COLORADO MOUNTAIN COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Mountain College
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 the Colorado Mountain College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity'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.

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

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

Opinions

In our opinion, based on our report 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 Colorado Mountain College as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the Schedule of Funding Progress – Health Insurance Plan, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Actual to Budget Comparison Schedule – Collegewide (supplementary information) and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Actual to Budget Comparison Schedule – Collegewide and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's 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 College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 13, 2017

Following is a discussion of Colorado Mountain College's (the College or CMC) financial performance for the fiscal year ended June 30, 2017. It should be read in conjunction with the College's financial statements, which begin on page 16.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The College strategic plan, Reaching New Heights: 2014-2018, is well underway and the college continues to focus on organizational effectiveness, diversity and inclusivity, communications management and strategic enrollment management.

- The total number of graduates increased from 1,008 to 1,138 (+13% increase) between 2013 and 2016. The number of graduates has increased faster than the number of enrollments by 17%, signifying increased retention and intent to remain at CMC.

- The past three years have yielded targeted enrollment growth, including Concurrent Enrollment growth of 31% and Hispanic enrollment growth of 28%. Additionally, the Hispanic student completion rate has improved by 46% during this time.

- The College offered the third year of the President's scholarship and expanded it to include "encore scholarships" for persisting students. The overall success rate for fall-to-spring retention was 80% with a majority of recipients from first generation and Hispanic backgrounds.

- The College launched a "Finish What You Started" campaign and it yielded 101 non-traditional students returning to complete degrees in 2016-17.

- The Average Net Price to students decreased each of the last three years resulting from strategic efforts to provide targeted financial aid (i.e., President Scholarship), incentivize financial aid applications (FAFSA) and full-time enrollment.

- The Academic Affairs Design Team made final strides to improve consistent course delivery and assessment across the college per HLC guidelines and to ensure academic excellence across all curriculum offerings.

- Implementation of the "Rule of 8" ensures that all campuses now follow a consistent minimum enrollment policy, which ensures greater financial stability and instructional consistency, and results in lessening reliance on adjunct instructors.

- The Steamboat Springs campus successfully launched a flat-rate, direct delivery option for campus instructional materials. Other campuses are interested in using this option in 2018-19.

- The construction of Cooper Commons neared completion aided by a $750,000 grant from the Garfield County Federal Mineral Lease District (largest gift in program history) and a $1.25M gift from the Morgridge Family Foundation resulting in renaming the space "Morgridge Commons". A total of $2.15M was raised toward over $2.5M in projected costs.

- The College was designated a U.S. Department of Education "Green Ribbon" institution. CMC is one of only nine postsecondary institutions in the nation – and the only such institution in Colorado – to receive this honor for its sustainable, healthy facilities; wellness practices; and sustainability learning.

- The College celebrated its 50th year of classes with events and activities completed at five campuses in 2016-17 and scheduled for every CMC campus and community until October 2, 2017. A "CMC Day" at the capitol included a joint resolution passed unanimously in the House and Senate.

- The College forged a partnership with the Town of Breckenridge for student and employee housing beginning with the 2017-18 school year.

- CMC received an Aa3 Moody's Rating yielding $28M less $13M for refunding in COP proceeds ($15M net for capital projects). Moody's commented on the strength of recent planning and budgeting choices by College leadership.

- For three consecutive years, the College has maintained operating expenditures in line with inflation in spite of increases in staff compensation at 2% or more/year and benefits increases at +5% or more/year.

- Additional succession planning efforts this year included an internal leadership development program (CMC-LIFT: Leading Into The Future Together) and an Ed.D. cohort partnership with DU.

- A variety of key personnel vacancies were filled, including the VP of Academic Affairs, VP of Student Affairs, VP of Fiscal Affairs, HR Director, Associate Registrar, Director of Purchasing & Contracts, Rifle Campus VP/Dean, Director of Facilities, and a newly created college wide senior officer of diversity and inclusive excellence (combined with General Counsel duties).

- All College compensation has been benchmarked to national means, and all staff at the college are now compensated at or above these levels. Additionally, 100% of all regular, full-time staff had completed evaluations on file. Finally, through successful implementation of a mandatory criminal background check policy for all employees, including all part-time and full-time faculty and staff, the college now maintains a 100% completion rate of all newly hired employees.

- The WebEx tool is now fully on-boarded and in-use across the college for course delivery and routine meetings, reducing travel requirements across CMC's large geographical district.

- Implementation of Ellucian ERP upgrades, including "Student Planning" and self-service registration, which has expedited enrollments and allows staff and students to look ahead at which courses students will need to graduate.

- The College adjusted the net pension liability to reflect the College's share of the overall plan liability (as provided by Colorado's Public Employee Retirement Association (PERA). For 2016-17 the required expense recognized was $32 million and the net pension liability increased by $67.5 million.

- The College is phasing out its voluntary early retirement program over the period 2014-2019. A liability of $2.5 million remains at June 30, 2017.

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 operating funds combined into one statement.

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 Auditors' Report, which presents an unmodified opinion prepared by our auditors, CliftonLarsonAllen 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, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2017. 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, 2017. 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 the fiscal year ended June 30, 2017. 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, Schedule of the Changes in Net Pension Liability and Schedule of Employer Contributions as required by the Governmental Accounting Standards Board.

Reporting the College as a Whole

The analysis of the College as a whole (all funds combined) begins on page 16. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. This means that regardless of which fund it was recorded in, it is included in these reports. All of the current year's revenue and expenses are also taken into account, regardless of the fund they are recorded in.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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

Enrollment Highlights

For FY2016-17, the College increased tuition rates slightly, as seen in the chart below. The Board of Trustees is considering a five-year tuition plan in support of the strategic enrollment management plan. 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.

Associate degree tuition rates from 2012-13 to 2016-17:

Tuition Category	2012-13 Rate/Credit Hr.	2013-14 Rate/Credit Hr.	2014-15 Rate/Credit Hr.	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.
In-District	$ 56.00	$ 56.00	$ 57.00	$ 57.00	$ 62.00
In-State	$ 95.00	$ 95.00	$ 101.50	$ 107.00	$ 127.00
Out of State	$ 299.00	$ 299.00	$ 317.00	$ 373.00	$ 429.00
Service Area	N/A	N/A	$ 97.00	$ 103.00	$ 123.00
Industry Rate	$ 101.00	$ 101.00	$ 112.00	$ 119.00	$ 127.00

Bachelor degree tuition rates from 2012-13 to 2016-17:

Tuition Category	2012-13 Rate/Credit Hr.	2013-14 Rate/Credit Hr.	2014-15 Rate/Credit Hr.	2015-16 Rate/Credit Hr.	2016-17 Rate/Credit Hr.
In-District	$ 95.00	$ 95.00	$ 99.00	$ 99.00	$ 99.00
In-State	$ 200.00	$ 200.00	$ 212.00	$ 212.00	$ 212.00
Out of State	$ 405.00	$ 405.00	$ 429.00	$ 429.00	$ 429.00
Service Area	N/A	N/A	$ 205.00	$ 205.00	$ 205.00

Credit enrollments for FY2016-17 ended 2.6 percent lower than the prior year, although Bachelor's enrollments were up 26.5%. Additionally, net tuition revenue was less than budgeted due to a continued shift in the mix of students (fewer out of state students) while the use of tuition discounts leveled out. The net tuition revenue ended approximately $2 million less than budget for the year. Residency mix within the student base is an important financial consideration for the College. The in-district associate-level students now account for over 72 percent of the student population and contribute 38.4 percent of the tuition revenue, while the out-of-state students account for less than 12 percent of the student population and contribute 43.9 percent of the tuition revenue. This proportional decrease of out-of-state students in FY2016-17 negatively impacted total tuition revenue.

Noncredit courses are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate. These enrollments (noncredit and ESL) decreased overall in FY2016-17. When all types of student FTE are combined, there is a 4.2% total decrease over the prior year. As the economy recovers, the College anticipates these noncredit enrollments will begin to increase in the coming years. Nevertheless, enrollments at CMC are considered stronger than most peer institutions.

Enrollments are generally measured in full time equivalents (FTE) where a full time student is counted as taking 30 credit hours per year. Following is an enrollment comparison with last year:

FTE Category	2015-16 Actual	2016-17 Actual
Credit FTE	3,717.11	3,619.52
Noncredit FTE	418.40	370.55
ESL FTE	327.11	286.37
Total	**4,462.62**	**4276.43**

Net Position

The College's net position is $73,998,424 at June 30, 2017, reflecting a decrease of $25,724,280 from last year. Total current assets increased by $18.6 million due mostly to higher cash balances while total noncurrent assets decreased by $2.4 million with changes in depreciable values of capital assets. All assets combined increased $16.2 million over last year.

A number of capital projects were started during FY2016-17 but are not complete, and thus are reflected in the Construction in Progress totals. The Construction in Progress projects from the prior year were completed and capitalized into the appropriate capital asset category and annual depreciation recorded. The net impact of these transactions along with equipment inventory adjustments was a $0.5 million increase in net capital assets. Other assets, which includes cash, investments and accounts receivable, saw a $15.7 million increase overall. The College's investment in large capital projects is beginning to ramp up as the Board of Trustees is in the process of finalizing a long-term facilities master plan in accordance with the strategic plan. This plan will outline new construction plans in the near-term, mid-term and long-term and guide investment in capital projects for the next 10 years. The cash and investments balances in the Other Assets category has built up while construction has been slow and will help support the long-term capital plan the Board approves.

GASB 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 implemented during FY2014-15, establishes accounting and financial reporting standards for governments that provide their employees' pension benefits. The College participates in Colorado Public Employee Retirement Association (PERA), a cost-sharing pension plan. GASB 68 requires each employer involved in a cost-sharing pension plan, such as PERA, to report their proportionate share of the total unfunded net pension liability and expense of the plan. Having employers record their share of the unfunded liability provides transparency to financial statement users as to the entire net pension liability and pension expense of the cost-sharing plan. GASB 68 also requires an annual adjustment to the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, based on the change in the College's portion of the total Colorado's PERA liability and the changes in actuarial assumptions used to value the overall PERA plan liability. These changes for FY2016-17 resulted in an increase to the College's portion of the liability in the amount of $67.5 million or a total liability of $168,999,576 at June 30, 2017. More details concerning GASB 68 are provided in the notes to these financial statements.

In addition to the pension liability, the College is phasing out an optional early retirement program over the next few years and this year the liability was reduced by approximately $924,000, leaving a balance payable of $2,547,364.

Long-term debt owed by the College in the form of Certificates of Participation issued in 2007 were eliminated in full ($13,015,000) during FY2016-17. New Certificates were issued in 2017 for $26,775,000 with a premium of $999,118, and mature in FY2047.

Overall, current liabilities decreased $415,000 year over year. Noncurrent liabilities, including the pension and retirement liabilities, increased $83.1 million year over year as described above. All liabilities combined increased $81.3 million this year driven primarily by the required pension liability entry.

Restricted net position includes the required legal emergency reserve in compliance with the TABOR amendment, grant funds and loan funds, and the certificates of deposits held as collateral in the down payment assistance program.

The following table breaks the net position down further:

Table 1
Net Position

	2017	2016
Capital Assets, Net	$ 136,093,451	$ 135,563,389
Other Assets	97,561,607	81,882,903
Total Assets	233,655,058	217,446,292
Deferred Outflows of Resources Related to Pensions	52,899,278	11,849,173
Long-Term Liabilities	198,820,222	117,085,437
Other Liabilities	10,479,617	10,894,761
Total Liabilities	209,299,839	127,980,198
Deferred Inflows of Resources Related to Pensions	3,256,073	1,592,563
Net Investment in Capital Assets	126,364,551	122,077,752
Restricted Net Position	2,560,178	4,223,932
Unrestricted Net Position	(54,926,305)	(26,578,980)
Total Net Position	$ 73,998,424	$ 99,722,704

The College has a deficit unrestricted net position as of June 30, 2017 due to a net pension liability totaling $169.0 million. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. Unrestricted net position exclusive of this liability would be approximately $64.8 million. A Board of Trustee initiative requires the College to carry a reserve for the purpose of backfilling revenues if they decline, equal to 25 percent of the total operating revenue budget. Additional reserves are established to support specific initiatives and contribute to the net position of the College.

COLORADO MOUNTAIN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2017

Following is a recap of the change in net position:

Table 2
Change in Net Position

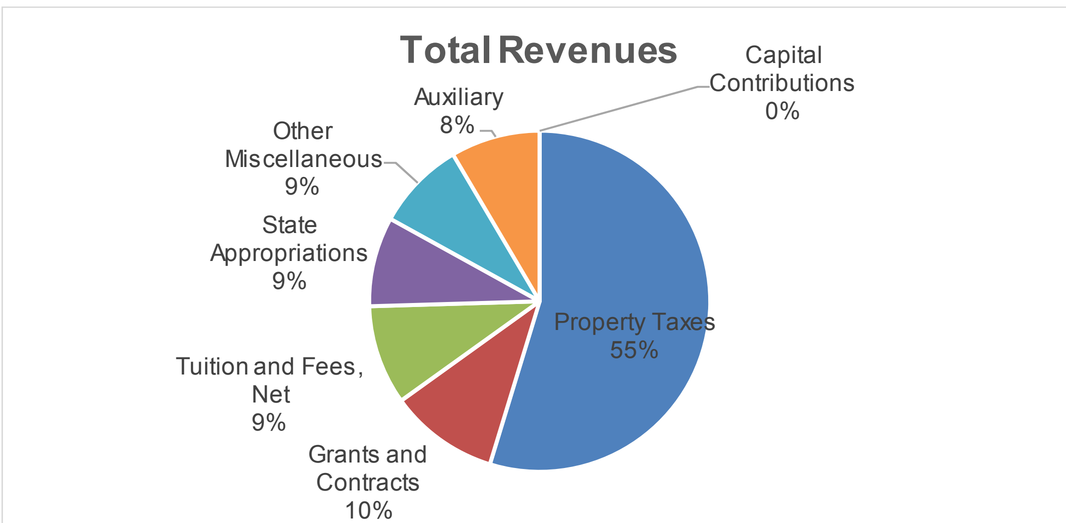
	2017	2016
Operating Revenues		
Tuition and Fees, Net	$ 8,679,782	$ 8,364,331
Federal, State, Private Grants and Contracts	6,937,219	5,461,115
Auxiliary Enterprises	7,612,652	7,482,795
Other	1,772,517	857,228
Total Operating Revenue	25,002,170	22,165,469
Nonoperating Revenue		
State Appropriations	7,143,039	7,143,039
Federal Nonoperating	3,494,465	3,565,040
Property Taxes	44,884,062	48,875,514
Investment Income	954,954	810,311
Unrealized Gain (Loss) on Investments	(1,143,376)	840,106
Gain in Disposition of Capital Assets	18,390	7,850
Total Nonoperating Revenue	55,351,534	61,241,860
Capital Contributions	645,790	217,254
Total Revenues	$ 80,999,494	$ 83,624,583
Operating Expenses		
Instruction	$ 40,546,535	$ 27,320,819
Community Service	1,827,561	1,048,830
Academic Support	4,807,154	3,787,034
Student Services	10,025,243	6,464,766
Institutional Support	23,754,274	21,101,821
Operation and Maintenance of Plant	9,152,169	9,282,118
Scholarships	3,698,592	3,209,863
Auxiliary Enterprises	8,234,652	7,288,010
Depreciation	3,928,153	3,846,901
Total Operating Expenses	105,974,333	83,350,162
Nonoperating Expenses		
Interest Expense on Capital Debt	441,965	523,582
Amortization of Prepaid Bond Insurance	307,476	15,651
Total Nonoperating Expenses	749,441	539,233
Total Expenses	$ 106,723,774	$ 83,889,395
Change in Net Position	$ (25,724,280)	$ (264,812)

Revenues

The College experienced a decrease in total revenues over last year in the amount of $2.6 million. This is attributed mostly to a decrease in property taxes from oil and gas values. Property tax revenues lag 18 months behind actual dates due to the timing of valuations and tax bills being paid. Due to this timing difference, it is anticipated that residential property tax values will continue to increase through 2017-18, though they will be offset by changes in the residential assessment rate due to the Gallagher amendment. The state support remained steady and represents the average percentage received by all institutions of higher education and reflects the stabilizing economy at the state level. Tuition also remained steady due to rate increases being offset by a decline in enrollment.

Nonoperating income related to investments shows a swing of almost $2 million year over year, due to noncash market values of investment accounts. Generally accepted accounting principles require that investment accounts be marked to market values each year which can, depending on the markets, be significant in any given year.

The following graph depicts total revenue of the College:



Revenues from all sources total $80,999,487, with $25,002,170, or 30.9 percent, generated from operating revenues and $55,997,324, or 69.1 percent, from nonoperating revenues and capital contributions.

Property taxes, which account for 55 percent of the total revenues, are classified as nonoperating revenue in accordance with generally accepted accounting principles.

Expenses

Overall expenses have increased by $22,834,379 from the prior year, the result of a variety of transactions during the year. However, operating expenditures were $6.2 million less than budget as the College experienced large salary savings due to vacancies and retirements, and there were a number of capital projects, which did not get started before the fiscal year-end. So, although the project was budgeted, it either did not get completed or did not get started until after the end of the fiscal year resulting in expenditure savings. More than offsetting these savings in expenses was the recording of the pension liability in conjunction with GASB 68. The calculated annual expense recorded to reflect the College's portion of the PERA pension liability (required by GASB 68) is $32.9 million this year, compared with $9.2 million last year.

The large salary savings referred to above reflects the challenges the College is facing in recruiting talented staff and faculty. The high cost of living and high cost of housing in the college service area is forcing candidates to reconsider when offered a position with the College. The administration and the Board of Trustees are investigating solutions to the housing issues faced by employees. This is not a problem unique to the College; therefore, partnership options are also being explored.

Cash Flows

The Statement of Cash Flows provides information concerning the cash receipts and disbursements during the fiscal year.

The main sources of cash received from operations are tuition and fees, grants and contracts, and auxiliary operations. The majority of cash payments are for salaries to employees and payments to suppliers.

Property tax and state revenues are not considered cash from operations; however, in combination, they provide the majority of the cash received for the College, representing 64 percent of revenue.

Net cash used in operations decreased $1,572,079 from 2015-16 to 2016-17. This is the result of both increased cash received and steady cash payments. The large contributing factors are contracts and grants, and other operating receipts on the cash received side and decreases in payments to employees being offset by increases in payments to suppliers on the cash payments side. Contracts and grants account for an over $1 million increase in cash received, with an additional $0.5 million from operating receipts. Contracts and grants in 2016-17 include a Federal Mining Leasing District grant of over $0.5 million for construction of a new community learning space, and a variety of new, smaller grants. The most notable change in nonoperating cash flows is principal paid on and proceeds from capital debt, due to the refunding of the College's Series 2007 COPs and the issue of the Series 2017 COPs. The Board of Trustees is in the process of defining the next long-term capital plan, which will ultimately increase the annual investment in capital construction. The short-term approved projects include buildings at the Spring Valley and Aspen campuses. The previous capital plan concluded in 2014-15, therefore the 2015-16 and 2016-17 years reflect a decline in overall capital spending while the remainder of the upcoming plan is being finalized. Overall cash and cash equivalents, from both operations and nonoperations, increased by $16.6 million over the prior year. More detail can be found in the Statement of Cash Flows.

CAPITAL ASSETS AND DEBT

Capital Assets

At June 30, 2017, the College had $136,093,451 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

	2017	2016
Land	$ 13,524,612	$ 13,524,612
Library Materials	617,160	621,949
Construction in Progress	3,473,802	817,543
Land Improvements	1,496,248	1,665,464
Buildings	110,036,071	111,632,765
Equipment and Software	2,026,811	2,209,427
Infrastructure	4,515,674	4,691,586
Other Fixed Assets	403,073	400,043
Total Capital Assets	$ 136,093,451	$ 135,563,389

Depreciation expense of $3,928,153 was recorded during FY2016-17 and accounts for the decreases in building and equipment values. Five projects at multiple campuses comprise the construction in progress total. These projects were budgeted in 2016-17 but will not be complete until 2017-18. They include residence hall wing remodels, the build out of vacant space at the central administrative offices, a science lab remodel, a campus entry remodel, and a roof replacement. The Board of Trustees and College leadership are developing a new long-term capital plan to cover the next 10 years. The previous plan culminated in FY2014-15, therefore the investment in new capital assets has been limited until the new plan is in place. The net change, after additions, deletions and depreciation is an increase in capital assets of $530,062.

Debt

The College has one debt issue outstanding, which is certificates of participation (COPs) issued in 2017 for the purpose of refunding the 2007 COPs and funding improvements on the Spring Valley campus, the Aspen campus, and other capital facilities of the College designated by the Board. The COPs were issued for $26,775,000, and the outstanding principal balance at June 30, 2017 is $26,775,000. The bonds are scheduled to be paid off in FY2047.

COLORADO MOUNTAIN COLLEGE FOUNDATION

The Colorado Mountain College Foundation (the 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 Kundinger, Corder & Engle, P.C. an audit firm, different than the College's 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

In spite of challenges in the state's fiscal environment, and because of sound management decisions and careful stewardship of public resources, the College's financial standing is stronger today than it was in 2013. According to Moody's, the College's financial soundness is now comparable to larger and more mature institutions across the state.

The primary revenue source for the College is property tax, supplying 55 percent of the College's budgeted revenue. The economic recovery over the past few years has positively impacted housing and business property valuations, which, in turn, has begun to be realized in the College's revenues. However, property tax receipts are delayed by 18 months from the valuation date therefore, most of the increase from the housing market will not be realized until 2017-18 and forward. A large portion of the property tax received by the College comes from oil and gas in western Garfield County. Gas production has declined significantly in the past 18 months with a number of companies exiting the region. The result was a decline of 50 percent, or $4 million, in oil and gas revenues to the College in FY2016-17. The long-term outlook for the oil and gas industry suggests that a further dip may occur and then a very slow recovery over the next several years. The housing market recovery will offset a portion of this revenue decline, but may require a few years to catch up. This has limited the capital investments the College plans to make in 2017-18, but will not impact required deferred maintenance.

Overall enrollments have been relatively flat or down slightly for the past few years due to the economic recovery. When jobs are available, students tend to leave school to return to work. Maintaining enrollment during strong economic times can be a challenge for community colleges, thus even small increases are significant to the fiscal health of the College. A primary focus of the College's strategic plan is a robust enrollment plan to stabilize and grow enrollments. To support the enrollment plan, the Board of Trustees has been developing a five-year tuition and tuition discount plan. These two things combined will yield more stable net tuition revenue in the future.

With the improving economy, the State of Colorado continues experiencing a recovery in revenue. The September 2016 revenue forecast indicates that the economy will continue to show moderate and steady growth into 2019. Colorado ranks particularly high compared to other states, thanks in part to low unemployment and strong growth in personal income. While the College received no increase in its contribution from the state in 2016-17, it was granted a 2.5% increase in state revenues for 2017-18.

Given the current state laws, such as TABOR, the state is challenged in its ability to retain all of the revenue it receives. Furthermore, the Gallagher Amendment requires periodic rebalancing of residential and commercial property taxes by lowering statewide residential assessment rates; commercial assessment rates remain fixed according to the state's constitution. As a result of recent dramatic growth on the Front Range, the College experienced significant reductions in residential assessment rates for 2017, with additional reductions likely in 2019. It is unknown whether increases in value will be enough to offset the declining assessment rates in the future.

For FY2017-18, the College will continue its commitment to technology upgrades, classroom equipment upgrades, deferred maintenance on buildings, sustainability initiatives, and a few capital projects. A total of $2.2 million is budgeted for these investments next year. The College developed a five-year IT Master Plan in conjunction with the Strategic Plan and is working with the Board of Trustees in developing a long-term Facilities Master Plan. The Facilities Master Plan will guide the capital budget over the next five to ten years.

ACCREDITATION

AQIP (Academic Quality Improvement Process) is the College's method of accreditation and is a continual annual process. Annual updates are made of the College's continuous improvement projects and periodic visits from the Higher Learning Commission (HLC) take place. CMC's progress toward creating a culture of evidence is presented in our Systems Portfolio, which documents our success and is updated periodically. In response to the Systems Portfolio, the HLC provides feedback regarding the College's strengths and opportunities for improvement via a Systems Appraisal. The next System Portfolio Report is due June 1, 2018.

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 funds it receives and is committed to being good stewards of these public funds. If you have any questions about this report or need additional information, please contact the office of the Vice President of Fiscal Affairs at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	48,690,823
Restricted Cash and Cash Equivalents		18,028,781
Short-Term Investments		3,000,144
Property Tax Receivable, Net of Allowance of $173,911		8,125,129
Student Accounts Receivable, Net of Allowance of $86,100		97,143
Other Accounts Receivable		2,443,135
Inventories		70,640
Prepaid Expenses		1,369,670
Total Current Assets		81,825,465
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents		132,563
Restricted Investments		26,150
Long-Term Investments		15,358,050
Other Noncurrent Assets		219,379
Nondepreciable Capital Assets		
Land		13,524,612
Other Fixed Assets		403,073
Construction in Progresss		3,473,802
Depreciable Capital Assets (Net)		
Land Improvements		1,496,248
Buildings and Improvements		110,036,071
Infrastructure		4,515,674
Equipment and Software		2,026,811
Library Materials		617,160
Total Noncurrent Assets		151,829,593
Total Assets	**$**	**233,655,058**
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS (NOTE 8)		**52,899,278**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2017

LIABILITIES

CURRENT LIABILITIES	
Accounts Payable	$ 2,658,933
Deposits Payable	192,303
Accrued Salaries	900,666
Accrued Interest Payable	72,843
Other Accrued Liabilities	2,286,808
Unearned Revenue	1,598,021
Funds Held for Others	61,585
Bonds and Capital Leases Payable	702,973
Voluntary Early Retirement Program Payable	601,532
Compensated Absences	1,403,953
Total Current Liabilities	10,479,617
NONCURRENT LIABILITIES	
Bonds and Capital Leases Payable	27,147,044
Compensated Absences	266,212
Voluntary Early Retirement Program Payable	1,945,832
Land Obligation Payable	461,558
Net Pension Liability (Note 8)	168,999,576
Total Noncurrent Liabilities	198,820,222
Total Liabilities	**$ 209,299,839**
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (NOTE 8)	**3,256,073**

NET POSITION

Net Investment in Capital Assets	126,364,551
Restricted for:	
TABOR Reserve	2,175,000
Loans	28,125
Scholarships and other - expendable	357,053
Unrestricted	(54,926,305)
Total Net Position	**$ 73,998,424**

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See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS	
Cash and Cash Equivalents	$ 1,535,474
Accounts Receivable	39,898
Contributions Receivable, Net	1,782,020
Investments	14,754,286
Cash Surrender Value of Life Insurance	33,959
Total Assets	**$ 18,145,637**
LIABILITIES AND NET ASSETS	
Accounts Payable	$ 923,392
Accrued Liabilities	56,513
Charitable Gift Annuity Payable	4,944
Total Liabilities	984,849
Net Assets:	
Unrestricted	578,346
Temporarily Restricted	8,312,748
Other Purposes - Expendable	8,269,694
Total Net Assets	17,160,788
Total Liabilities and Net Assets	**$ 18,145,637**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

REVENUES	
Operating Revenues	
Tuition and Fees, Net of Scholarship Allowance of $2,811,488	$ 8,679,782
Federal, State, Private Grants, and Contracts	6,937,219
Auxiliary Enterprises	7,612,652
Other Operating Revenues	1,772,517
Total Operating Revenues	25,002,170
EXPENSES	
Operating Expenses	
Instruction	40,546,535
Community Service	1,827,561
Academic Support	4,807,154
Student Services	10,025,243
Institutional Support	23,754,274
Operation and Maintenance of Plant	9,152,169
Student Aid	3,698,592
Auxiliary Enterprises	8,234,652
Depreciation	3,928,153
Total Operating Expenses	105,974,333
Operating Revenue (Loss)	(80,972,163)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	7,143,039
Federal Nonoperating Revenue	3,494,465
Property Taxes	44,884,062
Investment Income	954,954
Unrealized Loss on Investments	(1,143,376)
Gain on Disposition of Capital Assets	18,390
Amortization of Prepaid Bond Insurance	(307,476)
Interest Expense on Capital Debt	(441,965)
Net Nonoperating Revenues (Expenses)	54,602,093
Income Before Other Revenues	(26,370,070)
Capital Contributions	645,790
Change in Net Position	(25,724,280)
Net Position - Beginning of Year	99,722,704
NET POSITION - END OF YEAR	$ 73,998,424

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE FOUNDATION INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND SUPPORT				
Contributions	$ 29,237	$ 3,186,062	$ 156,875	$ 3,372,174
In-Kind Contributions				
Colorado Mountain College	1,039,925	-	-	1,039,925
Other	69,466	-	-	69,466
Investment Return, Net of Investment Expenses	40	1,361,585	34,708	1,396,333
Other Income	41,243	-	-	41,243
Net Assets Released from Restrictions	2,808,583	(2,808,583)	-	-
Total Revenue, Gains and Support	3,988,494	1,739,064	191,583	5,919,141
EXPENSES				
Program Services:				
Scholarships	1,182,764	-	-	1,182,764
Distributions to or for the benefit of Colorado Mountain College	1,646,897	-	-	1,646,897
Scholarship Administration and other Program Expenses	172,461	-	-	172,461
Total Program Services	3,002,122	-	-	3,002,122
Supporting Services				
Management and General	537,483	-	-	537,483
Development and Fund Raising	369,732	-	-	369,732
Total Supporting Services	907,215	-	-	907,215
Total Expenses	3,909,337	-	-	3,909,337
Change in Net Assets	79,157	1,739,064	191,583	2,009,804
Net Assets - Beginning of Year	499,189	6,573,684	8,078,111	15,150,984
NET ASSETS - END OF YEAR	$ 578,346	$ 8,312,748	$ 8,269,694	$ 17,160,788

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received	
Tuition and Fees	$ 8,646,234
Contracts and Grants (Operating Revenue)	6,587,182
Sales and Services of Auxiliary Enterprises	7,773,838
Other Operating Receipts	1,042,488
Cash Payments	
Payments to Suppliers	(12,769,163)
Payments to Employees	(49,766,322)
Payments for Auxiliary Enterprises	(8,232,592)
Scholarships Disbursed	(3,698,592)
Net Cash Provided (Used) by Operating Activites	**(50,416,927)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	7,143,039
Deposits Held in Custody for Others	6,582
Property Taxes	46,167,827
Federal Nonoperating Revenue	3,494,465
Direct Loan Receipts	4,893,173
Direct Loan Disbursements	(4,893,173)
Net Cash Provided (Used) by Noncapital Financing Activities	**56,811,913**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gifts and Grants for Capital Purposes	645,790
Acquisition or Construction of Capital Assets	(4,791,824)
Proceeds from Sale of Capital Assets	82,735
Principal Paid on Capital Debt	(13,023,238)
Proceeds from Capital Debt	27,774,118
Interest Payments on Capital Debt and Leases	(893,069)
Net Cash Provided (Used) by Capital and Related Financing Activities	**9,794,512**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	2,500,000
Purchase of Investments	(3,000,179)
Investment Income	954,954
Net Cash Provided (Used) by Investing Activities	**454,775**
INCREASE IN CASH AND CASH EQUIVALENTS	16,644,273
Cash and Cash Equivalents - Beginning of Year	50,207,894
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 66,852,167**

See accompanying Notes to Financial Statements.

COLORADO MOUNTAIN COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2017

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 48,690,823
Restricted Cash and Cash Equivalents - Current	18,028,781
Restricted Cash and Cash Equivalents - Noncurrent	132,563
Total Cash and Cash Equivalents	**$ 66,852,167**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	$ (80,972,163)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	3,928,153
Amortization of Land Obligation Payable	(45,656)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources	
Receivables, Net	(939,144)
Inventories	34,440
Prepaid Expenses	(72,338)
Pension Related Items	28,076,146
Accounts Payable and Accrued Liabilities	(450,979)
Deposits Payable	(19,235)
Deferred Revenue	43,849
Net Cash Used by Operating Activities	**$ (50,416,927)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Accounts Payable Incurred for Purchase of Capital Assets	$ 113,277
Amortization of Prepaid Bond Insurance	307,476
Unrealized Loss on Investments	1,143,376
Amortization of Bond Premium	3,960
Tuition Provided Under Land Obligation Agreement	45,655
Assets Acquired Through a Capital Lease	69,295

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Colorado Mountain College (the College or CMC) is a self-governing local college district with taxing authority. The College was formed in 1965 to serve post-high school education needs, including vocation and adult education.

The financial statements of the College include all of the integral parts of the College's operations. The College applied various criteria to determine if it is financially accountable for any organization that would require that organization to be included in the College'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 (GAAP), these financial statements present the College (primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Discretely Presented Component Unit

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

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 College 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 College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Separately issued financial statements are available by contacting the Foundation at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

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 College'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.

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 College's financial reporting entity for these differences. Because the Foundation uses a GAAP reporting model that is different from the College's reporting model, the College has chosen to report the Foundation financial statements on separate pages as permitted by GASB Statement No. 39.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, liabilities and deferred outflows and inflows of resources, 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 College considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2017, cash and cash equivalents consisted primarily of cash on hand, demand deposits and money market funds with brokers.

Investments and Investment Income

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investment income consists of interest and dividend income. The unrealized gain (loss) on investments represents the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fees charged 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 College'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.

Property Taxes

Property taxes are levied in December and attach 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 $173,911 has been recorded based on an analysis of historical trends. The original January 1, 2017 levy for the College was 3.997 mills.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition 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 College:

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 College 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 College during the period of construction.

The College 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 in depreciation expense in the accompanying financial statements.

Compensated Absences

College policies permit most employees to accumulate annual and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as annual leave benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Medicare taxes computed using rates in effect at that date. The current portion represents estimated amounts that will be paid out within one year. Sick leave accumulates but does not vest and thus is not accrued for at year-end.

Deferred Inflows and Outflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Budget

The Board of Trustees adopts an annual budget to authorize and control spending from the various accounting funds of the College. The 2016-17 budget was amended in June 2017. The College's expenditures for a fund may not exceed the amount budgeted. Budgets are adopted on a basis consisted with generally accepted accounting principles in the United States of America.

Original Budget*	Supplemental Appropriation*	Revised Budget*
$ 102,488,235	$ 25,822,447	$ 128,310,682

* Excludes agency funds, which are held by the College on behalf of others but not available to the College.

Cost-sharing Defined Benefit Pension Plan

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

Net Position

Net position of the College 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 College 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 is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The College 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.

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 College, 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 College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2017 was $2,811,488.

Application of Restricted and Unrestricted Resources

The College'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.

Related Party

The College maintains deposits at Alpine Bank. One member of the College's Board of Trustees is employed with Alpine Bank; this Board member, however, is not involved in any decisions on behalf of the College with respect to this matter. Additionally, this Board member will not be eligible to run for office in 2017 due to term limits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In 2012, the College and Garfield County Public Library District (the Library) entered into an agreement to jointly participate in the construction of a building at the corner of 8th Street and Cooper Avenue in downtown Glenwood Springs, Colorado. A related condominium association was established in November 2013, with a Board of Directors comprised of an equal number of representatives from the College and the Library. Title of the building has been conveyed to the College and the Library based on ownership detailed in the Project Development Agreement. The College owns all parking spots and approximately 8,300 square feet on the second floor, while the Library owns approximately 12,800 square feet on the ground floor, 3,200 square feet on the second floor and the plaza unit. Other project components are considered as common elements. The College has ongoing financial responsibility related to maintenance over common areas and College-owned portions of the building.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2017 is comprised of the following:

Deposits	$ 18,636,845
ColoTrust	22,633,258
Money Market Funds	7,412,856
Cash on Hand	7,864
Total Unrestricted Cash and Cash Equivalents	48,690,823
Restricted Cash and Cash Equivalents - Government Money Market Funds	18,028,781
Restricted Cash and Cash Equivalents - Deposit	132,563
Total	$ 66,852,167

The restricted cash and cash equivalents consist of money market funds restricted for the unspent proceeds associated with the outstanding 2017 COPs and a deposit account restricted for the employee 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 College'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 percent of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the carrying amount of the College's deposits, including nonnegotiable certificates of deposits that are included in investments given their maturity date was beyond 90 days, was $21,795,702. The College's bank balance of these deposits and nonnegotiable certificates of deposit in banks totaled $22,560,083, of which $1,522,973 was insured by federal deposit insurance and the remainder was collateralized in accordance with PDPA. The College also had cash on hand of $7,864 at June 30, 2017.

Investments

The statutes of the State of Colorado authorize the College 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.

At June 30, 2017, the College has invested $22,633,258 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. The State Securities Commission administers and enforces all state statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to $1. As of June 30, 2017, the College's investment in ColoTrust investment pool was rated AAAm by Standard's and Poor's. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

In addition, the College has invested in two other types of money market funds, as follows:

Federated Treasury Obligations Money Market Funds – This is a Rule 2a-7 type government money market fund and maintains shares in value of $1. This fund is rated by Standard and Poor's at AAAm and by Moody's at Aaa-mf. Total deposit in this fund as of June 30, 2017 was $18,028,781. The weighted average maturity for the fund was less than 30 days.

Dr*eyfus General Government Securities Money Market Fund* – This is a U.S. Government money market fund, which maintains a net asset value per share of $1. Total balance in this fund as of June 30, 2017 was $7,412,856. The weighted average maturity for the fund was less than 30 days.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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

	Current Market Value	Cost Basis	Current Yield	Maturity	Fair Value Level	Credit Rating Moody's	Credit Rating S&P
Certificates of Deposit (Non-Negotiable)							
Vectra Bank	$ 26,150	$ 26,150	0.00%	4/25/2019	N/A	N/A	N/A
1st Bank	3,000,144	3,000,144	0.35%	6/28/2018	N/A	N/A	.
	3,026,294	3,026,294					
Government Issued or Guaranteed Bonds							
Federal Home Loan Bank	4,946,334	4,334,536	5.00%	12/10/2021	2	AAA	AA+
Federal Home Loan Bank	10,411,716	8,762,632	5.75%	6/12/2026	2	AAA	AA+
	15,358,050	13,097,168					
Total Investments	$ 18,384,344	$ 16,123,462					

Statement of Net Position Classification	
Short-Term Investments	$ 3,000,144
Long-Term Investments	15,358,050
Restricted Investments	26,150
	$ 18,384,344

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.

None of the College’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).

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 College's investment policy states that no more than 50 percent of the portfolio may be placed in an investment pool, such as ColoTrust. As of June 30, 2017, 46.6 percent of the College's investments are in ColoTrust. In addition, the College's investments in U.S. government agencies constituted 46.9 percent 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 College 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.

Fair Value Measurement – The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certain investments, such as the nonnegotiable certifications of deposit, ColoTrust, and money market funds, are exempt from being measured at fair value and thus are excluded from the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See table above for levels associated with applicable investments

NOTE 3 RECEIVABLES

Other accounts receivable is made up of the following as of June 30, 2017:

Type of Receivable	Amount
Federal Government Grant Receivable	$ 882,841
Private Foundations and Other Receivable	657,848
Local Government Accunts Receivable	246,598
State Government Grant Receivable	15,817
Other Miscellaneous Receivable	640,031
	$ 2,443,135

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is:

	Balance July 1, 2016	Additions	Retirements	Transfers In (Out)	Balance June 30, 2017
Nondepreciable Capital Assets					
Artwork	$ 327,750	$ -	$ -	$ -	$ 327,750
Land	13,524,612	-	-	-	13,524,612
Other Fixed Assets	72,293	3,030	-	-	75,323
Construction in Progress	817,543	2,656,259	-	-	3,473,802
Total Nondepreciable Capital Assets	14,742,198	2,659,289	-	-	17,401,487
Depreciable Capital Assets					
Land Improvements	3,036,892	-	-	-	3,036,892
Buildings and Improvements	142,121,394	1,213,118	-	-	143,334,512
Equipment	7,450,138	604,004	(287,753)	-	7,766,389
Library Materials	3,125,995	46,150	(30,915)	-	3,141,230
Software	741,770	-	-	-	741,770
Infrastructure	5,358,773	-	-	-	5,358,773
Total Depreciable Capital Assets	161,834,962	1,863,272	(318,668)	-	163,379,566
Less Accumulated Depreciation					
Land Improvements	1,371,428	169,216	-	-	1,540,644
Buildings and Improvements	30,488,629	2,809,812	-	-	33,298,441
Equipment	5,249,059	717,504	(223,407)	-	5,743,156
Library Materials	2,504,046	50,939	(30,915)	-	2,524,070
Software	733,422	4,770	-	-	738,192
Infrastructure	667,187	175,912	-	-	843,099
Total Accumulated Depreciation	41,013,771	3,928,153	(254,322)	-	44,687,602
Net Depreciable Capital Assets	120,821,191	(2,064,881)	(64,346)	-	118,691,964
Net Carrying Amount	$ 135,563,389	$ 594,408	$ (64,346)	$ -	$ 136,093,451

Interest cost capitalized for the year ended June 30, 2017 is $49,787.

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Certificates of Participation (COPs)	$ 13,015,000	$ 26,775,000	$ 13,015,000	$ 26,775,000	$ 695,000
COPs Premiums	3,960	999,118	3,960	999,118	-
Capital Leases	14,842	69,295	8,238	75,899	7,973
Compensated Absences	1,651,710	1,531,580	1,513,125	1,670,165	1,403,953
Voluntary Early Retirement Program Payable	3,471,105	-	923,741	2,547,364	601,532
Net Pension Liability	101,536,835	67,462,741	-	168,999,576	-
Total	$ 119,693,452	$ 96,837,734	$ 15,464,064	$ 201,067,122	$ 2,708,458

On January 1, 2008, the College issued $19,580,000 in COPs, Series 2007, at a premium of $7,353, with interest rates varying from 3.75 percent to 4.375 percent. The COP Series 2007 were re-financed during FY17 as part of the 2017 COPs issued for $26,775,000, at a premium of $999,118, and with interest rates ranging from 2.00% percent to 5.00% percent

The premium on the COPs of $999,118 and the prepaid bond insurance costs of $291,825, are being amortized over the life of the COPs. The balance of the premium at June 30, 2017 is $999,118 and the unamortized balance of the prepaid bond insurance cost is $165,179. The amount of the premium credited as a reduction of interest expense for the year was $377 and the amount of the prepaid bond insurance costs amortized for the year was $15,651.

The following is a schedule of the future COPs payments as of June 30, 2017:

Year Ending June 30	Principal	Interest	Total
2018	$ 695,000	$ 806,435	$ 1,501,435
2019	450,000	1,050,281	1,500,281
2020	465,000	1,038,806	1,503,806
2021	480,000	1,024,631	1,504,631
2022	495,000	1,005,056	1,500,056
2023 - 2027	2,805,000	4,709,080	7,514,080
2028 - 2032	3,580,000	3,937,655	7,517,655
2033 - 2037	4,425,000	3,084,889	7,509,889
2038 - 2042	5,365,000	2,155,268	7,520,268
2043 - 2047	6,540,000	970,000	7,510,000
2048	1,475,000	29,500	1,504,500
	$ 26,775,000	$ 19,811,601	$ 46,586,601

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

The College has an outstanding liability for capital leases of $75,899 relating to copiers at various campuses and a long-term lease at the central services. The following is a schedule of the future capital lease's payments as of June 30, 2017:

Year Ending June 30	Amount
2018	$ 7,973
2019	6,505
2020	3,840
Thereafter	58,401
Gross Capital Lease Obligation	76,719
Less Interest	820
Net Capital lease Obligation	$ 75,899

The underlying gross capitalized asset cost of the capital leases is $262,675 and the accumulated amortization as of June 30, 2017 is $186,774.

Voluntary Early Retirement Program

The College has a Voluntary Early Retirement Program (VERP), which is strictly voluntary and available to employees if they qualified based on eligibility requirements and were approved by the president. To be eligible, employees must have a minimum of 15 years of continuous fulltime service, be at least 50 years of age on or before June 30, 2019 and may not be more than 65 years of age on or before their requested resignation date. Employees wishing to participate were required to submit their intention by March 31, 2015 with the program terminating on June 30, 2019. The VERP liability for an employee was determined using the salary and years of service as of June 30, 2014. The following is a schedule of the future VERP payments as of June 30, 2017:

Year Ending June 30	Amount
2018	$ 601,532
2019	1,945,832
	$ 2,547,364

NOTE 6 OPERATING LEASES

The College, 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, 2017, were approximately $186,338. Rental payments received on multi-year leases expiring from 2015 to 2018, for the year ended June 30, 2017, were approximately $449,066. The College entered into the following operating lease contract as the "Lessor."

NOTE 6 OPERATING LEASES (CONTINUED)

Aspen Ballet Company

On March 20, 2000, the College 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 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 recorded in unearned revenue 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, 2017, the College earned $21,233 of rental income.

NOTE 7 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, 2017 are estimated to be $615,299. Additionally, other part-time employees' salaries and benefits earned but unpaid as of June 30, 2017 are estimated to be $258,042. Full-time employees sub-contracted to perform projects during the summer earned but unpaid as of June 30, 2017 are estimated to be $27,325.

Some employees receive annual leave, which may accumulate to 240 hours. Unused leave is paid upon termination. The liability for unused annual leave at June 30, 2017 is $1,670,165.

NOTE 8 PENSION PLAN

The College contributes to 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)

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

NOTE 8 PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

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

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

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

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

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

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

NOTE 8 PENSION PLAN (CONTINUED)

Contributions

Eligible employees and the College are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f)[1]	(1.02)%	(1.02)%
Amount Apportioned to the SDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. 24-51-411[1]	4.20%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. 24-51-208(1)(f)[1]	4.00%	4.50%
Total Employer Contribution Rate to the SDTF[1]	17.33%	18.23%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the College is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the College were $4,778,605 for the year ended June 30, 2017.

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

At June 30, 2017, the College reported a liability of $168,999,576 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The College proportion of the net pension liability was based on College contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF.

At December 31, 2016, the College proportion was 0.920%, which was a decrease of 0.044% from its proportion measured as of December 31, 2015.

NOTE 8 PENSION PLAN (CONTINUED)

For the year ended June 30, 2017, the College recognized pension expense of $32,980,247. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,679,872	$ -
Changes of Assumptions or Other Inputs	42,994,582	520,190
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,602,469	-
Changes in Proportion	166,802	2,735,883
Contributions Subsequent to the Measurement Date	2,455,553	
Total	$ 52,899,278	$ 3,256,073

$2,455,553 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	$ 25,613,894
2019	19,960,859
2020	1,553,593
2021	59,306
	$ 47,187,652

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40 Percent
Real Wage Growth	1.10 Percent
Wage Inflation	3.50 Percent
Salary Increases; Including Wage Inflation	3.90 – 9.57 Percent
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Inflation	7.25 Percent
Future Post-Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007 (Automatic)	2.00 Percent
PERA Benefit Structure Hired After December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

NOTE 8 PENSION PLAN (CONTINUED)

Mortality rates used in the December, 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's board on November 13, 2012, and an economic assumption study, adopted by PERA's board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2015 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

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

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

NOTE 8 PENSION PLAN (CONTINUED)

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.9 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00 %	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

NOTE 8 PENSION PLAN (CONTINUED)

Discount Rate

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

NOTE 8 PENSION PLAN (CONTINUED)

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.26%) or one percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate Share of the Net Pension Liability	$ 209,316,434	$ 168,999,576	$ 135,876,171

Pension Plan Fiduciary Net Position

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

Plan Description (DCP)

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

NOTE 8 PENSION PLAN (CONTINUED)

Funding Policy (DCP)

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Covered payrolls for the DCP for the fiscal year ended June 30, 2017 were $9,292,107. For the current fiscal year the employer's contribution to the DCP, recognized as pension expense, was $1,813,435, which is 19.25 percent of covered payrolls for July 1, 2016 through December 31, 2016 and 20.15 percent for January 1, 2017 through June 30, 2017. Contributions by employees were $743,369, which is 8 percent of covered payrolls.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS

PERA Health Care Trust Fund

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

Funding Policy – The College is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the College are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2017, June 30, 2016 and June 30, 2015 the College's contributions to the HCTF was $265,939, $268,468 and $269,424, respectively, equal to their required contribution for the year.

Other Postemployment Benefits

Plan Description – College retirees have an option to continue, at their own expense, health insurance on the College 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.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

The College'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.

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

Annual Required Contribution (ARC)	$ 45,689
Interest on Net Pension Obligation (NPO)	13,512
Adjustment to ARC	(12,817)
Annual OPEB Costs	46,384
Contributions Made	4,820
Increase in NPO	41,564
NPO Beginning of Year	317,918
NPO End of Year	$ 359,482

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the three preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 40,972	20%	$ 276,445
6/30/2016	$ 46,293	10%	$ 317,918
6/30/2017	$ 46,384	10%	$ 359,482

Funded Status and Funding Progress

As of the most recent actuarial valuation date of June 30, 2016, the plan was -0- percent funded. The actuarial accrued liability for benefits was $352,493, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $352,493.

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.

NOTE 9 POSTEMPLOYMENT HEALTH CARE PLANS (CONTINUED)

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.

The following table details the actuarial assumptions made:

Assumptions	Health Care Plan
Actuarial Valuation Date	June, 30, 2016
Actuarial Cost Method	Projected Unit Credit Cost
Remaining Amortization Period	30 Years
Asset Valuation Method	Market
Actuarial Assumptions	
Investment Rate of Return	4.25%
Payroll Growth Rate	3.00%
Health Care Cost Trend, Including Inflation	6.50%
Decreasing for 3032 and Later	3.25%

NOTE 10 UNRESTRICTED NET POSITION

Unrestricted net position is comprised of the following as of June 30, 2017:

University Operations	$ 66,100,231
Net Pension Liability	(168,999,576)
Pension Related Deferred Outflows	52,899,278
Pension Related Deferred Inflows	(3,256,073)
Compensated Absences Liability	(1,670,165)
Total Unrestricted Net Position	$ (54,926,305)

NOTE 11 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 percent 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. The College believes it is in compliance with the requirements of TABOR.

Federally Assisted Grant Program

The College 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.

Contracts

The College has negotiated an intergovernmental agreement related to the purchase of property in Edwards, Colorado. The College 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 College for up to $400,000 for each entity. Through June 30, 2017, $338,442 has been used. The remaining obligation of $461,558 is reflected as land obligation payable on the Statement of Net Position.

Construction Commitments

As of June 30, 2017, the College had various contracts for the acquisition and construction of projects, which totaled $693,715.

NOTE 12 RISK MANAGEMENT

The College 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 and natural disasters. The College maintains a broad commercial insurance program for claims that may arise from such matters, which includes property, liability, workers compensation/employers liability, errors & omissions, crime cyber and foreign liability insurance. Claims have not exceeded the policy limits in any of the three preceding years. There have been no significant decreases in insurance coverage or limits.

NOTE 13 COMPONENT UNIT – FOUNDATION

The following details the investments held by the Foundation at June 30, 2017:

Publicly Traded Mutal Funds Invested in	
Fixed Income	$ 3,472,940
U.S. Large Cap Equities	3,378,036
Other Equities	4,046,816
Foreign Large Cap Equities	49,406
Other Foreign Equities	699,347
Real Estate	139,632
U.S. Corporate Bonds	2,075,318
International Bonds	313,411
Mortgage and Asset Backed Bonds	9,264
Cash and Cash Equivalents	570,116
Total Investments	$ 14,754,286

Investments are recorded in the following net asset balance at June 30, 2017:

Unrestricted Net Assets	$ 168,511
Temporarily Restricted Net Assets	6,315,811
Permanently Restricted Net Asset	8,269,964
	$ 14,754,286

The following table summarizes the valuation of the Foundation's investments by the fair value hierarchy levels as of June 30, 2017:

Description	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 570,116	$ 570,116	$ -	$ -
Equity Mutual Funds	8,173,605	8,173,605	-	-
Fixed Income Mutual Funds	3,472,940	3,472,940	-	-
Real Estate Mutual Funds	139,632	139,632	-	-
Fixed Income Securities	2,397,993	-	2,397,993	-
Total	$ 14,754,286	$ 12,356,293	$ 2,397,993	$ -

All assets have been valued using a market approach, except for Level 2 assets. The fair value of Level 2 assets has been estimated using models and other valuation methodologies. There were no changes in valuation techniques during the current year.

Temporarily restricted net assets are available for the Foundation to provide scholarships to the students of the Colorado Mountain College, support the faculty and leaders of the College, fund College facilities' construction and maintenance, and support various academic and community programs. At June 30, 2017, temporarily restricted net assets consisted of the following:

Unspent Earnings on Endowment Funds	$ 3,458,588
Contributions Received or Receivable for Specific Purposes	4,854,160
Total Temporarily Restricted Net Assets	$ 8,312,748

NOTE 13 COMPONENT UNIT – FOUNDATION (CONTINUED)

Net assets totaling $2,808,583 were released from restriction in 2017 as donor imposed restrictions were met.

Permanently restricted net assets consist of approximately 60 endowment funds. Of the total, one fund is restricted to provide maintenance for College facilities; the remainder is to provide for scholarships for the students of the College. At June 30, 2017, the balance of permanently restricted net assets consists of the following:

Endowment Funds for Facility Maintenance	$ 58,197
Endowment Funds for Scholarships	8,211,497
Total Endowment Funds	$ 8,269,694

At June 30, 2017, unconditional contributions receivable are due as follows:

Receivable in Less than One Year	$ 40,218
Receivable in One to Five Years	1,381,336
Receivable in More than Five Years	422,370
Total Unconditional Contributions Receivable	1,843,924
Less Discount to Net Present Value	(61,904)
Contributions Receivable, Net	$ 1,782,020

Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 0.01 percent to 1.285 percent.

At June 30, 2017, contributions receivable are recorded in the following accounts:

Unrestricted Net Assets	$ 57,221
Temporarily Restricted Net Assets	1,717,674
Permanently Restricted Net Asset	7,125
	$ 1,782,020

During the fiscal year ended June 30, 2017, the College recognized capital contributions of $638,000 from the Foundation. This amount was still owed to the College as of June 30, 2017.

NOTE 14 RENT AND DOWN PAYMENT ASSISTANCE PROGRAMS

Full-time, benefit eligible employees of the College may request a loan for rent assistance subject to program requirements and limitations. The loan can be up to the amount of first and last month rent plus security deposit for a rental within the College or within 60 miles. The loan is repaid, without interest, through a payroll deduction by the end of the lease or within one year, whichever is sooner.

The Housing Down Payment Assistance Program was terminated during FY2014-15 and is being phased out over the following four years. The program required a second mortgage or signed promissory note, which was amortized over 30 years, with a balloon payment due in five years.

Employees are required to minimally make monthly interest payments during the first five years and pay the entire balance due at the end of the five year period.

As of June 30, 2017, the Rent Assistance Program has one employees owing the College a total of $900, and the Down Payment Assistance Program has three participants with a balance of $26,150.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2017

Health Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Employee Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	$ -	$ 531,765	$ 531,765	0%	$ 23,805,436	2%
6/30/2014	$ -	$ 318,734	$ 318,734	0%	$ 25,510,736	1%
6/30/2016	$ -	$ 352,493	$ 352,493	0%	$ 27,999,469	1%

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILTY
JUNE 30, 2017

	2017	2016	2015	2014
College's Proportion of the Net Pension Liability (Asset)	0.920%	0.964%	0.958%	0.972%
College's Proportionate Share of the Net Pension Liability (Asset)	$ 168,999,576	$ 101,536,835	$ 90,114,058	$ 86,616,427
College's Covered-Employee Payroll	$ 26,406,021	$ 26,962,425	$ 25,933,643	$ 25,188,488
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	640.0%	376.6%	347.5%	343.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.80%	56.10%	59.80%	61.08%

Information above is presented as of the measurement date.

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

COLORADO MOUNTAIN COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2017

	2017	2016	2015	2014
Contractually Required Contribution	$ 4,778,605	$ 4,705,020	$ 4,458,106	$ 4,036,599
Contributions in Relation to the Contractually Required Contribution	4,778,605	4,705,020	4,458,106	4,036,599
Contribution Deficienty (Excess)	$ -	$ -	$ -	$ -
College's Covered-Employee Payroll	$ 26,406,021	$ 26,646,762	$ 26,708,154	$ 25,495,463
Contributions as a Percentage of Covered-Employee Payroll	18.10%	17.66%	16.69%	15.83%

Information above is presented as of the College's fiscal year.

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

SUPPLEMENTARY INFORMATION

COLORADO MOUNTAIN COLLEGE
SUPPLEMENTARY INFORMATION
ACTUAL TO BUDGET COMPARISON SCHEDULE - COLLEGEWIDE
JUNE 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues			
Tuition and Fees	$13,974,900	$ 11,491,270	$ (2,483,630)
Federal, State, Private Grants and Contracts	13,030,260	11,829,678	(1,200,582)
Auxiliary Enterprises	8,201,800	7,612,652	(589,148)
Other Operating Revenue	5,571,900	1,772,517	(3,799,383)
Total Operating Revenues	40,778,860	32,706,117	(8,072,743)
EXPENSES			
Operating Expenses			
Instruction	40,288,003	40,546,535	(258,532)
Community Service	2,138,538	1,827,561	310,977
Academic Support	4,835,096	4,807,154	27,942
Student Services	10,145,426	10,025,243	120,183
Institutional Support	33,474,034	23,754,274	9,719,760
Operation and Maintenance of Plant	10,987,821	9,152,169	1,835,652
Student Aid	12,694,492	11,402,539	1,291,953
Auxiliary Enterprises	8,774,172	8,234,652	539,520
Depreciation	4,547,700	3,928,153	619,547
Total Operating Expenses	127,885,282	113,678,280	14,207,002
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	7,143,040	7,143,039	(1)
Federal Nonoperating Revenue	4,787,900	3,494,465	(1,293,435)
Property Taxes	44,779,000	44,884,062	105,062
Investment Income	86,600	954,954	868,354
Unrealized Loss on Investments	-	(1,143,376)	(1,143,376)
Gain on Disposition of Capital Assets	-	18,390	18,390
Amortization of Prepaid Bond Insurance	-	(307,476)	(307,476)
Interest Expense on Capital Debt	(425,400)	(441,965)	(16,565)
Net Nonoperating Revenues (Expenses)	56,371,140	54,602,093	(1,769,047)
Capital Contributions	-	645,790	645,790
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,735,282)	(25,724,280)	5,011,002
Fund Balance - Beginning of Year	99,722,704	99,722,704	-
FUND BALANCE - END OF YEAR	$ 68,987,422	$ 73,998,424	$ 5,011,002

SINGLE AUDIT

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INDEPENDENT AUDITORS' 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 College
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 College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 13, 2017. Our report includes a reference to other auditors who audited the financial statements of the Colorado Mountain College Foundation (the Foundation), as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 13, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited Colorado Mountain College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2017. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on the major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the College 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 College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 13, 2017

COLORADO MOUNTAIN COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity ID Number	Federal Expenditures
U.S. Department of the Interior			
Passed through Colorado State Office Bureau of Land Management			
Fish, Wildlife and Plant Conservation Resource Management	15.231	L12AC20458	$ 34,361
Environmental Quality and Protection Resource Management	15.236	L15AC00235	96,818
Passed through Garco FMLD			
Federal Mining Leasing District	15.227	16-ST-01	517,040
Total U.S. Department of Interior			**648,218**
Environmental Protection Agency			
Passed through Colorado Department of Public Health and Environment			
Nonpoint Source Implementation Grants	66.460	C9-99818614	84,611
Total Environmental Protection Agency			**84,611**
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	69,784
Federal Work-Study Program	84.033	N/A	58,451
Federal Pell Grant Program	84.063	N/A	3,367,853
Federal Direct Student Loans	84.268	N/A	4,892,459
Subtotal Student Financial Assistance Cluster			8,388,547
TRIO Cluster			
Trio Student Support Services	84.042	N/A	332,696
Trio Student Support Services	84.042A	N/A	369,471
Trio Upward Bound	84.047	N/A	494,603
Subtotal TRIO Cluster			1,196,770
Passed through Colorado Department of Education			
Adult Education - Basic Grants to States	84.002A	5002	288,475
Passed through Colorado Community College System			
Career and Technical Education - Basic Grants to States	84.048	1645	108,908
Career and Technical Education - Basic Grants to States	84.048A	1622	211,627
Total U.S. Department of Education			**10,194,327**
U.S. Department of Health and Human Services			
National Library of Medicine-EnHIP	93.113	N/A	7,309
TANF Cluster			
Passed through Colorado Department of Human Services and Garfield County DHS			
Temporary Assistance for Needy Families (TANF)	93.558	2015-00000248	210,452
Subtotal for TANF Cluster			210,452
Passed through Colorado Department of Regulatory Agencies, Division of Insurance (SHIP)			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstration and Evaluation	93.779	OESFA 13SHIP000007	5,720
Special Programs for the Aging_Title IV_and Title II_ Discretionary	93.048	OESFA 14SMP000003	3,500
Total U.S. Department of Health and Human Services			**226,981**
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	N/A	54,395
Total for Corporation for National and Community Service			**54,395**
Total Expenditures of Federal Awards			**$ 11,208,531**

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLORADO MOUNTAIN COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1 GENERAL

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

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

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in OMB A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 PASS-THROUGH GRANTOR'S NUMBER

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

NOTE 4 SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the College passed no funds through to subrecipients.

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? __x__ yes ____ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268,	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ____ yes __X__ no

Section II – Financial Statement Findings

None were noted

Section III – Findings and Questioned Costs – Major Federal Programs

2017 – 001

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Numbers: 84.063 – Federal Pell Grant Program

Award Period: July 1, 2016 to June 30, 2017

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Compliance, Eligibility

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 690.6 states that "a student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study. The CFR stipulates very few exceptions to this rule; primary exceptions are related to professional licensure as a State requirement.

Condition: During our testing over eligibility, we noted one student was awarded Pell despite having already completed a previous baccalaureate degree. The student was not eligible for Pell in the exceptions noted under 34 CFR 690.6 (c) and (d).

Questioned costs: The student was awarded $2,633 in Pell during Fiscal Year 2017.

Context: During our testing over Federal Aid recipient eligibility, we noted that one student out of our sample of forty, received a Pell grant despite having completed a prior baccalaureate degree.

Cause: While the student reported on their FAFSA that they had not completed a prior degree, the College failed to note a prior degree, which was indicated on the student's ISIR.

Effect: The College awarded a Pell grant to an ineligible student.

Repeat Finding: No.

Recommendation: We recommend the College review its policy for awarding Pell grants to ensure only eligible students are awarded.

2017 – 002

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Numbers: 84.007 – Federal Supplemental Education Opportunity Grants
84.033 – Federal Work Study Program
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans

Award Period: July 1, 2016 to June 30, 2017

Type of Finding:

- Compliance
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 15 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don’t pass the NSLDS enrollment reporting edits.

In addition, the Code of Federal Regulations, 2 CFR 200.303 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that submission errors to the NSLDS are corrected and resubmitted in a timely manner.

Condition: Review of enrollment reporting data from the institution showed that errors were not corrected and returned to NSLDS within the prescribed timeframe.

Questioned costs: None.

Context: CLA reviewed the enrollment reporting detail (SCHER-1) as well as the enrollment reporting statistics for the entire fiscal year. We noted that the College had not resolved errors in the required timeframe and had not maintained 90% certifications required by the Department of Education. Despite this, we did review a sample of 40 students for testing of underlying reporting information between the College and the NSLDS, of which no instances of noncompliance were noted.

Cause: The College has many non traditional students which enroll in non credit classes. Since non credit classes cause errors when reporting to NSLDS the College consistently has errors due to the complexities of the reporting system.

Effect: The NSLDS system may not be updated with current student information, which can cause overawarding should the student transfer to another institution. In addition, students may not properly enter the repayment period upon withdrawal or graduation if inaccurate information is maintained at the NSLDS.

Repeat Finding: Yes.

Recommendation: We recommend the College review its reporting procedures to ensure that students’ statuses are accurately and timely reported to NSLDS as required by regulations.

Section IV – Prior Year Findings

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings were noted.

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

2016 – 001

Condition: We reviewed all 12 months of fiscal year 2016 noting none of the months had all errors cleared within the required 15 days.

Status: This item was repeated during 2017, see 2017-002.

Department of Education:

Colorado Mountain College respectfully submits the following corrective action plan for the year ended June 30, 2017.

Audit period: July 1, 2016 to June 30, 2017

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

No findings were noted

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education
2017-001 Student Financial Assistance Cluster –

CFDA No. 84.063 – Federal Pell Grant Program

Recommendation: We recommend the College review its policy for awarding Pell grants to ensure only eligible students are awarded.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

In addition to the existing procedures to verify all data elements according to a student's verification type, new procedures include the additional step to cross check FAFSA questions 28 and 30 for all student verifications and during the review of any new FAFSA transactions imported for a student. This error occurred due to the student answering "no" to question 28 which asks: "Will you have your first bachelor's degree before you begin the 2017-2018 school year?" The student then answered "yes" saying he was working on a second bachelor's degree. As the current Ellucian delivered functionality only checks the first question for a prior bachelors to allow disbursement of Pell funds, we will also check if the student answered "yes" to the second bachelor's question as well to ensure that there is no conflicting information and that no additional Pell disbursements take place with this rare combination of errors.

Name(s) of the contact person(s) responsible for corrective action: Thomas Valles, Director of Student Financial Aid.

Planned completion date for corrective action plan: June 30, 2018

Department of Education

2017-002 Student Financial Assistance Cluster –

CFDA No. 84.063 – Federal Pell Grant Program
CFDA No. 84.007 – Federal Supplemental Education Opportunity Grants
CFDA No. 84.033 – Federal Work Study Program
CFDA No. 84.038 – Federal Perkins Loans
CFDA No. 84.268 – Federal Direct Student Loans
CFDA No. 84.379 – Teacher Education Assistance for College and Higher Education Grants

Recommendation: We recommend the College review its reporting procedures to ensure that students statuses are accurately and timely reported to NSLDS as required by regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The finding regarding enrollment deficiencies was not due to inadequate reporting procedures but rather a temporary staff shortage. Making the necessary corrections and return of records within 10 days for any roster files that did not pass the NSLDS enrollment reporting edits was a considerable challenge. CMC is now up to full staff and is fully capable of processing the workload involved in meeting reporting deadlines on time. With a newly hired Registrar and Student Affairs Systems staff member, timely and accurate reporting is expected to be accomplished from this point forward.

Name(s) of the contact person(s) responsible for corrective action: Thomas Valles, Director of Student Financial Aid.

Planned completion date for corrective action plan: June 30, 2018

If the Department of Education has questions regarding this plan, please call Thomas Valles, Director of Student Financial Aid at (970) 947-8338.