement of net position.

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 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.

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

Noncurrent Liabilities

Noncurrent liabilities include the District's proportionate share of the net pension liability associated with its participation in a cost-sharing defined benefit pension plan. 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.

Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Cost-Sharing Defined Benefit Pension Plan

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

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 the law or external third parties.

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

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.

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

Application of Restricted and Unrestricted Resources

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

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

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 Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* (Statement No. 68), which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The District provides its employees with pension benefits through the state's multiple-employer cost-sharing defined benefit retirement program, PERA. Statement No. 68 requires employers participating in multiple-employer cost-sharing plans, such as PERA, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of GASB 68 resulted in a $67,236,192, restatement of net position as of July 1, 2014. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

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. 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, 2015 is comprised of the following:

First National Bank Wealth Management	$	1,089,703
Wells Fargo Advantage Funds - Money Market		3,441
Goldman Sachs Fin SQ FDS Government Preferred 488		36,782,117
COLOTRUST		478,843
		38,354,104
Cash on hand		5,050
Total	$	38,359,154

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, 2015, the carrying amount of the District's deposits was $1,243,000. The District's deposits of cash and nonnegotiable certificates of deposits in banks, which are classified as investments on the statement of net position, was $1,530,505 of which $1,243,000 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 $5,050 at June 30, 2015.

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, 2015, the District had the following investments, money market funds and certificates of deposit with original maturities greater than 90 days:

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

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						
Apple Inc. SR GLBL NT	$ 280,837	$ 280,490	1.05%	5/5/2017	Aa1	AA+
Berkshire Hathaway	275,578	276,274	0.95%	8/15/2016	Aa2	AA
Chevron Corp	501,420	501,775	0.89%	6/24/2016	Aa1	AA
Coca Cola Company	501,505	502,194	1.50%	11/15/2015	Aa3	AA
Colgate Palmolive Co Medium Term	250,567	250,667	3.14%	8/5/2015	Aa3	AA-
Colgate Palmolive Co Mtns Nt	251,910	252,220	1.29%	1/15/2017	Aa3	AA-
Exxon Mobil Corp	200,088	200,428	0.92%	3/15/2017	Aaa	AAA
General Electric Cap Corp	501,425	501,400	1.00%	12/11/2015	Aa3	AA+
International Business Machs	503,850	502,936	1.24%	2/6/2017	Aa3	AA-
Johnson & Johnson Sr Nt	501,110	500,601	0.70%	11/28/2016	Aaa	AAA
3M Co Sr Nt	504,100	505,101	1.36%	9/29/2016	Aa3	AA-
Microsoft Corp	376,177	376,221	1.62%	9/25/2015	AAA	AAA
Salem Five Cents Svgs BK MA	171,616	171,000	1.00%	10/30/2019	N/A	N/A
Toyota Mtr Crd Corp	507,370	507,644	1.97%	9/15/2016	Aa3	AA-
U.S. Bank NA Cincinnati	250,570	250,488	1.10%	1/30/2017	N/A	AA-
Walmart Stores Inc	539,515	538,909	4.98%	4/5/2017	Aa2	AA
Worlds Foremost BK Sydney NEB	199,034	201,802	2.06%	3/25/2020	N/A	N/A
	6,316,672	6,320,150				

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	100,352	100,223	0.90%	12/21/2015	N/A	N/A
Ally Bank Midvale Utah	100,617	100,079	0.99%	11/28/2016	N/A	N/A
Ally Bank Midvale Utah	50,112	50,000	1.15%	6/26/2017	N/A	N/A
American Express Centrn	247,443	246,071	1.34%	10/4/2016	N/A	N/A
American Express Fed Savings Bank	250,713	250,000	1.94%	7/17/2019	N/A	N/A
BMO Harris BK Natl Assn Chicago	240,350	239,992	1.04%	7/31/2019	N/A	N/A
BMW Bk North Amer Utah	249,409	247,653	0.94%	1/31/2017	N/A	N/A
Bank Amer N A	73,395	74,950	1.02%	7/30/2015	N/A	N/A
Bank Okla N A Tulsa	130,000	129,641	1.00%	7/31/2015	N/A	N/A
Bank Okla N A Tulsa	100,000	99,252	1.00%	8/31/2015	N/A	N/A
Bank Okla N A Tulsa	20,000	19,962	1.00%	9/30/2015	N/A	N/A
Bank West San Francisco Calif	48,337	48,960	1.03%	8/30/2017	N/A	N/A
Barclays BK Del	250,827	250,000	1.45%	4/16/2018	N/A	N/A
Berkshire BK Pittsfield MA	250,738	250,000	1.10%	10/30/2017	N/A	N/A
Bridgewater BK Bloomington MN	250,690	250,000	1.60%	12/28/2018	N/A	N/A
Capital One Bk USA Natl Assn	120,366	120,496	1.89%	10/29/2019	N/A	N/A
Capital One Bk USA Natl Assn	112,250	113,614	2.10%	11/19/2019	N/A	N/A
CIT Bk Salt Lake City UT	50,685	50,328	1.33%	12/27/2016	N/A	N/A
CIT Bk Salt Lake City UT	202,600	201,462	2.02%	11/14/2018	N/A	N/A
CitiBank N A	242,875	244,862	1.03%	2/24/2017	N/A	N/A
Commentiy Cap BK Utah	74,072	75,000	1.92%	5/26/2020	N/A	N/A
Compass BK Birmingham ALA	248,228	249,000	1.10%	12/5/2017	N/A	N/A
Discover BK	55,871	55,332	1.58%	9/5/2017	N/A	N/A
Discover BK	95,948	95,239	1.19%	10/3/2016	N/A	N/A
Discover BK	100,155	100,062	0.80%	10/23/2015	N/A	N/A
Enerbank USA UT	200,200	200,000	1.05%	7/18/2017	N/A	N/A
Everbank Jacksonville Fla	100,121	100,000	0.60%	12/30/2015	N/A	N/A
Exchange BK Gibbon NEB	244,516	249,000	1.02%	5/15/2019	N/A	N/A
First Business BK Madison WIS	246,990	250,000	1.77%	5/28/2020	N/A	N/A
First Priority Bk Malvern PA	250,705	250,000	0.80%	12/27/2016	N/A	N/A
Flowers Natl BK Cainsville MO	250,143	250,000	0.50%	9/25/2015	N/A	N/A
GE Cap Retail BK Draper UT	250,492	250,000	1.50%	4/25/2018	N/A	N/A
GE Cap BK Inc Retail	250,607	250,000	1.05%	11/2/2015	N/A	N/A
Goldman Sachs BK USA NY	252,125	250,000	1.98%	2/19/2019	N/A	N/A
HSBC BK USA NA	24,420	24,979	0.00%	7/31/2015	N/A	N/A
HSBC BK USA NA	72,727	73,325	0.00%	12/31/2015	N/A	N/A
HSBC BK USA NA	48,920	49,183	0.00%	5/31/2016	N/A	N/A
HSBC BK USA NA	49,817	50,366	1.02%	6/30/2016	N/A	N/A
HSBC BK USA NA	48,590	50,000	1.03%	1/30/2017	N/A	N/A
Iberiabank Lafayette LA	248,714	248,000	1.40%	5/2/2018	N/A	N/A
Investors BK Short Hills NJ	27,508	26,804	1.02%	4/30/2018	N/A	N/A
JPMorgan Chase Bank NA Columbs OH	146,131	146,000	1.00%	2/6/2019	N/A	N/A
JPMorgan Chase Bank NA Columbs OH	52,250	53,193	1.03%	12/30/2016	N/A	N/A
JPMorgan Chase Bank NA	47,975	48,133	1.04%	9/29/2017	N/A	N/A
Mascoma Svgs BK Lebanon NH	151,805	151,044	1.78%	10/23/2018	N/A	N/A
Medallion BK Utah	100,657	100,230	0.99%	12/5/2016	N/A	N/A
Medallion BK Utah	150,429	150,000	0.85%	12/23/2016	N/A	N/A
NBT BK NA Norwich NY	200,322	202,380	2.10%	8/20/2019	N/A	N/A

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) - continued						
Peoples United Bank	247,100	249,000	1.81%	4/15/2020	N/A	N/A
PrivateBank & Tc Chicago Ill	251,080	250,000	1.64%	11/21/2018	N/A	N/A
Republic BK INC Bountiful Utah	254,778	251,868	1.47%	9/30/2016	N/A	N/A
Sallie Mae Bk Slt Lake City UT	250,628	249,000	1.04%	12/12/2016	N/A	N/A
Synovus Bk Columbus GA	100,282	100,000	0.80%	12/27/2016	N/A	N/A
Third Fed Svgs & Ln Assn of	248,380	248,925	1.51%	10/29/2016	N/A	N/A
Toyota FINL Svgs BK Hend NV	248,562	250,000	2.01%	2/20/2020	N/A	N/A
Union Bank NA	51,680	50,830	0.00%	10/27/2015	N/A	N/A
Union Bank NA	95,950	99,000	0.00%	12/22/2017	N/A	N/A
Union Bank NA	23,702	24,130	0.00%	6/29/2018	N/A	N/A
Union Bank NA	49,920	49,648	0.00%	12/30/2016	N/A	N/A
Union Bank NA	24,214	24,833	0.00%	12/26/2017	N/A	N/A
Washington Tr Co Westerly	95,274	95,000	1.10%	11/14/2017	N/A	N/A
Wells Fargo BK N A CA	80,187	80,065	0.00%	6/7/2016	N/A	N/A
	9,103,934	9,107,114				
Certificates of Deposit (Non-Negotiable)						
Sonabank National Assoc CD	245,000	245,000	1.20%	3/26/2018		
Independent Bank CD	249,000	249,000	1.20%	4/2/2018		
Cobiz Bank	249,000	249,000	0.70%	11/30/2017		
Great Western Bank CD	250,000	250,000	0.40%	2/2/2017		
Colorado State Bank CD	250,000	250,355	0.60%	1/18/2016		
	1,243,000	1,243,355				
Government Issued or Guaranteed Bonds						
Federal Natl Mtg Assn	52,863	52,812	4.97%	9/15/2016	AAA	AA+
U.S. Treasury Note	632,518	621,582	1.61%	3/31/2019	Aaa	AA+
U.S. Treasury Note	50,024	53,241	1.87%	7/15/2015	AAA	AA+
U.S. Treasury Note	49,590	53,733	1.97%	1/15/2016	AAA	AA+
U.S. Treasury Note	51,350	50,536	4.38%	2/15/2016	AAA	AA+
U.S. Treasury Note	603,888	602,455	4.64%	8/15/2016	AAA	AA+
U.S. Treasury Note	48,001	53,584	2.26%	1/15/2017	AAA	AA+
U.S. Treasury Note	266,543	265,045	4.34%	2/15/2017	AAA	AA+
U.S. Treasury Note	649,686	641,853	3.58%	5/15/2018	Aaa	AA+
U.S. Treasury Note	655,452	646,067	3.66%	8/15/2018	AAA	AA+
U.S. Treasury Note	325,875	323,055	3.45%	11/15/2018	AAA	AA+
U.S. Treasury Note	264,034	273,118	1.95%	1/15/2019	AAA	AA+
U.S. Treasury Note	658,256	648,430	2.61%	2/15/2019	AAA	AA+
U.S. Treasury Note	52,071	52,067	3.12%	12/31/2016	Aaa	AA+
U.S. Treasury Note	197,822	197,135	3.00%	1/31/2017	Aaa	AA+
U.S. Treasury Note	300,117	300,356	1.25%	1/31/2019	Aaa	AA+
U.S. Treasury Note	297,072	298,301	1.39%	3/31/2020	Aaa	AA+
U.S. Treasury Note	296,742	298,254	1.39%	4/30/2020	Aaa	AA+
U.S. Treasury Note	320,157	317,491	2.93%	5/15/2019	AAA	AA+
U.S. Treasury Note	323,907	324,883	3.13%	11/15/2019	AAA	AA+
U.S. Treasury Note	327,657	329,025	3.32%	2/15/2020	AAA	AA+
	6,423,625	6,403,023				

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
Money Market Funds						
Advantage Bank MM	248,842	248,842			N/A	N/A
Flatirons Bank MM	249,000	249,000			N/A	N/A
Solera Bank MM	248,604	248,604			N/A	N/A
GS Fin Squares Gov 465	343,257	343,257			Aaa-mf	AAAm
Goldman Sachs Fin SQ FDS Government Preferred 488	36,782,117	36,782,117			Aaa-mf	AAAm
	37,871,820	37,871,820				
Total Investments - Held at First National Wealth Management	$ 60,959,051	$ 60,945,462				

II. Wells Fargo Investments

Investment	Current Market Value	Cost Basis	Current Yield	Maturity	Credit Rating Moody's	Credit Rating S&P
Government issued or guaranteed bonds						
FED HOME LOAN BK BOND	$ 2,017,408	$ 2,026,650	1.38%	3/9/2018	Aaa	AA+
FANNIE MAE	2,024,202	2,019,615	1.63%	11/27/2018	Aaa	AA+
FEDERAL HOME LOAN BANK	2,006,322	2,000,000	1.00%	9/26/2017	Aaa	AA+
FANNIE MAE	1,196,131	1,183,800	1.53%	9/13/2019	Aaa	AA+
FED FARM CREDIT BANK	2,153,425	2,150,956	2.00%	12/16/2019	Aaa	AA+
FED HOME LOAN BANK	675,165	677,620	1.75%	2/20/2020	Aaa	AA+
FANNIE MAE	998,614	1,007,650	1.63%	1/21/2020	AA+	AAA
FED HOME LOAN BANK	2,001,652	2,000,000	1.50%	3/30/2020	Aaa	AA+
FREDDIE MAC	999,476	1,000,000	1.50%	10/17/2018	WR	AA+
FANNIE MAE	473,177	475,000	1.40%	5/20/2019	Aaa	AA+
FED FARM CREDIT BANK	993,406	1,000,000	1.72%	5/4/2020	Aaa	AA+
FED FARM CREDIT BANK	2,095,781	2,095,000	1.09%	12/29/2017	Aaa	AA+
	17,634,759	17,636,291				
Corporate Obligations - Bonds						
INTERNATIONAL BUSINESS MACHINES CORP SRNT	507,184	518,081	1.95%	7/22/2016	Aa3	AA-
	507,184	518,081				
Money Market Funds						
Wells Fargo Advantage Heritage Fund	3,441	3,441			Aaa-mf	AAAm
Total Investments - Wells Fargo	$ 18,145,384	$ 18,157,813				

Statement of net position classification	
Short-term investments	$ 3,984,582
Money market funds included in cash and cash equivalents	$ 37,875,261
Long-term investments	$ 37,244,592

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

Investments (cont'd)

Interest Rate Risk – the District has 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, 2015, 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 0.60% of the District's deposits and investments are in the COLOTRUST investment pool. In addition, 69.5% of the District's deposits and investments are invested in implicitly guaranteed government securities as direct holdings with the District's First National Bank Investment Account (0.1%) and the Wells Fargo Investment Account (22.7%) or through the First National Bank Investment – Goldman Sachs Government Preferred Accounts (46.7%). The District also has money market funds as direct holdings with the Wells Fargo Investment Account, which comprise less than 1% 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, 2015:

Operating investments		
Mutual funds - fixed income	$	1,097,081
Mutual funds - equities		626,450
Common stocks		599,356
Total	$	2,322,887
Beneficial interest in perpetual trust	$	1,991,241
Endowment investments		
Mutual funds - fixed income	$	137,294
Mutual funds - equities		70,172
Common stocks		680,266
Government obligations		105,701
Corporate bonds		312,596
Total	$	1,306,029

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 District 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 District allowing the District the option to buy back the property for $35,000 upon on the termination date of the mineral lease the District 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 District. On June 8, 2011, the District 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 District receiving a 16.67% net royalty interest after taxes and agreed-upon costs. In addition to the royalty interest, the District 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, 2015.

	Balance, July 1, 2014	Additions	Deductions	Transfers	Balance, June 30, 2015
Capital assets, not being depreciated:					
Land	$ 10,299,308	$ -	$ -	$ -	$ 10,299,308
Land Improvements	1,931,538	-	-	-	1,931,538
Art/Historical Figures	42,132	-	-	-	42,132
Total capital assets, not being depreciated	12,272,978	-	-	-	12,272,978
Capital assets, being depreciated:					
Land Improvements	7,247,671	-	-	61,532	7,309,203
Buildings & Improvements	85,257,591	-	-	6,386,543	91,644,134
Vehicles	1,458,908	155,220	58,320	-	1,555,808
Equipment	17,608,195	1,664,014	1,150,364	17,184	18,139,029
Leasehold Improvements	27,091	-	-	-	27,091
Total capital assets, being depreciated	111,599,456	1,819,234	1,208,684	6,465,259	118,675,265
Less accumulated depreciation					
Land Improvements	2,166,326	306,640	-	-	2,472,966
Buildings & Improvements	30,542,027	3,104,394	-	-	33,646,421
Vehicles	1,288,047	91,059	58,320	-	1,320,786
Equipment	13,041,119	1,211,907	1,006,816	-	13,246,210
Leasehold Improvements	12,462	1,084	-	-	13,546
Total accumulated depreciation	47,049,981	4,715,084	1,065,136	-	50,699,929
Total capital assets, being depreciated, net	64,549,475	(2,895,850)	143,548	6,465,259	67,975,336
Add construction-in-progress	3,990,895	16,983,250	-	(6,465,259)	14,508,886
Net carrying amount	$ 80,813,348	$ 14,087,400	$ 143,548	$ -	$ 94,757,200

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

NOTE 6—DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

NOTE 6—DEFINED BENEFIT PENSION PLAN (cont'd)

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of two percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions. Eligible employees and the District are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute eight percent of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

	For the years ended December 31	
	2014	**2015**
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	-1.02%	-1.02%
Amount Apportioned to the SDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	3.50%	4.00%
Total Employer Contribution Rate to the SDTF[1]	16.43%	17.33%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

NOTE 6—DEFINED BENEFIT PENSION PLAN (cont'd)

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the District were $3,931,585 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of $77,557,998 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year 2014 relative to the total contributions of participating employers to the SDTF.

At December 31, 2014, the District's proportion was 0.825% percent, which was an increase of 0.049% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $7,396,421. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 5,747
Net difference between projected and actual earnings on pension plan investments	1,581,417	-
Changes in proportion	2,821,737	-
Contributions subsequent to the measurement date	2,175,490	N/A
Total	$ 6,578,644	$ 5,747

$2,175,490 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

NOTE 6—DEFINED BENEFIT PENSION PLAN (cont'd)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	$ 1,901,236
2017	1,705,463
2018	395,354
2019	395,354
	$ 4,397,407

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 9.57 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increase:	
PERA Benefit Structure hired prior to 1/1/07 (automatic)	2.00 percent
PERA Benefit Structure hired prior to 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back one year, and Females set back two years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 6—DEFINED BENEFIT PENSION PLAN (cont'd)

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

NOTE 6—DEFINED BENEFIT PENSION PLAN (cont'd)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	99,448,111	77,557,998	59,145,485

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

NOTE 7—DEFINED CONTRIBUTION PENSION PLAN & DEFERRED COMPENSATION PLAN

Voluntary Investment Program

Plan Description – Employees of the District that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2015, program members contributed $520,781.

Deferred Compensation Plan

Plan Description – 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 deferred compensation plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match contribution made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2015, program members contributed $130,119.

NOTE 8—POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

PERA Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2015, 2014, and 2013 the District contributions to the HCTF were $237,456, $215,800, and $194,686, respectively, equal to their 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 (one to four 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 three percent of fiscal year spending. The emergency reserve of $1,969,708 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, 2015, the District had construction commitments outstanding of $15,609,702. For the academic year 2014-15, the Board approved the renovation of the Physical Education Building and the construction of the Public Service Institute in Windsor. Construction is expected to be finished in the fall of 2015 for the Physical Education Building and the spring of 2016 for the Public Service Institute. Construction plans for fiscal year 2016 include a budget for $21.1 million to renovate the Hansen Building, construct an addition to the trades building, renovate the Welding building, improve the 50th Street entrance to the campus and construct new science labs.

NOTE 10—LONG-TERM LIABILITIES

The following presents changes in long-term liabilities for the year ended June 30, 2015:

	Balance, July 1, 2014 as restated	Additions	Reductions	Balance, June 30, 2015	Amounts Due Within One Year
Other Liabilities:					
Retirement Benefits	$ 15,685	$ -	$ (10,456)	$ 5,229	$ 5,229
Accrued Compensated Absences	1,729,896	112,082	-	1,841,978	368,396
Net Pension Liability	69,116,756	8,441,242	-	77,557,998	-
Total Other Liabilities	**$ 70,862,337**	**$ 8,553,324**	**$ (10,456)**	**$ 79,405,205**	**$ 373,625**

Amounts shown in “Balance, June 30, 2015” 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, 2015 is $1,841,978. 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, 2015, $5,229 is due to individuals whose applications have been approved by the Board of Trustees. The liability as of June 30, 2015 includes all eligible individuals hired before July 1, 1994, whether or not they have 15 or more years of service as of that date. The full balance remaining as of June 30, 2015, is due in fiscal year 2016.

NOTE 13—LEASES

The District leases space and equipment under operating leases to conduct its operations. Rental payments for operating leases were $39,933 for the year ended June 30, 2015. All operating leases in effect at June 30, 2015 are on a month-to-month leasing structure.

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, 2015 were $124,989.

NOTE 14—NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, is comprised of the following as of June 30, 2015:

Total capital assets, net of accumulated depreciation	$	94,757,200
Less construction accounts payable		(3,464,619)
	$	91,292,581

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. As of June 30, 2015 Board designations included $504,261 related to the quasi-endowment established for oil and gas well royalties.

NOTE 16—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2015, 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	$ 18,726,032	$ 6,519,647	$ 14,337	$ -	$ -	$ 25,260,016
Public Service	-	5,000	-	-	-	5,000
Academic Support	5,561,445	1,064,267	-	-	-	6,625,712
Student Services	4,080,159	1,111,251	-	-	-	5,191,410
Institutional Support	7,366,689	2,556,152	1,204	-	-	9,924,045
Operation of Plant	1,676,615	3,790,873	-	-	-	5,467,488
Student Aid	-	-	-	-	8,738,252	8,738,252
Auxiliary	602,222	190,281	156,215	-	-	948,718
Depreciation and Amortization	-	-	-	4,715,084	-	4,715,084
TOTAL EXPENSES	**$ 38,013,162**	**$ 15,237,471**	**$ 171,756**	**$ 4,715,084**	**$ 8,738,252**	**$ 66,875,725**

REQUIRED SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (PERA - SDTF)
LAST 10 FISCAL YEARS*

	2015	2014
District's proportion of the net pension liability (asset)	0.825%	0.776%
District's proportionate share of the net pension liability (asset)	$ 77,557,998	$ 69,116,756
District's covered-employee payroll	$ 22,200,317	$ 19,976,041
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	349.36%	346.00%
Plan fiduciary net position as a percentage of the total pension liability	59.80%	61.08%

Information above is presented as of the measurement date

AIMS JUNIOR COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (PERA - SDTF)
LAST 10 FISCAL YEARS*

	2015	2014
Contractually required contribution	$ 3,931,585	$ 3,383,030
Contributions in relation to the contractually required contribution	(3,931,585)	(3,383,030)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 23,280,009	$ 21,156,892
Contributions as a percentage of covered-employee payroll	16.89%	15.99%

Information above is presented as of the District's fiscal year
*Information is not currently available for prior years; additional years will be displayed as they become available

SUPPLEMENTARY INFORMATION

AIMS JUNIOR COLLEGE DISTRICT
ACTUAL TO BUDGET COMPARISON
ALL FUNDS

Year Ended June 30, 2015	Actual	Budget	Favorable (Unfavorable) Variance
Revenues:			
Tuition and fees	$ 12,481,152	$ 14,782,141	$ (2,300,989)
Less: Tuition discounts (Student Financial Aid)	(2,387,237)	-	(2,387,237)
Net Tuition and Fees	10,093,915	14,782,141	(4,688,226)
Gifts, grants and contracts (including Pell)	13,172,729	15,360,248	(2,187,519)
Auxiliary operating revenue	979,041	1,114,996	(135,955)
Other operating revenue	467,062	500,000	(32,938)
Total Operating Revenues	24,712,747	31,757,385	(7,044,638)
Operating Expenses:			
Education and general	52,473,671	85,653,609	33,179,938
Student aid	8,738,252	13,721,900	4,983,648
Depreciation and amortization expense	4,715,084	-	(4,715,084)
Auxiliary enterprises expenses	948,718	1,164,168	215,450
Total Operating Expenses	66,875,725	100,539,677	33,663,952
Nonoperating Revenues and Expenses:			
General property taxes	53,888,714	49,500,000	4,388,714
State appropriations	8,022,950	7,959,305	63,645
Investments	525,602	350,000	175,602
Loss on disposal of assets	(143,548)	-	(143,548)
Total Nonoperating Revenue and Expense	62,293,718	57,809,305	4,484,413
Transfers In (Out):			
Nonmandatory transfers in	109,189,343	19,323,161	89,866,182
Nonmandatory transfers out	(109,189,343)	(19,323,161)	(89,866,182)
Total Transfers In (Out)	-	-	-
Increase in Net Assets	$ 20,130,740	$ (10,972,987)	$ 31,103,727

REPORTS REQUIRED BY OMB CIRCULAR A-133

BKD LLP
CPAs & Advisors

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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, 2015 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 4, 2015, which contained an emphasis of matter paragraph regarding a change in accounting principle and a reference to the report of other auditors. The financial statements of the Aims Community College Foundation, the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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.

Board of Trustees
Aims Junior College District

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 certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies in internal control.

Compliance and Other Matters

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

We also noted certain matters that we reported to the District's management in a separate letter dated November 4, 2015.

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.

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 4, 2015

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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 Aims Junior College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2015. 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, 2015.

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 an 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 or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Denver, Colorado
November 4, 2015

Aims Junior College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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	$ 7,216,597
Federal Supplemental Educational Opportunity Grants	84.007	N/A	132,665
Federal Work-Study Program	84.033	N/A	67,433
Federal Direct Student Loans	84.268	N/A	5,732,677
			13,149,372
TRIO Cluster			
Trio Student Support Services	84.042	N/A	475,568
English Language Acquisition Grant	84.365Z	N/A	274,210
Passed through Colorado Community Colleges			
Career and Technical Education - Basic Grants to States:			
Postsecondary Non-Reserved Grant:	84.048	1445	
Academic Rigor			10,131
Professional Development			16,043
Evaluations			2,900
Expand & Modernize			377,801
Special Populations			15,571
Indirect Costs			997
			423,443
Total U.S. Department of Education			14,322,593
National Aeronautics and Space Administration			
Passed through University of Colorado			
National Space Grant College and Fellowship Program	47.076		4,346
Total National Aeronautics and Space Administration			4,346
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			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	N/A	1,170,218
Total U.S. Department Labor			1,170,218
Total Expenditures of Federal Awards			$ 15,504,557

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, 2015

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, 2015

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

Aims Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

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

Section II – Financial Statement Findings

Reference Number	Finding

2015-001 **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. Accounting guidance that addresses the proper recognition and accounting of capital assets includes Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and various implementation guidance issued by the GASB.

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

(a) Useful lives of assets placed in service in prior years were modified by management to assist with the implementation of the fixed assets module. The overall effect of these changes was approximately $41,000 of excess depreciation being recorded in the current year.

(b) Several different accounts are utilized to record capital outlay activity. Management did not properly capitalize all costs associated with the acquisition of capital assets, but rather showed items as a current period expense. Once identified, management corrected approximately $115,000, however approximately $51,000 remains uncorrected.

(c) Management did not properly record retainage payable associated with construction-in-progress. A correcting entry of approximately $66,000 was recorded.

(d) Approximately $140,000 of equipment disposed during the current year should have been written off in previous years.

Effect: Multiple audit adjusting journal entries for the amounts noted above were recorded to capital assets.

Cause: The process for analyzing capital outlay accounts and determining which costs should be capitalized is a very manual and intensive process causing some expenditures that should have been capitalized to be missed. In addition, the District does not have a clear capitalization policy for employees to follow and it appears there is some misunderstanding as to when costs are capitalizable versus should be expensed. In regards to disposition of assets, while inventories are being performed on a biennial basis, it appears that departments are not properly notifying financial services when assets are no longer being used or are disposed.

Recommendation: We recommend the District develop a clear capitalization policy (including limiting the number of accounts capital outlay can be recorded) and provide training for employees on the policy. In addition, we recommend management of the District consider performing a review of capital outlay and capital asset related accounts on a quarterly versus annual basis. In regards to disposition of capital assets, we recommend the District review and train its employees on the policies and procedures surrounding the disposal of capital assets.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Actions:

Response: Agree. While we have moved capital assets from the manual inventory spreadsheets previously used to track equipment and vehicles to the College's Banner Financial Accounting System, we have been working to reconcile the manual spreadsheets to detail in Banner to ensure balances were properly uploaded into the system. We will also develop clear capitalization policies and accounts to record capital assets and provide the necessary training to College employees regarding the procedures to dispose of capital assets. Beginning July 1, 2015, all equipment will be processed through the College's Banner Financial Accounting System. We will also reconcile all construction-in-progress and retainages balance quarterly.

Person responsible for implementing : Bob Cox, Chief Financial Officer.

Anticipated completion date: June 30, 2016.

Reference Number	Finding

2015-002 **Finding:** Financial Information Preparation

Criteria or Specific Requirement: The District is required to maintain its general ledger necessary to support the preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Additionally, accounting tasks such as cross-checks and reviews play a key role in proving the accuracy of accounting data and financial information that comprise interim and year-end financial statements.

Condition: During the audit process we noted the following:

(a) Significant liability for severance payment was not initially recorded by the District. An audit adjustment was proposed and entry was posted by management to record this liability.

(b) Several individually insignificant errors were noted throughout various sections of testing including, overstatement of property tax receivables and prepaid items, as well as understatement of bookstore revenue and capital contributions. Audit adjustments were waived due to immateriality or were proposed but were not recorded as they were determined by management not to be material to the financial statements.

(c) Year-end payroll allocation entries were not recorded. Audit adjustments were proposed and entries were posted by management to record these allocations.

(d) The District requested assistance related to the implementation of the new pension accounting standard. An audit adjustment was proposed and an entry was posted by management to record the effects of implementing the new accounting standard.

Effect: Multiple audit adjusting journal entries were proposed and recorded or were proposed and waived by management as noted above.

Cause: While the District brought in an accounting consultant to assist with the year-end close process, employee turnover, specifically the vacancy of the controller position, led to a lack of detailed review being performed over financial information and journal entries prepared. In addition, the District does not have documented policies and procedures including those specifically related to year-end close.

Reference Number	Finding

Recommendation: We recommend the District hire a controller with higher education industry experience for the financial services department to provide a detailed level of oversight for the financial information prepared throughout the year and year-end processes. Furthermore, a succession plan should be implemented by the department to help ensure proper oversight and review can be maintained when turnover does occur. Additionally, we recommend management and the accounting department develop written accounting policies and procedures to provide guidance to staff throughout the year and in periods of turnover.

Views of Responsible Officials and Planned Corrective Actions:

Response: Agree. We have been in the process of attempting to hire a qualified Controller with experience in higher education. Several offers have been made and rejected. We are in the process of making another offer and plan to have the position filled in the next month. We will also develop written accounting policies and procedures and develop succession planning through departmental cross-training and the reclassification of a financial services position to be the Assistant Controller.

Person responsible for implementing: Bob Cox, Chief Financial Officer.

Anticipated completion date : Controller expected to be hired by December 1, 2015 and accounting policies and procedures expected to be developed by June 30, 2016.

Aims Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Aims Junior College District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2015

Reference Number	Summary of Finding	Status
2014-001	*Accounting for Capital Assets* - 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.	Partially Implemented. See finding 2015-001.