



AUDITED FINANCIAL STATEMENTS

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Office of the State Auditor

February 6, 2018

YEAR END JUNE 30, 2017

**Aims**  
COMMUNITY COLLEGE





**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORTS**

YEAR ENDED JUNE 30, 2017

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## MANAGEMENT'S LETTER

The purpose of this report is to provide readers with fiscal information on the activities and financial condition of the Aims College District (the District) as a whole. It incorporates the financial activities of Aims College (the College), its blended component units, and those of the Aims Community College Foundation (the Foundation), its 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.

A handwritten signature in black ink, appearing to read "Chuck Jensen". The signature is stylized with a large, sweeping initial 'C' and a long horizontal stroke at the end.

*Chuck Jensen*  
*Vice President for Administrative Services*

## Independent Auditor's Report

Board of Trustees  
Aims 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 College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Aims Community College Foundation (the Foundation), the discretely presented component unit of the District. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, 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.

Board of Trustees  
Aims College District

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

### ***Opinions***

In our opinion, based on our audit and the report of 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, 2017, 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.

### ***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 as 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 College District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the District's internal control over financial reporting and on 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 20, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Overview

We are pleased to present this management discussion and analysis (MD&A) of the Aims College District (the District). This discussion and analysis is intended to make the District's financial statements easier to understand and to communicate its financial situation in an open and accountable manner. It provides an objective analysis of the District's financial position and results of operations as of and for the fiscal year ended June 30, 2017. District Management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

The presented information relates to the financial activities of the District, and focuses on the financial condition and results of operations as a whole. The financial statements for the Aims Community College Foundation, a legally separate organization whose operations benefit the District, is discretely presented within the District's financial statements. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the District.

### Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help your assessment of the District's financial activities. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following parts:

- The *Independent Auditor's Report* presents an unmodified opinion prepared by the District's auditors (an independent certified public accounting firm, BKD LLP) on the fairness, in all material respects, of the District and its discretely presented component units' respective financial position.
- The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District at a point in time (June 30, 2017). Its purpose is to present a financial snapshot of the District. This statement aids readers in determining the assets available to continue the District's operations.
- The *Statement of Revenues, Expenses, and Changes in Net Position* presents the total revenues earned and expenses incurred by the District for operating, nonoperating, and other related activities during a period of time (the year ended June 30, 2017). Its purpose is to assess the District's operating results.
- The *Statement of Cash Flows* presents the District's cash receipts and payments during a period of time (the year ended June 30, 2017). Its purpose is to assess the District's ability to generate net cash flows and meet its payment obligations as they come due.
- *Notes to the Financial Statements* present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found. We suggest that you combine this financial analysis with relevant nonfinancial indicators to assess the overall health of the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Financial Highlights

The following significant financial highlights occurred during the year ended June 30, 2017:

- District assets total \$224.1 million. These assets include \$86.6 million of cash and investments, \$131.2 million of net capital assets and \$6.3 million of other assets.
- District liabilities include \$8.3 million of current liabilities estimated to be payable within the 2018 fiscal year. Noncurrent liabilities include \$1.6 million for employee future compensated absences and \$172.7 million for the District's calculated share of the Colorado State Public Employees Retirement Association (PERA) pension liability as required by Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. This net pension liability was \$94.7 million in 2016.
- GASB 68 also requires the District to record deferred outflows of resources and deferred inflows of resources related to pensions, which primarily reflect the changes in actuarial assumptions used to value the overall PERA pension liability that will be recognized in future periods. Deferred outflows of resources were \$58.6 million and \$16.7 million for 2017 and 2016, respectively, and deferred inflows of resources related to pensions were recorded in the amount of \$0.5 million and \$1.1 million for 2017 and 2016, respectively.
- These assets and deferred outflows of resources and liabilities and deferred inflows of resources result in a total net position of \$99.5 million at June 30, 2017, and \$123.4 million at June 30, 2016. This decrease in total net position of \$23.8 million is detailed on the 2017 Statement of Revenues, Expenses, and Changes in Net Position.
- The District's unrestricted net position at June 30, 2017 is negative (\$30.2 million). Unrestricted net position is comprised of \$84.5 million, which may be used to meet the District's ongoing obligations, less the District's negative unrestricted net position for pension related items (\$114.7 million). At June 30, 2017, the District's total net position included \$2.3 million restricted by donor, grantor, or other external party intentions, and \$127.4 million is net investments in capital assets.
- Operating revenues from student tuition, restricted grants and other operating revenues declined by 13.0 percent, from \$17.5 million in fiscal year 2016 to \$15.2 million in fiscal year 2017. The majority of this decline was related to decreases in restricted grant revenue and decline in helicopter program fees. The helicopter program will be terminated in fiscal year 2018.
- Nonoperating revenues decreased 19.0 percent in 2017 due to a decrease in property tax revenue of (\$14.7 million). State appropriations remained stable at \$9.0 million for 2017 and 2016.
- Total operating expenses increased 37.8 percent, from \$76.8 million in 2016 to \$105.8 million in 2017. The PERA Pension expense increased by \$27.9 million. All other expense categories increased by \$1.1 million, for a total expense increase of \$29.0 million.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

- The District completed \$2.2 million and \$33.0 million of building and land improvement projects during fiscal years 2017 and 2016, respectively. Depreciation expense for the District increased 15.4 percent during fiscal year 2017, from \$5.8 million in 2016 to \$6.7 million in 2017.
- The District had \$21.6 million and \$3.5 million in building and land improvement construction projects in progress as of June 30, 2017 and 2016, respectively.

**Enrollment Highlights**

The tables below summarize student enrollment data over the past five years. As noted below, student headcount increased from 7,530 students in 2016 to 7,966 students in 2017. Full time equivalent (FTE) student enrollment increased in total from 3,356 students in 2016 to 3,469 students in 2017.

**Student Headcount Enrollment**

Fiscal Year	Unduplicated headcount	Percent Change
2017	7,966	5.8%
2016	7,530	6.0%
2015	7,107	-2.0%
2014	7,253	-0.3%
2013	7,273	-8.6%

**Student FTE Enrollment**

Fiscal Year	Resident FTE			Percent Change	Nonresident FTE		Percent Change	Combined FTE	
	In-District	Out-of-District	Total		Out-of-State	Percent Change		Total	Percent Change
2017	2,701	655	3,356	2.9%	113	17.7%	3,469	3.4%	
2016	2,607	653	3,260	3.2%	96	35.2%	3,356	3.9%	
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%	

- The growth in headcount is from three main areas of growth:
1. Concurrent high school students taking college classes while still in high school,
  2. Students completing coursework for personal or professional development,
  3. Students seeking a college degree.

High school students enrolled in a concurrent high school/college program, as well as students taking courses for personal or professional development, tend to take less than four courses during a year. As a result, student FTE generated by these populations of students is less than the headcount for these students. While headcounts have grown by 5.8 percent, student FTE has grown by 3.4 percent.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Statement of Net Position

The Statement of Net Position is a snapshot of the District's financial resources at June 30, 2017. This statement presents:

- The fiscal resources of the District identified as assets;
- the use of net position that applies to future periods identified as deferred outflows of resources;
- the claims against those resources identified as liabilities;
- the acquisition of net position that applies to future periods identified as deferred inflows of resources;
- and the residual net resources available for future operations identified as net position.

The Statement of Net Position is prepared using the accrual basis of accounting and an accounting methodology similar to that used by private sector companies. Assets and liabilities are classified by liquidity as either current or noncurrent. Net Position is classified in three basic categories: net investment in capital assets, restricted, or unrestricted. The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between these financial statement elements is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the strength of the financial position of the District. Consideration of other nonfinancial factors may be relied upon to assess the overall health of the District.

#### Condensed Statement of Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS</b>		
Current Assets	\$ 58,964,938	\$ 60,603,659
Noncurrent Assets-Long-term Investments	33,929,486	32,574,453
Capital Assets, Net of Accumulated Depreciation	131,208,638	116,150,163
<b>TOTAL ASSETS</b>	<u><b>224,103,062</b></u>	<u><b>209,328,275</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>58,560,104</b></u>	<u><b>16,676,586</b></u>
<b>LIABILITIES</b>		
Current Liabilities	8,333,869	5,297,076
Noncurrent Liability-Employee Compensated Absences	1,563,994	1,512,584
Noncurrent Liability-Net Pension Liability	172,723,035	94,720,288
<b>TOTAL LIABILITIES</b>	<u><b>182,620,898</b></u>	<u><b>101,529,948</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u><b>531,650</b></u>	<u><b>1,124,138</b></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	127,360,440	115,359,507
Restricted for Expendable Purposes	2,308,393	2,437,768
Unrestricted	(30,158,215)	5,553,500
<b>TOTAL NET POSITION</b>	<u><b>\$ 99,510,618</b></u>	<u><b>\$ 123,350,775</b></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Assets

#### **Current Assets**

Current assets decreased from \$60.6 million to \$59.0 million between June 30, 2016 and 2017, respectively. This \$1.6 million decrease was primarily due to a \$8.7 decrease in total cash and cash equivalents, offset by \$6.7 million increase in short-term investments held by the District and \$0.3 million increase in property tax receivable. All property taxes receivable at June 30, 2017 were received by the District by August 31, 2017. Other current assets include accounts receivable, inventories and prepaid expenses which remained relatively stable.

#### **Other Noncurrent Assets**

Long-term investments increased from \$32.6 million at June 30, 2016 to \$33.9 million at June 30, 2017. Long-term investments are investments held by the District with a maturity date extending beyond 12 months. The majority of these investments are held to finance future campus capital construction and repair projects. Additional information regarding the District's investments and investment policies is provided in Note 3 of the accompanying notes to the District's financial statements.

#### **Capital Assets**

The District's single largest financial resource is its campus facilities and capital assets. Capital assets consist of District property and improvements that have a unit cost of \$5,000 or more and an initial useful life extending beyond one year.

As of June 30, 2017, capital assets of \$192.4 million, net of \$61.2 million accumulated depreciation, totaled \$131.2 million. This is a \$15.1 million (13.0 percent) increase from fiscal year 2016, when capital assets of \$171.1 million, net of \$55.0 million accumulated depreciation, totaled \$116.1 million.

This increase in net capital assets is primarily attributable to capital acquisitions and ongoing capital construction projects. Eight building and land improvement projects, totaling \$2.2 million, were completed during fiscal year 2017. The largest of these projects was the completed renovation of the Allied Health Science laboratory. Ten additional capital construction projects were in progress at June 30, 2017. As of the year-end, \$17.2 million had been invested in the construction of the new Applied Technology and Trade Center building. This building was completed and put into service on August 17, 2017. Additional significant capital construction projects in process at year-end included the Welding and Hansen building renovation projects and the campus realignment master plan. Total fiscal year 2017 expenditures for capital construction projects for fiscal year 2017 was \$20.6 million.

Note 6 of this report summarizes the changes in capital assets between June 30, 2016 and June 30, 2017. Current accounts and retainage payable liabilities related to capital construction totaled \$3.8 million and \$0.8 million for June 30, 2017 and 2016, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Liabilities

#### **Current Liabilities**

The District's non-debt obligations and commitments arising from past events that are expected to result in a consumption of resources are current liabilities. Current liabilities include amounts owed to vendors, personnel commitments, and unearned revenue due to be paid or earned within one year. Accounts payable and accrued liabilities of \$6.5 million are the District's most significant current liabilities. These liabilities increased \$3.3 million in fiscal year 2017 primarily as the result of construction payable amounts obligated at June 30, 2017 for major capital construction projects in progress.

Accounts payable liabilities at June 30, 2017 were \$5.3 million and included amounts payable in July and August 2017 for capital construction and technology services. Accrued liabilities of \$1.3 million were primarily for employee payroll and fringe benefits paid during July 2017.

Unearned revenues of \$0.6 million includes tuition and fees received by June 30, 2017 for services to be provided in fiscal year 2018. It also includes revenues received from grants, contracts, and the Aims Foundation that have not yet been earned. These amounts will be recognized as revenue in future periods after all conditions have been satisfied.

#### **Noncurrent Liabilities**

The District's noncurrent liabilities include the District's net pension liability required by GASB 68, and commitments to pay employee compensated absences for vacation and sick leave.

GASB 68 requires the District to recognize the District's proportionate share of the collective net pension liability of the State of Colorado as a liability in the District'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 for the State of Colorado. Details concerning the District's GASB 68 pension liability and expense are provided by Note 8 of these financial statements.

The District's net pension liability required by GASB 68 increased from \$94.7 million at June 30, 2016 to \$172.7 million at June 30, 2017. This change was due to the changes in assumptions in the actuarial valuation used to calculate the net pension liability. *The District has no legal obligation to fund this net pension liability; nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA.*

The District's noncurrent liability for employee compensated absences remained relatively stable between June 30, 2016 and June 30, 2017.

#### **Net Position**

Net position represents the resources available for future operations. The District's total net position equals assets plus deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Total net position decreased from \$123.4 million at June 30, 2016 to \$99.5 million at June 30, 2017. The District's educational and auxiliary activities contributed \$16.8 million in net position; however, the District's GASB 68 pension expense was (\$40.6 million). These two items comprise the decrease of (\$23.8 million) in total net position. Total net position exclusive of the negative net position for pension would be approximately \$214.2 million.

The District's largest class of net position is its capital assets, comprising \$127.4 million of the District's net position. Net investment in capital assets increased by \$12.0 million from June 30, 2016 to 2017, up from \$115.4 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

The statement of revenues, expenses, and changes in net position present the financial activity of the District over the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. A key component of this statement is the differentiation between operating and nonoperating activities.

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

	<u>For the year ended June 30, 2017</u>	<u>For the year ended June 30, 2016</u>
<b>Operating Revenues</b>		
Net Tuition & Fees	\$ 9,680,782	\$ 10,520,151
Grants & Contracts	4,684,138	5,938,551
Auxiliary	470,709	510,126
Other	307,583	549,053
<b>Total Operating Revenues</b>	<u>15,143,212</u>	<u>17,517,881</u>
<b>Operating Expenses</b>		
Educational & General	98,651,460	70,623,407
Auxiliary	509,183	420,770
Depreciation and Amortization	6,661,749	5,772,028
<b>Total Operating Expenses</b>	<u>105,822,392</u>	<u>76,816,205</u>
<b>Operating Loss</b>	<b>(90,679,180)</b>	<b>(59,298,324)</b>
<b>Nonoperating Revenues (Expenses) and Gains (Losses)</b>		
General Property Taxes	51,389,215	66,103,420
State Appropriations	9,079,460	9,015,256
Federal Nonoperating Revenue	5,945,797	6,264,428
Investment Income	244,421	1,049,290
Loss on Disposal of Assets	(1,080)	(80,385)
Other Nonoperating Revenues	89,110	77,054
<b>Total Nonoperating Revenues</b>	<u>66,746,923</u>	<u>82,429,063</u>
<b>Income Before Other Revenues</b>	<b>(23,932,257)</b>	<b>23,130,739</b>
Capital contributions	92,100	-
<b>Increase (Decrease) in Net Position</b>	<b>(23,840,157)</b>	<b>23,130,739</b>
<b>Net Position, Beginning of Year</b>	123,350,775	100,220,036
<b>Net Position, End of Year</b>	<u><b>\$ 99,510,618</b></u>	<u><b>\$ 123,350,775</b></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

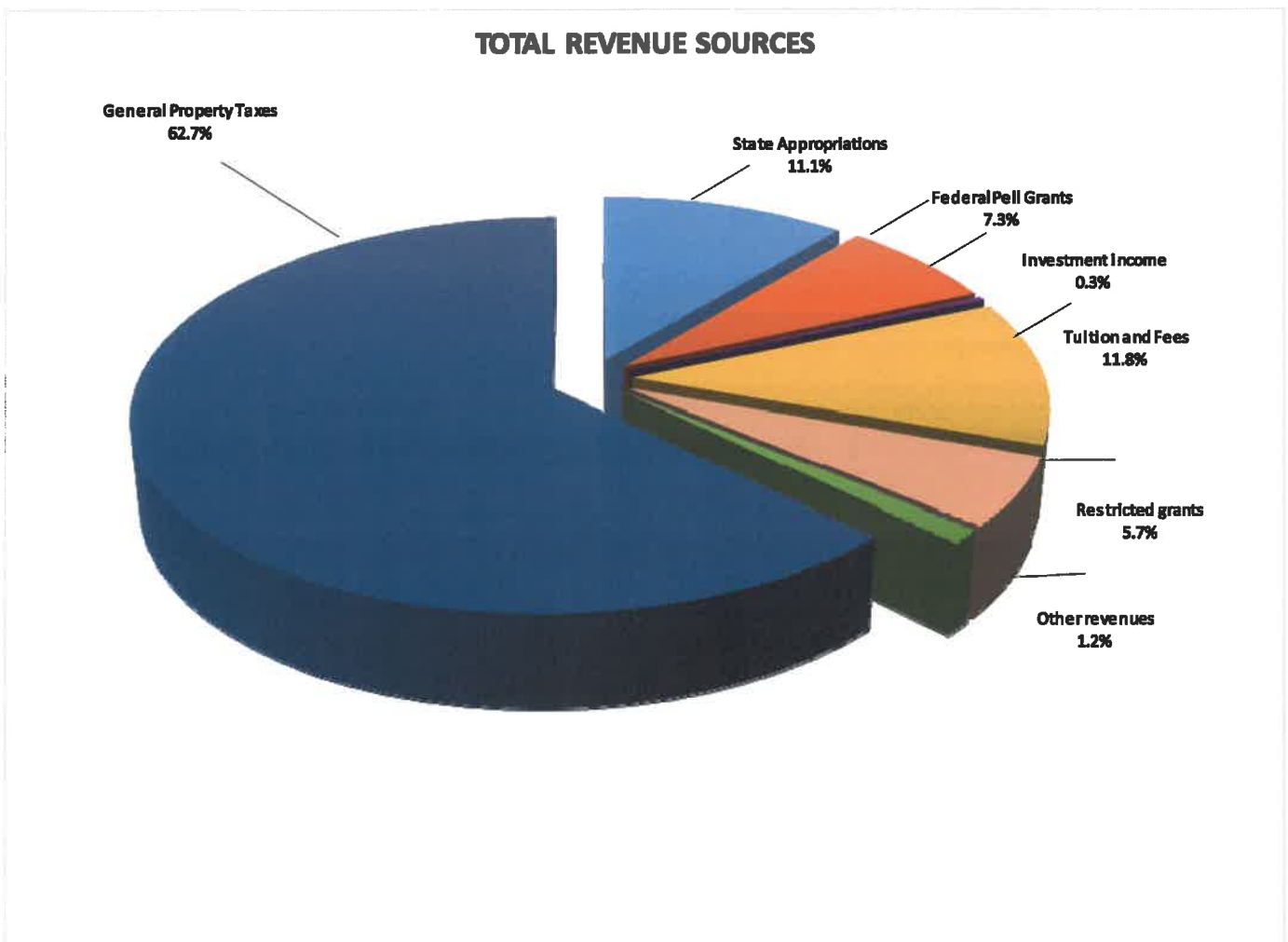
#### Revenues

Operating revenues are earned by providing goods and services to the various customers of the District. Operating expenses are paid to acquire or produce goods and services necessary to carry out the mission of the District. They are directly related to generating operating revenues.

Nonoperating revenues include investment income, state appropriations, property tax revenues, Pell grant revenue, capital grants and gifts, and gains or losses on the disposal of assets. These revenues are not earned from the sale of goods and services and are considered nonoperating. Nonoperating expenses include losses on disposal of assets.

Net revenue from all sources, net of scholarship allowances, totaled \$82.0 million during fiscal year 2017, which was a \$18.0 million decrease from \$100.0 million in total revenue during fiscal year 2016. Of the \$82.0 million in net revenue earned in fiscal year 2017, \$15.2 million was generated from operating revenues, and \$66.7 million was earned in nonoperating revenues.

The following chart shows the percentage breakout of total revenue by funding source for fiscal year 2017.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

#### **Revenues (continued)**

##### Operating Revenues

Operating revenues are derived from tuition and fees, auxiliary activity, grants and contracts, and other operating revenues.

- Total operating revenues decreased by \$2.3 million, or 13.0 percent, between fiscal years 2016 to 2017. The decrease was due to a \$0.8 million decrease in net tuition revenues earned, a \$1.2 million decrease in restricted grants and gifts, and a \$0.3 million decrease in all other operating revenues.
- Tuition and fees revenues, net of scholarship allowances, totaled \$9.7 million, and were 11.8 percent of total revenues. Fiscal year 2016 net tuition and fee revenues were \$10.5 million and were 10.5 percent of total revenues. Reporting standards require tuition and fees to be shown net of scholarship allowances, which were \$2.6 million for both fiscal years 2017 and 2016. Scholarship allowances are those portions of tuition and fees that are paid by other revenues, primarily federal and state grants for financial aid and general institutional scholarships (see Note 1).
- Grant and contract revenues decreased by \$1.2 million in fiscal year 2017. This decline is attributable to declines in student financial aid and grants in the amount of \$0.4 million from federal sponsors and \$0.8 million from state sponsors.
- For the 2016-17 academic year, the District retained the same tuition rates in effect since 2011-12.

##### Nonoperating Revenues

The District's nonoperating revenues are comprised of general property taxes, state appropriations, federal nonoperating revenue (Pell grant), investment income, and other nonoperating revenues.

- Total nonoperating revenues were \$66.7 million and \$82.5 million in fiscal years 2017 and 2016, respectively. This decrease was primarily due to a \$14.7 million decrease in general property tax revenues.
- Property taxes represent the District's largest single largest source of revenue, generating 62.7 percent of total revenues to the District. General property tax revenues totaled \$51.4 million and \$66.1 million in fiscal years 2017 and 2016, respectively. Property tax revenues went down due to a decreased assessment of property taxes related to oil and gas revenues by Weld County, and reduced mill levies upon local properties.
- Nonoperating Colorado state appropriation revenues remained steady in fiscal year 2017. Revenues were \$9.1 million, or 11.1 percent of total revenues, compared to \$9.0 million, or 9.0 percent of total revenues during fiscal years 2017 and 2016, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

- Federal Pell grant revenue is considered a federal entitlement program rather than a restricted grant program. Therefore, Pell grant revenue is recognized as nonoperating revenue. Federal Pell grant revenue was \$6.0 million and \$6.3 million in fiscal years 2017 and 2016, respectively. This decrease is the result of a higher number of students qualifying for tuition assistance programs other than Federal Pell grant entitlements. These additional programs include the various high school concurrent enrollment programs and other student aid programs.

#### **Expenses**

##### Operating Expenses

Total operating expenses were \$105.8 million and \$76.8 million for fiscal years 2017 and 2016, respectively, an increase of \$29.0 million, or 37.8 percent. This increase was the result of increases in GASB 68 pension expenses, which were \$40.6 million and \$12.7 million in 2017 and 2016, respectively, an increase of \$27.9 million. The remaining \$1.1 million increase in operating expenses was the net result of increases in personnel, operating and depreciation expenses, less decreases to student aid expense.

Personnel costs are the District's largest expense, and increased from \$46.9 million in fiscal year 2016 to \$75.2 million in fiscal year 2017, a change of \$28.3 million. While personal expenses for salary and fringe benefits increased by only \$0.5 million, the non-cash GASB 68 pension expense increased by \$27.9 million.

The remaining operating expenses of \$30.6 million, including supplies, operating, student aid, and depreciation remained steady, increasing a net amount of \$0.6 million in fiscal year 2017.

#### **Management's Analysis of Functional Classifications**

Operating expenses are reported by functional classification, which identifies the costs of programs and services provided by the District. The classifications tell why an expense was incurred, rather than what was purchased. Functional classifications are defined by the National Association of College and University Business Officers (NACUBO) and are utilized by public colleges and universities in the United States to allow for comparability between higher education institutions.

Each functional area in the following tables was increased by a portion of the non-cash benefits expense for GASB 68 based on its proportion of PERA payroll (see Note 8 – Defined Pension Plan contains further information on the calculations used in the estimates of this expense and liability). The following two tables represent what the functional classifications look like for fiscal years 2017 and 2016 prior to the application of the pension expense, and after the pension expense is added. The GASB 68 pension benefit expense was \$40.6 million in fiscal year 2017, and \$12.7 million in fiscal year 2016.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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

**Management's Analysis of Functional Classifications (continued)**

**Functional Classifications  
Operating Expenses by Function  
With Pension Expense Separately Identified**

	<b>Fiscal Year Ended June 30, 2017</b>		
	<b>Expenses Before Pension Expense</b>	<b>Pension Expense</b>	<b>Total Expenses</b>
Instruction	\$ 23,218,981	\$ 20,178,411	\$ 43,397,392
Public Service	17,111	4,187	21,298
Academic Support	7,550,009	6,399,943	13,949,952
Student Services	5,800,602	5,008,801	10,809,403
Institutional Support	9,224,901	6,853,520	16,078,421
Operation of Plant	5,268,343	1,986,307	7,254,650
Student Aid	7,140,344	-	7,140,344
Auxiliary	299,381	-	299,381
Depreciation and Amortization	6,661,749	209,802	6,871,551
<b>Total Operating Expenses</b>	<b>65,181,421</b>	<b>40,640,971</b>	<b>105,822,392</b>

	<b>Fiscal Year Ended June 30, 2016</b>		
	<b>Expenses Before Pension Expense</b>	<b>Pension Expense</b>	<b>Total Expenses</b>
Instruction	24,914,014	6,292,604	31,206,618
Public Service	10,536	-	10,536
Academic Support	6,841,331	1,867,737	8,709,068
Student Services	5,297,658	1,332,479	6,630,137
Institutional Support	7,540,947	2,557,519	10,098,466
Operation of Plant	5,403,247	594,974	5,998,221
Student Aid	7,970,361	-	7,970,361
Auxiliary	343,239	-	343,239
Depreciation and Amortization	5,772,028	77,531	5,849,559
<b>Total Operating Expenses</b>	<b>64,093,361</b>	<b>12,722,844</b>	<b>76,816,205</b>
<b>Variance Fiscal Year 2017 and 2016</b>	<b>\$ 1,088,060</b>	<b>\$ 27,918,127</b>	<b>\$ 29,006,187</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

#### *Management's Analysis of Functional Classifications (continued)*

*Instruction expenses* increased in 2017 by \$12.2 million (39.1 percent) and were \$43.4 million and \$31.2 million for fiscal years 2017 and 2016, respectively. This increase is the result of the \$13.9 million increase in GASB 68 pension expense, less decreases in instructional personal services (\$0.2 million), supplies (\$0.4 million) and other instructional operating expenses (\$1.1 million).

*Academic support expenses* increased by \$5.2 million (60.2 percent). These expenses were \$13.9 million and \$8.7 million for fiscal years 2017 and 2016, respectively. This increase is attributable to the recognition of an additional \$4.5 million of GASB 68 pension expense, plus increases for personal services (\$0.4 million), and other academic support operating expenses (\$0.3 million).

*Student services expenses* increased \$4.2 million (63.0 percent) during fiscal year 2017. This increase is the result of an increase of \$3.7 million in GASB 68 pension expense, and an increase in salary and benefit expense of \$0.5 million.

*Institutional support expenses* increased \$6.0 million (59.2 percent) during fiscal year 2017. This increase included \$1.9 million for institutional support general operating expenses and \$4.3 million for GASB 68 pension expense. Institutional support personnel expenses decreased \$0.2 million. Personnel expenses were \$5.8 million and \$6.0 million in fiscal years 2017 and 2016, respectively.

*Operation of plant expenses* increased \$1.3 million (20.9 percent) primarily as a result of the increase to its allocated GASB 68 pension expense of \$1.4 million. Other operation of plant expenses remained relatively stable, decreasing \$0.1 million. Operation of plant expenses totaled \$7.3 million and \$6.0 million in fiscal years 2017 and 2016, respectively.

*Student aid expenses* decreased \$0.8 million (-10.4 percent). This decrease is the result of a greater percentage of students enrolling in concurrent high school and college programs, and do not have a need for student assistance. Student aid expenses are not affected by GASB 68 pension costs.

*Auxiliary expenses* increased only \$0.1 million (21.0 percent). This increase equals the net of its \$0.1 million increase in allocated GASB 68 pension expense less a minor decrease to operating expenses.

*Depreciation and amortization expenses* increased 15.4 percent, and were \$6.7 million and \$5.8 million in fiscal years 2017 and 2016, respectively. During fiscal year 2016, \$34.6 million of capital projects were completed and placed into service. These capital assets were depreciated during 2016 using the "half-year" accounting convention (6 months). For fiscal year 2017, these assets were depreciated for a full year, resulting in increased depreciation expense.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

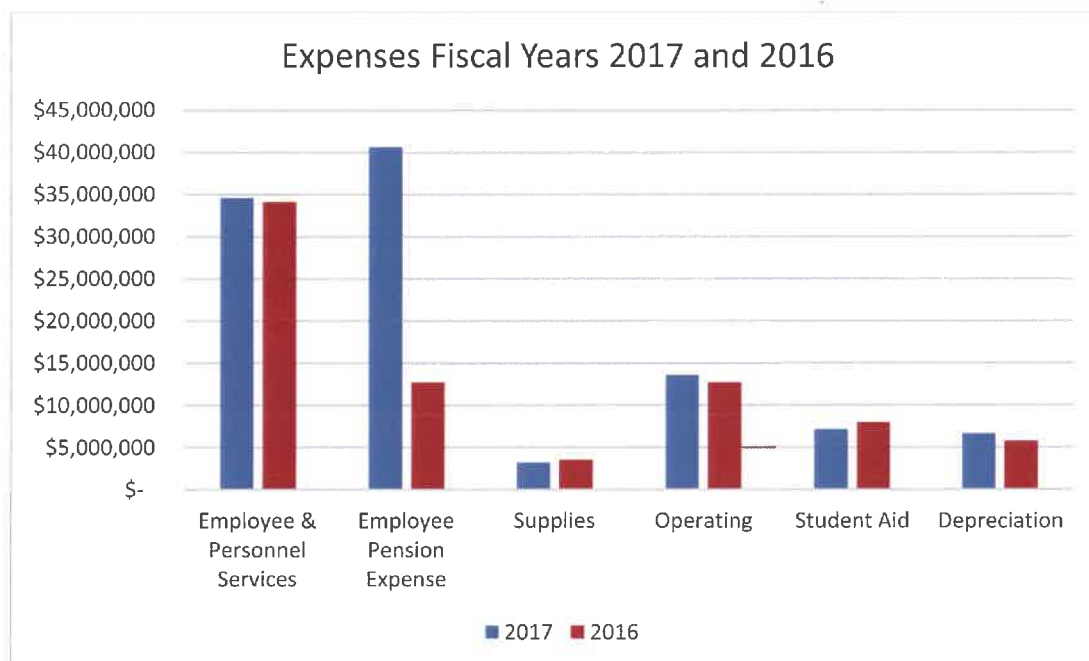
### Statement of Revenues, Expenses, and Changes in Net Position (continued)

#### **Management's Analysis of Natural Classifications**

The District also summarized its expenses by their natural classification, which represents expenses by type, regardless of the program or service. The table below illustrates expenses by natural classifications. Primary expenditure increases and decreases were the result of salary and benefit increases, depreciation, and student aid changes as explained above.

#### **Natural Classifications** **Operating Expenses by Natural Classification**

	Year Ended		Variance
	June 30, 2017	June 30, 2016	
Employee & Personnel Services	\$ 34,597,263	\$ 34,128,192	\$ 469,071
Employee Pension Expense	40,640,971	12,722,844	27,918,127
Subtotal Personnel Services	75,238,234	46,851,036	28,387,198
Supplies	3,210,567	3,523,671	(313,104)
Operating	13,571,498	12,713,475	858,023
Student Aid	7,140,344	7,955,995	(815,651)
Depreciation	6,661,749	5,772,028	889,721
<b>Total Operating Expenses</b>	<b>\$ 105,822,392</b>	<b>\$ 76,816,205</b>	<b>\$ 29,006,187</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the past fiscal year.

The primary cash received from operating activities includes tuition and fees, grant and gift 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:

- Operating activities of the District required \$48.3 million and \$45.6 million of cash in fiscal years 2017 and 2016, respectively. This \$2.7 million increase in cash used is primarily due to decreased cash payments received of \$2.3 million, and increased payments to and for employee compensation. Cash paid to and for employees was \$39.7 million and \$38.5 million for fiscal years 2017 and 2016, respectively.
- Cash flows provided by non-capital financing activities decreased 18.1 percent (\$14.6 million), and were \$66.1 million and \$80.7 million in fiscal years 2017 and 2016, respectively. This decrease is primarily the result of the District recognizing decreased general property tax revenues related to decreased oil and gas property tax payments, in addition to a lowered tax levy on properties. Property taxes received during fiscal year 2017 were the result of property taxes assessed in calendar year 2015. Oil and gas production in Weld County recently decreased due to falling oil commodity prices. The District expects that General Property Tax revenues received will continue to decline in 2018.
- Cash used for capital and related financing activities decreased 34.8 percent, and were \$18.6 million and \$28.5 million in fiscal years 2017 and 2016, respectively. This is the result of the District's completion of major capital construction projects and reduced capital construction in fiscal year 2017.
- In fiscal year 2017, cash used for investing activities was \$7.9 million. The District purchased \$21.0 million in new investments, sold \$12.7 million of investments, and received \$0.4 million in realized investment earnings.
- Overall, the District's cash position decreased 18.4 percent. Cash and cash equivalents were \$38.7 million and \$47.4 million at June 30, 2017 and 2016, respectively. This decrease is primarily due to the decrease in property tax revenue as discussed above.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Statement of Cash Flows (continued)

#### Condensed Statement of Cash Flows

	For the year ended June 30, 2017	For the year ended June 30, 2016
<b>Cash Flows from Operating Activities:</b>		
Tuition and fees	\$ 9,025,606	\$ 10,131,753
Grants and gifts	4,985,286	5,830,377
Other cash receipts	835,588	1,160,339
Payments to or for employees	(39,741,020)	(38,504,441)
Payments to suppliers	(16,330,241)	(16,321,493)
Scholarships disbursed	(7,098,860)	(7,909,395)
<b>Net cash used in operating activities</b>	<b>(48,323,641)</b>	<b>(45,612,860)</b>
<b>Cash Flows from NonOperating, Capital and Investing Activities:</b>		
State appropriations, noncapital	9,015,258	8,859,821
Federal revenues, noncapital	5,945,797	6,264,428
General property taxes, noncapital	51,067,556	65,761,432
Other noncapital financing activities	66,854	(136,378)
Acquisition or construction of capital assets (net)	(18,571,660)	(28,499,998)
Purchases of investments	(21,038,670)	(22,391,704)
Proceeds from sales of investments	12,687,347	23,951,548
Investment earnings	441,082	845,857
<b>Net cash provided by NonOperating, Capital and Investing Activities</b>	<b>39,613,564</b>	<b>54,655,006</b>
Increase (Decrease) in Cash and Cash Equivalents	(8,710,077)	9,042,146
Cash and Cash Equivalents, Beginning Year	47,401,300	38,359,154
<b>Cash and Cash Equivalents, End of year</b>	<b>\$ 38,691,223</b>	<b>\$ 47,401,300</b>

### Economic Outlook

Factors affecting the future of the District include the risk of changing student enrollment, and the possibility of decreased funding from District property taxes and state appropriations. Each of these factors is sensitive to the condition of the local and statewide economies. Other factors include the ability of the District to meet the educational needs of the community, including underprepared students, and attracting and retaining qualified faculty and staff.

To manage student enrollment, the District has developed several programs to improve student success and retention. The Applied Technology and Trade Center building was completed and put into service on August 17, 2017, and should encourage growth in student enrollment.

The state's economic situation is a concern to the District and the higher education community as a whole. On a positive note, the state is experiencing positive economic conditions and low unemployment rates. State funding is expected to continue to be stable throughout fiscal year 2018. This should be helpful for students who are working to learn the skills they need to meet the growing employment demands of Colorado.

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. For fiscal year 2017, property tax revenue was derived primarily from oil and gas production in Weld County. The unstable funding swings in oil and gas property tax revenues require careful monitoring by the District when planning for the future.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

Additionally, the District analyzes tuition rates annually and adjusts tuition based on funding mix and projected costs. The District's tuition rates are less than all 13 of the Colorado State System community colleges and are competitive with Colorado Mountain College, a similarly funded Colorado community college.

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

### **Requests for Information**

This financial report is designed to provide a general overview of the Aims College District's finances. If you have questions regarding any of the information provided in this report, or if you have a request for additional financial information regarding the District, please contact the Vice President for Administrative Services, Aims College District, P.O. Box 69, 5401 W. 20<sup>th</sup> Street, Greeley, Colorado, 80634.

Requests for copies of the 2017 financial statements for Aims Community College Foundation should be also addressed to the Vice President for Administrative Services at the address provided above.



## **BASIC FINANCIAL STATEMENTS**

**AIMS COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2017**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 38,691,223
Short-term investments	13,936,469
Student accounts receivable, net of allowance of \$215,064	602,670
Accounts receivable	1,639,147
Property tax receivable	3,507,157
Inventories	172,819
Prepaid expenses and other current assets	415,453
<b>Total Current Assets</b>	<b>58,964,938</b>

Noncurrent Assets:

Long-term investments	33,929,486
<b>Total Long-Term Investments</b>	<b>33,929,486</b>

Nondepreciable Capital Assets:

Land	10,299,308
Land held for development	1,419,342
Land improvements	1,931,538
Art/historical figures	42,132
Construction-in-progress	21,589,465

Depreciable Capital Assets (Net):

Land improvements	6,383,608
Buildings and improvements	82,907,540
Vehicles	378,788
Equipment and furniture	6,256,917
<b>Total Capital Assets (Net)</b>	<b>131,208,638</b>

Total Noncurrent Assets	<b>165,138,124</b>
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<b>TOTAL ASSETS</b>	<b>224,103,062</b>
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**DEFERRED OUTFLOWS OF RESOURCES**

**58,560,104**

**LIABILITIES**

Current Liabilities:

Accounts payable	5,282,991
Accrued liabilities	1,261,553
Unearned revenue	567,036
Compensated absence liabilities, current portion	390,999
Deposits held in custody for others	831,290
<b>Total Current Liabilities</b>	<b>8,333,869</b>

Noncurrent Liabilities:

Compensated absence liabilities	1,563,994
Net pension liability	172,723,035
<b>Total Noncurrent Liabilities</b>	<b>174,287,029</b>

<b>TOTAL LIABILITIES</b>	<b>182,620,898</b>
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**DEFERRED INFLOWS OF RESOURCES**

**531,650**

**NET POSITION**

Net investment in capital assets	127,360,440
Restricted for expendable purposes	
TABOR reserves	2,306,084
Nongovernmental grants and gifts	2,309
Unrestricted	(30,158,215)
<b>TOTAL NET POSITION</b>	<b>\$ 99,510,618</b>

*See accompanying notes to financial statements*

**AIMS COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**

**ASSETS**

Cash and cash equivalents	\$	793,153
Operating investments		2,487,527
Contributions receivable, net		4,019
Other receivables		3,372
Endowment		
Investments		1,706,860
Beneficial Interest in perpetual trust		1,953,800

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>6,948,731</b>
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**LIABILITIES**

Accounts payable	\$	416
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<b>TOTAL LIABILITIES</b>		<b>416</b>
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**NET ASSETS**

Unrestricted		738,002
Temporarily restricted		3,654,970
Permanently restricted		2,555,343

<b>TOTAL NET ASSETS</b>		<b>6,948,315</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>6,948,731</b>
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*See accompanying notes to financial statements*

**AIMS COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2017

**REVENUES**

Operating Revenues:	
Student tuition and fees, net of scholarship allowances of \$2,560,271	\$ 9,680,782
Federal grants and contracts	1,457,742
State and local grants, contracts and gifts	3,226,396
Sales and services of educational activities	253,230
Auxiliary operating revenue	470,709
Other operating revenue	54,353
<b>Total Operating Revenues</b>	<b>15,143,212</b>

**EXPENSES**

Operating Expenses:	
Educational and general	
Instruction	43,397,392
Public service	21,298
Academic support	13,949,952
Student services	10,809,403
Institutional support	16,078,421
Operation of plant	7,254,650
Student aid	7,140,344
Depreciation and amortization	6,661,749
Auxiliary	509,183
<b>Total Operating Expenses</b>	<b>105,822,392</b>
<b>Operating Loss</b>	<b>(90,679,180)</b>

**NONOPERATING REVENUES (EXPENSES)**

General property taxes	51,389,215
State appropriations	9,079,460
Federal nonoperating revenue	5,945,797
Investment income	244,421
Other nonoperating revenues	89,110
Loss on disposal of assets	(1,080)
<b>Net Nonoperating Revenues</b>	<b>66,746,923</b>
<b>Income Before Other Revenues</b>	<b>(23,932,257)</b>
Capital contributions	92,100
<b>Decrease in Net Position</b>	<b>(23,840,157)</b>
<b>Net Position, Beginning of Year</b>	<b>123,350,775</b>
<b>Net Position, End of Year</b>	<b>\$ 99,510,618</b>

*See accompanying notes to financial statements*

**AIMS COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, Support, and Gains</b>				
Contributions	\$ 14,126	\$ 115,521	\$ 35,066	\$ 164,713
In-kind contributions	361,592	117,543	-	479,135
Net investment return	32,297	433,062	-	465,359
Restricted grants	-	66,450	-	66,450
Special events revenue	6,644	2,268	-	8,912
Net assets released from restrictions	450,167	(450,167)	-	-
<b>Total revenues, support, and gains</b>	<u><b>864,826</b></u>	<u><b>284,677</b></u>	<u><b>35,066</b></u>	<u><b>1,184,569</b></u>
<b>Expenses</b>				
Program services:				
Student scholarships	259,228	-	-	259,228
Support for academic programs	138,940	-	-	138,940
Support for student services	2,927	-	-	2,927
Other Aims College programs	1,064	-	-	1,064
<b>Total Program Services</b>	<u><b>402,159</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>402,159</b></u>
Support Services:				
Management and general	353,013	-	-	353,013
Fundraising and development	46,813	-	-	46,813
<b>Total Support Services</b>	<u><b>399,826</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>399,826</b></u>
<b>Total Expenses</b>	<u><b>801,985</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>801,985</b></u>
<b>Change in Net Assets</b>	<u><b>62,841</b></u>	<u><b>284,677</b></u>	<u><b>35,066</b></u>	<u><b>382,584</b></u>
<b>Net assets--beginning of year</b>	<u><b>675,161</b></u>	<u><b>3,370,293</b></u>	<u><b>2,520,277</b></u>	<u><b>6,565,731</b></u>
<b>Net assets--end of year</b>	<u><u><b>\$ 738,002</b></u></u>	<u><u><b>\$ 3,654,970</b></u></u>	<u><u><b>\$ 2,555,343</b></u></u>	<u><u><b>\$ 6,948,315</b></u></u>

*See accompanying notes to financial statements*

**AIMS COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017**

**Cash Flows from Operating Activities:**

Cash Received			
Tuition and fees	\$	9,025,606	
Grants and gifts		4,985,286	
Receipts from Foundation		29,288	
Sales of services		303,305	
Sales of products		470,709	
Other receipts		32,286	
Cash Payments			
Payments to or for employees		(39,741,020)	
Payments to suppliers		(16,330,241)	
Scholarships disbursed		(7,098,860)	
<b>Net cash used in operating activities</b>		<b>(48,323,641)</b>	

**Cash Flows from Noncapital Financing Activities**

State appropriations, noncapital			9,015,258
Federal revenues, noncapital			5,945,797
General property taxes, noncapital			51,067,556
Other noncapital financing activities - royalties			89,110
Decrease in deposits held in custody for others			(22,256)
Direct Loans receipts			3,534,652
Direct loans disbursements			(3,534,652)
<b>Net cash provided by noncapital financing activities</b>			<b>66,095,465</b>

**Cash Flows From Capital and Related Financing Activities**

Acquisition or construction of capital assets			(17,781,005)
Payment of prior year payables for capital assets			(790,655)
<b>Net cash used in capital &amp; related financing activities</b>			<b>(18,571,660)</b>

**Cash Flows from Investing Activities:**

Purchases of investments			(21,038,670)
Proceeds from sales of investments			12,687,347
Investment earnings (loss)			441,082
<b>Net cash used in investing activities</b>			<b>(7,910,241)</b>

Decrease in Cash and Cash Equivalents			(8,710,077)
Cash and Cash Equivalents, Beginning of Year			47,401,300
<b>Cash and Cash Equivalents, End of Year</b>			<b>\$ 38,691,223</b>

*See accompanying notes to financial statements*

**AIMS COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS (continued)**  
**For the Fiscal Year Ended June 30, 2017**

<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
<b>Operating Loss</b>	<b>\$ (90,679,180)</b>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	6,661,749
In-kind operating expenses donated by Foundation	(25,443)
Changes in operating assets, liabilities and deferred outflows and inflows:	
Receivables, net	271,035
Inventory, prepaid expenses and other assets	(156,901)
Deferred outflows of resources	(41,883,518)
Accounts payable and accrued liabilities	233,938
Unearned revenues	(219,843)
Compensated absences	64,263
Net pension liability	78,002,747
Deferred inflows of resources	(592,488)
<b>Net cash used in operating activities</b>	<b><u>\$ (48,323,641)</u></b>
<b>Noncash capital and related financing activities and investing activities:</b>	
Construction accounts payable and retainages in accounts payable	\$ 3,848,198
Loss on disposal of capital assets	\$ 1,080
Donated assets	\$ 92,100
Unrealized gain/loss on investment	\$ 519,079

*See accompanying notes to financial statements*

**AIMS COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2017

**CASH FLOWS FOR OPERATING ACTIVITIES**

Cash received from donors	\$	202,482
Interest and dividends received		86,433
Cash paid to support College programs		(284,616)
Cash paid to suppliers and other vendors		(37,818)
<b>Net cash used in operating activities</b>		<b>(33,519)</b>

**CASH FLOWS FOR INVESTING ACTIVITIES**

Purchases of operating investments		(637,734)
Proceeds from sales of operating investments		610,456
Net (increase) in endowment investments		(14,337)
Net decrease in beneficial interest in perpetual trust		10,826
<b>Net cash used in investing activities</b>		<b>(30,789)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Collections of contributions restricted to endowment		35,066
<b>Net cash provided by financing activities</b>		<b>35,066</b>

**Net Change in Cash and Cash Equivalents** (29,242)

Cash and Cash Equivalents, Beginning of Year		822,395
Cash and Cash Equivalents, End of Year	\$	<b>793,153</b>

**Reconciliation of change in net assets to net cash used in operating activities**

Change in net assets	\$	382,584
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**Adjustments to reconcile change in net assets to net cash used for operating activities**

Net (gain) on investments		(378,926)
Collections of contributions restricted to endowment		(35,066)
Changes in operating assets and liabilities:		
Contributions receivable		845
Other receivables		(3,372)
Accounts Payable		416
<b>Net cash used in operating activities</b>	\$	<b>(33,519)</b>

*See accompanying notes to financial statements*



## NOTES TO FINANCIAL STATEMENTS

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

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

The Aims Continuing Education Authority (the Authority), a not-for-profit corporation under the Colorado Nonprofit Corporation Act, was established July 1, 1996. The Aims Board of Trustees accepted the Continuing Education operations, including all assets and liabilities, into the District's operations effective July 1, 2015. The Authority was officially dissolved under State of Colorado law on August 17, 2016.

The Aims Leasing Corporation (the Corporation), a Colorado not-for-profit corporation, was established on February 2, 2002, to acquire real and personal property to be used by the District. All assets and liabilities held by the Corporation were transferred to the District in 2016. During the fiscal year ended and as of June 30, 2017, there was no activity related to the Corporation.

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 District 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, 2017 there was no activity related to the Association.

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

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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 District, 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 be used only 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 \$142,931 to the operations of the District and \$259,228 for student scholarships during the year ended June 30, 2017. In addition, the Foundation provided \$117,543 of in-kind contributions to the District. The District has recorded \$661,833 as deposits held in custody for others on behalf of the Foundation as of June 30, 2017.

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

Aims College District  
Attn: Vice President for Administrative Services  
P.O. Box 69  
5401 W. 20<sup>th</sup> Street  
Greeley, CO 80634

### **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 inter-agency transactions have been eliminated.

### **Cash and Cash Equivalents**

The District considers all liquid investments with original maturities of three months or less when purchased to be cash equivalents. At June 30, 2017, cash equivalents consisted primarily of cash on hand, bank deposits and money market accounts with brokers.

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Investments**

Investments in equity and debt securities and negotiable certificates of deposit are carried at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

### **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 value of the taxing District, with the largest contribution coming from Weld County. The January 1, 2017 base mill levy for the District was 6.299 mills, with a refund/abatement mill of 0.009. Total mill levy for the District was 6.308, or approximately \$47,456,386 million from Weld County. Anticipated tax revenue not received by 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 acquisition 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. The District did not have any capital leases in fiscal year 2017.

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Unearned Revenues**

Unearned revenues include amounts received for tuition and fees, plus 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**

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the vesting method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as pension contributions and Medicare taxes computed using rates in effect at that date.

### **Noncurrent Liabilities**

Noncurrent liabilities are obligations of the District with payment maturities that are greater than one year, or for which there is uncertainty as to when the estimated liabilities will be paid. 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 through the State of Colorado (see "Cost-sharing Defined Benefit Plan" below, and additional information in Note 8). The District's noncurrent liability for employees' compensated absences are for vacation and sick leave that will not be paid out within one year.

### **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 on the same basis as they are reported by the SDTF. 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.

## NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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, and net of accounts payable related to capital construction at June 30, 2017.

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

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

### 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 general property taxes, state appropriations, 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.'

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Application of Restricted and Unrestricted Resources**

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

### **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 deferred outflows and inflows of resources, as well as the disclosure of contingent assets and liabilities, at the date of the financial statements. These generally accepted accounting principles also require management to make estimates and assumptions that affect the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

### **Related Party**

The District maintains deposits at First National Bank and investments with First National Wealth Management. The First National Bank employs one member of the District's Board of Trustees. 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 the spending of the District. The District's expenditures may not exceed the amount budgeted. Budgets are adopted on a basis consistent with generally accepted accounting principles, except for depreciation expenses and pension expense which are not budgeted for. The preparation and adoption of the District's operating budget is prescribed by the School District Budget Law of 1964 (Article 44, Title 22 of the Colorado Revised Statutes).

## NOTE 3—DEPOSITS, INVESTMENTS AND INVESTMENT RETURN

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Federal Deposit Insurance Corporation (FDIC) insurance level is \$250,000. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Colorado Public Deposit Protection Act (PDPA) requires eligible depositories with public deposits in excess of the FDIC insurance levels to create a single institution collateral pool of defined eligible assets having a market value of at least 102 percent 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 within the State of Colorado.

At June 30, 2017, the general ledger carrying amount of the District's bank deposits for operating cash and non-negotiable certificates of deposits was \$2,249,466. The bank balances of the District's operating cash and non-negotiable certificates of deposit totaled \$2,292,637, and were fully collateralized and insured by federal deposit insurance.

The District also had cash on hand of \$4,630.

### 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.

The District held the following types of investments at June 30, 2017:

Type	Fair Value	Maturities in Years		NRSRO Ratings	
		Less than 1	1-5	Moody's	S&P
Money Market Mutual Funds	\$ 38,157,512	\$ 38,157,512	\$ -	AAAm	Aaa-mf
U.S. Agency Obligations	13,275,793	4,001,846	9,273,947	Aaa	AA+
U.S. Treasury Obligations	10,593,211	2,578,045	8,015,166	Aaa	AA+
Corporate Bonds	9,650,864	2,145,028	7,505,836	Aaa - Aa3	AA+ - AA-
Negotiable Certificates of Deposit	<u>12,110,087</u>	<u>3,970,551</u>	<u>8,139,537</u>	N/A	N/A
Total investments	<u>\$ 83,787,467</u>	<u>\$ 50,852,982</u>	<u>\$ 32,934,486</u>		

In addition, at June 30, 2017, the District has invested \$515,615 in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.

### NOTE 3—DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 does have a formal investment procedure that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. 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. These ratings must not be rated below “AA-” or “Aa3” by any credit rating agency. See the table above for ratings associated with the District’s investments.

As of June 30, 2017, the District’s investment in ColoTrust investment pool was rated AAAM by Standard and Poor’s.

**Custodial Credit Risk:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk as the District’s money market funds are considered open-ended money market funds (*i.e.*, a fund that does not have restrictions on the number of shares it can issue) and their existence is not evidenced by securities that exist in physical or book entry form. In addition, all of the District’s other investments are held in investment accounts registered in the District’s name.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investments in a single issuer. Investments issued or explicitly guaranteed by the U.S. government, such as U.S. Treasury Obligations, are excluded from this requirement. The District places no limit on the amount it may invest in any one issuer. As of June 30, 2017, 45.5 percent of the District’s investments were held in money market funds with brokers. In addition, the District’s investments in U.S. government agencies, corporate bonds and negotiable certificates of deposits constituted 15.8 percent, 11.5 percent and 14.5 percent, respectively, of its total investments.

**Foreign Currency Risk:** Foreign currency risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The District had no investments denominated in foreign currency at June 30, 2017.

**NOTE 3—DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)**

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the statements of net position as of June 30, 2017 as follows:

Carrying Value	
Cash on hand	\$ 4,630
Deposits held in First National Bank	2,249,466
Investments	84,303,082
	<u>\$ 86,557,178</u>

Included in the following Statement of Net Position	
Cash and Cash equivalents	\$ 38,691,223
Short-term investments	13,936,469
Long-term investments	33,929,486
	<u>\$ 86,557,178</u>

## NOTE 4—DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities,

### Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis, and the level within the fair value hierarchy in which the fair value measurements are classified at June 30, 2017:

Investments measured at fair value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market and mutual funds	\$ 38,157,512	\$ 38,157,512	\$ -	\$ -
U.S. Agency Obligations	13,275,793	-	13,275,793	-
U.S. Treasury Obligations	10,593,211	10,593,211	-	-
Corporate bonds	9,650,864	9,650,864	-	-
Negotiable Certificates of Deposit	12,110,087	-	12,110,087	-
Total investments by fair value level	83,787,467	\$ 58,401,587	\$ 25,385,880	\$ -
<b>Investments measured at the net asset value (NAV)</b>				
ColoTrust (external investment pool)	515,615			
Total investments at the NAV	515,615			
Total Investments	\$ 84,303,082			

### Investments

When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. The District does not hold any Level 3 securities.

## **NOTE 4—DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)**

### **Investment in Local Government Investment Pool**

The District utilizes one local government investment pool when a high degree of liquidity is prudent. ColoTrust is a local government investment pool with a stable net asset value. The State Securities Commissioner administers and enforces all state statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. ColoTrust may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for ColoTrust's portfolio pursuant to a custodian agreement. The custodian acts as a safekeeping agent for ColoTrust's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by ColoTrust. ColoTrust does not have any limitations or restrictions on participant withdrawals.

**NOTE 5—AIMS FOUNDATION INVESTMENTS**

The following schedule of investments held by the Foundation for each major category of investments and the related fair market value at June 30, 2017:

Assets	Total	Fair Value Measurements at Report Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - fixed income	\$ 1,458,795	\$ 1,458,795	\$ -	\$ -
Mutual funds - equities	1,094,099	1,094,099	-	-
Common stocks	1,123,005	1,123,005	-	-
Government obligations	257,069	-	257,069	-
Corporate bonds	261,419	-	261,419	-
Beneficial interest in perpetual trust	1,953,800	-	-	1,953,800
	<u>\$ 6,148,187</u>	<u>\$ 3,675,899</u>	<u>\$ 518,488</u>	<u>1,953,800</u>
Held as operating investments				2,487,527
Held as endowment investments				<u>3,660,660</u>
Total Investments				<u>\$ 6,148,187</u>

## NOTE 6—CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2017.

	Balance June 30, 2016	Additions	Deductions	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 10,299,308	\$ -	\$ -	\$ -	\$ 10,299,308
Land Held for Development	1,419,342	-	-	-	1,419,342
Land Improvements	1,931,538	-	-	-	1,931,538
Art/Historical Figures	42,132	-	-	-	42,132
<b>Total capital assets, not being depreciated</b>	<b>13,692,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,692,320</b>
Capital assets, being depreciated:					
Land Improvements	9,448,344	-	-	194,301	9,642,645
Buildings & Improvements	121,312,513	-	-	2,064,766	123,377,279
Vehicles	1,694,895	139,698	46,958	-	1,787,635
Equipment	21,531,492	1,034,230	392,419	164,312	22,337,615
<b>Total capital assets, being depreciated</b>	<b>153,987,244</b>	<b>1,173,928</b>	<b>439,377</b>	<b>2,423,379</b>	<b>157,145,174</b>
Less accumulated depreciation:					
Land Improvements	2,820,020	439,017	-	-	3,259,037
Buildings & Improvements	36,276,620	4,193,119	-	-	40,469,739
Vehicles	1,345,689	110,116	46,958	-	1,408,847
Equipment	14,552,540	1,919,497	391,339	-	16,080,698
<b>Total accumulated depreciation</b>	<b>54,994,869</b>	<b>6,661,749</b>	<b>438,297</b>	<b>-</b>	<b>61,218,321</b>
<b>Total capital assets, being depreciated, net</b>	<b>98,992,375</b>	<b>(5,487,821)</b>	<b>1,080</b>	<b>2,423,379</b>	<b>95,926,853</b>
Add construction-in-progress	3,465,468	20,547,376	-	(2,423,379)	21,589,465
<b>Net carrying amount</b>	<b>\$ 116,150,163</b>	<b>\$ 15,059,555</b>	<b>\$ 1,080</b>	<b>\$ -</b>	<b>\$ 131,208,638</b>

Net investment in capital assets is comprised of the following as of June 30, 2017:

Total capital assets, net of accumulated depreciation	\$ 131,208,638
Less construction accounts payable	(3,848,198)
<b>Net investment in capital assets per Statement of Net Position</b>	<b>\$ 127,360,440</b>

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

## **NOTE 7—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 held for future development. The land held for development is included in capital assets.

The District purchased the property contingent on being granted an oil and gas lease on the property. On June 8, 2011, the District entered into an oil and gas lease with Extraction Oil and Gas, Inc. (formerly Synergy Resources Corporation) for the purpose of drilling oil and gas wells on the property in consideration of the District receiving a 16.67 percent net royalty interest after taxes and agreed-upon costs. The future value of royalties to be received is dependent upon the activity of the oil and gas wells. The term of the lease was five years and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. At June 30, 2017, this lease continued to be in effect.

Also 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 District's mineral lease with Extraction Oil and Gas, Inc. (formerly Synergy Resources Corporation) and extending five (5) years thereafter.

## **NOTE 8—DEFINED BENEFIT PENSION PLAN**

### **General Information about the Pension Plan**

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 (CRS) administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. The Colorado General Assembly may amend Colorado State law provisions from time to time. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 CRS § 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 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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS. 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 (AIR) for the SDTF.

**NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)**

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 CRS § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

	<u>2016</u>	<u>2017</u>
Employer Contribution Rate <sup>1</sup>	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) <sup>1</sup>	-1.02%	-1.02%
Amount Apportioned to the SDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
Total Employer Contribution Rate to the SDTF <sup>1</sup>	18.23%	19.13%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

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 \$5,114,230 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$172,723,035 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF.

**NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)**

At December 31, 2016, the District’s proportion was 0.940 percent, which was an increase of 0.041 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$40,640,971 and the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,716,884	\$ -
Changes of assumptions or other inputs	43,941,854	531,650
Net difference between projected and actual earnings on pension plan investments	5,725,904	-
Changes in proportion	4,562,592	-
Contributions subsequent to the measurement date	<u>2,612,870</u>	N/A
Total	<u>\$ 58,560,104</u>	<u>\$ 531,650</u>

The \$2,612,870 of deferred outflows of resources reported in the previous schedule as 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 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 31,046,198
2019	22,720,950
2020	1,587,822
2021	60,614
	<u>\$ 55,415,584</u>

**NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
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
Discount Rate	7.50 percent
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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.17 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	5.26 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 used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back two years for males and set back two years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

## NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

**NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)**

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Ested	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25 percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

## NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated 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. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (*i.e.*, the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (*i.e.*, the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

**NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued)**

**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 5.26 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 (4.26 percent) or one-percentage-point higher (6.26 percent) than the current rate:

	<b>1% Decrease (4.26%)</b>	<b>Current Discount Rate (5.26%)</b>	<b>1% Increase (6.26%)</b>
Proportionate share of the net pension liability	\$ 213,928,168	\$ 172,723,035	\$ 138,869,844

**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](http://www.copera.org/investments/pera-financial-reports)

## NOTE 9—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 CRS, 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](http://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 CRS, 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, 2017, program members contributed \$445,676.

### 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, CRS, 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](http://www.copera.org) or by calling 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 CRS, 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, 2017, program members contributed \$27,484.

## NOTE 10—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 CRS, 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](http://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 CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the CRS as amended. For the years ended June 30, 2017, 2016 and 2015 the District contributions to the HCTF were \$279,023, \$267,406 and \$237,456 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). Members may continue coverage into retirement. Members must be enrolled prior to retirement and may not add units after retirement. Premiums are paid monthly by payroll deduction or other means.

## **NOTE 11—COMMITMENTS AND CONTINGENT LIABILITIES**

### **Tax, Spending and Debt Limitations**

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

On November 2, 1999, voters in the District approved superseding the provisions of TABOR and other state requirements that limit the amount of revenue the District could retain each year, without increasing or adding taxes of any kind. Included in the accompanying financial statements are emergency reserves required by TABOR of at least 3 percent of fiscal year spending. At June 30, 2017, an emergency reserve of \$2,306,084 was 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, 2017, the District had construction commitments outstanding of \$7.9 million. These commitments are for the Applied Technology and Trades Center project and other capital construction projects in process at June 30, 2017.

**NOTE 12—LONG-TERM LIABILITIES**

The following presents changes in long-term liabilities for the year ended June 30, 2017:

	Balance, July 1, 2016	Additions	Reductions	Balance, June 30, 2017	Amounts Due Within One Year
Other Liabilities:					
Accrued Compensated Absences	\$ 1,890,730	\$ 64,263	\$ -	\$ 1,954,993	\$ 390,999
Net Pension Liability	94,720,288	78,002,747	-	172,723,035	-
<b>Total Other Liabilities</b>	<b>\$ 96,611,018</b>	<b>\$ 78,067,010</b>	<b>\$ -</b>	<b>\$ 174,678,028</b>	<b>\$ 390,999</b>

Liability amounts shown in “Balance, June 30, 2017” include both current and noncurrent portions. Additional information regarding accrued compensated absences is included in Note 13.

### **NOTE 13—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, 2017 is \$1,954,993. The District estimates 20 percent 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 percent 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 eight 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 eight hours to sunset after June 2012 for faculty hired before July 1, 2009. The District 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 eight hours for those employees hired on or after July 1, 2009.

**NOTE 14—LEASES**

The District leases space and equipment under operating leases to conduct its operations. Rental payments for operating leases were \$22,185 for the year ended June 30, 2017. All operating leases in effect at June 30, 2017 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, 2017 were \$112,243.

## NOTE 15—NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2017, the following table represents operating expenses within both natural and functional classifications:

FUNCTIONAL CLASSIFICATIONS	NATURAL CLASSIFICATION						TOTAL OPERATING EXPENSES
	Employee & Personnel Services	Employee Pension Expense	Supplies	Operating	Student Aid	Depreciation	
Instruction	\$ 16,646,833	\$ 20,178,411	\$ 1,684,343	\$ 4,887,805	\$ -	\$ -	\$ 43,397,392
Public Service	3,091	4,187	3,237	10,783	-	-	21,298
Academic Support	5,646,740	6,399,943	559,032	1,344,237	-	-	13,949,952
Student Services	4,547,439	5,008,801	232,291	1,020,872	-	-	10,809,403
Institutional Support	5,781,610	6,853,520	214,439	3,228,852	-	-	16,078,421
Operation of Plant	1,791,138	1,986,307	412,516	3,064,689	-	-	7,254,650
Student Aid	-	-	-	-	7,140,344	-	7,140,344
Depreciation	-	-	-	-	-	6,661,749	6,661,749
Auxiliary	180,412	209,802	104,709	14,260	-	-	509,183
<b>TOTAL EXPENSES</b>	<b>\$ 34,597,263</b>	<b>\$ 40,640,971</b>	<b>\$ 3,210,567</b>	<b>\$ 13,571,498</b>	<b>\$ 7,140,344</b>	<b>\$ 6,661,749</b>	<b>\$ 105,822,392</b>



## Required Supplementary Information

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.940%	0.899%	0.825%	0.776%
District's proportionate share of the net pension liability (asset)	\$ 172,723,035	\$ 94,720,288	\$ 77,557,998	\$ 69,116,756
District's covered-employee payroll	\$ 26,788,902	\$ 25,003,265	\$ 22,200,317	\$ 19,976,041
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	645%	378.83%	349.36%	346.00%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	56.11%	59.80%	61.08%

Information above is presented as of the measurement date

\*Information is not currently available for prior years; additional years will be displayed as they become available

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,114,230	\$ 4,661,032	\$ 3,931,585	\$ 3,383,030
Contributions in relation to the contractually required contribution	<u>(5,114,230)</u>	<u>(4,661,032)</u>	<u>(3,931,585)</u>	<u>(3,383,030)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 27,355,210	\$ 26,216,232	\$ 23,280,009	\$ 21,156,892
Contributions as a percentage of covered-employee payroll	18.70%	17.78%	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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in assumptions or other inputs since the December 31, 2015 actuarial valuation are as follows:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP-2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50 percent to 5.26 percent.



## Supplementary Information

**Aims College District  
Actual to Budget Comparison  
All Funds**

Year Ended June 30, 2017	Actual	Budget	Favorable (Unfavorable) Variance
<b>Revenues:</b>			
Tuition and fees	\$ 12,241,053	\$ 13,064,330	\$ (823,277)
Less: Tuition Discounts (Student Financial Aid)	(2,560,271)	(1,361,670)	(1,198,601)
Net Tuition and Fees	9,680,782	11,702,660	(2,021,878)
Gifts, grants and contracts (including Pell)	10,722,035	10,589,510	132,525
Auxiliary operating revenue	723,939	1,107,150	(383,211)
Other operating revenue	54,353	84,000	(29,647)
<b>Total Operating Revenues</b>	<b>21,181,109</b>	<b>23,483,320</b>	<b>(2,302,211)</b>
<b>Operating Expenses:</b>			
Education and general	51,079,947	68,740,237	17,660,290
Student aid	7,140,344	8,860,713	1,720,369
Auxiliary enterprises expenses	299,381	467,612	168,231
<b>Total Operating Expenses</b>	<b>58,519,672</b>	<b>78,068,562</b>	<b>19,548,890</b>
<b>Nonoperating Revenues and Expenses:</b>			
General property taxes	51,389,215	52,000,000	(610,785)
State appropriations	9,079,460	8,859,821	219,639
Investments	244,421	206,500	37,921
Other non-operating revenue	89,110	41,000	48,110
Loss on disposal of assets	(1,080)	-	(1,080)
<b>Total Nonoperating Revenue and Expense</b>	<b>60,801,126</b>	<b>61,107,321</b>	<b>(306,195)</b>
<b>Transfers In (Out):</b>			
Nonmandatory transfers in	12,465,014	11,297,888	1,167,126
Nonmandatory transfers out	(12,465,014)	(11,297,888)	(1,167,126)
<b>Total Transfers In (Out)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position, budgetary basis</b>	<b>23,462,563</b>	<b>\$ 6,522,079</b>	<b>\$ 16,940,484</b>
<b>Reconciling items to GAAP basis net position</b>			
Depreciation and amortization expense	(6,661,749)		
Pension expense	(40,640,971)		
	(47,302,720)		
<b>Decrease in Net Position, GAAP basis</b>	<b>\$ (23,840,157)</b>		

**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 College District  
Greeley, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Aims College District (the District), as of and for the year ended June 30, 2017, 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 20, 2017, which contained a reference to the report of other auditors. The financial statements of Aims Community College Foundation, the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the District's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to 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. However, material weaknesses may exist that have not been identified.

Board of Trustees  
Aims College District

### ***Compliance and Other Matters***

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

### ***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 District'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 20, 2017

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

Board of Trustees  
Aims College District  
Greeley, Colorado

### Report on Compliance for Each Major Federal Program

We have audited Aims 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 the District's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, 2017.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**BKD, LLP**

Denver, Colorado  
November 20, 2017

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# Aims College District

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed-through to Subrecipients
<i>U.S. Department of Education</i>				
<i>Direct Awards</i>				
<b>Student Financial Assistance Cluster</b>				
Federal Pell Grant Program	84.063	N/A	\$ 5,945,797	\$ -
Federal Supplemental Educational Opportunity Grants	84.007	N/A	99,077	-
Federal Work-Study Program	84.033	N/A	92,459	-
Federal Direct Student Loans	84.268	N/A	3,498,257	-
			<u>9,635,590</u>	-
<b>TRIO Cluster</b>				
TRIO - Student Support Services	84.042A	N/A	221,697	-
TRIO - Student Support Services (STEM)	84.042A	N/A	232,593	-
			<u>454,290</u>	-
English Language Acquisition Grant	84.365Z	N/A	15,415	(1,600)
<i>Passed through Colorado Community College System</i>				
Career and Technical Education - Basic Grants to States	84.048	1735	337,460	-
<i>Total U.S. Department of Education</i>			10,442,755	(1,600)
<i>National Aeronautics and Space Administration</i>				
<i>Passed through University of Colorado</i>				
National Space Grant College and Fellowship Program	43.008	1552128	7,899	-
National Space Grant College and Fellowship Program	43.008	1554706	255	-
<i>Total National Aeronautics and Space Administration</i>			<u>8,154</u>	-
<i>U.S. Department of Labor Employment and Training</i>				
<i>Direct Awards</i>				
Trade Adjustment Assistance Community College and Career Training Grants	17.282	N/A	428,542	-
<i>Total U.S. Department Labor Employment and Training</i>			<u>428,542</u>	-
<i>U.S. Department of Housing and Urban Development</i>				
<i>Passed through the State of Colorado Office of Economic Development and International Trade</i>				
<b>CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster</b>				
Hurricane Sandy Community Development Block Grant - Disaster Recovery Grants (CDBG-DR)	14.269	None provided	5,652	-
			<u>5,652</u>	-
<i>Total U.S. Department of Housing and Urban Development</i>			<u>5,652</u>	-
			<u>\$ 10,885,103</u>	<u>\$ (1,600)</u>

**Aims College District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**Note 1: General**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aims College District (the District). The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the District through other non-federal entities. The District's reporting entity is defined in Note 1 in the District's basic financial statements for the year ended June 30, 2017.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 2: Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The District has elected to use its federally negotiated indirect cost rate.

**Note 3: Pass-through Grantor's Number**

For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor where the pass-through grantor has supplied such number to the District.

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**Aims College District**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

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 federal award programs:

Material weakness(es) identified?       Yes       No  
Significant deficiency(ies) identified?       Yes       None reported

5. Type of auditor’s report issued on compliance for major federal programs:

Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

**Aims College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2017**

7. Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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: \$750,000.

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

**Aims College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2017**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Aims College District**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2017**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2016-001	<i>Student Financial Assistance Cluster - Enrollment Reporting:</i> The District should work with the National Student Clearinghouse to request and resolve errors noted on roster files within the required timeframe.	Implemented

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