Colorado Mountain Junior College District

Independent Auditor’s Reports and Financial Statements

Year Ended June 30, 2015

Colorado Mountain Junior College District

June 30, 2015

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BKD LLP
CPAs & Advisors

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Colorado Mountain Junior College District (the College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of 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 College as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Board of Trustees
Colorado Mountain Junior College District

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 accompanying supplementary information including the Actual to Budget Comparison Schedule – Collegewide and the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2015, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 14, 2015

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Colorado Mountain Junior College District

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2015

Following is a discussion of Colorado Mountain Junior College District's (the College or CMC) financial performance for the fiscal year ended June 30, 2015. It should be read in conjunction with the College's financial statements which begin on page 18.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The Higher Learning Commission (the College's accrediting body) approved two new bachelor degrees: a Bachelor of Applied Science degree and a Bachelor of Arts in Interdisciplinary Studies: Elementary Education. These degrees will be offered for the first time in the fall of 2015.
- The College strategic plan, Reaching New Heights: 2014-2018, is well underway and the President outlined priorities in organizational effectiveness, diversity and inclusivity, communications management and strategic enrollment management.
- The College was in the top 13% of two-year colleges in the U.S. selected to compete for the 2015 Aspen Prize for Community College Excellence.
- The first million dollar pledge for the Isaacson School of New Media was received in 2014.
- The College offered the first President's Scholarships. A $1,000 scholarship is available to all in-district high school seniors for the 2015-16 academic year.
- Credit enrollments declined just over three percent from the year before.
- Despite enrollment declines, overall revenue was $5.5 million higher than last year due to increases in property taxes, capital contributions and state appropriations. Overall expenses increased by $8.5 million over the prior year resulting in a negative change in net position of $4.5 million prior to restatement for change in accounting principle.
- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB No. 27*, was implemented this year. This required the College to record a net pension liability of $90.1 million and pension expense of $6.5 million.
- The College began phasing out its voluntary early retirement program this year. The program will be phased out over the next four years and this required a liability of $4.2 million be recorded.
- The College invested in employees by providing an infusion of professional development funds and a salary increase this year. Additionally the College provided a non-base building merit adjustment for employees mid-year.
- Investments were also made in technology both in the classroom and in the College operations. Following is a sample of technology projects which were funded in 2014-15:
    - Wireless upgrades throughout the College
    - Additional smart classroom equipment to reach 85% of all classrooms
    - Computer lab replacements
    - Student system upgrades
- The following major capital projects took place during fiscal year 2014-15:
    - New sidewalk and road at the Leadville campus
    - Many deferred maintenance projects across the College

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.

Colorado Mountain Junior College District

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2015

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

- Independent Auditor's Report which presents an unmodified opinion prepared by our auditors, **BKD, LLP**, an independent certified public accounting firm, on the fairness, in all material respects, of our financial statements.

- Statement of Net Position which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2015. 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, non-operating and other related activities during the fiscal year ended June 30, 2015. Its purpose is to assess the College's operating and non-operating activities.

- Statement of Cash Flows which presents the cash receipts and disbursements of the College for fiscal year ended June 30, 2015. 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 Governmental Accounting Standards Board.

Reporting the College as a Whole

The analysis of the College as a whole (all funds combined) begins on page 18. 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.

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 fiscal year 2014-15, the College increased tuition rates slightly, as seen in the chart below. The Board of Trustees has developed 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 2011-12 to 2014-15:

Tuition Category	2011-12 Rate/Credit Hr.	2012-13 Rate/Credit Hr.	2013-14 Rate/Credit Hr.	2014-15 Rate/Credit Hr.
In-district	$ 53.00	$ 56.00	$ 56.00	$ 57.00
In-state	$ 89.00	$ 95.00	$ 95.00	$ 101.50
Out of State	$ 279.00	$ 299.00	$ 299.00	$ 317.00
Service Area	N/A	N/A	N/A	$ 97.00
Industry Rate	$ 101.00	$ 101.00	$ 101.00	$ 112.00

Bachelor degree tuition rates from 2011/12 to 2014/15:

Tuition Category	2011-12 Rate/Credit Hr.	2012-13 Rate/Credit Hr.	2013-14 Rate/Credit Hr.	2014-15 Rate/Credit Hr.
In-district	95.00	$ 95.00	$ 95.00	$ 99.00
In-state	200.00	$ 200.00	$ 200.00	$ 212.00
Out of State	405.00	$ 405.00	$ 405.00	$ 429.00
Service Area	N/A	N/A	N/A	$ 205.00

Credit enrollments for FY2014-15 were 3% lower than the prior year. This resulted in lower tuition revenue of approximately $300,000 compared to budget. Residency mix within the student base is an important financial consideration for the College. The in-district students account for 64% of the student population and contribute 38% of the tuition revenue, while the out of state students account for only 17.6% of the student population and contribute 47% of the tuition revenue. The proportion of out of state students increased in FY2014-15 helping to keep total tuition revenue from declining more significantly.

Non-credit courses are offered as lifelong learning opportunities for the community and do not count towards a student degree or certificate. These enrollments (non-credit and ESL) increased slightly in FY2014-15. As the economy recovers the College anticipates these enrollments will continue to increase.

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	2013-14 Actual	2014-15 Actual
Credit FTE	3,752.62	3,627.41
Non-credit FTE	448.98	440.57
ESL FTE	316.03	330.71
Total	**4,517.63**	**4,398.69**

Net Position

The College's net position is $99,987,516 at June 30, 2015, reflecting a decrease of $88,886,799 from last year. This is the result of implementing a new accounting standard, GASB 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* during fiscal year 2014-15 which required the College to record a net pension liability of $90,114,058. GASB 68 also required the recording of deferred outflows and inflows of resources related to pensions in the amount of $4,271,803 and $839,637, respectively. Each employer involved in a cost-sharing pension plan, such as Colorado's Public Employee Retirement Association (PERA), must 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. Many details concerning the implementation of GASB 68 are provided in the notes to these financial statements.

In addition to the pension liability, the College began phasing out an optional early retirement program this year which required recording a liability of $4,180,127, payable over the next four years.

Long term debt owed by the College in the form of Certificates of Participation was reduced by $885,000 during the fiscal year. These Certificates were issued in 2007 and mature in fiscal year 2027.

No new buildings were capitalized during the year and depreciation expense was recorded on existing buildings causing overall capital assets to decline slightly from the prior year. The Board of Trustees is in the process of developing a long-term facilities master plan in accordance with the strategic plan which will outline new construction plans in the near-term, mid-term and long-term. Therefore, future years will reflect increases in capital assets. With no major building project during the fiscal year, the cash and investments balances in the Other Assets category built up and will help support the long-term capital plan that the Board approves.

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

The following table breaks the net position down further:

Table 1

Net Position

	6/30/15	6/30/14*
Capital Assets, Net	$ 137,560,822	$ 138,285,176
Other Assets	75,755,894	73,823,732
Total Assets	**$ 213,316,716**	**$ 212,108,908**
Deferred Outflows of Resources Related to Pensions	$ 4,271,803	$ -
Long-term Liabilities	$ 107,459,731	$ 14,689,397
Other Liabilities	9,301,635	8,545,196
Total Liabilities	**$ 116,761,366**	**$ 23,234,593**
Deferred Inflows of Resources Related to Pensions	$ 839,637	$ -
Net Investment in Capital Assets	$ 123,235,677	$ 124,275,579
Restricted Net Position	4,553,007	5,035,622
Unrestricted Net Position	(27,801,168)	59,563,114
Total Net Position	**$ 99,987,516**	**$ 188,874,315**

* See footnote 1 and 8 in Notes to the Financial Statements for additional information on GASB 68. Information in this table regarding 6/30/2014 has not been restated with the implementation of GASB 68.

The College has a deficit unrestricted net position as of June 30, 2015 due to the implementation of GASB 68 and recording a net pension liability of $90.1 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 $62 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% 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 Junior College District

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2015

Following is a recap of the change in net position:

Table 2

Change in Net Position

	Year Ended 6/30/15	Year Ended 6/30/14*
Operating Revenues:		
Tuition and Fees, Net	$ 7,820,154	$ 7,513,680
Federal, State, Private Grants and Contracts	5,140,237	4,880,155
Auxiliary Enterprises	7,571,561	7,518,934
Other	787,745	819,922
Total Operating Revenue	**$ 21,319,697**	$ 20,732,691
Non-operating Revenue:		
State Appropriations	$ 6,435,286	$ 5,686,188
Federal Non-operating	4,013,543	4,258,569
Property Taxes	44,333,010	42,938,218
Investment Income	785,422	787,410
Unrealized Gain on Investments	93,015	4,320
Gain in disposition of capital assets	2,620	-
Total Non-operating Revenue	**$ 55,662,896**	**$ 53,674,705**
Capital Contributions	**$ 3,243,748**	**$ 265,491**
Total Revenues	**$ 80,226,341**	**$ 74,672,887**

Colorado Mountain Junior College District

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2015

Table 2 (continued)

Change in Net Position

	Year Ended	
	6/30/15	**6/30/14***
Operating Expenses:		
Instruction	$ 26,487,029	$ 26,617,298
Community Service	1,062,374	1,244,712
Academic Support	3,652,703	3,827,755
Student Services	6,219,996	6,024,976
Institutional Support	22,888,052	15,118,266
Operation and Maintenance of Plant	9,131,860	8,476,769
Scholarships	3,423,175	3,317,531
Auxiliary Enterprises	7,301,844	7,163,737
Depreciation	3,934,242	3,948,936
Total Operating Expenses	**$ 84,101,275**	**$ 75,739,980**
Non-operating Expenses:		
Interest Expense on Capital Debt	$ 576,126	$ 472,359
Amortization of Prepaid Bond Insurance	15,651	15,651
Total Non-operating Expenses	**$ 591,777**	**$ 488,010**
Total Expenses	**$ 84,693,052**	**$ 76,227,990**
Adjustment for change in accounting principles	$ (84,420,088)	$ -
Change in Net Position	**$ (88,886,799)**	$ (1,555,103)

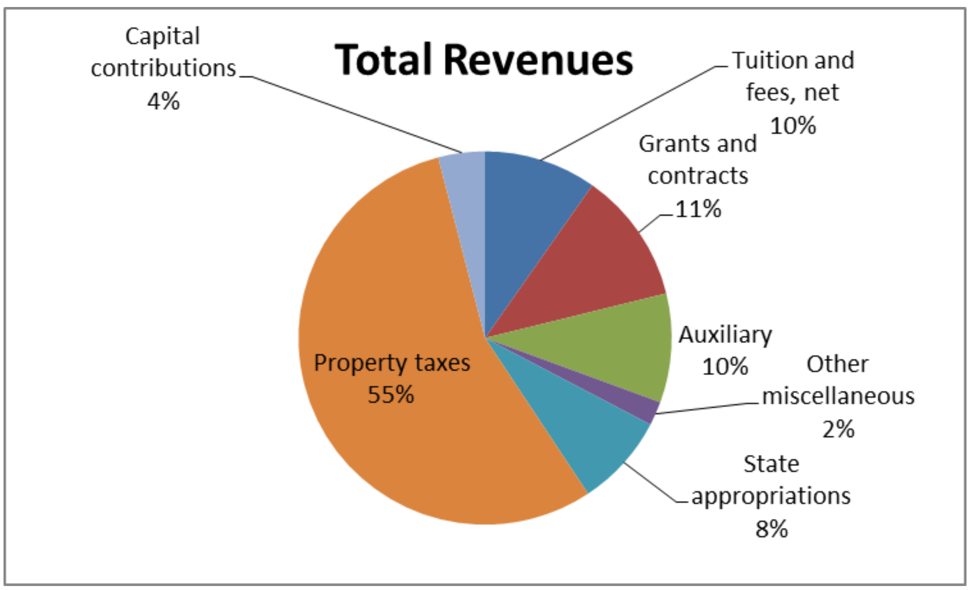
* See footnote 1 and 8 in Notes to the Financial Statements for additional information on GASB 68. Information in this table regarding 6/30/2014 has not been restated with the implementation of GASB 68

Revenues

The College experienced an increase in total revenues over last year in the amount of $5.5 million. This is attributed to increases in property taxes, state appropriations and capital contributions. The increase in property tax is due to the value of oil and gas which remains high through the fiscal year 2014-15. The state support increase of ten percent reflects the recovering economy at the state level and the large increase in capital contributions is due to a donation of land at the Edwards campus.

Non-operating income related to investments shows a swing of $89 thousand 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. This year was not significant to total revenues.

The following graph depicts total revenue of the College:



Revenues from all sources total $80,226,341, with $21,319,697, or 26.6%, generated from operating revenues and $58,906,644, or 73.4%, from non-operating revenues and capital contributions. Property taxes which account for 55% of the total revenues are classified as non-operating revenue in accordance with generally accepted accounting principles.

Expenses

Overall expenditures have increased significantly from the prior year due to the recording of a liability and expense for the phase out of the voluntary early retirement program of $4.2 million and recording the liability and associated pension expense of $6.5 million required by the implementation of GASB 68. These expenses were recorded in reserve accounts within the category of Institutional Support.

Although expenditures increased overall, the College saw significant savings in salaries and benefits due to vacant positions this year. Retirements and the phase out of the early retirement program also contribute to the number of vacancies during the year. A strong housing market is beginning to impact the College's ability to recruit new staff and faculty from outside the area. Thus, positions may remain vacant for longer than desired.

The College continues to better align expenditures with strategic needs. During the 2014-15 fiscal year teams across the College developed recommendations to support the President's four priorities of the strategic plan:

1. Organizational Effectiveness
2. Communications
3. Diversity and Inclusivity
4. Strategic Enrollment Management Plan

Team recommendations are being implemented and will continue into fiscal year 2015-16.

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.

Net cash used in operations increased $2.6 million from 2013-14 to 2014-15. Part of this is attributed to contracts and grants receiving $1.3 million less in fiscal year 2014-15 than in the previous year. This is due primarily to the phase out of the Trade Adjustment Assistance Community College and Career Training grant during the year. The other half of the difference relates to increases in the amount of vendor/supplier payments and employee payments during the year. Salary increases for full time employees of 1% and benefit increases of 2.5% were budgeted for in 2014-15 and increased supplier payments partially contributed to inflationary cost increases. Changes in non-operating cash flows include an increase in state funding of $749 thousand; a gift of land in Edwards and other contributions for capital purposes valued at $3.2 million; the sale of an administration building for $1.1 million, and property tax increases. Overall cash and cash equivalents, from both operations and non-operations, increased by $5.1 million over the prior year. More detail can be found on the Statement of Cash Flows.

CAPITAL ASSETS AND DEBT

Capital Assets

At June 30, 2015, the College had $137,560,822 invested in capital assets, net of depreciation, consisting of buildings, land, land improvements, equipment, infrastructure, library materials and construction in progress. Following is a breakdown of those assets:

Table 5
Capital Assets at Year-End
Net of Depreciation

	6/30/15	6/30/14
Land	$ 12,363,112	$ 9,205,612
Library Materials	625,005	600,707
Construction In Progress	466,439	-
Land Improvements	1,842,548	2,019,632
Buildings	115,533,577	119,488,246
Equipment and Software	2,388,946	2,505,544
Infrastructure	3,943,886	4,067,082
Other Fixed Assets	397,309	398,353
Total Capital Assets	**$ 137,560,822**	$ 138,285,176

The College received a donation of land for the Edwards campus valued at $3.2 million. This was the final parcel of a 15.886 acre site to be conveyed to CMC by the Partnership for Education. Additionally, the College sold a building at 831 Grand Avenue in Glenwood Springs which previously housed the central administration of the College. This contributes to the reduction in the buildings value above. Depreciation expense of $3,934,242 was recorded during FY2014-15. The Board of Trustees and college leadership have begun developing a new long-term capital plan. The previous plan culminated in FY2013-14, therefore the investment in new capital assets was limited this year. The net change, after additions, deletions and depreciation is a decrease in capital assets of $724,354.

Debt

The College has one debt issue outstanding which is certificates of participation (COPs) issued in 2007 for the purpose of financing construction of an academic building in Rifle and in Breckenridge. The COPs were issued for $19,580,000, and the outstanding principal balance at June 30, 2015 is $13,940,000. The bonds are scheduled to be paid off in fiscal year 2027.

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 Hays, Maggard & Hood, 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

The primary revenue source for the College is property tax, supplying 70% or more of the College's budgeted revenue. The economy plays a huge role in the property tax valuations from year to year which causes this source of revenue to be volatile at times. For FY2015-16 housing and business property taxes will be in year one of a two year property valuation cycle which will include the beginning of the housing market recovery. Property taxes from housing and businesses are continuing to rise and it is expected that the increased valuations will hold for another three years. However, the College also receives a large share of taxes from oil and gas in western Garfield County. Gas production has declined significantly in the past year with a number of companies pulling out of the region. This will result in large oil and gas revenue losses in the near future. Valuations are 18 months behind current dates, therefore this revenue loss will be reflected in the 2016-17 budget. At the time of this writing, the College has received preliminary property assessments for FY2015-16 and total property taxes increased $300,000 over the budgeted amount for the same year.

Overall enrollments for next year (FY2015-16) are budgeted to increase slightly and with fall enrollments mostly complete at the time of this report, we anticipate enrollments to increase by 2-3% for the 2015-16 fiscal year. A primary focus of the College's strategic plan is a robust enrollment plan to stabilize and grow enrollments. Coupled with that the Board of Trustees have been developing a five year tuition and tuition discount plan to support the enrollment plan. These two things combined should yield more stable net tuition revenue in the future.

With the improving economy, the State of Colorado is experiencing a recovery in revenue. However, with the current state laws, in particular TABOR, the State will not be able to retain all of the revenue it receives and will have to refund a portion of it. The 2015-16 fiscal year may be the last year that the College will see an increase in this revenue source for some time into the future.

For fiscal year 2015-16, the College will continue its commitment to technology upgrades, classroom equipment upgrades, deferred maintenance on buildings and a few capital projects. A total of $8.8 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. These plans will guide the budget over the next four to five years.

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 take place. With new leadership and a strong strategic plan, the College is moving forward and "Reaching New Heights".

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 VP for Fiscal Affairs at 802 Grand Avenue, Glenwood Springs, Colorado 81601.

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Colorado Mountain Junior College District

Statement of Net Position

June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 42,633,094
Short-term investments	4,043,689
Property tax receivable, net of allowance of $181,896	8,528,688
Student accounts receivable, net of allowance of $115,000	171,563
Other accounts receivable	1,385,358
Inventories	140,200
Prepaid expenses	1,050,934
Total current assets	57,953,526
Noncurrent assets:	
Restricted cash and cash equivalents	1,844,253
Restricted investments	46,115
Long-term investments	15,661,320
Other noncurrent assets	250,680
Nondepreciable capital assets:	
Land	12,363,112
Other fixed assets	397,309
Construction in progress	466,439
Depreciable capital assets (net):	
Land improvements	1,842,548
Buildings and improvements	115,533,577
Infrastructure	3,943,886
Equipment and software	2,388,946
Library materials	625,005
Total noncurrent assets	155,363,190
TOTAL ASSETS	**213,316,716**
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS (NOTE 8)	**4,271,803**

Colorado Mountain Junior College District

Statement of Net Position (continued)

June 30, 2015

LIABILITIES	
Current liabilities:	
Accounts payable	1,328,605
Deposits payable	201,120
Accrued salaries	1,206,391
Accrued interest payable	242,958
Other accrued liabilities	2,060,936
Unearned revenue	1,250,861
Funds held for others	54,225
Bonds and capital leases payable	939,160
Voluntary early retirement program payable	563,845
Compensated absences	1,453,534
Total current liabilities	9,301,635
Noncurrent liabilities:	
Bonds and capital leases payable	13,026,288
Voluntary early retirement program payable	3,616,282
Land obligation payable	541,599
Compensated absences	161,504
Net pension liability (Note 8)	90,114,058
Total noncurrent liabilities	107,459,731
TOTAL LIABILITIES	**116,761,366**
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (NOTE 8)	**839,637**
NET POSITION	
Net investment in capital assets	123,235,677
Restricted for:	
TABOR reserve	2,075,000
Loans	48,030
Bond reserve	1,731,985
Other purposes - expendable	697,992
Unrestricted	(27,801,168)
TOTAL NET POSITION	**$ 99,987,516**

Colorado Mountain College Foundation, Inc.

Statement of Financial Position

June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	
Unrestricted	$ 207,604
Temporarily restricted	1,013,354
	1,220,958
Other current assets:	
Other receivables - unrestricted	9,769
Other receivables - temporarily restricted	46,054
Other receivables - restricted for permanent endowment	221
Prepaid Expenses	4,694
Unconditional promise to give, net	
Unrestricted	17,848
Temporarily restricted	266,088
Restricted for permanent endowment	49,984
	394,658
Total current assets	1,615,616
Noncurrent assets:	
Other noncurrent assets:	
Cash surrender value of life insurance	34,524
Long-term unconditional promise to give, net	
Unrestricted	44,908
Temporarily restricted	858,811
Restricted for permanent endowment	13,405
Long-term investments	
Unrestricted	155,680
Temporarily restricted	4,284,046
Restricted for permanent endowment	7,992,886
Total noncurrent assets	13,384,260
TOTAL ASSETS	$ 14,999,876

Colorado Mountain College Foundation, Inc.
Statement of Financial Position (continued)
June 30, 2015

LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 44,038
Other current liabilities	66,993
Gift annuity payable - current portion	1,591
Land acquisition obligation - current portion	40,000
Total current liabilities	152,622
Noncurrent liabilities	
Long-term gift annuity payable	3,929
TOTAL LIABILITIES	156,551
NET ASSETS	
Unrestricted	469,321
Temporarily restricted	6,317,508
Permanently restricted	8,056,496
Total net assets	14,843,325
TOTAL LIABILITIES AND NET ASSETS	$ 14,999,876

Colorado Mountain Junior College District

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

REVENUES	
Operating revenues:	
Tuition and fees, net of scholarship allowance of $2,892,007	$ 7,820,154
Federal, state, private grants and contracts	5,140,237
Auxiliary enterprises	7,571,561
Other operating revenue	787,745
Total operating revenues	**21,319,697**
EXPENSES	
Operating expenses:	
Instruction	26,487,029
Community service	1,062,374
Academic support	3,652,703
Student services	6,219,996
Institutional support	22,888,052
Operation and maintenance of plant	9,131,860
Student aid	3,423,175
Auxiliary enterprises	7,301,844
Depreciation	3,934,242
Total operating expenses	**84,101,275**
Operating loss	**(62,781,578)**
NONOPERATING REVENUES (EXPENSES)	
State appropriations	6,435,286
Federal nonoperating revenue	4,013,543
Property taxes	44,333,010
Investment income	785,422
Unrealized gain on investments	93,015
Gain on disposition of capital assets	2,620
Amortization of prepaid bond insurance	(15,651)
Interest expense on capital debt	(576,126)
Net nonoperating revenues	**55,071,119**
Income before other revenues	**(7,710,459)**
Capital contributions	3,243,748
Change in net position	**(4,466,711)**
Net position - beginning of year, before restatement	188,874,315
Adjustment for change in accounting principle (Notes 1 and 8)	(84,420,088)
Net position - beginning of year, after restatement	104,454,227
Net position - end of year	**$ 99,987,516**

Colorado Mountain College Foundation, Inc.

Statement of Activities

Year Ended June 30, 2015

REVENUES AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions, net uncollectable pledges	$ 50,517	$ 1,908,689	$ 26,501	$ 1,985,707
In-kind contributions:				
From Colorado Mountain College	936,260	-	-	936,260
Other in-kind contributions	28,967	-	-	28,967
Administrative fee income	25,120	-	-	25,120
Interest and dividends	1,960	375,586	-	377,546
Realized gain (loss) on investments	(156)	260,053	-	259,897
Unrealized gain (loss) on investments	17,640	(552,854)	(12,131)	(547,345)
Less investment fees	(1)	(83,130)	-	(83,131)
Change in value of charitable gift annuity	-	(492)	-	(492)
Net assets released from restrictions	1,362,066	(1,362,042)	(24)	-
Total revenues and other support	**2,422,373**	**545,810**	**14,346**	**2,982,529**
EXPENSES				
Scholarships	691,736	-	-	691,736
Distributions to or for the benefit of Colorado Mountain College	601,950	-	-	601,950
In-kind distributions to Colorado Mountain College	28,967	-	-	28,967
General and administrative	1,039,130	-	-	1,039,130
Total expenses	**2,361,783**	**-**	**-**	**2,361,783**
Change in net assets	60,590	545,810	14,346	620,746
Net assets–beginning of year	408,731	5,771,698	8,042,150	14,222,579
Net assets–end of year	**$ 469,321**	**$ 6,317,508**	**$ 8,056,496**	**$ 14,843,325**

Colorado Mountain Junior College District

Statement of Cash Flows

Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received:	
Tuition and fees	$ 7,619,264
Contracts and grants (operating revenue)	4,628,726
Sales and services of auxiliary enterprises	7,886,330
Other operating receipts	521,921
Cash payments:	
Payments to suppliers	(12,511,532)
Payments to employees	(50,235,994)
Payments for auxiliary enterprises	(7,156,083)
Scholarships disbursed	(3,423,175)
Net cash used in operating activities	**(52,670,543)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	6,435,286
Deposits held in custody for others	18,230
Property taxes	44,202,052
Federal nonoperating revenue	4,013,543
Direct loan receipts	5,853,005
Direct loan disbursements	(5,853,005)
Net cash provided by noncapital financing activities	**54,669,111**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gifts and grants for capital purposes	3,243,748
Acquisition or construction of capital assets	(3,969,349)
Payment of prior year payables for capital assets	(259,254)
Proceeds from sale of capital assets	1,148,498
Principal paid on capital debt	(917,431)
Interest payments on capital debt and leases	(600,800)
Net cash used in capital and related financing activities	**(1,354,588)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	3,640,229
Investment income	785,795
Net cash provided by investing activities	**4,426,024**
Increase in cash and cash equivalents	5,070,004
Cash and cash equivalents, beginning of year	39,407,343
Cash and cash equivalents, end of year	$ 44,477,347

Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents	$ 42,633,094
Restricted cash and cash equivalents	1,844,253
Total cash and cash equivalents	$ 44,477,347

Colorado Mountain Junior College District

Statement of Cash Flows (continued)

Year Ended June 30, 2015

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	**$ (62,781,578)**
Adjustments to reconcile operating loss to to net cash used in operating activities:	
Depreciation	3,934,242
Amortization of land obligation payable	(28,574)
Adjustment to net pension expense	2,261,804
Increase (decrease) in assets:	
Receivables, net	(346,791)
Inventories	(9,130)
Prepaid expenses	61,483
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	4,588,310
Deposits payable	(32,497)
Deferred revenue	(317,812)
Net cash used in operating activities	$ (52,670,543)

Noncash investing, capital and financing activities:	
Accounts payable incurred for purchase of capital assets	$ 359,697
Amortization of prepaid bond insurance	15,651
Unrealized gain on investments	93,015
Amortization of bond premium	377
Tuition provided under land obligation agreement	28,574
Assets acquired through a capital lease	17,173

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Colorado Mountain Junior College District

Notes to Financial Statements

June 30, 2015

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

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 P.O. Box 1763, Glenwood Springs, Colorado 81602.

Basis of Accounting and Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the 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 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.

Use of Estimates

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

Cash and Cash Equivalents

The College considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2015, cash and cash equivalents consisted primarily of cash on hand, demand deposits and money market funds with brokers.

Investments and Investment Income

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

Accounts Receivable

Accounts receivable consists of tuition and 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 $181,896 has been provided based on an analysis of historical trends. The original January 1, 2015 levy for the College was 3.997 mills.

Capital Assets

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

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

Deferred 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.

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 2014/15 budget was amended in June 2015. 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*
$ 87,306,913	$ 9,135,674	$ 96,442,587

* 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. Unrestricted net position represents remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted net position.

Classification of Revenues

The 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, 2015 was $2,892,007.

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.

Implementation of New Accounting Principle

The College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* (GASB 68), which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The College provides its employees with pension benefits through the State Division Trust Fund, a multiple-employer cost-sharing defined benefit retirement program administered by PERA. GASB 68 requires employers participating in multiple-employer cost-sharing plans, such as PERA, to record their proportionate share, as defined in GASB 68, of PERA's unfunded pension liability. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of GASB 68 resulted in a $84,420,088 restatement of net position as of July 1, 2014. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

Related Party

The 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.

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, 2015 is comprised of the following:

Deposits	$ 14,857,129
COLOTRUST	21,757,696
Money market funds	6,010,406
Cash total	42,625,231
Cash on hand	7,863
Total cash and cash equivalents	42,633,094
Restricted cash and cash equivalents	1,844,253
Total	$ 44,477,347

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

Colorado Mountain Junior College District
Notes to Financial Statements
June 30, 2015

At June 30, 2015, the carrying amount of the College's deposits, including non-negotiable certificates of deposits, was $19,059,202. The College's deposits in banks and non-negotiable certificates of deposit in banks totaled $20,294,425, of which $1,645,566 was insured by federal deposit insurance and $18,648,860 was collateralized in accordance with PDPA. The College also had cash on hand of $7,863 at June 30, 2015.

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, 2015, the College has invested $21,757,696 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1. In addition, the 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	Credit Rating Moody's	Credit Rating S&P
Certificates of deposit (non-negotiable)						
Vectra Bank	$ 46,115	$ 46,115	Various	Various ranging from 5/09/2016 to 4/25/2019		
Yampa Valley Bank	1,543,360	1,521,147	0.60%	08/12/2015		
1st Bank	2,500,329	2,500,000	0.30%	06/15/2016		
	4,089,804	4,067,262				
Government issued or guaranteed bonds						
Federal Home Loan Bank	5,120,964	4,334,536	4.25%	12/10/2021	AAA	AA+
Federal Home Loan Bank	10,540,356	8,827,861	4.62%	06/12/2026	AAA	AA+
	15,661,320	13,162,397				
Money market funds						
Federated Government Obligation	1,731,985	1,731,985				
Dreyfus General	6,010,406	6,010,406				
	7,742,391	7,742,391				
Total investments	$ 27,493,515	$ 24,972,050				

Statement of net position classification	
Money market funds in restricted cash and cash equivalents	$ 1,731,985
Money market funds in cash and cash equivalents	6,010,406
Short-term investments	4,043,689
Long-term investments	15,661,320
Restricted investments	46,115
	$ 27,493,515

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. State law limits investments in commercial paper and corporate bonds to at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. See table above for ratings associated with the government issued or guaranteed bonds.

As of June 30, 2015, the College's investment in COLOTRUST investment pool was rated AAAm by Standard and Poor's.

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).

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% of the portfolio may be placed in an investment pool, such as COLOTRUST. As of June 30, 2015, 44% of the College's investments are in COLOTRUST. In addition, the College's investments in U.S. government agencies constituted 44% 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.

Note 3: Receivables

Other accounts receivable is made up of the following as of June 30, 2015:

Type of Receivable	Amount	
Federal government grant receivable	$	957,963
State government grant receivable		87,787
Other miscellaneous receivable		339,608
	$	1,385,358

Colorado Mountain Junior College District

Notes to Financial Statements

June 30, 2015

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2015 is:

	Balance, July 1, 2014	Additions	Retirements	Transfers In (Out)	Balance, June 30, 2015
Nondepreciable capital assets					
Artwork	$ 327,750	$ -	$ -	$ -	$ 327,750
Land	9,205,612	3,157,500	-	-	12,363,112
Other fixed assets	70,603	-	(1,044)	-	69,559
Construction in progress	-	466,439	-	-	466,439
Total nondepreciable capital assets	9,603,965	3,623,939	(1,044)	-	13,226,860
Depreciable capital assets					
Land improvements	3,036,892	-	-	-	3,036,892
Buildings and improvements	145,419,944	-	(2,137,050)	-	143,282,894
Equipment	7,210,603	647,908	(515,379)	-	7,343,132
Library materials	3,072,926	70,650	(32,742)	-	3,110,834
Software	727,460	14,310	-	-	741,770
Infrastructure	4,449,855	-	-	-	4,449,855
Total depreciable capital assets	163,917,680	732,868	(2,685,171)	-	161,965,377
Less accumulated depreciation					
Land improvements	1,017,260	177,084	-	-	1,194,344
Buildings and improvements	25,931,698	2,817,759	(1,000,140)	-	27,749,317
Equipment	4,705,059	768,659	(506,414)	-	4,967,304
Library materials	2,472,219	46,352	(32,742)	-	2,485,829
Software	727,460	1,192	-	-	728,652
Infrastructure	382,773	123,196	-	-	505,969
Total accumulated depreciation	35,236,469	3,934,242	(1,539,296)	-	37,631,415
Net depreciable capital assets	128,681,211	(3,201,374)	(1,145,875)	-	124,333,962
Net carrying amount	$ 138,285,176	$ 422,565	$ (1,146,919)	$ -	$ 137,560,822

Interest cost capitalized for the year ended June 30, 2015 is $9,547.

Colorado Mountain Junior College District

Notes to Financial Statements

June 30, 2015

Note 5: Long-term Liabilities

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2015:

	Balance July 1, 2014, as restated	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Certificates of Participation (COPs)	$ 14,825,000	$ -	$ 885,000	$ 13,940,000	$ 925,000
COPs premiums	4,714	-	377	4,337	-
Capital leases	36,369	17,173	32,431	21,111	14,160
Compensated absences	1,680,410	1,257,890	1,323,262	1,615,038	1,453,534
Voluntary early retirement program payable	-	4,180,127	-	4,180,127	563,845
Net pension liability	86,616,428	3,497,630	-	90,114,058	-
Total	**$ 103,162,921**	**$ 8,952,820**	**$ 2,241,070**	**$ 109,874,671**	**$ 2,956,539**

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% to 4.375%. The COPs require annual debt service payments ranging from $871,433 to $1,540,200, including interest. Final payments are due in August 2026.

The premium on the COPs of $7,353 and the prepaid bond insurance costs of $336,000, are being amortized over the life of the COPs. The balance of the premium at June 30, 2015 is $4,337 and the unamortized balance of the prepaid bond insurance cost is $196,480. 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, 2015:

Year Ending June 30	Principal	Interest	Total
2016	$ 925,000	$ 565,344	$ 1,490,344
2017	960,000	529,088	1,489,088
2018	995,000	491,931	1,486,931
2019	1,035,000	452,575	1,487,575
2020	1,075,000	408,359	1,483,359
2021-2025	6,130,000	1,294,859	7,424,859
2026-2027	2,820,000	124,688	2,944,688
	$ 13,940,000	**$ 3,866,844**	**$ 17,806,844**

Capital Lease Obligations

The College has an outstanding liability for capital leases of $21,111 relating to copiers at various campuses. The following is a schedule of the future capital lease's payments as of June 30, 2015:

Year Ending June 30		Amount
2016	$	14,160
2017		5,880
2018		1,470
Gross capital lease obligation		21,510
Less interest		399
Net capital lease obligation	**$**	**21,111**

The underlying gross capitalized asset cost of the capital leases is $119,126 and the accumulated amortization as of June 30, 2015 is $61,899.

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, 2015:

Year Ending June 30		Amount
2016	$	563,845
2017		815,861
2018		382,283
2019		2,418,138
	$	**4,180,127**

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, 2015, were approximately $218,672. Rental payments received on multi-year leases expiring from 2015 to 2018, for the year ended June 30, 2015, were approximately $373,126. The College entered into the following operating lease contract as the "Lessor."

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, 2015, 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, 2015 are estimated to be $896,828. Additionally, other part-time employees' salaries and benefits earned but unpaid as of June 30, 2015 are estimated to be $220,442. Full time employees sub-contracted to perform projects during the summer earned but unpaid as of June 30, 2015 are estimated to be $89,121.

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, 2015 is $1,615,038. Sick leave accumulates, but does not vest and thus is not accrued for at year-end.

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.

Benefits Provided

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

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

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

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

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

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

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

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

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

Contributions

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

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

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 $4,458,106 for the year ended June 30, 2015.

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

At June 30, 2015, the College reported a liability of $90,114,058 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The College proportion of the net pension liability was based on College contributions to the SDTF for the calendar year 2014 relative to the total contributions of participating employers to the SDTF.

At December 31, 2014, the College proportion was 0.958 percent, which was a decrease of 0.014 from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the College recognized pension expense of $6,499,821. At June 30, 2015, 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	$ -	$ 6,677
Changes of assumptions or other inputs	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	$ 1,837,437	$ -
Changes in proportion	$ -	$ 832,960
Contributions subsequent to the measurement date	$ 2,434,366	N/A
Total	$ 4,271,803	$ 839,637

$2,434,366 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	$ 10,362
2017	68,720
2018	459,359
2019	459,359
	$ 997,800

Actuarial Assumptions

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

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 9.57 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit 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

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

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

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

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

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

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

Discount Rate

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

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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 115,548,016	$ 90,114,057	$ 68,720,697

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)

The SDTF members of the College may voluntarily contribute to the Voluntary Investment Program (401(a) Plan), an Internal Revenue Code Section 401(a) defined contribution plan. Plan participation is voluntary, and contributions are separate from others made to PERA. Article 54.5, Title 24 of the C.R.S., as amended, assigns authority to establish the 401(a) Plan provisions to the State Legislature. The DCP was established October 1, 1994 and is administered by two fund sponsors, VALIC and TIAA-CREF. Employees who elect to contribute to the DCP as established under Colorado Statutes and IRS Code 401(a) are immediately vested. Full retirement benefits are available to those employees as early as 55 unless other qualifying events occur as outlined in the Plan Document, Section 7.1. Contribution requirement for the employee and employer are the same as those of PERA.

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, 2015 were $8,885,142. For the current fiscal year the employer's contribution to the DCP, recognized as pension expense, was $1,591,481, which is 17.45% of covered payrolls for July 1, 2014 through December 31, 2014 and 18.35% for January 1, 2015 through June 30, 2015. Contributions by employees were $710,810, which is 8% 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 healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The College is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the 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 ending June 30, 2015, 2014, and 2013 the College contributions to the HCTF were $269,424, $257,795 and $245,926, respectively, equal to their required contributions for each 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.

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)	$	40,166
Interest on net pension obligation (NPO)		10,968
Adjustment to ARC		(10,162)
Annual OPEB costs		40,972
Contributions made		(8,263)
Increase in NPO		32,709
NPO beginning of year		243,736
NPO end of year	$	276,445

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year End		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
6/30/13	$	63,464	30%	$	211,134
6/30/14	$	40,865	17%	$	243,736
6/30/15	$	40,972	20%	$	276,445

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $318,734, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $318,734.

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

Actuarial Methods and Assumptions

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

The following table details the actuarial assumptions made:

Assumptions	Health Care Plan
Actuarial valuation date	June 30, 2014
Actuarial cost method	Projected Unit Credit Cost
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.5%
Payroll growth rate	3.0%
Health care cost trend, including inflation	7.0%
Decreasing for 2020 and later	3.50%

Note 10: Commitments and Contingencies

Tax, Spending and Debt Limitations

In 1992 the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards or property sales. Also required by TABOR are emergency reserves of at least 3% of fiscal year spending. During 2000, the voters in the district passed an initiative allowing the College to retain all revenues from whatever source without increasing the mill levy. 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 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, 2015, $258,401 has been used. The remaining obligation of $541,599 is reflected as land obligation payable on the Statement of Net Position.

Construction Commitments

As of June 30, 2015, the College had various contracts for the acquisition and construction of projects which totaled $663,874.

Note 11: 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; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have been no significant decreases in insurance coverage.

Note 12: Component Unit – Foundation

The following details the investments held by the Foundation for each major category of investments and the related fair market value at June 30, 2015:

	Cost Basis	Fair / Carrying Value
Unrestricted:		
Equity funds / corporate stock	$ 30,000	$ 155,680
Temporarily Restricted:		
Money market funds / uninvested cash	40,251	40,251
Fixed income funds / corporate bonds	1,721,727	1,700,752
Equity funds / corporate stock	2,133,012	2,543,043
Permanently Restricted:		
Money market funds / uninvested cash	93,710	93,710
Fixed income funds / corporate bonds	3,228,692	3,183,995
Equity funds / corporate stock	3,997,244	4,715,181

Temporarily restricted net assets are available for the Foundation to provide scholarships to the students of the Colorado Mountain Junior College District, support the faculty and leaders of the College, fund College facilities' construction and maintenance, and support various academic and community programs.

Permanently restricted net assets are comprised of 61 endowment funds restricted in perpetuity to provide for scholarships for the students of the College and two funds restricted in perpetuity to provide maintenance for College facilities. Income generated by these assets is to be used for scholarships or maintenance expenses as the endowment agreements stipulate and cannot be used for operating expenses. The following details the Foundation's unconditional promises to give at June 30, 2015:

	Carrying Value	
Receivable in less than one year:		
Unrestricted	$ 17,848	
Temporarily restricted	266,088	
Permanently restricted	49,984	
Total receivable in less than one year		$ 333,920
Receivable in one to five years:		
Unrestricted	32,033	
Temporarily restricted	614,808	
Permanently restricted	14,075	
Total receivable in one to five years		660,916
Receivable thereafter:		
Unrestricted	20,000	
Temporarily restricted	380,000	
Total receivable thereafter		400,000
Total gross unconditional promises to give		1,394,836
Less discounts to net present value		(143,792)
Total unconditional promises to give		1,251,044
Less allowance for uncollectible promises		-
Net unconditional promises to give		$ 1,251,044

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

Note 13: 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 fiscal year 2014-15 and is being phased out over the next 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, 2015, the Rent Assistance Program has one employee owing the College a total of $473, and the Down Payment Assistance Program has four participants with a balance of $46,115.

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Required Supplementary Information

Colorado Mountain Junior College District

Required Supplementary Information

Schedule of Funding Progress

Year Ended June 30, 2015

Health Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/2010	$ -	$ 852,617	$ 852,617	0%	$ 23,052,264	4%
06/30/2012	$ -	$ 531,765	$ 531,765	0%	$ 23,805,436	2%
06/30/2014	$ -	$ 318,734	$ 318,734	0%	$ 25,510,736	1%

Colorado Mountain Junior College District

Required Supplementary Information

Schedule of Changes in Net Pension Liability

Year Ended June 30, 2015

	2015	2014
College's proportion of the net pension liability (asset)	0.958%	0.972%
College's proportionate share of the net pension liability (asset)	$ 90,114,058	$ 86,616,427
College's covered-employee payroll	$ 25,933,643	$ 25,188,488
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	347.5%	343.9%
Plan fiduciary net position as a percentage of the total pension liability	59.80%	61.08%

Information above is presented as of the measurement date

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

Colorado Mountain Junior College District

Required Supplementary Information

Schedule of Employer Contributions

Year Ended June 30, 2015

	2015	2014
Contractually required contribution	$ 4,458,106	$ 4,036,599
Contributions in relation to the contractually required contribution	4,458,106	4,036,599
Contribution deficiency (excess)	$ -	$ -
College’s covered-employee payroll	$ 26,414,150	$ 25,274,032
Contributions as a percentage of covered-employee payroll	16.88%	15.97%

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 Junior College District

Actual to Budget Comparison Schedule - Collegewide

June 30, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating revenues:			
Tuition and fees	$ 10,989,928	$ 10,712,161	$ (277,767)
Federal, state, private grants and contracts	11,418,127	10,993,242	(424,885)
Auxiliary enterprises	7,754,196	7,571,561	(182,635)
Other operating revenue	761,780	787,745	25,965
Total operating revenues	**30,924,031**	**30,064,709**	**(859,322)**
EXPENSES			
Operating expenses:			
Instruction	27,072,155	26,487,029	585,126
Community service	1,058,297	1,062,374	(4,077)
Academic support	3,847,875	3,652,703	195,172
Student services	6,352,852	6,219,996	132,856
Institutional support	25,046,901	22,888,052	2,158,849
Operation and maintenance of plant	8,325,325	9,131,860	(806,535)
Student aid	12,824,414	12,168,187	656,227
Auxiliary enterprises	7,522,268	7,301,844	220,424
Depreciation	3,800,000	3,934,242	(134,242)
Total operating expenses	**95,850,087**	**92,846,287**	**3,003,800**
NONOPERATING REVENUES (EXPENSES)			
State appropriations	6,435,236	6,435,286	50
Federal nonoperating revenue	4,500,000	4,013,543	(486,457)
Property taxes	43,120,981	44,333,010	1,212,029
Investment income	824,653	785,422	(39,231)
Unrealized gain on investments	-	93,015	93,015
Gain on disposition of capital assets	-	2,620	2,620
Amortization of prepaid bond insurance	(27,500)	(15,651)	11,849
Interest expense on capital debt	(565,000)	(576,126)	(11,126)
Net nonoperating revenues	**54,288,370**	**55,071,119**	**782,749**
Capital contributions	81,850	3,243,748	3,161,898
Excess of revenues over expenditures	(10,555,836)	(4,466,711)	6,089,125
Fund balances/net position - beginning of year, before restatement	188,874,315	188,874,315	-
Adjustment for change in accounting principle	(84,420,088)	(84,420,088)	-
Fund balances/net position - beginning of year, after restatement	104,454,227	104,454,227	-
Fund balance, end of year	$ 93,898,391	$ 99,987,516	$ 6,089,125

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Colorado Mountain Junior College District (the College), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 14, 2015, which contained an emphasis of matter paragraph regarding a change in accounting principles and a reference to the report of other auditors. The financial statements of Colorado Mountain College Foundation, Inc., the discretely presented component unit of the College, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the College's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 College'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the College's management in a separate letter dated November 14, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 14, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited Colorado Mountain Junior College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Board of Trustees
Colorado Mountain Junior College District

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding number 2015-001 for Special Tests and Provisions – Enrollment Reporting. Compliance with such requirements is necessary, in our opinion, for the College to comply with requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

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

Report on Internal Control Over Compliance

Management of the 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Board of Trustees
Colorado Mountain Junior College District

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 were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a material weakness.

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

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

BKD, LLP

Denver, Colorado
November 14, 2015

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Colorado Mountain Junior College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Interior			
Passed through Colorado State Office Bureau of Land Management			
Fish, Wildlife and Plant Conservation Resource Management	15.231	L12AC20458	$ 2,373
Environmental Quality and Protection Resource Management	15.236	L12AC30458	51,739
Passed through U.S. Fish and Wildlife Service, Mountain Prairie Region			
Natural Resource Damage Assessment, Restoration and Implementation	15.658	60181BJ604	10,884
Total U.S. Department of Interior			64,996
U.S. Department of Labor			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC2506-11-60-A-8	178,454
Total U.S. Department of Labor			178,454
Environmental Protection Agency			
Passed through Colorado Department of Public Health and Environment			
Nonpoint Source Implementation Grants	66.460	13-53280 & C9-99818608	2,392
Total Environmental Protection Agency			2,392
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	61,867
Federal Work-Study Program	84.033	N/A	72,984
Federal Pell Grant Program	84.063	N/A	4,013,543
Federal Direct Student Loans	84.268	N/A	5,853,005
Subtotal Student Financial Assistance Cluster			10,001,399
TRIO Cluster			
TRIO_Student Support Services	84.042	N/A	268,338
TRIO_Student Support Services	84.042A	N/A	186,265
TRIO_Upward Bound	84.047	N/A	498,659
Subtotal TRIO Cluster			953,262
Passed through Colorado Department of Higher Education			
Improving Teacher Quality State Grants	84.367	CFDA#84.367B2014-15-4	15,853
Passed through Colorado Department of Education			
Adult Education - Basic Grants to States	84.002A	5002	294,651
Passed through Colorado Community College System			
Career and Technical Education - Basic Grants to States	84.048A	14772	273,590
Total U.S. Department of Education			11,538,755

Colorado Mountain Junior College District

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
TANF Cluster			
Passed through Colorado Department of Human Services, Garfield County DHS, Eagle County DHS			
Temporary Assistance For Needy Families (TANF)	93.558	None	190,265
Subtotal TANF Cluster			190,265
Passed through Colorado Department of Regulatory Agencies, Division of Insurance (SHIP)			
Special Programs for the Aging_Title IV_ and Title II_Discretionary Projects	93.048	OE SFA 14SMP000003	3,000
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	None	9,343
Total U.S. Department of Health and Human Services			202,608
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	11SRWCO002	78,841
Total Corporation for National and Community Service			78,841
Total Expenditures of Federal Awards			$ 12,066,046

Colorado Mountain Junior College District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

1. This schedule includes the federal awards activity of Colorado Mountain Junior College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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Colorado Mountain Junior College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

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

Federal Awards

4. Internal control over major programs:

   Material weakness(es) identified? ☒ Yes ☐ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

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

   ☒ Unmodified ☒ Qualified ☐ Adverse ☐ Disclaimer

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

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

Colorado Mountain Junior College District
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.042, 84.042A, 84.047	TRIO Cluster

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

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

Colorado Mountain Junior College District
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs

No matters are reportable.

Colorado Mountain Junior College District
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

2015-001 **Finding:** Special Tests & Provisions - Enrollment Reporting

Student Financial Assistance Cluster:
Federal Direct Student Loans CFDA No. 84.268
Federal Pell Grant Program CFDA No. 84.063
Department of Education - Award Year: 2014-2015

Criteria: Per the OMB A-133 Compliance Supplement and per 34 CFR 685.309 and 690.83(b)(2), a school must report within 30 days to the National Student Loan Data System (NSLDS), or directly to a guaranty agency, a change in enrollment status, including (a) withdrawal; (b) graduation; (c) reduction or increase in attendance level; or (d) approved leaves-of-absence unless an enrollment roster file will be submitted within 60 days.

Condition: Of the 45 students selected for enrollment reporting testing, our audit procedures identified the following:

1. Twenty-two instances in which the students were not reported in the required timeframe. The delay in reporting ranged from one day late to 196 days late.

2. One instance in which the enrollment status reported was not accurate compared to the student's academic files.

Questioned Costs: None.

Context: We tested 45 of the 544 students awarded Pell and direct loans during the current year who had a reduction or increase in attendance level, withdrew, graduated or an approved-leave-of absence.

Effect: Enrollment reporting assists the federal government in management of these programs, including tracking of the 150% subsidized loan limitation provisions and congressional report requirements associated with the Pell grant program. In addition, for the direct loan program it assists lenders in the determination of whether a borrower should be moved into loan repayment or if they are eligible for an in-school deferment. Thus, if the College fails to meet the required reporting timelines or submits inaccurate information to NSLDS, the borrowers' repayment responsibilities may be reported incorrectly resulting in either a lack of timely repayments by the borrowers or the student being inappropriately moved into loan repayment status.

Reference Number	Finding

Cause: For thirteen of the instances noted, the delay was caused by the enrollment reporting roster file being submitted prior to final grades being posted, which resulted in additional processing time to get the correct status report. This caused students to be reported between one to three days late. For three of the instances noted, the delay was caused by the student being automatically removed from Student Status Confirmation Report (SSCR) Roster after being reported with two consecutive withdrawal or graduated statuses. For these instances, the school did not receive notification of this error from the National Student Clearinghouse and thus was unaware of the delay. This caused students to be reported between 69 to 196 days late. For the remaining six instances, the scheduled enrollment reporting roster files were not transmitted to the National Student Clearinghouse and received timely by NSLDS to meet the required timeframes for all required reporting. This caused students to be reported between 6 to 32 days late.

Recommendation: We recommend that the College review their submission calendar to help ensure that all submissions at the end of the semester occur subsequent to final grades being posted. For errors caused by students automatically being removed from the Student Status Confirmation Report (SSCR) Roster, we recommend that the College continue with manual work around, including reporting students via Transfer Monitoring, until the National Student Clearinghouse is able to develop a solution to correct this issue. Finally, we recommend that the College continue to work with the National Student Clearinghouse to ensure that roster files are submitted with the suggested frequency according to the submission calendar to allow for student information to be received by NSLDS within the required timeframe.

Views of responsible officials and planned corrective actions: Enrollment Services and Financial Aid are working together to coordinate reporting dates in line with scheduled Student Status Conformation Reports (SSCR's) being delivered to the National Student Clearinghouse (NSC) from the National Student Loan Data Service (NSLDS) to ensure that future reporting is executed in a timely manner. Enrollment reporting will be submitted to the NSC monthly, during the week of the 20th every month except months which are the start of the semester; during these months, reporting will take place at census. NSC is responding to NSLD'S SSCRs on or around the first of each month. Enrollment Services and Financial Aid are working together to clear rejected files which apply to Financial Aid students in order to certify them and have their correct enrollment reported on the SSCR's. CMC is adding students to SSCR's by exporting students via Transfer Monitoring to NSLDS monthly. At the end of each semester, reporting will take place after grades have been posted to the registration system which updates actual end of semester enrollment statuses. The dates and timing described above will ensure timely reporting provided that NSC continues to respond the NSLDS's SSCRs on or around the first of each month.

Colorado Mountain Junior College District

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

Reference Number	Finding

One footnote: CMC has consistently and promptly made changes in our reporting dates to help ensure that submissions were timely and in compliance with required deadlines. Despite our best efforts, some of the delays cited in this audit were due to internal changes beyond our control. For example, NSC changed the date when NSC sweep their system for records for reporting to NSLDS or contractual changes between the NSC and NSLDS created gaps in their reporting.   In both cases, these changes resulted in some students getting picked up in later reporting cycles and consequently outside acceptable reporting times.

Person responsible for implementing*:* Shane Larson & Danielle Cerise

Implementation date: September 1, 2015

Colorado Mountain Junior College District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2015

Reference Number	Summary of Finding	Status
2014-001	*Student Financial Assistance Cluster - Special Tests and Provisions - Enrollment Reporting* - We recommend that the College implement policies and procedures to ensure the enrollment reporting roster file is submitted to NSLDS within 60 days for all students with a change in enrollment occurring during the school year. If the College does not expect to complete its next enrollment reporting roster file within 60 days, the College needs to notify NSLDS within 30 days. However for efficiency purposes, these policies and procedures should include increasing the frequency of the scheduled enrollment reporting roster files received to occur on a monthly basis and establishing policies and procedures to perform spot checks of submissions to ensure they are being transmitted by the National Student Clearinghouse and received timely by NSLDS. However, the College could consider reporting directly to NSLDS instead of using a third-party processor if the College's information systems will allow for such reporting. In addition, the College should also adopt policies to address special circumstances and rules such as ensuring those students who were enrolled over a break and do not return as expected are properly reported within the established 30 day requirement.	Not implemented. See current year finding 2015-001.
2014-002	*Student Financial Assistance Cluster - Special Tests and Provisions - Verifcation* - We recommend that the College implement policies and procedures to help ensure all students selected for verification are properly verified. In addition, any conflicting information received throughout the year should be reviewed and processed accordingly. Additionally, we recommend a verification training be provided to all individuals who work in financial aid to help ensure all employees are aware of and understand the verification requirements.	Implemented.