

# **Colorado Mountain Junior College District**

Independent Auditor's Reports and Financial Statements

Year Ended June 30, 2013

**Colorado Mountain Junior College District**  
**June 30, 2013**

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## Independent Auditor's Report

Board of Trustees  
Colorado Mountain Junior College District  
Glenwood Springs, 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 Colorado Mountain Junior College District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other 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 combining financial statements, budget to actual comparison schedules of the District's funds, and the schedule of expenditures of federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**BKD, LLP**

Denver, Colorado  
November 8, 2013

# **Colorado Mountain Junior College District**

## **Management's Discussion and Analysis (Unaudited)**

### **Year Ended June 30, 2013**

Following is our discussion of Colorado Mountain Junior College District's (College or CMC) financial performance for the fiscal year ended June 30, 2013. It should be read in conjunction with the College's financial statements which begin on page 18.

#### **FINANCIAL HIGHLIGHTS**

- For fiscal year 2012/13, students taking associate level credit classes were down slightly from what was budgeted, but when compared with the previous year increased slightly.
- Students taking bachelor level credit classes increased over last year and increased over the amount budgeted.
- Tuition revenue was lower than budgeted overall due to associate level students taking fewer classes than anticipated. Also contributing was the increase in the number of military personnel attending Colorado Mountain College at a discounted rate.
- Offsetting tuition decreases were property tax increases. Fiscal year 2012/13 was the second year in a two year property tax cycle, therefore, the property assessments did not vary significantly. However, oil and gas is valued every year and there was an increase of almost \$500,000 for oil and gas during 2012/13.
- A small increase in state revenue was realized over what was budgeted for the year.
- The College invested in employees by providing a large infusion of professional development funds this year.
- An additional recruiting position was hired to assist with increasing student enrollment.
- The College also added an additional full time faculty member in the Business discipline.
- The College set aside \$1 million for strategic initiatives and committed almost \$350,000 during 2012/13.
- The following major capital projects took place during fiscal year 2012/13:
  - Completion of a new academic building in Steamboat Springs (replaces three older buildings) which opened for fall semester 2013.
  - Continued progress on a joint partnership building with the Glenwood Springs Library. The College portion of this building includes a parking garage and a portion of the second floor which will remain unfinished until future build-out is scheduled in the master planning process.
  - Many deferred maintenance projects across the College.
- Investment in technology continues with a network upgrade project funded, many software upgrades and additional smart classrooms in our academic facilities.
- The College replaced approximately one-third of its computers used in instruction and added a pilot program of iPads to be used in the academic setting.
- At June 30, 2013, the College reported an overall increase in net position of \$5.8 million from June 30, 2012. Largely this is due to capital building projects, increased property tax revenue over the budgeted amount, and expenditures under budget in the General Fund.

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows represent the activities of the College as a whole, with all funds combined into one statement. Fund financial statements start on page 47. They provide detail on the activities related to a specific fund.

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

- Independent Auditor's Report which presents an unmodified opinion prepared by our auditors, BKD, LLP, an independent certified public accounting firm, on the fairness, in all material respects, of our financial statements.
- Statement of Net Position which presents the assets, liabilities and net position of the College at June 30, 2013. Its purpose is to present a financial snapshot of the College. It aids readers in determining the assets available to continue College operations; how much the College owes to employees, vendors, and creditors; and a picture of net position and their availability for expenditure by the College.
- Statement of Revenues, Expenses and Changes in Net Position which presents the total revenues earned and expenses incurred by the College for operating, nonoperating and other related activities during the fiscal year ended June 30, 2013. Its purpose is to assess the College's operating and nonoperating activities.
- Statement of Cash Flows which presents the cash receipts and disbursements of the College for fiscal year ended June 30, 2013. Its purpose is to assess the College's ability to generate net cash flows to meet its obligations as they come due.
- Notes to the Financial Statements which 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.
- Required Supplementary Information which presents a Schedule of Funding Progress for the College's Health Insurance Plan as required by the Governmental Accounting Standards Board.
- Supplementary Information which presents a Combining Balance Sheet, Combining Statements of Revenue, Expenditures and Changes in Net Position and Schedule of Revenues, Expenditures and Transfers – Budget to Actual.

# **Colorado Mountain Junior College District**

## **Management's Discussion and Analysis (Unaudited)**

### **Year Ended June 30, 2013**

#### **Reporting the College as a Whole**

The analysis of the College as a whole begins on page 18. The Statement of Net Position includes *all* assets and liabilities using the accrual basis of accounting. This means that regardless of which fund the assets and liabilities were recorded in, they all are included in these reports. All of the current year's revenue and expenses are also taken into account, regardless of the fund they were recorded in.

Net position represents the difference between assets and liabilities. Increases or decreases in net position are an indicator of the College's financial position. There are other factors that contribute to the College's financial position. They include, but are not limited to:

- Student enrollment
- State funding
- Property tax base
- Condition of CMC owned property

#### **Reporting the College's Most Significant Funds**

The fund financial statements are included as Supplementary Information. These provide financial information for each of the funds established within CMC, not the College as a whole. The primary funds are as follows:

- General Fund
- Auxiliary Services Fund & Residence Hall Fund (Auxiliary Enterprises Fund)
- Financial Aid Funds
- Grants and Contracts Fund (Sponsored Programs Fund)
- Capital Equipment Fund (Unexpended Plant Fund)
- Facilities Fund (Renewal and Replacement Fund)
- Student Government Fund (Other Fiduciary Fund)

Some of these funds are restricted, meaning the money held in them can only be used for a specific purpose. For example, the Financial Aid Funds can only be used to provide students with financial aid resources to help offset the cost of their education. Another example is Grants and Contracts Funds that are restricted by the Grantor. Other funds are unrestricted and can be used to support the College as the administration and the Board of Trustees see fit.



**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

**THE COLLEGE AS A WHOLE**

The College's combined net position is \$190,572,977 at June 30, 2013. This is an increase of \$5,762,532 from last year. The following table breaks this down further:

**Table 1**  
**Statement of Net Position**

	6/30/13	6/30/12
Capital Assets, net	\$ 140,414,504	\$ 132,307,071
Other Assets	74,764,187	88,404,098
<b>Total Assets</b>	<b>\$ 215,178,691</b>	<b>\$ 220,711,169</b>
Long-Term Liabilities	\$ 15,628,309	\$ 24,554,283
Other Liabilities	8,977,405	11,346,441
<b>Total Liabilities</b>	<b>24,605,714</b>	<b>\$ 35,900,724</b>
Net Investment in Capital Assets	\$ 125,758,928	\$ 106,594,399
Restricted Net Position	5,126,876	3,157,208
Unrestricted Net Position	59,687,173	75,058,838
<b>Total Net Position</b>	<b>\$ 190,572,977</b>	<b>\$ 184,810,445</b>

As noted in the highlights, two large capital projects took place this year which contributed to the increase in capital assets over last year of approximately \$8 million. These include a new academic building in Steamboat Springs which was started in 2011/12 and completed this year, and a parking garage/building partnership with the Garfield County Library in Glenwood Springs. These capital investments, along with the early payoff of outstanding revenue bonds, drew on cash reserves and in turn decreased overall other assets by approximately \$13.6 million. The College paid off revenue bonds which financed residence halls at three of the campuses and continues to pay down certificate of participation debt. This activity is seen in the decrease in long-term liabilities of \$8.9 million from year-to-year. Contributing to the total increase in net position is the additional revenue over budget and the under expenditure in total of the expense budget this fiscal year. A Board of Trustee initiative requires the College to have a reserve available to backfill revenues if they decline, equal to 25% of the total budget. This also contributes to the net position of the College.

Restricted net position include the required legal emergency reserve in compliance with the TABOR amendments, grant funds and loan funds, and bond reserve requirements associated with the certificate of participation debt.

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

Following is a recap of the change in net position:

**Table 2**  
**Change in Net Position**

	Year Ended	
	6/30/13	6/30/12
Operating Revenues:		
Tuition and Fees, Net	\$ 7,976,354	\$ 7,612,046
Federal, State, Private Grants and Contracts	4,897,382	3,797,850
Auxiliary Enterprises	7,391,261	7,091,810
Other	754,387	842,210
<b>Total Operating Revenue</b>	<b>\$21,019,384</b>	<b>\$19,343,916</b>
Nonoperating Revenue:		
State Appropriations	\$ 5,416,018	\$ 5,038,179
Federal Nonoperating	4,400,012	4,228,580
Property Taxes	48,415,908	47,912,653
Gain (Loss) on Sale of Assets	(617,714)	137,001
Investment Income	854,276	3,161,439
Unrealized Loss on Investments	(1,138,594)	-
Gain in Early Extinguishment of Debt	101,739	-
<b>Total Nonoperating Revenue</b>	<b>\$57,431,645</b>	<b>\$60,477,852</b>
Capital Contributions	\$ 1,911,683	\$ 1,944,111
<b>Total Revenues</b>	<b>\$80,362,712</b>	<b>\$81,765,879</b>
Operating Expenses:		
Instruction	\$25,821,557	\$23,611,164
Community Service	1,229,788	1,065,012
Academic Support	3,707,179	3,777,613
Student Services	5,903,157	5,652,620
Institutional Support	16,005,478	15,078,373
Operation and Maintenance of Plant	8,142,142	6,788,514
Scholarships	3,563,448	3,499,594
Auxiliary Enterprises	6,620,754	6,722,106
Depreciation	3,532,669	3,235,498
<b>Total Operating Expenses</b>	<b>\$74,526,172</b>	<b>\$69,430,494</b>

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

Nonoperating Expenses:		
Interest Expense on Capital Debt	\$ 30,451	\$ 103,853
Amortization of Bond Issue Costs	43,557	43,558
<b>Total Nonoperating Expenses</b>	<b>\$ 78,008</b>	<b>\$ 147,411</b>
<b>Total Expenses</b>	<b>\$74,600,180</b>	<b>\$69,577,905</b>
<b>Change in Net Position</b>	<b>\$ 5,762,532</b>	<b>\$12,187,974</b>

The General Fund holds the activity related to the daily operations of the College. Total General Fund revenues for 2012/13 were budgeted at \$63.9 million which was approximately \$1 million higher than the previous year. Revenues ended up being about \$800,000 more than the budgeted revenue after making up for a decrease in tuition revenue of \$1 million. However, the College anticipates a continued decline in property tax revenue for future years, therefore in 2012/13 General Fund operating expenditure budget increases were held to 5.4% after additions for salary and benefit increases. Zero based budgeting has been in place for three years at the College. Budget officers submit budget requests line-by-line for review by a college wide budget review committee which reconciles the overall budget. The College continues to better align expenditures with strategic needs and set aside \$1 million for strategic initiatives in 2012/13. Throughout the year this fund was spent down to \$680,000 which will be held over for future strategic initiatives. During 2012/13, the College began a number of projects to look at the efficiency of operations and technology investments. A Gap Analysis looked primarily at student services procedures, organizational structure and enrollment processes while an Information Technology Assessment was launched to assess the current IT environment and facilitate an IT strategic planning process. The Gap Analysis was complete at the end of June and the IT Assessment is still underway. These projects caused the College to postpone filling new or vacated positions in order to better understand the needs identified in these reports. This, along with enrollments down from budget this year, the budget was not fully expended. The unexpended budgeted expenditures were significant and are being added to the overall reserve balance for the year and allocated primarily to address the needs arising from the strategic plan, the Gap Analysis report and the IT Assessment report and IT strategic plan.

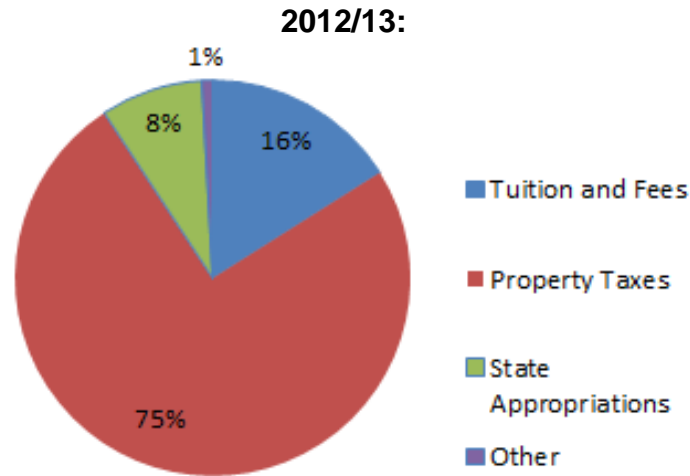
**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

**The College's Funds**

The College's General Fund revenue comes from three primary sources: 1) tuition and fees, 2) state funding, and 3) property tax revenues, as seen in the amounts and percentages below:

**Table 3**  
**Revenue Sources**

	2012/13	2011/12
Tuition and Fees	\$ 10,380,703	\$ 9,799,879
Property Taxes	48,415,908	47,912,653
State Appropriations	5,416,018	5,038,179
Other	569,221	1,011,905
<b>Total</b>	<b>\$ 64,781,850</b>	<b>\$ 63,762,616</b>



Property tax revenues provided about 75% of our total general fund revenue in 2012/13. This includes real estate, oil and gas and vehicle ownership tax. The College is located within six different counties and collects taxes in all of those counties. Our tax mill levy is 3.997 and has remained at this level for 20 plus years. This was the second year of a two year property tax valuation cycle for real property thus there was not a significant change in the valuation of real property. The assessed values were calculated at June 30, 2010 when the market was substantially down. Oil and gas is valued on an annual basis and did show a small increase this year. The molybdenum mine in Lake County has reopened and is in the process of producing again. This will equate to increased revenue from this source in future years. The degree of impact is not clear at this time, and this resource will also be valued annually, like oil and gas.

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**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

For fiscal year 2012/13, the College increased tuition rates as seen in the chart below. With the financial picture at the state level being very undependable and the concern for future cuts in these revenues, management felt a tuition increase was in line. Other colleges in the state have also been faced with increased tuition as the state funding has decreased. However, the tolerance for tuition and fee increases cannot be maintained year after year. This can be a catch-22 because increasing tuition revenue simply through increased enrollments versus creating higher tuition rates are equally difficult in the current economy. The College has identified enrollment growth as a strategic priority and will weigh this with tuition rates when making recommendations on tuition rates each year.

Following is a table that shows the different categories of associate degree tuition rates from 2009/10 to 2012/13:

Tuition Category	2009/2010 Rate/Credit Hr.	2010/2011 Rate/Credit Hr.	2011/2012 Rate/Credit Hr.	2012/2013 Rate/Credit Hr.
In District	\$45.00	\$49.00	\$53.00	\$56.00
In State	\$75.00	\$82.00	\$89.00	\$95.00
Out of State	\$235.00	\$256.00	\$279.00	\$299.00
Industry Rate	\$85.00	\$93.00	\$101.00	\$101.00

Bachelor degree tuition rates are as follows:

Tuition Category	2009/2010 Rate/Credit Hr.	2010/2011 Rate/Credit Hr.	2011/2012 Rate/Credit Hr.	2012/2013 Rate/Credit Hr.
In District	N/A	N/A	\$95.00	\$95.00
In State	N/A	N/A	\$200.00	\$200.00
Out of State	N/A	N/A	\$405.00	\$405.00

Credit enrollments for 2012/13 were 0.5% higher than the prior year and 8.3% lower than the budget. This caused the actual tuition revenue to be short from the original budget by about \$1 million. Attributing to this shortfall was an increase in the amount of tuition discounts provided to students. Specifically, the College offered a new military discount to members of the military and their dependents. This became a very popular program and the total tuition discounts were 11% of gross tuition compared with the 8.5% discounts which were budgeted. The bachelor degree programs were offered for the second year. Actual enrollments in these programs increased by 36% over the budgeted enrollment in these programs. These programs have been embraced by the communities and the College had its first bachelor degree graduates in May of 2013. Classes taken for noncredit were up from budget by 15% this year. Noncredit courses are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate. These courses are intended to breakeven or make a slight profit and contributed approximately \$40,000 to the overall Auxiliary fund revenues for the year. Enrollments are generally measured in full time equivalents (FTE) and in total were up 30 FTE

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**Management’s Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

from last year and down from budget 206 FTE for the year. This can be partially attributed to the economy in the district. It has not yet fully rebounded and has negatively impacted a lot of the population. Increased tuition rates are also a factor to consider. Work continues on marketing, recruitment and retention across the College. This is part of the College’s strategic plan.

Following is an enrollment comparison with last year:

FTE Category	2012/2013 Actual	2011/2012 Actual
Credit FTE	3,687.22	3,670.02
Noncredit FTE	567.46	532.26
ESL FTE	301.81	324.07
<b>Total</b>	<b>4,556.49</b>	<b>4,526.35</b>

The College receives state funding based on our full time equivalent (FTE) enrollments. Colorado Mountain College and Aims Community College are the only independent colleges in the state and are funded by a block grant. Because the College is able to levy property taxes, the College does not receive as much state funding as the colleges within the state system. In addition, the College does not receive any funding for capital improvements or equipment from the state, as the other state institutions do. However, the College does receive almost 8% of our general fund revenues from the state. For 2012/13 our state funding was \$5.4 million compared to \$6.7 million in 2009/10, when it was at its highest. Although the state revenue is \$378,000 higher than last year this represents a 19% decrease from 2009/10. At the state level, sales tax and other revenues came in higher than first anticipated. Each quarterly state revenue forecast throughout the year brought better news. In the end, the College budgeted flat state revenue and ended up with more revenue than budgeted. We expect that the revenue forecasts will continue to improve with each small sign of economic recovery. The College has established reserve funds to help offset the fluctuation in this revenue source.

The College’s Auxiliary Fund holds the activity for our enterprise or business-type activities. The main activities are student related and include the residence hall, food service and bookstore operations. All noncredit instruction runs through the Auxiliary Fund as well. The activity or cost centers in the Auxiliary Fund are expected to break even or make a slight profit. The College issued debt (revenue bonds) in this fund related to the construction of residence halls in 1996. The College put aside reserve dollars to pay these bonds off at the earliest date in which no penalty would be incurred, June 2013. The bonds were paid off in the amount of \$7.9 million which accounts for a significant decrease in the long-term liabilities of the College. This year the College continued to see low occupancy rates at two of the three residence halls. The third campus was at full occupancy in the fall, but experienced attrition throughout the semester. With overall enrollment numbers somewhat flat for the year, there was a direct impact on the residence hall occupancy rates. The College has a live-on requirement for freshman students, but

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

second year students are able to find affordable housing off campus in this economy, whereas in the past there was not much difference between the housing rates. The College is doing a study of housing rates in the surrounding areas and will take this into consideration for future rates. With the bond paid off this will allow the College the option to consider lowering rates, if appropriate, in the future.

The food service for students and staff is outsourced to Sodexo. The College reimburses Sodexo on a per student basis. This outsourcing arrangement is negotiated each year so that the College can keep the cost to the student reasonable. The decline in residence hall numbers for the past two years has put a strain on the ability of the College to realize sizeable profits where food service is concerned. Campuses are working with Sodexo to involve them in potential future student partnerships such as greenhouses on campus and growing food for the cafeteria.

The College has three main bookstore operations, which are housed at the residential campuses. The commuter campuses offer a very limited bookstore service to students due to space and staff time. Residential sites offer some books on campus but have partnered with Follett for online books, which seem to be preferable for a lot of students. The College anticipates that the online offerings will become more and more prominent in the next couple of years. Merchandise, other than books, is mainly offered at the residential campuses and via the web. The bookstore industry is constantly changing and the addition of the web has kept us looking for new ways to serve our students.

Another large contributor to the Auxiliary Fund is noncredit course offerings. These are courses offered to the community at a cost that allows the College to break even on the offering or make a small profit. These courses are not offered for credit, therefore the pricing can be flexible and in accordance with what the community is willing to pay. Noncredit courses and customized business training are fairly consistent in student numbers from year-to-year. The offerings change constantly due to community interest and seem to be well received by our community members. This is especially important due to the nature of our property tax funding.

The Financial Aid Fund is a restricted fund. The funds are only allowed to be spent on financial aid packages available to qualifying students. Available federal and state financial aid funds have fluctuated from year-to-year, and this year there was a very small increase in total funds compared to the prior year. The amount of state aid was up only about \$26,000 while federal aid increased just over \$200,000. The federal government Pell grant remained level for 2012/13 however, depending on a student's estimated family contribution, the amount they receive for Pell grant could be less than it would have been in 2011/12. The federal government also reduced the lifetime eligibility rule for Pell grant recipients from 18 semesters to 12 semesters in an effort to speed up graduation rates. Student loan numbers remained relatively flat which is a good sign. Holding the cost of attendance down is important to CMC. Lower total cost of attendance can help students to cover more of their costs with grants and scholarships, and perhaps not have to take out as many loans. The College has also invested more institutional

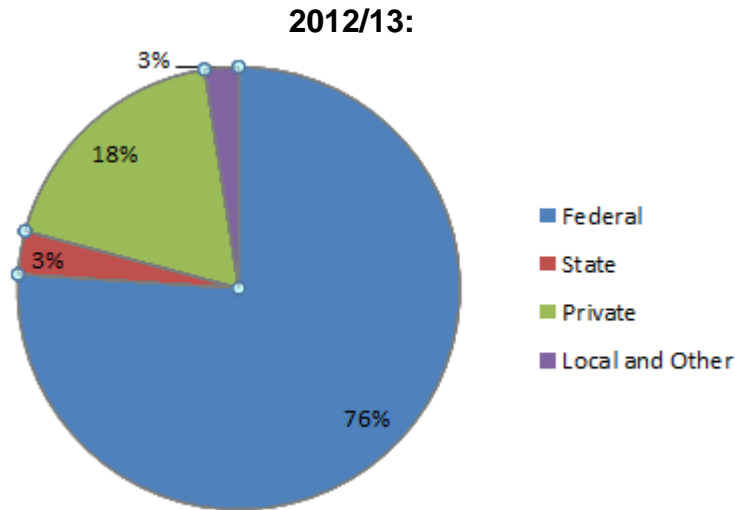
**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

money into student scholarships in order to offset the cuts in funding we have experienced in federal and state financial aid funds.

The Grants and Contracts Fund (Sponsored Program Fund) is also a restricted fund. Revenue sources come from federal, state or local grants, private donations or contracts with other agencies for specific services. Federal programs are an important part of what CMC does, and offer many valuable partnership opportunities. Last year the College partnered with other colleges and was awarded a three-year grant related to integrated energy education in the amount of \$1.2 million. This grant program has allowed the College to invest in a mobile lab equipped to teach solar and instrumentation programs to students across the state. Grant and contract funds continue to help support declines in General Fund revenue and allow the College to do programs it might not otherwise be able to offer. The majority of revenues in this fund are federal as seen below:

**Table 4**  
**Revenue Sources**

	2012/13	2011/12
Federal	\$ 2,624,527	\$ 1,863,190
State	108,969	250,920
Private	633,735	162,337
Local and Other	85,717	178,383
<b>Total</b>	<b>\$ 3,452,948</b>	<b>\$ 2,454,830</b>





**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

**CAPITAL ASSETS AND DEBT**

**Capital Assets**

At June 30, 2013, the College had \$140.4 million invested in capital assets, net of depreciation, consisting of buildings, land, land improvements, equipment, infrastructure, library materials and construction in progress. Following is a breakdown of those assets:

**Table 5**  
**Capital Assets at Year-end**  
**Net of Depreciation**

	6/30/13	6/30/12
Land	\$ 9,205,612	\$ 8,305,612
Library Materials	559,307	515,415
Construction In Progress	7,140,392	28,078,548
Land Improvements	439,517	836,412
Buildings	115,876,872	88,322,668
Equipment and Software	2,599,401	2,514,923
Infrastructure	4,190,277	3,327,223
Other Fixed Assets	403,126	406,270
<b>Total Capital Assets</b>	<b>\$ 140,414,504</b>	<b>\$ 132,307,071</b>

The new academic building at the Steamboat Springs campus opened for fall semester 2013. This building replaces three older, pod-type buildings which will be torn down in the 2013/14 fiscal year to make room for additional parking. The new building space is much more functional and will serve the student population more effectively. A partnership project is underway in Glenwood Springs. The College and the Public Library have partnered to build a parking garage and library building directly behind the downtown college administrative building. This project in total is anticipated to be complete in August of 2013, however the parking garage was complete and in use at June 30, 2013. Depreciation expense of \$3,532,669 was recorded during 2012/13. The net change, after additions, deletions and depreciation is an increase in capital assets of \$8.1 million.

**Debt**

The College now has one debt issue outstanding. Revenue bonds issued for the purpose of financing residence halls in Leadville, Steamboat Springs and Glenwood Springs were paid off during fiscal year 2013. Still outstanding are Certificates of Participation issued in 2007 for the purpose of financing construction of an academic building in Rifle and in Breckenridge. The

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

Certificates of Participation were issued for \$19,580,000, and the outstanding principal balance at June 30, 2013 is \$15,685,000. The bonds are scheduled to be paid off in the year 2027.

**Colorado Mountain College Foundation**

The Colorado Mountain College Foundation is a discretely presented component unit of the College. The Foundation's primary purpose is to fundraise to help support College initiatives and student scholarships. The Foundation's financial statements have been audited by Monahan, Lampman and Hays, P.C., an independent audit firm, different than the College's independent audit firm. The Foundation's financial statements are included in the basic financial statements in accordance with generally accepted accounting principles.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

A primary concern for the College going forward is the sustainability of the budget as reduced revenues from oil and gas and property taxes will impact the budget for the next couple of years. As shown in the revenue graph above (table 3), the College's revenue is highly impacted by the economy and the property tax revenue generated each year. Assessments for fiscal years 2013/14 and 2014/15 will be based on values as of June 30, 2012 when the housing market may have been at its lowest. Oil and gas assessments have dropped by 30% for the 2013/14 fiscal year and it is uncertain how long it will take for these values to increase again. Overall revenues were budgeted to decline by \$6 million in 2013/14 and the College is making plans to handle the declining revenue we are facing in the next couple of years.

Overall enrollments have been flat for a couple of years which is of concern going forward. The bachelor program enrollments are growing, however, and the College is planning to move forward with approvals for three additional bachelor degrees – nursing, teacher education and applied science. We anticipate that these programs will see increasing enrollments for the upcoming years. The economy seems to be picking up a little which may help with enrollments overall in the coming years.

The State of Colorado is starting to see a slight recovery in revenue. This year the funding from the state was up just slightly and it is predicted that state funding will increase over the next couple of years as the economy recovers. A concern that recently developed is the flooding that hit many areas of the state in October of 2013. It is not clear whether the funds needed to repair roads and bridges will impact funding for higher education. As the legislative session moves forward in 2013/14 this will unfold and the College will be able to plan accordingly. Since it may take some time for state funding to be restored to a level prior to cuts, the College has established reserve funds to help fill this possible gap in revenue.

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

The tuition rates increased slightly for the 2012/13 fiscal year over what they were in 2011/12, and are flat for 2013/14. The new bachelor degree programs' tuition rates were originally set at a higher rate than the two year programs, and will also remain level for 2013/14. The College receives no state revenue for the enrollments in the bachelor programs so the tuition must cover more of the cost of these programs. The Board of Trustees must approve all tuition rate increases.

For fiscal year 2013/14, the College will continue its commitment to technology upgrades with investments in additional smart classroom equipment, server and PC replacements, pilot programs with iPads for instructional use, upgrades of networking core closets, upgrade of storage area network, and a customer relationship management software. The College is continuing its commitment to rotating PC's from instructional labs every three years and from staff every four years. Investments in instructional equipment directly related to programs such as outdoor studies, EMT, natural resource management, developmental math, new media and nursing are also budgeted in 2013/14. All of these things support our AQIP (Academic Quality Improvement Program) goals of student access and student success. Due to anticipated reduction in revenues, unknown future funding may impact this area of investment for the College. Therefore, as the dollars have been available, the College has invested wisely and strategically.

Almost \$2.7 million is planned to be invested in 2013/14 for facility maintenance and new construction. The next few years likely will not provide as much capital money, thus the college is investing in our physical assets while money is available. Since the economic downturn, the College has experienced savings in the cost of minor maintenance projects and contractors are available more timely. Therefore, the College is getting a better return on investment. We are just beginning to see small signs of price increases, which hopefully is a sign of economic recovery.

AQIP is the College's method of accreditation. In November of 2013 a team of faculty and staff will attend the AQIP Strategy Forum to begin the process of accreditation reaffirmation. The College will be visited by an accreditation team in April of 2014, which will play a significant role in the reaffirmation process. The formal reaffirmation process takes place every seven years. Feedback received after the 2007 visit was very positive and the College was awarded a "Vanguard College" designation as a result. This is a prestigious designation and the College is honored to be included in this category with other great colleges. The AQIP accreditation process is continual. Annual updates are made of our continuous improvement projects and periodic visits from the Higher Learning Commission take place.

**Colorado Mountain Junior College District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2013**

**CONTACTING THE COLLEGE**

The purpose of this financial report is to provide our students, taxpayers, investors, creditors and the general public with an overview of the College's finances. The financial statements show that the College is accountable for the money it receives and is committed to being good stewards of the public funds it receives. If you have any questions about this report or need additional information, please contact the office of the Chief Financial Officer at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

**Colorado Mountain Junior College District**  
**Statement of Net Position**  
**June 30, 2013**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 35,278,810
Property tax receivable, net of allowance of \$323,100	10,576,518
Student accounts receivable, net of allowance of \$182,000	92,337
Other accounts receivable	2,141,515
Inventories	152,995
Prepaid expenses	1,051,957
Total current assets	49,294,132

Noncurrent assets:

Restricted cash and cash equivalents	1,804,472
Restricted investments	123,826
Long-term investments	23,116,215
Other noncurrent assets	425,542
Nondepreciable capital assets:	
Land	9,205,612
Other fixed assets	403,126
Construction in progress	7,140,392

Depreciable capital assets (net):

Land improvements	439,517
Buildings and improvements	115,876,872
Infrastructure	4,190,277
Equipment and software	2,599,401
Library materials	559,307
Total noncurrent assets	165,884,559
<b>TOTAL ASSETS</b>	<b>215,178,691</b>

**Colorado Mountain Junior College District**  
**Statement of Net Position**  
**June 30, 2013**

**LIABILITIES**

Current liabilities:	
Accounts payable	1,968,010
Deposits payable	236,271
Accrued salaries	890,511
Accrued interest payable	270,250
Other accrued liabilities	1,861,184
Deferred revenue	1,277,894
Funds held for others	98,054
Bonds and capital leases payable	896,984
Compensated absences	1,478,247
Total current liabilities	8,977,405
Noncurrent liabilities:	
Bonds and capital leases payable	14,862,661
Land obligation payable	601,399
Compensated absences	164,249
Total noncurrent liabilities	15,628,309
<b>TOTAL LIABILITIES</b>	<b>24,605,714</b>

**NET POSITION**

Net investment in capital assets	125,758,928
Restricted for:	
TABOR reserve	2,575,000
Loans	1,845
Bond reserve	1,731,985
Other purposes - expendable	818,046
Unrestricted	59,687,173
<b>TOTAL NET POSITION</b>	<b>\$ 190,572,977</b>

**Colorado Mountain College Foundation, Inc.**  
**Statement of Financial Position**  
**June 30, 2013**

**ASSETS**

Current assets:

Cash and cash equivalents

Unrestricted	\$ 180,485
Temporarily restricted	690,716
	871,201

Other current assets:

Other receivables - unrestricted	8,043
Other receivables - temporarily restricted	105,250
Other receivables - restricted for permanent endowment	122
Advances of unearned grants to Colorado Mountain College	252,347
Unconditional promise to give, net	
Unrestricted	22,549
Temporarily restricted	346,059
Restricted for permanent endowment	135,458
	869,828

Total current assets	1,741,029
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Noncurrent assets:

Other noncurrent assets:

Cash surrender value of life insurance	34,847
Long-term unconditional promise to give, net	
Unrestricted	62,690
Temporarily restricted	1,168,491
Restricted for permanent endowment	111,441

Long-term investments

Unrestricted	112,000
Temporarily restricted	3,107,314
Restricted for permanent endowment	7,802,847

Total noncurrent assets	12,399,630
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<b>TOTAL ASSETS</b>	<b>\$ 14,140,659</b>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 45,008
Other current liabilities	46,431
Gift annuity payable - current portion	1,591
Unearned grant revenue	252,347
Land acquisition obligation - current portion	40,000
Total current liabilities	385,377

Noncurrent liabilities

Long-term gift annuity payable	4,546
Long-term land acquisition obligation	40,000

<b>TOTAL LIABILITIES</b>	<b>429,923</b>
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**NET ASSETS**

Unrestricted	415,596
Temporarily restricted	5,245,273
Permanently restricted	8,049,867
Total net assets	13,710,736

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,140,659</b>
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**Colorado Mountain Junior College District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2013**

**REVENUES**

Operating revenues:	
Tuition and fees, net of scholarship allowance of \$2,404,349	\$ 7,976,354
Federal, state, private grants and contracts	4,897,382
Auxiliary enterprises	7,391,261
Other operating revenue	754,387
<b>Total operating revenues</b>	<b><u>21,019,384</u></b>

**EXPENSES**

Operating expenses:	
Instruction	25,821,557
Community service	1,229,788
Academic support	3,707,179
Student services	5,903,157
Institutional support	16,005,478
Operation and maintenance of plant	8,142,142
Student aid	3,563,448
Auxiliary enterprises	6,620,754
Depreciation	3,532,669
<b>Total operating expenses</b>	<b><u>74,526,172</u></b>
<b>Operating loss</b>	<b><u>(53,506,788)</u></b>

**NONOPERATING REVENUES (EXPENSES)**

State appropriations	5,416,018
Federal nonoperating revenue	4,400,012
Property taxes	48,415,908
Investment income	854,276
Unrealized loss on investments	(1,138,594)
Loss on disposition of capital assets	(617,714)
Amortization of bond issuance cost	(43,557)
Interest expense on capital debt	(30,451)
Gain on early extinguishment of debt	101,739
<b>Net nonoperating revenues</b>	<b><u>57,357,637</u></b>
<b>Income before other revenues</b>	<b><u>3,850,849</u></b>
Capital contributions	1,911,683
<b>Change in net position</b>	<b><u>5,762,532</u></b>
<b>Net position, beginning of year</b>	<b><u>184,810,445</u></b>
<b>Net position, end of year</b>	<b><u>\$ 190,572,977</u></b>



# Colorado Mountain College Foundation, Inc.

## Statement of Activities Year Ended June 30, 2013

REVENUES AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$ 9,505	\$ 2,036,980	\$ 311,713	\$ 2,358,198
Contributions of real property	-	1,730,000	-	1,730,000
In-kind contributions:				
From Colorado Mountain College	904,062	-	-	904,062
Other in-kind contributions	117,469	-	-	117,469
Administrative fee income	89,421	-	-	89,421
Interest and dividends	4,367	377,724	-	382,091
Realized gain on investments	783	34,167	-	34,950
Unrealized gain on investments	27,217	616,412	1,103	644,732
Less investment fees	(285)	(68,638)	-	(68,923)
Change in value of gift annuity	-	(1,269)	-	(1,269)
Net assets released from restrictions	4,463,659	(4,552,435)	88,776	-
<b>Total revenues and other support</b>	<b>5,616,198</b>	<b>172,941</b>	<b>401,592</b>	<b>6,190,731</b>
<b>EXPENSES</b>				
Scholarships	699,777	-	-	699,777
Distributions to or for the benefit of				
Colorado Mountain College	3,767,862	-	-	3,767,862
In-kind distributions to College	117,469	-	-	117,469
General and administrative	974,208	-	-	974,208
<b>Total expenses</b>	<b>5,559,316</b>	<b>-</b>	<b>-</b>	<b>5,559,316</b>
 <b>Change in net assets</b>	 56,882	 172,941	 401,592	 631,415
 <b>Net assets--beginning of year (restated)</b>	 358,714	 5,072,332	 7,648,275	 13,079,321
 <b>Net assets--end of year (restated)</b>	 <b>\$ 415,596</b>	 <b>\$ 5,245,273</b>	 <b>\$ 8,049,867</b>	 <b>\$ 13,710,736</b>

**Colorado Mountain Junior College District**  
**Statement of Cash Flows**  
**Year Ended June 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received:		
Tuition and fees	\$	8,209,796
Contracts and grants (operating revenue)		4,272,955
Sales and services of auxiliary enterprises		7,466,603
Other operating receipts		423,810
Cash payments:		
Payments to suppliers		(12,044,655)
Payments to employees		(48,508,068)
Payments for auxiliary enterprises		(6,506,804)
Scholarships disbursed		(3,563,448)
<b>Net cash used in operating activities</b>		<b><u>(50,249,811)</u></b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations		5,416,018
Deposits held in custody for others		(12,841)
Property taxes		47,979,064
Federal nonoperating revenue		4,400,012
<b>Net cash provided by noncapital financing activities</b>		<b><u>57,782,253</u></b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Gifts and grants for capital purposes		1,911,683
Acquisition or construction of capital assets		(10,157,198)
Payment of prior year payables for capital assets		(3,544,906)
Principal paid on capital debt		(9,359,701)
Interest payments on capital debt and leases		(1,073,088)
Termination fee received on early payoff of debt		191,000
Payments on note payable		(111,200)
<b>Net cash used in capital and related financing activities</b>		<b><u>(22,143,410)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments		1,396,824
Investment income		858,777
<b>Net cash provided by investing activities</b>		<b><u>2,255,601</u></b>

<b>Decrease in cash and cash equivalents</b>		<b>(12,355,367)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>49,438,649</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$</b>	<b><u>37,083,282</u></b>

**Reconciliation of cash and cash equivalents to the statement of net position**

Cash and cash equivalents	\$	35,278,810
Restricted cash and cash equivalents		1,804,472
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b><u>37,083,282</u></b>

**Colorado Mountain Junior College District**  
**Statement of Cash Flows (continued)**  
**Year Ended June 30, 2013**

<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (53,506,788)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,532,669
Amortization of land obligation payable	(31,062)
Increase (decrease) in assets:	
Receivables, net	(907,952)
Inventories	40,027
Prepaid expenses	(155,175)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	494,690
Deposits payable	(36,913)
Deferred revenue	337,998
Deferred compensation payable	(17,305)
Net cash used in operating activities	<u>\$ (50,249,811)</u>

<b>Noncash investing, capital and financing activities:</b>	
Accounts payable incurred for purchase of capital assets	\$ 729,008
Amortization of bond issue costs	43,557
Proceeds from capital leases	66,225
Unrealized gain/loss on investments	1,138,594
Amortization of bond premium	7,502
Tuition provided under land obligation agreement	31,062
Write-off of unamortized issue costs and premium related to early extinguishment of debt	89,261

# Colorado Mountain Junior College District

## Notes to Financial Statements

### June 30, 2013

#### **Note 1: Summary of Significant Accounting Policies**

##### ***Reporting Entity***

Colorado Mountain Junior College District (the District) is a self-governing junior college district with taxing authority. The District was formed in 1965 to serve post-high school education needs, including vocation and adult education. The District operates under the name Colorado Mountain College (the College).

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

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

##### ***Discretely Presented Component Unit***

The District's financial statements include one supporting organization as a discretely presented component unit of the District.

Colorado Mountain College Foundation, Inc. (the Foundation) is a separate not-for-profit 501(c)(3) corporation formed to promote the welfare, development, and being of the College. The Foundation is a separate legal entity with its own Board of Trustees. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the District. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. Separately issued financial statements are available by contacting the Foundation at P.O. Box 1763, Glenwood Springs, Colorado 81602.

##### ***Basis of Accounting and Presentation***

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

# **Colorado Mountain Junior College District**

## **Notes to Financial Statements**

### **June 30, 2013**

The Foundation reports under FASB Standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences. Because the Foundation uses generally accepted accounting principles (GAAP) reporting model that is different from the District's reporting model, the District has chosen to report the Foundation financial statements on separate pages as permitted by GASB Statement No. 39.

#### ***Use of Estimates***

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

#### ***Cash and Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2013, cash and cash equivalents consisted primarily of cash on hand, demand deposits and money market funds with brokers.

#### ***Investments and Investment Income***

Investments are carried at fair value. Fair value is determined using quoted market prices.

#### ***Accounts Receivable***

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes 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 stated at cost, determined using the first-in, first-out (FIFO) method, except for bookstore inventories which are determined utilizing the retail method.

#### ***Deferred Bond Issue Costs***

Bond issue costs incurred on the certificates of participation have been deferred and are being amortized using the straight-line method over the life of the bonds.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

***Property Taxes***

Property taxes are levied in December and attaches as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on February 28 and June 15 or in full on April 30. An allowance for uncollectible taxes of \$323,100 has been provided based on an analysis of historical trends. The original January 1, 2013 levy for the District was 3.997 mills.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset with a half-month convention for assets additions. The following estimated useful lives are being used by the District:

Land improvements	15 years
Buildings and improvements	20 - 50 years
Infrastructure	20 - 50 years
Equipment and software	3 - 10 years
Library materials	20 years

The District follows the policy of capitalizing only those plant assets with an initial cost or fair value equal to or greater than \$5,000. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Interest cost is capitalized on assets constructed by the District during the period of construction.

The District leases copier equipment under capital leases to conduct its operations at the various campuses. Assets recorded under capital lease agreements are recorded at the present value of future minimum lease payments and are amortized over either the term of the lease or the estimated useful life of the asset, whichever period is shorter. Such amortization is included as depreciation expense in the accompanying financial statements.

***Compensated Absences***

Employees' compensated absences are accrued at year-end for financial statement purposes. The current portion represents estimated amounts that will be paid out within one year.

***Deferred Revenue***

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues for summer tuition and fees are calculated based on the number of days falling within each respective fiscal year. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

***Budget***

While the District’s various funds used for internal accounting purposes are combined for financial reporting purposes, the Board of Trustees adopts an annual budget to authorize and control spending at the fund level. The 2012-2013 budget was amended in June 2013. The District’s expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America.

	<b>Original Budget</b>	<b>Supplemental Appropriation</b>	<b>Revised Budget</b>
General Fund	\$ 64,637,095	\$ 7,042,327	\$ 71,679,422
Auxiliary Funds	8,238,794	417,022	8,655,816
Current Restricted Funds	14,024,387	1,429,313	15,453,700
Plant Funds	7,773,510	10,500,000	18,273,510
Other Fiduciary Funds	191,400	66,950	258,350
	\$ 94,865,186	\$ 19,455,612	\$ 114,320,798

***Net Position***

Net position of the District is classified in three components. Net investment in capital assets, consist of capital assets net of accumulated depreciation, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is comprised of noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the District or imposed by law through constitutional provisions or enabling legislature, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position represents remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted net position.

***Classification of Revenues***

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

Operating revenues - Revenues generally resulting from providing goods and services for instruction, community service or related support services to an individual or entity separate from the College.

Nonoperating revenues - Revenues that do not meet the definition of operating revenues. Nonoperating revenues include property taxes, state appropriations, gifts, investment income and insurance reimbursements.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

***Scholarship Discounts and Allowances***

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2013 was \$2,404,349.

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

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

***Implementation of New Accounting Principle***

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

***Related Party***

The District maintains deposits at Alpine Bank. One member of the District's Board of Trustees is employed with Alpine Bank, this Board member, however, is not involved in any decisions on behalf of the District with respect to this matter.

***Reclassifications***

Certain 2012 amounts disclosed in the notes have been reclassified to conform to the 2013 presentation.



**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 2: Cash and Cash Equivalents and Investments**

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

Deposits	\$ 12,511,860
COLOTRUST	18,151,010
Money market funds	4,608,251
Cash total	<u>35,271,121</u>
Cash on hand	<u>7,689</u>
Total cash and cash equivalents	35,278,810
Restricted cash and cash equivalents	<u>1,804,472</u>
Total	<u><u>\$ 37,083,282</u></u>

The restricted cash and cash equivalents consist of money market funds restricted for the required reserves associated with the outstanding 2007 COPs and a deposit account restricted for the down payment assistance program.

***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. 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 federal insurance levels to create a single institution collateral pool of defined eligible assets having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state.

At June 30, 2013, the carrying amount of the District's deposits was \$20,260,402. The District's deposits in banks and non-negotiable certificates of deposit in banks totaled \$22,044,173, of which \$1,367,164 was insured by federal deposit insurance and \$20,667,009 was collateralized in accordance with PDPA. The District also had cash on hand of \$7,689 at June 30, 2013.

***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.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

At June 30, 2013, the District has invested \$18,151,010 in the Colorado Government Liquid Asset Trust (COLOTRUST), 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. In addition, the District had the following investments, money market funds and certificates of deposit with original maturities greater than 90 days:

	<u>Current</u>	<u>Cost</u>	<u>Current</u>	<u>Maturity</u>	<u>Credit Rating</u>	
	<u>Market Value</u>	<u>Basis</u>	<u>Yield</u>		<u>Moody's</u>	<u>S&amp;P</u>
<b><u>Certificates of Deposit (non-negotiable)</u></b>						
Peoples Bank	\$ 1,022,039	\$ 1,010,975	0.50%	5/31/2015 Various ranging from 11/03/2013 to		
Vectra Bank	123,826	123,826	Various	05/09/2016		
Yampa Valley Bank	1,528,793	1,521,147	0.60%	8/12/2015		
1st Bank	5,001,397	5,000,000	0.60%	6/15/2015		
	<u>7,676,055</u>	<u>7,655,948</u>				
<b><u>Government issued or guaranteed bonds</u></b>						
Federal Home Loan Bank	5,147,245	4,334,536	4.25%	12/10/2021	AAA	AA+
Federal Home Loan Bank	10,416,741	8,886,842	4.62%	6/12/2026	AAA	AA+
	<u>15,563,986</u>	<u>13,221,378</u>				
<b><u>Money market funds</u></b>						
Federated Government Obligation	1,731,985	1,731,985				
Dreyfus General	4,608,251	4,608,251				
	<u>6,340,236</u>	<u>6,340,236</u>				
<b>Total investments</b>	<u>\$ 29,580,277</u>	<u>\$ 27,217,562</u>				
<b><u>Statement of net position classification</u></b>						
Money market funds in restricted cash and cash equivalents	\$ 1,731,985					
Money market funds in cash and cash equivalents	4,608,251					
Long-term investments	23,116,215					
Restricted investments	123,826					
	<u>\$ 29,580,277</u>					

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

*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 investment or collateral securities that are in the possession of an outside party. State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below “AA- or Aa3” by any credit rating agency. See table above for ratings associated with the government issued or guaranteed bonds.

As of June 30, 2013, the District’s investment in COLOTRUST investment pool was rated AAAM by Standard and Poor’s.

None of the District’s money market funds are deemed to be exposed to custodial credit risk as they are considered open-ended money market mutual funds (*i.e.* a fund that does not have restrictions on the number of shares it can issue).

*Concentration of Credit Risk* – is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The District’s investment policy states that no more than 50% of the portfolio may be placed in an investment pool, such as COLOTRUST. As of June 30, 2013, 38% of the District’s investments are in COLOTRUST. In addition, the District’s investments in U.S. government agencies constituted 42% of its total investments.

*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 not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 3: Capital Assets**

Capital assets activity for the year ended June 30, 2013 is:

	<b>Balance, July 1, 2012 *</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers In (Out)</b>	<b>Balance, June 30, 2013</b>
<b>Nondepreciable capital assets</b>					
Artwork	\$ 327,750	\$ -	\$ -	\$ -	\$ 327,750
Land	8,305,612	900,000	-	-	9,205,612
Other fixed assets	78,520	-	(3,144)	-	75,376
Construction in progress	28,078,548	6,291,414	-	(27,229,570)	7,140,392
Total nondepreciable capital assets	<u>36,790,430</u>	<u>7,191,414</u>	<u>(3,144)</u>	<u>(27,229,570)</u>	<u>16,749,130</u>
<b>Depreciable capital assets</b>					
Land improvements	1,294,324	-	-	-	1,294,324
Buildings and improvements	111,295,384	3,441,998	(2,936,566)	27,229,570	139,030,386
Equipment	6,270,803	918,219	(457,556)	-	6,731,466
Library materials	2,971,193	82,502	(32,427)	-	3,021,268
Software	727,460	-	-	-	727,460
Infrastructure	3,799,855	650,000	-	-	4,449,855
Total depreciable capital assets	<u>126,359,019</u>	<u>5,092,719</u>	<u>(3,426,549)</u>	<u>27,229,570</u>	<u>155,254,759</u>
<b>Less accumulated depreciation</b>					
Land improvements	804,207	50,600	-	-	854,807
Buildings and improvements	22,972,716	2,499,648	(2,318,850)	-	23,153,514
Equipment	3,765,239	802,017	(434,385)	-	4,132,871
Library materials	2,455,778	38,610	(32,427)	-	2,461,961
Software	718,101	8,553	-	-	726,654
Infrastructure	126,337	133,241	-	-	259,578
Total accumulated depreciation	<u>30,842,378</u>	<u>3,532,669</u>	<u>(2,785,662)</u>	<u>-</u>	<u>31,589,385</u>
Net depreciable capital assets	<u>95,516,641</u>	<u>1,560,050</u>	<u>(640,887)</u>	<u>27,229,570</u>	<u>123,665,374</u>
Net carrying amount	<u>\$ 132,307,071</u>	<u>\$ 8,751,464</u>	<u>\$ (644,031)</u>	<u>\$ -</u>	<u>\$ 140,414,504</u>

\* As reclassified

Interest cost capitalized for the year ended June 30, 2013 is \$1,305,385.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 4: Long-term Liabilities**

The following is a summary of long-term obligation transactions for the District for the year ended June 30, 2013:

	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2013</b>	<b>Amounts Due Within One Year</b>
Revenue bonds	\$ 8,510,000	\$ -	\$ 8,510,000	\$ -	\$ -
Bond premiums	78,378	-	78,378	-	-
Certificates of participation (COPs)	16,510,000	-	825,000	15,685,000	860,000
COPs premiums	5,468	-	377	5,091	-
Capital leases	28,030	66,225	24,701	69,554	36,984
Compensated absences	1,636,907	5,589	-	1,642,496	1,478,247
<b>Total</b>	<b>\$ 26,768,783</b>	<b>\$ 71,814</b>	<b>\$ 9,438,456</b>	<b>\$ 17,402,141</b>	<b>\$ 2,375,231</b>

On August 4, 2004, the District issued \$12,655,000 in Student Housing Facilities Enterprise Revenue Bonds, Series 2004 at a premium of \$135,379, with interest rates varying from 3% to 5%. The bonds are to be repaid from auxiliary revenues.

On June 16, 2013, the District prepaid \$7,890,000 to extinguish the 2004 Revenue Bonds. The prepayment resulted in a gain on early extinguishment of debt of \$101,739 and the early payoff provided cash flow savings of \$163,899.

On January 1, 2008, the District issued \$19,580,000 in Certificates of Participation, Series 2007, at a premium of \$7,353, with interest rates varying from 3.75% to 4.375%. The certificates of participation require annual debt service payments ranging from \$871,433 to \$1,540,200, including interest. Final payments are due in August 2026.

The premium on the certificates of participation (COPs) of \$7,353 and the issuance costs of \$550,137, are being amortized over the life of the COPs. The balance of the premium at June 30, 2013 is \$5,091 and the unamortized balance of the issuance cost is \$371,342. The amount of the premium credited as a reduction of interest expense for the year was \$377 and the amount of the issuance costs amortized for the year was \$27,507.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

The following is a schedule of the future COPs payments as of June 30, 2013:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 860,000	\$ 633,550	\$ 1,493,550
2015	885,000	600,800	1,485,800
2016	925,000	565,344	1,490,344
2017	960,000	529,088	1,489,088
2018	995,000	491,931	1,486,931
2019-2023	5,635,000	1,794,450	7,429,450
2024-2026	5,425,000	486,031	5,911,031
	<u>\$ 15,685,000</u>	<u>\$ 5,101,194</u>	<u>\$ 20,786,194</u>

In June 2009, the District entered into a loan agreement with the Foundation for \$139,000 to assist with the initial funding of the Timberline Analytical Lab. This loan is unsecured and is repayable to the Foundation in five equal annual installments, without interest, beginning July 1, 2011. During the year, the remaining installments of \$111,200 were paid and the balance outstanding as of June 30, 2013 is \$0.

***Capital Lease Obligations***

The District has an outstanding liability for capital leases of \$69,554 relating to copiers at various campuses. The following is a schedule of the future capital lease's payments as of June 30, 2013:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 36,984
2015	29,900
2016	8,280
Gross capital lease obligation	75,164
Less interest	5,610
Net capital lease obligation	<u>\$ 69,554</u>

The underlying gross capitalized asset cost of the capital leases is \$101,952 and the accumulated amortization as of June 30, 2013 is \$45,029.

**Note 5: Operating Leases**

The District, as lessor, has several real estate operating leases for classroom, office, and parking lot space, generally for periods of one year or less. Rental payments received on these leases for the year ended June 30, 2013, were approximately \$446,304. Rental payments received on multi-year leases expiring from 2015 to 2030, for the year ended June 30, 2013, were approximately \$73,629. The District entered into the following operating lease contract as the "Lessor."

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

***Aspen Ballet Company***

On March 20, 2000, Colorado Mountain Junior College District entered into a lease contract with the Aspen Ballet Company and School (ABC) to lease a portion of the new Aspen Campus Building for 30 years. Rent for the entire 30-year term will be \$637,000. This was paid in the following manner: a gift by John and Carrie Morgridge of \$250,000 was paid to the Colorado Mountain College in installments through the year 2004; \$162,000 was paid on the date that the contract began; and \$75,000 was paid on the first three anniversary dates of the commencement of the contract. The receipt of these funds is deferred and then recognized as revenue over the 30-year term of the lease. The lease commenced in January 2001, at the completion of the building.

For the year ended June 30, 2013, the District earned \$21,333 of rental income.

**Note 6: Accrued Salaries and Compensated Absences**

Salaries of certain contractually employed personnel are paid over a 12-month period but are earned during an academic year of approximately nine months. The salaries and benefits earned but unpaid as of June 30, 2013 are estimated to be \$565,135. Additionally, other part-time employees' salaries and benefits earned but unpaid as of June 30, 2013 are estimated to be \$322,332.

Some employees receive annual leave which may accumulate to 240 hours. Unused leave is paid upon termination. The liability for unused annual leave and comp time at June 30, 2013 is \$1,642,496. Sick leave accumulates, but does not vest.

**Note 7: Pension Plan**

The District contributes to the Public Employees' Retirement Association of Colorado (PERA), a cost-sharing, multiple-employer public employee retirement system. The secondary retirement program for full-time faculty and some administrators is a Defined Contribution Plan (DCP) which was established October 1, 1994 and is administered by two fund sponsors, VALIC and TIAA-CREF.

***Plan Description (PERA)***

The District contributes to the State Division Trust Fund (SDTF), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association (PERA). SDTF provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Most employees of the District are members of the SDTF. Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or online at [www.copera.org](http://www.copera.org) or by calling PERA's InfoLine at 1-800-759-PERA(7372) or Denver metro area 303-832-9550.

# Colorado Mountain Junior College District

## Notes to Financial Statements

### June 30, 2013

#### ***Funding Policy (PERA)***

Plan members and the District are required to contribute to the SDTF at a rate set by the statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. For the fiscal years ended June 30, 2013, 2012 and 2011 the contribution rate for members was 8.00%, 10.50% and 10.50%, respectfully. The contribution rate for the District was 16.55% effective January 1, 2013 through June 30, 2013, 15.65% effective July 1, 2012 to December 31, 2012, 13.15% effective January 1, 2012 to June 30, 2012, 12.25% effective January 1, 2011 to December 31, 2011 and 11.35% effective January 1, 2010 to December 31, 2010. Also, a portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to SDTF for the years ended June 30, 2013, 2012 and 2011 were \$3,878,321, \$2,923,567 and \$2,783,187, respectively, equal to their required contributions for each year.

#### ***Plan Description (DCP)***

The SDTF members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns authority to establish the 401(k) Plan provisions to the State Legislature. The Defined Contribution Plan (DCP) was established October 1, 1994 and is administered by two fund sponsors, VALIC and TIAA-CREF. Employees who elect to contribute the DCP as established under Colorado Statutes and IRS Code 401(a) are immediately vested. Full retirement benefits are available to those employees as early as 55 unless other qualifying events occur as outlined in the Plan Document, Section 7.1. Contribution requirements are the same as those of PERA.

#### ***Funding Policy (DCP)***

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended.

Covered payrolls for the DCP plan for the fiscal year ended June 30, 2013 were \$9,303,254. For the current fiscal year the employer's contribution to the DCP was \$1,498,803, which is 15.65% of covered payrolls for July 1, 2012 through December 31, 2012 and 16.55% for January 1, 2013 through June 30, 2013. Contributions by employees were \$744,260, which is 8% of covered payrolls. District contributions for the years ended June 30, 2013, 2012 and 2011 were \$1,498,803, \$1,098,338 and \$971,013, respectively, equal to their required contributions for each year.



**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 8: Postemployment Health Care Plans**

***PERA Health Care Trust Fund***

**Plan Description**

The District contributes to the Health Care Trust Fund, a cost-sharing multiple-employer postretirement health care plan administered by the PERA. The plan provides a healthcare premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or online at [www.copera.org](http://www.copera.org) or by calling PERA at 1-800-759-PERA(7372) or Denver metro area 303-832-9550.

**Funding Policy**

The District is required to contribute at a rate of 1.025% for all PERA members as set by statute. No member contributions are required. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to the HCTF for the years ended June 30, 2013, 2012 and 2011 were \$245,926, \$234,816 and \$240,525, respectively, equal to their required contributions for each year.

***Other Postemployment Benefits***

**Plan Description**

District retirees have an option to continue, at their own expense, health insurance on the District health insurance plan. This funding policy is a pay-as-you-go (PAYGO) where the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the plan. The net pension obligation of the District is included in other accrued liabilities on the Statement of Net Position.

Annual required contribution (ARC)	\$ 62,899
Interest on net pension obligation (NPO)	7,681
Adjustment to ARC	<u>(7,116)</u>
Annual pension costs	63,464
Contributions made	<u>(23,018)</u>
Increase (decrease) in (NPO)	40,446
NPO beginning of year	<u>170,688</u>
NPO end of year	<u><u>\$ 211,134</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the two preceding years were as follows:

<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage of</b>	<b>Net OPEB</b>
<b>End</b>	<b>OPEB Cost</b>	<b>Annual OPEB</b>	<b>Obligation</b>
<b>End</b>	<b>OPEB Cost</b>	<b>Cost Contributed</b>	<b>Obligation</b>
6/30/11	\$ 88,597	110%	\$ 130,807
6/30/12	62,899	37%	170,688
6/30/13	63,464	30%	211,134

***Funded Status and Funding Progress***

As of June 30, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$531,765, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$531,765.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

The following table details the actuarial assumptions made:

<u>Assumptions</u>	<u>Health Care Plan</u>
Actuarial valuation date	June 30, 2012
Actuarial cost method	Projected Unit Credit Cost
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.5%
Payroll growth rate	3.0%
Health care cost trend, including inflation	8%
Decreasing for 2020 and later	3.50%

**Note 9: Commitments and Contingencies**

***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. Also required by TABOR are emergency reserves of at least 3% of fiscal year spending. During 2000, the voters in the District passed an initiative allowing the College to retain all revenues from whatever source without increasing the mill levy.

***Federally Assisted Grant Program***

The District is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

***Health Insurance Benefits***

Health insurance benefits were provided to a former President of the District, through December 31, 2012. The fair value of those benefits is not currently determinable.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Contracts**

The District has negotiated an intergovernmental agreement related to property in Edwards, Colorado. The District has paid \$800,000 in cash and \$800,000 in exchange for providing Eagle County and Eagle school district employees to receive credit towards classes taken at the District for up to \$400,000 for each entity. Through June 30, 2013, \$198,601 has been used. The remaining obligation of \$601,399 is reflected as land obligation payable on the Statement of Net Position.

**Construction Commitments**

As of June 30, 2013, the District had various contracts for the acquisition and construction of projects which totaled \$1,474,827.

**Note 10: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have been no significant decreases in insurance coverage.

**Note 11: Component Unit – Foundation**

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

	<b>Cost Basis</b>	<b>Fair / Carrying Value</b>
<b>Unrestricted:</b>		
Equity funds / corporate stock	\$ 30,000	\$ 112,000
<b>Temporarily Restricted:</b>		
Money market funds / uninvested cash	34,514	34,513
Fixed income funds / corporate bonds	1,411,792	1,419,819
Equity funds / corporate stock	1,434,130	1,652,982
<b>Permanently Restricted:</b>		
Money market funds / uninvested cash	124,641	124,641
Fixed income funds / corporate bonds	3,538,850	3,556,230
Equity funds / corporate stock	3,566,578	4,121,976

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

Temporarily restricted net assets are available for the Foundation to provide scholarships to the students of the Colorado Mountain Junior College District, support the faculty and leaders of the College, fund College facilities' construction and maintenance, and support various academic and community programs. Net Assets have been restated for temporarily restricted administered scholarship liabilities that had been incorrectly included in prior revenues in the fiscal years ended June 30, 2012 and 2011.

Permanently restricted net assets are comprised of 56 endowment funds restricted in perpetuity to provide for scholarships for the students of the College and two funds restricted in perpetuity to provide maintenance for College facilities. Income generated by these assets is to be used for scholarships or maintenance expenses as the endowment agreements stipulate and cannot be used for operating expenses. The following details the Foundation's unconditional promises to give at June 30, 2013:

	<b>Carrying Value</b>	
Receivable in less than one year:		
Unrestricted	\$ 22,549	
Temporarily restricted	346,059	
Permanently restricted	135,458	
Total receivable in less than one year		\$ 504,066
Receivable in one to five years:		
Unrestricted	65,761	
Temporarily restricted	1,225,733	
Permanently restricted	118,095	
Total receivable in one to five years		1,409,589
Receivable thereafter:		
Unrestricted	3,907	
Temporarily restricted	74,241	
Total receivable thereafter		78,148
Total gross unconditional promises to give		1,991,803
Less discounts to net present value		(145,115)
Total unconditional promises to give		1,846,688
Less allowance for uncollectible promises		-
Net unconditional promises to give		\$ 1,846,688

The discount rate used on long-term unconditional promises to give is 4%.

**Colorado Mountain Junior College District**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 12: Rent and Down Payment Assistance Programs**

Full-time, benefit eligible employees of the District may request a loan for housing rent assistance or a home down payment, subject to program requirements and limitations. For the rent assistance, the loan can be up to the amount of first and last month rent plus security deposit, for a rental within the District or within 60 miles, and is repaid without interest through a payroll deduction by the end of the lease or within one year, whichever is sooner. For the down payment assistance, the employee must contribute at least 2% of the purchase price, and the District's down payment assistance cannot exceed the lesser of 5% of the purchase price or \$20,000, which is in the form of a second mortgage made by Vectra Bank or a signed note payable to Colorado Mountain Junior College District and collateralized by college funds held in a CD at Vectra Bank. The second mortgage or signed note is amortized over a 30-year period, with a balloon in 5 years, and the employee is required to make at least monthly interest payments during the 5-year period. Due to changes in the banking industry, all future loans will be in the form of a signed note payable.

As of June 30, 2013, the Rent Assistance Program has four employees owing the District a total of \$7,361, and the Down Payment Assistance Program has eight participants with a balance of \$123,826.

**Note 13: Future Changes in Accounting Principles**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The College provides its employees with pension benefits through the state's multiple-employer cost-sharing Public Employees' Retirement Association (PERA) defined benefit retirement program.

Statement No. 68 requires employers participating multiple-employer, cost-sharing defined benefit portion plans such as PERA, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability could negatively impact the College's future unrestricted net position. Statement No. 68 is effective for Fiscal Year 2015. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

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## **Required Supplementary Information**



**Colorado Mountain Junior College District**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**June 30, 2013**

**Health Insurance Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>	
6/30/2008	\$	-	\$ 691,945	\$ 691,945	0%	\$ 20,163,929	3%
6/30/2010	\$	-	\$ 852,617	\$ 852,617	0%	\$ 23,052,264	4%
6/30/2012	\$	-	\$ 531,765	\$ 531,765	0%	\$ 23,805,436	2%

## **Supplementary Information**

**Colorado Mountain Junior College District**  
**Combining Balance Sheet**  
**June 30, 2013**

	<u>Unrestricted</u>		<u>Restricted</u>	
	General Fund	Auxiliary Enterprises Fund	Federal Financial Aid	State Financial Aid
<b>ASSETS</b>				
Cash and investments, pooled	\$ 58,589,979	\$ -	\$ -	\$ -
Property taxes receivable, net of allowance of \$323,100	10,576,518	-	-	-
Accounts receivable				
Student, net of allowance of \$182,000	92,337	-	-	-
Federal government	-	-	886,746	-
State government	-	-	-	35,456
Other	702,975	116,983	-	-
Inventories	-	152,995	-	-
Prepaid expenses	1,035,174	5,500	-	-
Due from other funds	-	1,976,683	-	-
Other assets	54,200	-	-	-
Nondepreciable fixed assets	-	-	-	-
Depreciable fixed assets, net	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 71,051,183</u>	<u>\$ 2,252,161</u>	<u>\$ 886,746</u>	<u>\$ 35,456</u>
 <b>LIABILITIES AND FUND BALANCES/NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,528,254	\$ 617,659	\$ 32,694	\$ -
Deposits payable	236,271	-	-	-
Accrued salaries	887,467	-	-	-
Accrued interest payable	-	-	-	-
Other accrued liabilities	1,832,005	29,179	-	-
Deferred revenue	495,412	135,330	-	-
Funds held for others	-	-	-	-
Due to other funds	29,388,846	-	852,488	35,297
Land obligation payable	-	-	-	-
Bonds and capital lease payable	-	-	-	-
Compensated absences	1,449,010	76,051	-	-
<b>TOTAL LIABILITIES</b>	<u>\$ 35,817,265</u>	<u>\$ 858,219</u>	<u>\$ 885,182</u>	<u>\$ 35,297</u>
 <b>FUND BALANCES/NET POSITION</b>				
Net investment in capital assets	\$ (591,088)	\$ -	\$ -	\$ -
Restricted	2,771,311	-	1,564	159
Unrestricted	33,053,695	1,393,942	-	-
<b>TOTAL FUND BALANCES/NET POSITION</b>	<u>35,233,918</u>	<u>1,393,942</u>	<u>1,564</u>	<u>159</u>
<b>TOTAL LIABILITIES AND FUND BALANCES/NET POSITION</b>	<u>\$ 71,051,183</u>	<u>\$ 2,252,161</u>	<u>\$ 886,746</u>	<u>\$ 35,456</u>

**Colorado Mountain Junior College District**  
**Combining Balance Sheet**  
**June 30, 2013**

<u>Restricted</u>			<u>Plant Funds</u>				
Sponsored Programs	Scholarship	Loans	Retirement of Indebtedness	Unexpended	Renewal and Replacement	Investment in Plant	2007 COPs
\$ -	\$ -	\$ 1,359	\$ -	\$ -	\$ -	\$ -	\$ 1,731,985
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
706,141	-	-	-	-	-	-	-
18,304	-	-	-	-	-	-	-
54,899	-	-	-	-	64,529	-	-
-	-	-	-	-	-	-	-
1,403	-	-	-	9,880	-	-	-
205,929	29,731	486	-	766,488	10,835,432	-	16,625,631
-	-	-	-	-	-	-	371,342
-	-	-	-	-	-	16,749,130	-
-	-	-	-	-	-	123,665,374	-
<u>\$ 986,676</u>	<u>\$ 29,731</u>	<u>\$ 1,845</u>	<u>\$ -</u>	<u>\$ 776,368</u>	<u>\$ 10,899,961</u>	<u>\$ 140,414,504</u>	<u>\$ 18,728,958</u>
\$ 51,998	\$ 5,351	\$ -	\$ -	\$ 3,729	\$ 167,011	\$ -	\$ -
-	-	-	-	-	-	-	-
3,044	-	-	-	-	-	-	-
-	-	-	-	-	-	-	270,250
-	-	-	-	-	-	-	-
255,347	-	-	-	-	391,942	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	267,498	-
-	-	-	-	-	-	601,399	-
-	-	-	-	-	-	69,554	15,690,091
80,655	-	-	-	-	36,780	-	-
<u>\$ 391,044</u>	<u>\$ 5,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,729</u>	<u>\$ 595,733</u>	<u>\$ 938,451</u>	<u>\$ 15,960,341</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (137,920)	\$ 140,344,950	\$ (13,857,014)
595,632	24,380	1,845	-	-	-	-	1,731,985
-	-	-	-	772,639	10,442,148	(868,897)	14,893,646
<u>595,632</u>	<u>24,380</u>	<u>1,845</u>	<u>-</u>	<u>772,639</u>	<u>10,304,228</u>	<u>139,476,053</u>	<u>2,768,617</u>
<u>\$ 986,676</u>	<u>\$ 29,731</u>	<u>\$ 1,845</u>	<u>\$ -</u>	<u>\$ 776,368</u>	<u>\$ 10,899,961</u>	<u>\$ 140,414,504</u>	<u>\$ 18,728,958</u>

**Colorado Mountain Junior College District**  
**Combining Balance Sheet**  
**June 30, 2013**

	Other Fiduciary	Total	Eliminations	Combined Totals
<b>ASSETS</b>				
Cash and investments, pooled	\$ -	\$ 60,323,323	\$ -	\$ 60,323,323
Property taxes receivable, net of allowance of \$323,100	-	10,576,518	-	10,576,518
Accounts receivable				
Student, net of allowance of \$182,000	-	92,337	-	92,337
Federal government	-	1,592,887	-	1,592,887
State government	-	53,760	-	53,760
Other	-	939,386	(444,518)	494,868
Inventories	-	152,995	-	152,995
Prepaid expenses	-	1,051,957	-	1,051,957
Due from other funds	103,749	30,544,129	(30,544,129)	-
Other assets	-	425,542	-	425,542
Nondepreciable fixed assets	-	16,749,130	-	16,749,130
Depreciable fixed assets, net	-	123,665,374	-	123,665,374
<b>TOTAL ASSETS</b>	<b>\$ 103,749</b>	<b>\$ 246,167,338</b>	<b>\$ (30,988,647)</b>	<b>\$ 215,178,691</b>

**LIABILITIES AND FUND BALANCES/NET POSITION**

<b>LIABILITIES</b>				
Accounts payable	\$ 5,832	\$ 2,412,528	\$ (444,518)	\$ 1,968,010
Deposits payable	-	236,271	-	236,271
Accrued salaries	-	890,511	-	890,511
Accrued interest payable	-	270,250	-	270,250
Other accrued liabilities	-	1,861,184	-	1,861,184
Deferred revenue	(137)	1,277,894	-	1,277,894
Funds held for others	98,054	98,054	-	98,054
Due to other funds	-	30,544,129	(30,544,129)	-
Land obligation payable	-	601,399	-	601,399
Bonds and capital lease payable	-	15,759,645	-	15,759,645
Compensated absences	-	1,642,496	-	1,642,496
<b>TOTAL LIABILITIES</b>	<b>\$ 103,749</b>	<b>\$ 55,594,361</b>	<b>\$ (30,988,647)</b>	<b>\$ 24,605,714</b>

<b>FUND BALANCES/NET POSITION</b>				
Net investment in capital assets	\$ -	\$ 125,758,928	\$ -	\$ 125,758,928
Restricted	-	5,126,876	-	5,126,876
Unrestricted	-	59,687,173	-	59,687,173
<b>TOTAL FUND BALANCES/NET POSITION</b>	<b>-</b>	<b>190,572,977</b>	<b>-</b>	<b>190,572,977</b>
<b>TOTAL LIABILITIES AND FUND BALANCES/NET POSITION</b>	<b>\$ 103,749</b>	<b>\$ 246,167,338</b>	<b>\$ (30,988,647)</b>	<b>\$ 215,178,691</b>

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**Colorado Mountain Junior College District**  
**Combining Statements of Revenues, Expenditures and Changes in Net Position**  
**Year Ended June 30, 2013**

	<u>Unrestricted</u>		<u>Unrestricted Fund Total</u>
	<u>General Fund</u>	<u>Auxiliary Enterprises Fund</u>	
<b>REVENUES</b>			
Tuition and fees, net	\$ 10,380,703	\$ -	\$ 10,380,703
State appropriations	5,416,018	-	5,416,018
General property taxes	48,415,908	-	48,415,908
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private grants and contracts	-	-	-
Other sources	569,221	-	569,221
Expended for plant facilities	-	-	-
Gain on early extinguishment of debt	-	-	-
Auxiliary enterprises			
Sales and services	-	4,937,771	4,937,771
Fee revenue	-	1,486,377	1,486,377
Other	-	967,113	967,113
<b>Total revenues</b>	<b>64,781,850</b>	<b>7,391,261</b>	<b>72,173,111</b>
<b>EXPENDITURES</b>			
Education and general			
Instruction	25,066,597	-	25,066,597
Community service	212,239	-	212,239
Academic support	3,361,801	-	3,361,801
Student services	4,817,889	-	4,817,889
Institutional support	16,000,781	-	16,000,781
Operation and maintenance	5,019,954	-	5,019,954
Financial aid	113,071	-	113,071
<b>Total education and general</b>	<b>54,592,332</b>	<b>-</b>	<b>54,592,332</b>
Plant fund			
Operation and maintenance			
Rent expense	-	-	-
Salaries and benefits	-	-	-
Equipment	-	-	-
Land and building	-	-	-
Depreciation	-	-	-
Amortization of bond issuance cost	-	-	-
Interest expense	-	-	-
Sale of plant facilities	-	-	-
Other expenses - operation and maintenance	-	-	-
<b>Total plant fund</b>	<b>-</b>	<b>-</b>	<b>-</b>
Auxiliary enterprises	-	6,620,754	6,620,754
<b>Total expenditures</b>	<b>54,592,332</b>	<b>6,620,754</b>	<b>61,213,086</b>
Transfers (in) out	16,797,751	940,596	17,738,347
<b>Total expenditures and transfers</b>	<b>71,390,083</b>	<b>7,561,350</b>	<b>78,951,433</b>
<b>Net increase (decrease) in fund     balances/net position</b>	<b>(6,608,233)</b>	<b>(170,089)</b>	<b>(6,778,322)</b>
Fund balances/net position - beginning of year	41,842,151	1,564,031	43,406,182
<b>Fund balances/net position - end of year</b>	<b>\$ 35,233,918</b>	<b>\$ 1,393,942</b>	<b>\$ 36,627,860</b>

**Colorado Mountain Junior College District**  
**Combining Statements of Revenues, Expenditures and Changes in Net Position**  
**Year Ended June 30, 2013**

<b>Restricted</b>					
Federal Financial Aid *	State Financial Aid	Sponsored Programs	Scholarship	Loans	<b>Restricted Fund Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,476,167	-	2,624,527	-	-	7,100,694
-	723,485	108,969	-	-	832,454
-	-	84,125	-	-	84,125
-	-	633,735	646,386	-	1,280,121
-	-	1,592	-	70	1,662
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>4,476,167</b>	<b>723,485</b>	<b>3,452,948</b>	<b>646,386</b>	<b>70</b>	<b>9,299,056</b>
-	-	754,960	-	-	754,960
-	-	1,017,549	-	-	1,017,549
-	-	345,378	-	-	345,378
-	-	1,085,268	-	-	1,085,268
-	-	4,697	-	-	4,697
-	-	-	-	-	-
4,497,516	723,628	-	633,582	-	5,854,726
<b>4,497,516</b>	<b>723,628</b>	<b>3,207,852</b>	<b>633,582</b>	<b>-</b>	<b>9,062,578</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>4,497,516</b>	<b>723,628</b>	<b>3,207,852</b>	<b>633,582</b>	<b>-</b>	<b>9,062,578</b>
(13,333)	-	29,169	-	-	15,836
<b>4,484,183</b>	<b>723,628</b>	<b>3,237,021</b>	<b>633,582</b>	<b>-</b>	<b>9,078,414</b>
<b>(8,016)</b>	<b>(143)</b>	<b>215,927</b>	<b>12,804</b>	<b>70</b>	<b>220,642</b>
9,580	302	379,705	11,576	1,775	402,938
<b>\$ 1,564</b>	<b>\$ 159</b>	<b>\$ 595,632</b>	<b>\$ 24,380</b>	<b>\$ 1,845</b>	<b>\$ 623,580</b>

\* Federal direct loan program revenues and expenses of \$6,276,716 are not included because they net to zero.



**Colorado Mountain Junior College District**  
**Combining Statements of Revenues, Expenditures and Changes in Net Position**  
**Year Ended June 30, 2013**

	<b>Plant Funds</b>		
	Retirement of Indebtedness	Unexpended	Renewal and Replacement
<b>REVENUES</b>			
Tuition and fees, net	\$ -	\$ -	\$ -
State appropriations	-	-	-
General property taxes	-	-	-
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private grants and contracts	-	-	1,323,048
Other sources	46,893	929	288,755
Expended for plant facilities	-	-	-
Gain on early extinguishment of debt	101,739	-	-
Auxiliary enterprises			
Sales and services	-	-	-
Fee revenue	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>148,632</b>	<b>929</b>	<b>1,611,803</b>
<b>EXPENDITURES</b>			
Education and general			
Instruction	-	-	-
Community service	-	-	-
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operation and maintenance	-	-	-
Financial aid	-	-	-
<b>Total education and general</b>	<b>-</b>	<b>-</b>	<b>-</b>
Plant fund			
Operation and maintenance			
Rent expense	-	19,249	-
Salaries and benefits	-	-	402,319
Equipment	-	1,582,235	3,689
Land and building	-	12,436	8,058,939
Depreciation	-	-	-
Amortization of bond issuance cost	16,050	-	-
Interest expense	4,287	-	-
Sale of plant facilities	-	-	-
Other expenses - operation and maintenance	8,100	596,277	2,735,136
<b>Total plant fund</b>	<b>28,437</b>	<b>2,210,197</b>	<b>11,200,083</b>
Auxiliary enterprises	-	-	-
<b>Total expenditures</b>	<b>28,437</b>	<b>2,210,197</b>	<b>11,200,083</b>
Transfers (in) out	3,994,327	(2,617,789)	(5,748,143)
<b>Total expenditures and transfers</b>	<b>4,022,764</b>	<b>(407,592)</b>	<b>5,451,940</b>
<b>Net increase (decrease) in fund     balances/net position</b>	<b>(3,874,132)</b>	<b>408,521</b>	<b>(3,840,137)</b>
Fund balances/net position - beginning of year	3,874,132	364,118	14,144,365
<b>Fund balances/net position - end of year</b>	<b>\$ -</b>	<b>\$ 772,639</b>	<b>\$ 10,304,228</b>

**Colorado Mountain Junior College District**  
**Combining Statements of Revenues, Expenditures and Changes in Net Position**  
**Year Ended June 30, 2013**

<b>Plant Funds</b>					
Investment in Plant	2007 COPs	Plant Fund Total	Total	Eliminations	Combined Totals
\$ -	\$ -	\$ -	\$ 10,380,703	\$ (2,404,349)	\$ 7,976,354
-	-	-	5,416,018	-	5,416,018
-	-	-	48,415,908	-	48,415,908
-	-	-	7,100,694	-	7,100,694
-	-	-	832,454	-	832,454
-	-	-	84,125	-	84,125
588,635	-	1,911,683	3,191,804	-	3,191,804
-	701,203	1,037,780	1,608,663	-	1,608,663
10,297,571	-	10,297,571	10,297,571	(10,297,571)	-
-	-	101,739	101,739	-	101,739
-	-	-	4,937,771	-	4,937,771
-	-	-	1,486,377	-	1,486,377
-	-	-	967,113	-	967,113
<b>10,886,206</b>	<b>701,203</b>	<b>13,348,773</b>	<b>94,820,940</b>	<b>(12,701,920)</b>	<b>82,119,020</b>
-	-	-	25,821,557	-	25,821,557
-	-	-	1,229,788	-	1,229,788
-	-	-	3,707,179	-	3,707,179
-	-	-	5,903,157	-	5,903,157
-	-	-	16,005,478	-	16,005,478
-	-	-	5,019,954	-	5,019,954
-	-	-	5,967,797	(2,404,349)	3,563,448
-	-	-	<b>63,654,910</b>	<b>(2,404,349)</b>	<b>61,250,561</b>
-	-	19,249	19,249	-	19,249
-	-	402,319	402,319	-	402,319
-	-	1,585,924	1,585,924	(1,585,924)	-
-	-	8,071,375	8,071,375	(8,071,375)	-
3,532,669	-	3,532,669	3,532,669	-	3,532,669
-	27,507	43,557	43,557	-	43,557
-	26,164	30,451	30,451	-	30,451
617,714	-	617,714	617,714	-	617,714
-	1,139,973	4,479,486	4,479,486	(640,272)	3,839,214
<b>4,150,383</b>	<b>1,193,644</b>	<b>18,782,744</b>	<b>18,782,744</b>	<b>(10,297,571)</b>	<b>8,485,173</b>
-	-	-	6,620,754	-	6,620,754
<b>4,150,383</b>	<b>1,193,644</b>	<b>18,782,744</b>	<b>89,058,408</b>	<b>(12,701,920)</b>	<b>76,356,488</b>
(12,299,938)	(1,082,640)	(17,754,183)	-	-	-
<b>(8,149,555)</b>	<b>111,004</b>	<b>1,028,561</b>	<b>89,058,408</b>	<b>(12,701,920)</b>	<b>76,356,488</b>
<b>19,035,761</b>	<b>590,199</b>	<b>12,320,212</b>	<b>5,762,532</b>	-	<b>5,762,532</b>
120,440,292	2,178,418	141,001,325	184,810,445	-	184,810,445
<b>\$ 139,476,053</b>	<b>\$ 2,768,617</b>	<b>\$ 153,321,537</b>	<b>\$ 190,572,977</b>	<b>\$ -</b>	<b>\$ 190,572,977</b>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**General Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Tuition and fees, net	\$ 11,410,001	\$ 10,380,703	\$ (1,029,298)
State appropriation	5,038,178	5,416,018	377,840
Property taxes	46,933,859	48,415,908	1,482,049
Other sources	585,482	569,221	(16,261)
<b>Total revenues</b>	<u>63,967,520</u>	<u>64,781,850</u>	<u>814,330</u>
<b>Expenditures</b>			
Instruction	24,758,098	25,066,597	(308,499)
Community service	207,470	212,239	(4,769)
Academic support	3,543,326	3,361,801	181,525
Student services	4,678,576	4,817,889	(139,313)
Institutional support	17,814,727	16,000,781	1,813,946
Operation and maintenance	5,062,564	5,019,954	42,610
Financial aid	116,666	113,071	3,595
<b>Total expenditures</b>	<u>56,181,427</u>	<u>54,592,332</u>	<u>1,589,095</u>
Excess of revenues over expenditures	7,786,093	10,189,518	2,403,425
Transfers among funds, net	<u>(15,497,995)</u>	<u>(16,797,751)</u>	<u>(1,299,756)</u>
Excess (deficiency) of revenues and transfers over expenditures	(7,711,902)	(6,608,233)	1,103,669
Fund balance, beginning of year	<u>41,842,151</u>	<u>41,842,151</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,130,249</u>	<u>\$ 35,233,918</u>	<u>\$ 1,103,669</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Auxiliary Enterprises Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales and services	\$ 5,729,594	\$ 4,937,771	\$ (791,823)
Tuition and fees	1,650,196	1,486,377	(163,819)
Other	927,884	967,113	39,229
<b>Total revenues</b>	<u>8,307,674</u>	<u>7,391,261</u>	<u>(916,413)</u>
<b>Expenditures</b>			
Timberline	1,248,952	974,353	274,599
Alpine	2,083,527	1,906,739	176,788
Roaring fork	2,261,427	2,173,155	88,272
Edwards	347,597	328,603	18,994
Summit	357,748	266,411	91,337
Aspen	247,630	181,733	65,897
Rifle	469,779	428,861	40,918
Central services	271,968	324,311	(52,343)
College-wide	40,012	36,588	3,424
<b>Total expenditures</b>	<u>7,328,640</u>	<u>6,620,754</u>	<u>707,886</u>
Excess (deficiency) of revenues over expenditures	979,034	770,507	(208,527)
Transfers among funds, net	<u>(1,327,176)</u>	<u>(940,596)</u>	<u>386,580</u>
Excess (deficiency) of revenues and transfers over expenditures	(348,142)	(170,089)	178,053
Fund balance, beginning of year	<u>1,564,031</u>	<u>1,564,031</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,215,889</u>	<u>\$ 1,393,942</u>	<u>\$ 178,053</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Federal Financial Aid Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Federal grants			
Federal grants	\$ 4,490,000	\$ 4,476,167	\$ (13,833)
Federal direct loan program	6,280,000	6,276,716	(3,284)
<b>Total revenues</b>	<u>10,770,000</u>	<u>10,752,883</u>	<u>(17,117)</u>
<b>Expenditures</b>			
Federal pell grants	4,400,000	4,400,012	(12)
Federal supplemental educational opportunity grants	53,333	53,333	-
Federal work study	50,000	44,171	5,829
Federal direct loan program	6,280,000	6,276,716	3,284
<b>Total expenditures</b>	<u>10,783,333</u>	<u>10,774,232</u>	<u>9,101</u>
Deficiency of revenues over expenditures	(13,333)	(21,349)	(8,016)
Transfers among funds, net	<u>13,333</u>	<u>13,333</u>	<u>-</u>
Deficiency of revenues and transfers over expenditures	-	(8,016)	(8,016)
Fund balance, beginning of year	<u>9,580</u>	<u>9,580</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,580</u>	<u>\$ 1,564</u>	<u>\$ (8,016)</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**State Financial Aid Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
State grants	\$ 723,676	\$ 723,485	\$ (191)
<b>Total revenues</b>	<u>723,676</u>	<u>723,485</u>	<u>(191)</u>
<b>Expenditures</b>			
Colorado work study	102,380	102,523	(143)
Colorado student grants	621,296	621,105	191
<b>Total expenditures</b>	<u>723,676</u>	<u>723,628</u>	<u>48</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(143)</u>	<u>(143)</u>
Deficiency of revenues and transfers over expenditures	-	(143)	(143)
Fund balance, beginning of year	<u>302</u>	<u>302</u>	<u>-</u>
Fund balance, end of year	<u>\$ 302</u>	<u>\$ 159</u>	<u>\$ (143)</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Sponsored Programs Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Federal	\$ 2,516,749	\$ 2,624,527	\$ 107,778
State	720,698	108,969	(611,729)
Local and other	183,022	85,694	(97,328)
Interest income	-	23	23
Private	229,516	633,735	404,219
<b>Total revenues</b>	<u>3,649,985</u>	<u>3,452,948</u>	<u>(197,037)</u>
<b>Expenditures</b>			
Instruction	801,859	754,960	46,899
Community service	1,016,064	1,017,549	(1,485)
Academic support	447,067	345,378	101,689
Student services	1,099,182	1,085,268	13,914
Institutional support	-	4,697	(4,697)
<b>Total expenditures</b>	<u>3,364,172</u>	<u>3,207,852</u>	<u>156,320</u>
Excess (deficiency) of revenues over expenditures	285,813	245,096	(40,717)
Transfers among funds, net	38,148	(29,169)	(67,317)
Excess (deficiency) of revenues and transfers over expenditures	323,961	215,927	(108,034)
Fund balance, beginning of year	379,705	379,705	-
Fund balance, end of year	<u>\$ 703,666</u>	<u>\$ 595,632</u>	<u>\$ (108,034)</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Scholarship Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Private grants and contracts	\$ 634,000	\$ 646,386	\$ 12,386
<b>Total revenues</b>	<u>634,000</u>	<u>646,386</u>	<u>12,386</u>
<b>Expenditures</b>			
Financial aid	634,000	633,582	418
<b>Total expenditures</b>	<u>634,000</u>	<u>633,582</u>	<u>418</u>
Excess of revenues over expenditures	-	12,804	12,804
Fund balance, beginning of year	11,576	11,576	-
Fund balance, end of year	<u>\$ 11,576</u>	<u>\$ 24,380</u>	<u>\$ 12,804</u>



**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Retirement of Indebtedness Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 45,000	\$ 46,893	\$ 1,893
Gain on early extinguishment of debt	-	101,739	101,739
<b>Total revenues</b>	<u>45,000</u>	<u>148,632</u>	<u>103,632</u>
<b>Expenditures</b>			
Interest and fiscal charges	387,600	12,387	375,213
Amortization	16,100	16,050	50
<b>Total expenditures</b>	<u>403,700</u>	<u>28,437</u>	<u>375,263</u>
Excess (deficiency) of revenues over expenditures	(358,700)	120,195	478,895
Transfers among funds, net	<u>(3,994,100)</u>	<u>(3,994,327)</u>	<u>(227)</u>
Excess (deficiency) of revenues and transfers over expenditures	(4,352,800)	(3,874,132)	478,668
Fund balance, beginning of year	<u>3,874,132</u>	<u>3,874,132</u>	<u>-</u>
Fund balance, end of year	<u>\$ (478,668)</u>	<u>\$ -</u>	<u>\$ 478,668</u>

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Unexpended Plant (Capital Equipment and Maintenance) Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 5,000	\$ 929	\$ (4,071)
<b>Total revenues</b>	<u>5,000</u>	<u>929</u>	<u>(4,071)</u>
<b>Expenditures</b>			
Equipment	1,454,710	1,582,235	(127,525)
Land and building	-	12,436	(12,436)
Rent	21,049	19,249	1,800
Other	659,064	596,277	62,787
<b>Total expenditures</b>	<u>2,134,823</u>	<u>2,210,197</u>	<u>(75,374) *</u>
Deficiency of revenues over expenditures	(2,129,823)	(2,209,268)	(79,445)
Transfers among funds, net	<u>2,129,823</u>	<u>2,617,789</u>	<u>487,966</u>
Excess of revenues and transfers over expenditures	-	408,521	408,521
Fund balance, beginning of year	<u>364,118</u>	<u>364,118</u>	<u>-</u>
Fund balance, end of year	<u>\$ 364,118</u>	<u>\$ 772,639</u>	<u>\$ 408,521</u>

\* Actual expenditures have not been reduced for transfers reflected in the budget.

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Renewal and Replacement Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 50,000	\$ 23,207	\$ (26,793)
Rental income	245,000	265,548	20,548
Private grants and contracts	-	1,323,048	1,323,048
<b>Total revenues</b>	<u>295,000</u>	<u>1,611,803</u>	<u>1,316,803</u>
<b>Expenditures</b>			
Salaries and benefits	397,595	402,319	(4,724)
Equipment	-	3,689	(3,689)
Land and building	9,452,500	8,058,939	1,393,561
Other	1,283,783	2,735,136	(1,451,353)
<b>Total expenditures</b>	<u>11,133,878</u>	<u>11,200,083</u>	<u>(66,205) *</u>
Excess (deficiency) of revenues over expenditures	(10,838,878)	(9,588,280)	1,250,598
Transfers among funds, net	<u>5,583,878</u>	<u>5,748,143</u>	<u>164,265</u>
Excess (deficiency) of revenues and transfers over expenditures	(5,255,000)	(3,840,137)	1,414,863
Fund balance, beginning of year	<u>14,144,365</u>	<u>14,144,365</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,889,365</u>	<u>\$ 10,304,228</u>	<u>\$ 1,414,863</u>

\* Actual expenditures have not been reduced for transfers reflected in the budget.

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**2007 Certificates of Participation Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 701,700	\$ 701,203	\$ (497)
<b>Total revenues</b>	<u>701,700</u>	<u>701,203</u>	<u>(497)</u>
<b>Expenditures</b>			
Other	697,500	1,193,644	(496,144)
<b>Total expenditures</b>	<u>697,500</u>	<u>1,193,644</u>	<u>(496,144) *</u>
Excess (deficiency) of revenues over expenditures	4,200	(492,441)	(496,641)
Transfers among funds, net	<u>-</u>	<u>1,082,640</u>	<u>1,082,640</u>
Excess of revenues and transfers over expenditures	4,200	590,199	-
Fund balance, beginning of year	<u>2,178,418</u>	<u>2,178,418</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,182,618</u>	<u>\$ 2,768,617</u>	<u>\$ 585,999</u>

\* Actual expenditures have not been reduced for transfers reflected in the budget.

**Colorado Mountain Junior College District**  
**Schedule of Revenues, Expenditures and Transfers – Budget to Actual**  
**Other Fiduciary Fund**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Private grants and contracts	\$ -	\$ 1,000	\$ 1,000
Other sources	258,350	253,224	(5,126)
<b>Total revenues</b>	<u>258,350</u>	<u>254,224</u>	<u>(4,126)</u>
<b>Expenditures</b>			
Instruction	-	15	(15)
Student services	258,350	245,556	12,794
<b>Total expenditures</b>	<u>258,350</u>	<u>245,571</u>	<u>12,779</u>
Excess of revenues over expenditures	-	8,653	8,653
Transfers among funds, net	(14,200)	(21,494)	(7,294)
Excess (deficiency) of revenues and transfers over expenditures	(14,200)	(12,841)	1,359
Fund balance, beginning of year	<u>110,895</u>	<u>110,895</u>	<u>-</u>
Fund balance, end of year	<u>\$ 96,695</u>	<u>\$ 98,054</u>	<u>\$ 1,359</u>

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Colorado Mountain Junior College District  
Glenwood Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Colorado Mountain Junior College District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2013. Our report includes a reference to other auditors who audited the financial statements of Colorado Mountain College Foundation, Inc., as described in our report on the District's financial statements. The financial statements of Colorado Mountain College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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  
Colorado Mountain Junior College District

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

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

### ***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 14, 2013

## Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees  
Colorado Mountain Junior College District  
Glenwood Springs, Colorado

### Report on Compliance for Each Major Federal Program

We have audited Colorado Mountain Junior College District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

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

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.



***Basis for Qualified Opinion on Student Financial Assistance Cluster***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster CFDA No. 84.268 as described in finding 2013-001 for Special Tests and Provisions – Enrollment Reporting. Compliance with such requirements is necessary, in our opinion, for Colorado Mountain Junior College District to comply with the requirements applicable to that program.

***Qualified Opinion on Student Financial Assistance Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

***Other Matters***

The District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

Board of Trustees  
Colorado Mountain Junior College District

*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 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. *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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*BKD, LLP*

Denver, Colorado  
November 14, 2013

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**Colorado Mountain Junior College District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2013**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Interior</u>		
<i>Passed through Colorado State Office Bureau of Land Management</i>		
Fish, Wildlife and Plant Conservation Resource Management	15.231	\$ 840
Environmental Quality and Protection Resource Management	15.236	52,181
<i>Passed through U.S. Fish and Wildlife Service, Mountain Prairie Region</i>		
Natural Resource Damage Assessment, Restoration and Implementation	15.658	73,527
<i>Total U.S. Department of Interior</i>		126,548
<u>U.S. Department of Labor</u>		
Trade Adjustment Assistance Community College and Career Training Grants	17.282	514,724
<i>Total U.S. Department of Labor</i>		514,724
<u>U.S. Small Business Administration</u>		
<i>Passed through Colorado Office of Economic Development and International Trade</i>		
Small Business Development Centers	59.037	62,735
<i>Total U.S. Small Business Administration</i>		62,735
<u>Environmental Protection Agency</u>		
<i>Passed through Colorado Department of Public Health and Environment</i>		
Nonpoint Source Implementation Grants	66.460	71,815
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	195,344
<i>Total Environmental Protection Agency</i>		267,159
<u>U.S. Department of Education</u>		
<b>Student Financial Assistance Cluster</b>		
Federal Supplemental Educational Opportunity Grants	84.007	40,000
Federal Work-Study Program	84.033	44,171
Federal Pell Grant Program	84.063	4,400,012
Federal Direct Student Loans	84.268	6,276,716
<i>Subtotal Student Financial Assistance Cluster</i>		10,760,899

**Colorado Mountain Junior College District**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2013**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u><i>U.S. Department of Education (continued)</i></u>		
<b>TRIO Cluster</b>		
Trio Student Support Services	84.042	247,566
Trio Student Support Services	84.042A	204,806
Trio Upward Bound	84.047	473,398
Subtotal TRIO Cluster		925,770
<i>Passed through Colorado Department of Education</i>		
Adult Education - Basic Grants to States	84.002	300,000
<i>Passed through Colorado Community College System</i>		
Career and Technical Education -- Basic Grants to States	84.048	114,028
Career and Technical Education -- Basic Grants to States	84.048A	130,838
Total U.S. Department of Education		12,231,535
<u><i>U.S. Department of Health and Human Services</i></u>		
<b>TANF Cluster</b>		
<i>Passed through Colorado Department of Human Services and Garfield County DHS</i>		
Temporary Assistance For Needy Families (TANF)	93.558	30,964
Subtotal TANF Cluster		30,964
<i>Passed through Colorado Department of Regulatory Agencies, Division of Insurance (SHIP)</i>		
Special Programs for the Aging Title IV_ and Title II_Discretionary Projects	93.048	3,000
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	12,063
Total U.S. Department of Health and Human Services		46,027
<u><i>Corporation for National and Community Service</i></u>		
Retired and Senior Volunteer Program	94.002	48,124
Total Corporation for National and Community Service		48,124
<b>Total Expenditures of Federal Awards</b>		<b>\$ 13,296,852</b>

**Colorado Mountain Junior College District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2013**

1. This schedule includes the federal awards activity of Colorado Mountain Junior College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Of the federal expenditures presented in this schedule, there were no funds passed through to subrecipients.

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**Colorado Mountain Junior College District**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

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

*Financial Statements*

1. Type of auditor’s report issued:

- Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

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

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

*Federal Awards*

4. Internal control over major programs:

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

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

- Unmodified       Qualified       Adverse       Disclaimer

Unmodified for all major programs except for the Student Financial Assistance Cluster, which is qualified.

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



**Colorado Mountain Junior College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2013**

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
17.282	Trade Adjustment Assistance Community College and Career Training Grants
84.002	Adult Education - Basic Grants to States
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.042, 84.042A, 84.047	TRIO Cluster

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

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

**Colorado Mountain Junior College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2013**

**Section II – Financial Statement Findings**

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

**Colorado Mountain Junior College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2013**

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

**Reference  
Number**

**Finding**

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**2013-001 Finding:** Special Tests & Provisions - Enrollment Reporting

**Student Financial Assistance Cluster:**

**Federal Direct Student Loans (Direct Loan) CFDA No. 84.268**

**Department of Education - Award Year: 2012-2013**

**Criteria:** Per the OMB A-133, *Compliance Supplement* and in accordance with 34 CFR 685.309, unless a school expects to complete an enrollment reporting roster file within 60 days, which updates the National Student Loan Data System (NSLDS), the school must notify the lender or the guaranty agency within 30 days if it discovers a change in enrollment status including: (a) withdrawal; (b) graduation; (c) student who has ceased to be enrolled on at least a half-time basis; or (d) student who has been accepted for enrollment but never attended.

**Condition:** Of the 40 students selected for enrollment reporting testing, our audit procedures identified the following:

1. Four instances in which the students were not reported in the required timeframe. The delay in reporting ranged from 59 days late to 73 days late.
2. Six instances in which the enrollment status reported was not accurate compared to the student's academic files.

**Questioned Costs:** None.

**Context:** We tested 40 of the 702 students awarded direct loans during the current year who withdrew, graduated, ceased to be enrolled on at least a half-time basis, or enrolled but never attended.

**Effect:** Enrollment reporting assists lenders in the determination of whether a borrower should be moved into loan repayment or if they are eligible for an in-school deferment. Thus, if the District fails to meet the required reporting timelines or submits inaccurate information to NSLDS, the borrowers' repayment responsibilities may be reported incorrectly resulting in either a lack of timely repayments by the borrowers or the student being inappropriately moved into loan repayment status.

**Cause:** The frequency of scheduled enrollment reporting roster files is not sufficient to meet the required timeframes for all required reporting. Furthermore, we noted in our review of the NSLDS SCHER1 report several error records were reported by NSLDS which were not corrected by the School on a timely basis and which may have caused delays in the receipt of data.

**Colorado Mountain Junior College District**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2013**

**Reference  
Number**

**Finding**

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**Recommendation:** We recommend that the District implement policies and procedures to ensure the enrollment reporting roster file is submitted to NSLDS within 60 days for all students with a change in enrollment occurring during the school year. If the District does not expect to complete its next enrollment reporting roster file within 60 days, the District needs to notify NSLDS within 30 days. However for efficiency purposes, these policies and procedures should include increasing the frequency of the scheduled enrollment reporting roster files received to occur on a monthly basis and establishing policies and procedures to perform spot checks of submissions to ensure they are being transmitted by the National Student Clearinghouse and received timely by NSLDS. However, the District could consider reporting directly to NSLDS instead of using a third-party processor if the District's information systems will allow for such reporting. In addition, the District should also adopt policies to address special circumstances and rules such as ensuring those students who were enrolled over a break and do not return as expected are properly reported within the established 30 day requirement.

**Views of Responsible Officials and Planned Corrective Actions:**

*Response:* We agree with this finding.

*Corrective action:* The Enrollment Report will be submitted monthly starting end of October 2013. However, we are investigating why there were some failed attempts of data transfer from NSC to NSLDS. Depending on the results of this investigation, we may decide to report directly to NSLDS in the future.

*Person responsible for implementing:* Lin Stickler, Vice President for Student Affairs.

*Implementation date:* By October 31, 2013.

**Colorado Mountain Junior College District**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2013**

Reference Number	Summary of Finding	Status
2012-01	<i>Accounting for Capital Assets</i> - Capitalized interest related to the Series 2004 and 2007 bonds was not recorded on construction-in-progress additions for the fiscal year resulting in an adjusting journal entry. We recommend that the District review the methodology surrounding the recording of capitalized interest to be consistent with US GAAP.	Implemented.
2012-02	<i>Student Financial Assistance Cluster - Eligibility and Special Tests and Provisions - Disbursements To or On Behalf of Students</i> - We recommend that the District implement policies and procedures to assure all transfer students are identified and reported to the NSLDS transfer monitoring list prior to being awarded Title IV funds.	Implemented.
2012-03	<i>Student Financial Assistance Cluster - Reporting - Common Origination and Disbursement (COD) System and Special Tests and Provisions - Borrow Data Transmission and Reconciliation (Direct Loan)</i> - We recommend that management, along with the IT Department, review the Datatel export function and correct any glitches in the programming that would prevent students required to be reported to COD not being properly identified and reported in a timely manner.	Implemented.
2012-04	<i>Student Financial Assistance Cluster - Reporting - Fiscal Operations Report and Application to Participate (FISAP)</i> - We recommend that the District ensure all supporting documentation used to compile the FISAP is maintained by the Financial Aid Department.	Implemented.
2012-05	<i>Student Financial Assistance Cluster - Special Tests and Provisions - Enrollment Reporting</i> - We recommend that the District implement policies and procedures to ensure the enrollment reporting roster file is submitted to NSLDS within 60 days for all students who graduated during the year. If the District does not expect to complete its next enrollment reporting roster file within 60 days, the District needs to notify NSLDS within 30 days. However for efficiency purposes, these policies and procedures should include increasing the frequency of the scheduled enrollment reporting roster files received to occur on a monthly basis and establishing policies and procedures to perform spot checks of submissions to ensure they are being transmitted by the National Student Clearinghouse and received timely by NSLDS. However, the District should consider reporting directly to NSLDS instead of using a third-party processor if the District's information systems will allow for such reporting.	Not implemented. See current year finding 2013-001.

**Colorado Mountain Junior College District**  
**Summary Schedule of Prior Audit Findings (continued)**  
**Year Ended June 30, 2013**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2012-06	<i>Student Financial Assistance Cluster - Special Tests and Provisions - Return of Title IV Funds</i> - We recommend that policies and procedures be implemented by the District to ensure that return of Title IV Funds situations are being identified and that calculations are being performed, reviewed, and funds returned to the proper Title IV assistance programs within the required timeframe. Furthermore, the calculation and programming for the calendar days in the payment period or period of enrollment should be reviewed and approved by the Student Financial Aid Director prior to the start of the semester or academic year.	Implemented.

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