

SEWARD COUNTY COMMUNITY COLLEGE

Liberal, Kansas

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2007

BYRON BIRD AND ASSOCIATES, CHARTERED
Certified Public Accountants
224 N. Lincoln
Liberal, Kansas 67901

SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
Financial Statements
For the Year Ended June 30, 2007

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SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
Financial Statements
For the Year Ended June 30, 2007

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BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994
224 N. LINCOLN
LIBERAL, KANSAS 67901

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Seward County Community College
Liberal, Kansas 67901

We have audited the accompanying financial statements of the business-type activities of Seward County Community College, as of and for the year ended June 30, 2007, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Seward County Community College's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Seward County Community College Development Foundation, which represents all the assets and revenues of the discretely presented component unit. Those financial 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 on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The financial statements of Seward County Community College Development Foundation were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit Guide*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our 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 Seward County Community College as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008 on our consideration of the Seward County Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 15 and the budgetary comparison schedules on pages 33 through 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seward County Community College's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Seward County Community College. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Byron Bird and Associates, Chartered

BYRON BIRD AND ASSOCIATES, CHARTERED
January 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

Seward County Community College is proud to present its financial statements for fiscal 2007. The emphasis of discussions about these statements will be on current year data for the college only. Comparative data is included for fiscal 2006 per GASB 35 and will be briefly discussed enumerating noteworthy differences between the fiscal years. Additionally, component unit information is provided in the college's audited financial statements for the Seward County Community College Development Foundation, a 501(c)(3) organization organized February 24, 1969. The management of Seward County Community College expresses no opinion nor analysis of the component unit information. However, it is noted that the Seward County Community College Development Foundation received an unqualified opinion with no statutory or budgetary violations from their independent audit. The audit period for the Foundation is July 1, 2006 through June 30, 2007. The independent audit firm for the Foundation is Hay/Rice & Associates, 21 Plaza Drive, Liberal, KS 67901. The reader of this management discussion and analysis is encouraged to contact the Seward County Community College Development Foundation directly for a copy of their audited financial statements.

Contact information for the Seward County Community College Development

Foundation is:

SCCC Development Foundation
Tammy Doll, Secretary
P. O. Box 1137
Liberal, KS 67905-1137
tammy.doll@sccc.edu

There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and, the Statement of Cash Flows. All following dollar amounts are presented as actual rounded to the nearest dollar except for the Statement of Cash Flows which is presented in thousands of dollars format. This discussion and analysis of the college's financial statements provides an overview of its financial activities for fiscal 2007. All readers are encouraged to peruse the three audited financial statements and the accompanying notes. The notes provide insight into the values contained in the financial statements.

Statement of Net Assets

The statement of Net Assets presents the Assets (current and non-current), Liabilities (current and non-current) as of the end of the fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Seward County Community College. The difference between current and non-current is discussed in the footnotes to the financial statement.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions.

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Seward County Community College does not have any nonexpendable restricted assets. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors, the board of trustees, and/or external entities, most commonly bond covenants, that have placed time or purpose restrictions on the use of the assets. The final category

is unrestricted net assets. Unrestricted assets are available to the institution for any lawful purpose of the institution.

ABBREVIATED STATEMENT OF NET ASSETS
JUNE 30

	<u>2007</u>	<u>2006</u>
ASSETS		
Current and Other Assets.....	\$10,541,039	\$9,474,420
Capital Assets.....	\$13,228,860	\$13,389,311
Total Assets.....	\$23,769,899	\$22,863,731
LIABILITIES		
Current Liabilities.....	\$ 4,275,815	\$3,763,720
LongTerm Liabilities.....	\$ 5,100,000	\$5,504,740
Total Liabilities.....	\$ 9,375,815	\$9,268,460
NET ASSETS		
Invested in Capital Assets, net of related debt.....	\$ 7,724,435	\$7,421,054
Restricted for:		
Expendable Capital Projects.....	\$17,641	\$7,065
Expendable Debt Service.....	\$1,472,245	\$1,453,704
Expendable Other.....	\$600,938	\$ 528,269
Unrestricted.....	\$ 4,578,825	\$4,185,179
Total Net Assets.....	\$14,394,084	\$13,595,271

The total net assets of the college increased by \$ 798,813. However, total net assets for July 1, 2006 have been restated to be \$13,558,134 instead of \$13,595,271. This is a difference of \$37,137. This difference is due to the retroactive application of GASB #47, Accounting for Termination Benefits. The \$37,137 represents an accrual of future benefits that could potentially become a liability based upon the college's Early Retirement Plan. This change also affects the Statement of Revenues, Expenses, and Changes in Net Assets that follows. For consistency and comparative purposes, the

comparative data from Fiscal 2006 has not been restated in these summarized financial statements. A review of the Statement of Net Assets reveals the net overall increase is a result of an increase in cash from tax revenues.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. Examples of non-operating revenues are state appropriations and local ad valorem taxes. These are “non-operating” because state appropriations are provided by the Kansas Board of Regents to the institution with the Kansas Board of Regents directly receiving no

commensurate goods and services for those revenues. Local ad valorem taxes are provided by the property owners of Seward County, Kansas with the Seward County property owners directly receiving no commensurate goods and services for those revenues.

ABBREVIATED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For Fiscal Years Ended June 30

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Student tuition and fees (net)	\$ 1,377,419	\$ 1,434,015
Federal grants and contracts	1,787,030	1,761,425
Auxiliary Enterprise	1,121,765	1,201,559
Other	873,945	689,237
Total Operating Revenue	\$ 5,160,159	\$ 5,086,236
Operating Expenses		
Educational and general	\$13,048,511	\$11,903,053
Auxiliary Enterprises	1,128,425	1,213,189
Total Operating Expenses	\$14,176,936	\$13,116,242
Operating Income (Loss)	-\$9,016,777	-\$8,030,006
Non Operating Revenues (Expenses)	\$9,852,727	\$9,586,671
Increase in Net Assets	\$835,950	\$1,556,665
Net Assets - July 1	\$13,558,134	\$12,038,606
Net Assets - June 30	\$14,394,084	\$13,595,271

As presented in the statement, total operating revenues increased \$73,923 from a decrease in inventory from Bookstore Operations and increased accounts receivable collections. Operating expenses increased \$ 1,060,694 as a result of wage increases and related employer tax/insurance expense coupled with increased utility costs, fleet vehicle fuel and substantial funds allocated for campus repair and maintenance.

Statement of Cash Flows

The final statement presented by Seward County Community College is the Statement of Cash Flows. The statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with the operating cash flows and shows the net cash used in the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. The section deals with the cash used in the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

ABBREVIATED STATEMENT OF CASH FLOWS

For the Fiscal Years Ended June 30

(Data Presented in nearest \$1,000)

	<u>2007</u>	<u>2006</u>
Net Cash Flows From Operating Activities	(\$7,447)	(\$7,013)
Net Cash Flows From NonCapital Financing Activities	\$10,266	\$9,536
Net Cash Flows From Capital & Related Financing Activities	(\$1,891)	(\$2,256)
Net Cash Flows From Investing Activities	\$328	\$204
Net Increase (Decrease) in Cash	\$1,256	\$471
Cash, Beginning of Year, July 1	\$8,078	\$7,606
Cash, End of Year, June 30	\$9,334	\$8,078

The reader of the cash flow statement should be aware that the “Cash Provided by Operations” will always be negative due to the definitions of operating revenues and operating expenses as defined by GASB 35.

The primary reason for the increase in year end cash balance from 2006 to 2007 was a substantial refund by Blue Cross Blue Shield of Kansas for the college health insurance plan and increased tax revenue from an increased assessed property valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

General Obligation Bond Issues

Seward County Community College currently has one general obligation bond issue outstanding as of June 30, 2007. General Obligation bonds are retired through the levying of property taxes upon the property owners of Seward County, Kansas.

Series 2002

This series of general obligation bonds is the result of refunding the Series 1996 and Series 1997 issues that were used for the major campus expansion project that was approved by the voters in 1995. The outstanding principal for this issue as of June 30, 2007 is \$240,000. The outstanding interest is \$6,900. This series of bonds matures

September 1, 2008. The mill levy for this issue was eliminated as of July 1, 2006 as the reserves required to extinguish this debt are fully funded.

Revenue Bond Issue

Seward County Community College currently has two revenue bond issues outstanding as of June 30, 2007. Revenue Bond issues are retired through revenues earned from the colleges Auxiliary Enterprise System and by a fee levied per credit hour on all students enrolled each semester.

Series 2001 Refunding

This series of revenue bonds was refunded to take advantage of declining interest rates. The principal balance outstanding as of June 30, 2007 is \$850,000. The outstanding interest is \$200,880. This series of bonds matures March 1, 2015.

Series 2001B

This series of bonds was issued to fund the construction of a 168 bed Student Living Center and furnishings thereof. The outstanding principal as of June 30, 2007 is \$4,290,000. The outstanding interest is \$2,930,274. This series of bonds matures March 1, 2027.

Certificates of Participation

Seward County Community College has one issue of certificates of participation outstanding. Series 1998 Certificates of Participation were issued to fund the acquisition of integrated software to handle all administrative functions of the college and to solve the Y2K problems of the legacy systems. Certificates of participation are retired by levying property taxes upon the property owners of Seward County, Kansas. The outstanding principal as of June 30, 2007 is \$ 90,000. The outstanding interest is \$4,185. These certificates mature on June 1, 2008.

Long-term Capital Leases

Seward County Community College currently has one long-term capital lease outstanding. The purpose of capital leases is to allow the college to acquire real property or construct facilities. Capital leases are retired by a variety of revenue streams, which could include property taxes, fees, or rents charged to qualified lessees.

Dormitory Lease

A lease to finance the construction of a two-story apartment style dormitory unit that houses 16 students was entered into on May 9, 2001. The outstanding loan balance, principal and interest, as of June 30, 2007 is \$35,289. This lease is financed by rents charged to students living in the complex. This lease matures April, 9, 2008. It is anticipated this lease will be extinguished in early July 2007.

FOCUSING ON THE FUTURE

It is anticipated that enrollment will be flat with a demand for increased services. The rural location is not conducive to traditional enrollment increases with the majority of the rural counties served showing a decline in population. The college continues to address the challenges of changing demographics (ethnic, age, employment status) of the area. Growth opportunities are most realizable in the area of distance education via the internet which includes Seward Online and consortium membership in EduKan. EduKan is a consortium of six Kansas community colleges that offers online instruction. Consortium members are Colby Community College, Garden City Community College, Dodge City Community College, Pratt Community College, Barton County Community College and Seward County Community College.

The Kansas Legislature begins its regular session in January 2008. The funding distribution formula for community colleges will receive considerable attention from the Council of Presidents, the Kansas Association of Community College Trustees and the Kansas Association of Community College Business Officers. The timeline for the full funding of SB345 via the current distribution model has come to an end. It will be the responsibility of the aforementioned groups to provide the Kansas Board of Regents with a revised distribution model that can be acted upon by the Kansas Legislature. It is anticipated that the Legislature will be more conducive to providing positive attention to the system requirements that are controlled/coordinated by the Kansas Board of Regents.

At the local level, the administration and boards of USD 480 (Liberal) and SCCC have held numerous discussions about the potential merger of the Southwest Kansas Technical School with Seward County Community College. This potential merger has a far reaching social and economic impact for the Liberal area. Without such a merger, the technical programs at Southwest Kansas Technical will most likely “go away” to surrounding community colleges and the Southwest Kansas Technical School institution will become purely secondary in its focus. Seward County Community College views post-secondary technical education as a valuable and needed asset to the community and its’ economic base, particularly with the construction of a new Ethanol Plant immediately to the east and potentially a new beef processing facility immediately to the southwest in the Oklahoma panhandle.

For the institution to continue to provide excellence in instruction and facilities, the college will continue to rely upon local ad valorem tax dollars. Seward County Community College has been fortunate to enjoy an expanded tax base due to oil and gas production in the county. The county provides approximately sixty-eight percent of the revenue for the institution.

The institution continually examines its internal operations for cost containment possibilities and a reallocation of resources to provide the greatest benefit to students.

The college anticipates fiscal 2009 will be much like fiscal 2008 and will maintain scrutiny over resources with reviews of programs and offerings to continue the tradition of exceptional instructional capabilities and to be proactive to unknown external and internal issues.

For more information about the college's programs and offerings, please visit the home page at www.sccc.edu.

Tommy E. Williams, MS, CGFM
Dean of Administrative Services

SEWARD COUNTY COMMUNITY COLLEGE

Liberal, Kansas

Statement of Net Assets

June 30, 2007Statement 1

	<u>Seward County Community College</u>	<u>Component Unit Development Foundation</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,333,904	522,312
Taxes receivable	41,233	-
Accounts receivables, net (Note 4)	847,987	2,108
Investments	-	4,214,030
Inventory	317,915	-
Total Current Assets	<u>10,541,039</u>	<u>4,738,450</u>
Noncurrent Assets:		
Capital assets, net (Note 5)	13,228,860	-
Total Noncurrent Assets	<u>13,228,860</u>	<u>-</u>
Total Assets	<u>23,769,899</u>	<u>4,738,450</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	142,301	-
Accrued interest on debt	85,834	-
Dorm deposits payable	12,200	-
Early Retirement Liability	127,156	-
Deferred revenue (Note 6)	3,150,409	-
Compensated absences	240,469	-
Deposits held in custody for others	113,021	-
Current portion of long-term obligations (Note 7)	404,425	-
Total Current Liabilities	<u>4,275,815</u>	<u>-</u>
Noncurrent Liabilities:		
Long-term obligations (Note 7)	5,100,000	-
Total Noncurrent Liabilities	<u>5,100,000</u>	<u>-</u>
Total Liabilities	<u>9,375,815</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	7,724,435	-
Restricted for:		
Nonexpendable:		
Scholarships	-	2,864,889
Other	-	110,532
Expendable		
Capital projects	17,641	75,077
Debt service	1,472,245	-
Other	600,938	1,536,258
Unrestricted	<u>4,578,825</u>	<u>151,694</u>
Total Net Assets	\$ <u>14,394,084</u>	<u>4,738,450</u>

(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2007

Statement 2

	<u>Seward County Community College</u>	<u>Component Unit Development Foundation</u>
REVENUES		
Operating Revenues		
Student tuition and fees (net of scholarship allowances of \$480,553)	\$ 1,377,419	-
County out district tuition	24	-
Federal grants and contracts	1,787,030	-
State and local grants and contracts	563,865	72,000
Auxiliary enterprises revenues (net of scholarship allowance of \$212,026; \$1,036,221 of revenues are used as security for revenue bonds)	1,121,765	-
Other operating revenues	309,255	45,551
Total operating revenues	<u>5,159,358</u>	<u>117,551</u>
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	4,918,751	-
Academic support	177,825	-
Student services	2,354,241	-
Institutional support	2,649,699	77,053
Operation and maintenance of plant	1,356,582	-
Depreciation	1,315,059	-
Student Aid	275,553	584,467
Auxiliary enterprises expenses	1,128,425	-
Total operating expenses	<u>14,176,135</u>	<u>661,520</u>
Operating Income (Loss)	<u>(9,016,777)</u>	<u>(543,969)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	1,583,715	-
Local property taxes	8,207,282	-
Gifts and contributions	9,000	543,459
Investment Income, net of investment expenses	327,517	596,920
Interest and fees on capital asset related debt	(274,787)	-
Net non-operating revenues (expenses)	<u>9,852,727</u>	<u>1,140,379</u>
Increase in net assets	835,950	596,410
Net Assets - July 1, 2006	<u>13,558,134</u>	<u>4,142,040</u>
Net Assets - June 30, 2007	\$ <u><u>14,394,084</u></u>	<u><u>4,738,450</u></u>

(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

Statement 3
 Page 1 of 2

Seward County
 Community College

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 1,394,254
County out district tuition	24
Grants and contracts	1,963,591
Payments to vendors and suppliers	(5,468,784)
Payments to employees	(6,514,880)
Payments for scholarships	(275,553)
Auxiliary enterprise charges	1,150,736
Other receipts (payments)	<u>303,306</u>
Net cash used by operating activities	<u>(7,447,306)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Local property taxes	8,661,459
State appropriations	1,583,715
Donations and special events	9,000
Student organization agency transactions	<u>11,965</u>
Net cash provided by noncapital financing activities	<u>10,266,139</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(1,154,607)
Principal paid on capital debt	(463,833)
Proceeds from sale of capital assets	5,949
Interest & fees paid on capital debt	<u>(278,254)</u>
Net cash used by capital and related financing activities	<u>(1,890,745)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income, net of investment expenses	<u>327,517</u>
Net cash provided by investing activities	<u>327,517</u>

Net increase (decrease) in cash 1,255,605

Cash, Beginning of year 8,078,299

Cash, End of the year \$ 9,333,904

(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

Statement 3
Page 2 of 2

Seward County
Community College

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (9,016,777)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,315,059
Gain on sale of capital assets	(5,949)
Changes in assets and liabilities:	
Receivables, net	76,446
Inventories	29,926
Accounts payable	51,399
Deferred revenue	8,446
Early Retirement Liability	90,019
Compensated absences	<u>4,125</u>
Net cash used by operating activities	\$ <u><u>(7,447,306)</u></u>

(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
Notes to Financial Statements
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Seward County Community College (the College) is located in Liberal, Kansas and serves the surrounding area. The Two-year College was organized in 1967 and is governed by an elected six member board. The College receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the College is not included in any other governmental "reporting entity" as defined in Governmental Accounting Standards Board (GASB) pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

These financial statements present Seward County Community College (the primary government) and its component unit. The component unit is included in the College's reporting entity because of the significance of its operational and financial relationship with the College.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is a not-for-profit entity legally separate from the College.

The Seward County Community College Development Foundation is a legally separate, tax-exempt component unit of the college. The Foundation maintains and administers the resources available for college projects, equipment and scholarships. The revenue is generated by bequests, gifts, and private contributions. This money is expended based upon the requirements established by the donor. Although the College does not control the timing or amount of receipts from the foundation, the majority of resources, or incomes thereon, which the foundation holds and invests, are restricted to the activities of the College by the donors. 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. Scholarships totaling \$535,392 and expenditure reimbursements of \$82,679 were provided to the College during the year.

The Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3), organized in 1969 for the purpose of promoting and fostering the educational and cultural interests of Seward County Community College. The Foundation reports its financial results under Financial Accounting Standard Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial report for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

Complete financial statements of the individual component unit can be obtained from:

SCCC Development Foundation
Tammy Doll, Secretary
P.O. Box 1137
Liberal, KS 67905-1137

SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
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Basis of Accounting and Financial Statement Presentation

For financial statement 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 in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of the timing of related cash flows. All significant intra-agency and intra-fund transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes: federal, state, and local grants: State appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, State appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the College on a reimbursement basis.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB standards conflict with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances at year-end were approximately \$356,143, which represent the estimated amount of expenses ultimately to result if unperformed contracts in process at June 30, 2007 are completed. Encumbrances outstanding at June 30, 2007 do not constitute expenses or liabilities and are not reflected in these financial statements. Encumbered appropriations expire at year-end but are typically renewed in the next fiscal year.

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 reporting 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 and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Kansas statutes required that an annual operating budget be legally adopted for the current unrestricted funds and retirement of indebtedness funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

SEWARD COUNTY COMMUNITY COLLEGE
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The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for current restricted funds and agency funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Current and Non-current

Current liabilities are those that will be paid within one year of the date of the statement of net assets. Non-current liabilities include principal amounts of capital lease obligations and bond obligations with contractual maturities greater than one year. Current assets are those that are available to satisfy current liabilities. They include assets that will be converted to cash within one year of the date of the statement of net assets. Typically other assets and liabilities expected to become due beyond one year are considered non-current.

Cash and Cash Equivalents

For purposes of the reporting cash flows, the College defines cash and cash equivalents as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the state treasurer, and all highly liquid investments with an original maturity of three months or less.

Inventories

Inventories consist primarily of items held for resale by the bookstore and cosmetology and are stated at the lower of cost (first-in, first-out) or market. The cost is recorded as expenses as the inventory is consumed.

SEWARD COUNTY COMMUNITY COLLEGE
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Accounts Receivable

Other accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff and general public. Accounts receivable also include amounts due from the federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the college's grant and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the College's capitalizations policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to building, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The College records depreciation on all capital assets in accordance with GASB No. 35. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 20-30 years for buildings, 5-30 years for improvements other than buildings, and 3-10 years for equipment, collections, and library materials.

Deferred Revenue

Deferred revenues include (1) tax levies received and accrued that are restricted for future fiscal years; (2) amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting year; (3) amounts received from grant and contract sponsors that have not yet been earned.

On-Behalf Payments for Fringe Benefits and Salaries

The college recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employee Retirement System (KPERs) on behalf of the College's employees. In fiscal year 2007, the state made contributions of approximately \$400,000 (see Note 10).

Compensated Absences

The College records a liability for employees' vacation leave earned, but not taken. The employees earn vacation time during the current school year and use it the following school year with no accumulation. The liability and expense incurred are recorded at year-end as accrued expenses in the statements of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net assets.

Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt – This represents the College's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations related to those capital assets.

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Restricted net assets – nonexpendable – This includes resources subject to externally imposed stipulations that they be maintained permanently. Such assets include permanent endowment funds.

Restricted net assets – expendable – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net assets – This includes resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available for use, the order of use of such funds is determined on a case-by-case basis. Restricted funds remain classified as restricted until they are expended.

Property Taxes

In Kansas, property taxes are levied in November and are due by December 20. Taxpayers may elect to pay in two installments, with the second half due by May 10 of the following year. Property taxes are recorded on an accrual basis of accounting. Property tax levies passed in November 2006 were allocated between fiscal years 2007 and 2008.

As of June 30, 2007, the county treasurer had distributed to the College approximately 96% of the 2006 taxes levied. A portion of the 2006 and 2007 taxes levied will be used to finance the year ending June 30, 2008.

Classification of Revenues

The College has classified its revenues as either Operating or Non-Operating. Operating revenue include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and non-governmental grants and contracts. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) state appropriations, and (3) gifts and contributions.

Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and have portions of it reimbursed by other funds. In accounting for such reimbursements, the College records an expenditure (or expenses) in the reimbursing fund, and a reduction of expenditure (or expense) in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing and Financial Reporting*.

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Family Education Loans programs, and Federal Academic Competitiveness Grant. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

SEWARD COUNTY COMMUNITY COLLEGE
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Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-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 discount and allowance.

NOTE 2: COMPLIANCE WITH KANSAS STATUTES

Negative Cash:

The TQE grant fund, Bridges grant fund, and Water Quality grant fund had negative cash balance. Expenditures from these funds are reimbursed by federal aid. Per K.S.A. 12-1663 this is not a violation of Kansas Statute.

Management is aware of no statutory violations for the period covered by the audit.

NOTE 3: DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The College has not designated a "peak period". All deposits were legally secured at June 30, 2007.

SEWARD COUNTY COMMUNITY COLLEGE
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 Notes to Financial Statements
June 30, 2007

At June 30, 2007, the College's carrying amount of the deposits was \$9,329,704 and the bank balance was \$9,471,764. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$155,289 was covered by federal depository insurance; \$9,316,475 was collateralized with securities held by the pledging financial institutions' agents in the College's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of June 30, 2007, the College had no investments.

NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30, 2007:

Student tuition and fees	\$ 641,458
Auxiliary enterprises and other operating activities	370,108
Federal and state agencies	<u>37,421</u>
Gross accounts and grants receivable	1,048,987
Less allowance for doubtful accounts	<u>(201,000)</u>
Net accounts and grants receivable	<u>\$ 847,987</u>

NOTE 5: CAPITAL ASSETS, NET

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2007</u>
Non-depreciable assets				
Land	\$ 294,019	-	-	294,019
Depreciable assets				
Land Improvements	1,009,264	8,429	-	1,017,693
Buildings	18,002,580	199,247	-	18,201,827
Furniture and equipment	3,694,684	946,932	(173,910)	4,467,706
Library materials	<u>1,081,170</u>	<u>-</u>	<u>-</u>	<u>1,081,170</u>
Total capital assets	<u>24,081,717</u>	<u>1,154,608</u>	<u>(173,910)</u>	<u>25,062,415</u>
Less accumulated depreciation				
Land Improvements	886,002	35,898	-	921,900
Buildings	6,422,331	536,259	-	6,958,590
Furniture and equipment	2,519,137	526,668	(173,910)	2,871,895
Library materials	<u>864,936</u>	<u>216,234</u>	<u>-</u>	<u>1,081,170</u>
Total accumulated depreciation	<u>10,692,406</u>	<u>1,315,059</u>	<u>(173,910)</u>	<u>11,833,555</u>
Net capital assets	<u>\$13,389,311</u>	<u>(160,451)</u>	<u>-</u>	<u>13,228,860</u>

SEWARD COUNTY COMMUNITY COLLEGE
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 Notes to Financial Statements
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NOTE 6: DEFERRED REVENUES

Deferred revenues consisted of the following at June 30, 2007:

Property taxes levied for future period	\$ 3,081,408
Grant and contract funds received in advance	20,736
Summer session payments received in advance	<u>48,265</u>
Total deferred revenues	<u>\$ 3,150,409</u>

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt of the College for the year ended June 30, 2007:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2007</u>	Amounts due within <u>one year</u>	Interest <u>Paid</u>
Lease obligations	\$ 143,257	-	(108,832)	34,425	34,425	8,053
Certificates of Participation	175,000	-	(85,000)	90,000	90,000	2,946
General obligation bonds	355,000	-	(115,000)	240,000	120,000	8,071
Revenue bonds	<u>5,295,000</u>	<u>-</u>	<u>(155,000)</u>	<u>5,140,000</u>	<u>160,000</u>	<u>259,181</u>
Total lease and bond Obligations	5,968,257	-	(463,832)	5,504,425	404,425	278,251
Compensated absences	<u>236,344</u>	<u>240,469</u>	<u>(236,344)</u>	<u>240,469</u>	<u>240,469</u>	<u>-</u>
Total Long-term liabilities	<u>\$ 6,204,601</u>	<u>240,469</u>	<u>(700,176)</u>	<u>5,744,894</u>	<u>644,894</u>	<u>278,251</u>

Lease, COP and bonds payable consist of the following:

	Date of <u>Issue</u>	Amount <u>of Issue</u>	Date of Final <u>Maturity</u>	Outstanding <u>Interest Rates</u>	Balance June <u>2007</u>
30, <u>Debt Issue</u>					
Lease Obligations,					
Dormitory	4/9/01	\$ 250,000	4/9/08	5.50%	\$ 34,425
Certificates of Participation,					
Series 1998	7/20/98	750,000	6/1/08	4.65%	90,000
General Obligation Bonds,					
Series 2002	10/15/02	1,135,000	9/1/08	2.65% to 2.95%	240,000
Revenue Bonds					
Student Union and Dormitory,					
Series 2001	5/15/01	1,040,000	3/1/15	4.45% to 5.10%	850,000
Student Union and Dormitory,					
Series 2001B	12/1/01	4,555,000	3/1/27	3.80% to 5.15%	4,290,000

SEWARD COUNTY COMMUNITY COLLEGE
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Future minimum lease payments under capital leases are as follows:

	Principal <u>Due</u>	Interest <u>Due</u>	Total <u>Due</u>
Year ending June 30, 2008	\$ <u>34,425</u>	<u>864</u>	<u>35,289</u>
Total	\$ <u>34,425</u>	<u>864</u>	<u>35,289</u>

Debt service requirements to maturity for certificates of participation bonds to be paid with tax levies:

	Principal <u>Due</u>	Interest <u>Due</u>	Total <u>Due</u>
Year ending June 30, 2008	\$ <u>90,000</u>	<u>4,185</u>	<u>94,185</u>
Total	\$ <u>90,000</u>	<u>4,185</u>	<u>94,185</u>

Debt service requirements to maturity for general obligation bonds to be paid with tax levies:

	Principal <u>Due</u>	Interest <u>Due</u>	Total <u>Due</u>
Year ending June 30, 2008	\$ <u>120,000</u>	<u>5,130</u>	<u>125,130</u>
2009	<u>120,000</u>	<u>1,770</u>	<u>121,770</u>
Total	\$ <u>240,000</u>	<u>6,900</u>	<u>246,900</u>

Debt service requirements to maturity for Revenue Bonds to be paid with revenue of the student union and dormitory system:

	Principal <u>Due</u>	Interest <u>Due</u>	Total <u>Due</u>
Year ending June 30, 2008	\$ 160,000	253,084	413,084
2009	165,000	246,419	411,419
2010	170,000	239,344	409,344
2011	185,000	231,709	416,709
2012	190,000	223,309	413,309
2013-2017	1,095,000	972,554	2,067,554
2018-2022	1,385,000	678,653	2,063,653
2023-2027	<u>1,790,000</u>	<u>286,082</u>	<u>2,076,082</u>
Total	\$ <u>5,140,000</u>	<u>3,131,154</u>	<u>8,271,154</u>

Leases

The College has one outstanding lease purchase agreement. The purpose of the lease was to construct facilities. Cost of the facilities under the lease purchase was \$250,000.

SEWARD COUNTY COMMUNITY COLLEGE
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Student Union and Dormitory Revenue Bonds

The Revenue Bonds are collateralized by the campus student union and dormitory facilities and the gross revenues of the College's student union and dormitory system which include all dormitory rents, fees and charges, including food service, derived from the use of the dormitory system and the student union fees charged to each student enrolled at the College.

The Student Union and Dormitory system served 3,500 customers during the year. There were 300 customers as of June 30, 2007.

The bond agreement calls for the establishment of subordinate accounts for the Student Union and Dormitory Fund as follows:

	Balance <u>June 30, 2007</u>
<u>Principal and Interest Account</u> - Proportionate monthly credit of the next maturing interest requirement and of the next maturing principal requirement.	\$ <u>612,529</u>
<u>Bond Reserve Account</u> - Should equal or exceed maximum annual debt service requirement.	\$ <u>418,195</u>
<u>Emergency Replacement Account</u> - \$30,000 to be maintained in this account. If below \$30,000, then the Issuer shall make payments of \$2,500 into this account on March 1 and September 1 until said account shall be over \$30,000.	\$ <u>30,000</u>
<u>Bond Surplus/Maintenance Account</u> - Balance of Student Union and Dormitory Fund after required transfers to the three previous accounts. Can retain enough in Revenue fund to pay reasonable expense for sixty days.	\$ <u>218,346</u>

General Obligation Bonds

The General Obligation Bonds constitute general obligations of Seward County Community College, Liberal, Kansas, and are payable both as to principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable, tangible property within the territorial limits of the College.

NOTE 8: SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The college has one segment that meets the reporting requirements of GASB Statement No. 35.

SEWARD COUNTY COMMUNITY COLLEGE
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The College issues revenue bonds to finance its student union and dormitories. The revenue bonds are solely payable from net revenue of the student union and dormitory system, which includes all dormitory rents, fees and charges, profit from the sale of food and merchandise, and all student union fees. Summary financial information for the activity, before the elimination of certain intra-College transactions, is presented below.

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 2,752,875
Capital assets	<u>5,713,681</u>
Total assets	<u>8,466,556</u>
Liabilities	
Current liabilities	263,803
Non-current liabilities	<u>4,980,000</u>
Total liabilities	<u>5,243,803</u>
Net assets	
Invested in capital assets, net of related debt	573,681
Restricted	1,213,496
Unrestricted	<u>1,435,576</u>
Total net assets	\$ <u>3,222,753</u>

Condensed Statement of Revenues, Expenses and

Changes in Net Assets	
Operating revenues	\$ 1,563,501
Depreciation expense	(267,769)
Other operating expenses	<u>(1,063,399)</u>
Operating income	232,333
Investment income	-
Interest and fees on capital asset related debt	<u>(257,180)</u>
Change in net assets	<u>(24,847)</u>
Beginning net assets	<u>3,247,600</u>
Ending net assets	\$ <u>3,222,753</u>

Condensed statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 595,761
Capital and related financing activities	(405,713)
Investing activities	<u>-</u>
Net increase (decrease) in cash	190,048
Beginning cash and cash equivalents	<u>1,919,503</u>
Ending cash and cash equivalents	\$ <u>2,109,551</u>

SEWARD COUNTY COMMUNITY COLLEGE
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NOTE 9: INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

Mandatory Transfers		
<u>From</u>	<u>To</u>	<u>Amount</u>
Auxiliary Enterprise	Bond and Interest	\$ 426,626
General	Vocational Education	1,382,735
General	Adult Basic Education	<u>50,000</u>
Totals		\$ <u>1,859,361</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan description. The Seward County Community College participates in the Kansas Public Employee Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 6.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2007, 2006, and 2005 were \$192,425,626, \$159,728,918, and \$138,176,951, respectively, equal to the required contributions for each year.

NOTE 11: EARLY RETIREMENT PROGRAM

The College provides an early retirement program for certain eligible employees. Those eligible under the program may receive benefits for up to 5 years. Eligible employees will receive health insurance coverage (single membership) equal to that of a full-time employee from the time the employee chooses to take early retirement and will continue until the early retirement employee becomes eligible for Medicare or reaches age 65, whichever occurs first. The College also provides annual payments in amounts based upon the final year of contracted salary for eligible individuals retiring from employment. Per GASB Statement No. 47 the College recognizes a liability and expense for voluntary termination benefits when the offer is accepted and the amount can be estimated. Payments for the five retired employees under this plan were \$26,788 for the year ended June 30, 2007.

SEWARD COUNTY COMMUNITY COLLEGE
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NOTE 12: DEFINED CONTRIBUTION PLAN

Employees of the College can participate in a 403(b) tax sheltered annuity. The plan is administered by TIAA/CREF, Hartford. The college will match employee contributions up to \$500 in FY 2007. During the year ended June 30, 2007, the employees contributed \$154,000 and the College contributed \$55,764.

NOTE 13: OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the College under this program.

NOTE 14: COMMITMENTS AND CONTINGENCIES

There were no material claims or lawsuits against the College which are not covered by insurance or whose settlement would materially affect the financial statements at June 30, 2007.

The College conducts certain programs pursuant to various grants and contracts, which are subject to audit by various federal and state agencies. Costs questioned as a result of audits, if any, may result in refunds to these governmental agencies from various sources of the College.

NOTE 15: RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omission; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 16: ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This statement is effective for the College for the year ending June 30, 2009.

The College has not yet determined the impact that implementation of GASB Statements 45 will have on the College's financial statements.

NOTE 17: PRIOR-PERIOD ADJUSTMENTS

A prior-period adjustment has been reported for the implementation of GASB Statement No. 47. The beginning fund balance has been decreased by \$37,137 for the prior year liability for early retirement benefits.

SUPPLEMENTARY INFORMATION

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 General Fund
For the Fiscal Year Ended June 30, 2007

Schedule 1
 Page 1 of 8

		<u>General Fund</u>	
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Favorable</u>
		<u>Basis</u>	<u>(Unfavorable)</u>
Revenues and Transfers:			
Prior year ad valorem property tax	\$ 120,264	45,029	(75,235)
Current year ad valorem property tax	7,959,462	7,860,301	(99,161)
Motor vehicle tax	405,133	492,091	86,958
Recreational vehicle tax	4,875	6,516	1,641
Delinquent tax	72,366	193,646	121,280
County sources	-	24	24
State sources	1,685,632	1,688,632	3,000
Federal sources	-	1,485	1,485
Student tuition and fees	1,415,000	1,255,213	(159,787)
Investment income	120,000	327,517	207,517
Other revenue	150,000	288,496	138,496
Transfers	-	-	-
Total Revenues and Transfers	<u>11,932,732</u>	<u>12,158,950</u>	<u>226,218</u>
Expenditures and Transfers:			
Instruction	1,749,818	2,494,151	(744,333)
Academic support	615,345	177,314	438,031
Student services	1,551,446	1,671,681	(120,235)
Institutional support	4,499,093	2,764,422	1,734,671
Operation and maintenance of plant	2,126,063	2,458,863	(332,800)
Scholarships	180,000	189,260	(9,260)
Transfers	<u>1,432,735</u>	<u>1,432,735</u>	<u>-</u>
Total Expenditures and Transfers	<u>12,154,500</u>	<u>11,188,426</u>	<u>966,074</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>(221,768)</u>	970,524	<u>1,192,292</u>
Unencumbered Cash, Beginning of Year		<u>4,357,672</u>	
Unencumbered Cash, End of Year		\$ <u>5,328,196</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Vocational Education Fund
For the Fiscal Year Ended June 30, 2007

Schedule 1
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		Vocational Education		
		Budgeted	Actual Amounts	Variance-
		Amounts	Budgetary	Favorable
			Basis	(Unfavorable)
Revenues and Transfers:				
Prior year ad valorem property tax	\$	-	-	-
Current year ad valorem property tax		-	-	-
Motor vehicle tax		-	-	-
Recreational vehicle tax		-	-	-
Delinquent tax		-	-	-
County sources		-	-	-
State sources		-	-	-
Federal sources		-	-	-
Student tuition and fees		-	-	-
Investment income		-	-	-
Other revenue		-	1,393	1,393
Transfers		<u>1,382,735</u>	<u>1,382,735</u>	-
Total Revenues and Transfers		<u>1,382,735</u>	<u>1,384,128</u>	<u>1,393</u>
Expenditures and Transfers:				
Instruction		1,382,735	1,288,203	94,532
Academic support		-	-	-
Student services		-	-	-
Institutional support		-	-	-
Operation and maintenance of plant		-	-	-
Scholarships		-	-	-
Transfers		<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers		<u>1,382,735</u>	<u>1,288,203</u>	<u>94,532</u>
Excess of Revenues and Transfers Over (Under)				
Expenditures and Transfers	\$	<u>-</u>	95,925	<u>95,925</u>
Unencumbered Cash, Beginning of Year			<u>29,395</u>	
Unencumbered Cash, End of Year			<u>\$ 125,320</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Adult Supplemental Fund
For the Fiscal Year Ended June 30, 2007

Schedule 1
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	Adult Supplemental		
	Budgeted <u>Amounts</u>	Actual Amounts Budgetary <u>Basis</u>	Variance- Favorable <u>(Unfavorable)</u>
Revenues and Transfers:			
Prior year ad valorem property tax	\$ -	-	-
Current year ad valorem property tax	-	-	-
Motor vehicle tax	-	-	-
Recreational vehicle tax	-	-	-
Delinquent tax	-	-	-
County sources	-	-	-
State sources	-	-	-
Federal sources	-	-	-
Student tuition and fees	500,000	102,171	(397,829)
Investment income	-	-	-
Other revenue	-	50	50
Transfers	-	-	-
Total Revenues and Transfers	<u>500,000</u>	<u>102,221</u>	<u>(397,779)</u>
Expenditures and Transfers:			
Instruction	500,000	80,080	419,920
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operation and maintenance of plant	-	-	-
Scholarships	-	-	-
Transfers	-	-	-
Total Expenditures and Transfers	<u>500,000</u>	<u>80,080</u>	<u>419,920</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>-</u>	22,141	<u>22,141</u>
Unencumbered Cash, Beginning of Year		<u>178,672</u>	
Unencumbered Cash, End of Year		\$ <u><u>200,813</u></u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Auxiliary Enterprises
For the Fiscal Year Ended June 30, 2007

Schedule 1
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	<u>Auxiliary Enterprises</u>		
	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues and Transfers:			
Federal sources	\$ -	-	-
Student sources	-	286,967	286,967
Sales	1,655,000	1,364,663	(290,337)
Other revenue	310,000	16,674	(293,326)
Transfers	-	-	-
Total Revenues and Transfers	<u>1,965,000</u>	<u>1,668,304</u>	<u>(296,696)</u>
Expenditures and Transfers:			
Salaries and benefits	220,000	156,365	63,635
General operating expenses	69,500	25,799	43,701
Supplies	87,000	61,034	25,966
Cost of goods sold	1,010,500	784,893	225,607
Equipment	75,000	32,985	42,015
Travel	15,000	18,051	(3,051)
Utilities	100,000	2,055	97,945
Mandatory transfers	<u>300,000</u>	<u>426,626</u>	<u>(126,626)</u>
Total Expenditures and Transfers	<u>1,877,000</u>	<u>1,507,808</u>	<u>369,192</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>88,000</u>	160,496	<u>72,496</u>
Unencumbered Cash, Beginning of Year		<u>702,926</u>	
Unencumbered Cash, End of Year		\$ <u>863,422</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Bond and Interest Fund (Revenue Bonds)
For the Fiscal Year Ended June 30, 2007

Schedule 1
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<u>Bond and Interest (Revenue Bonds)</u>			
	<u>Budgeted</u>	Actual Amounts	Variance-
	<u>Amounts</u>	<u>Budgetary</u>	Favorable
		<u>Basis</u>	<u>(Unfavorable)</u>
Revenues and Transfers:			
Prior year ad valorem property tax	\$ -	-	-
Current year ad valorem property tax	-	-	-
Motor vehicle tax	-	-	-
Recreational vehicle tax	-	-	-
Delinquent tax	-	-	-
Other local sources	-	-	-
Investment income	-	-	-
Mandatory transfers	<u>550,000</u>	<u>426,626</u>	<u>(123,374)</u>
Total Revenues and Transfers	<u>550,000</u>	<u>426,626</u>	<u>(123,374)</u>
Expenditures and Transfers:			
Principal on bonds	155,000	155,000	-
Interest and fees	264,000	259,185	4,815
Payments to reserves	-	-	-
Cash-Basis reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>419,000</u>	<u>414,185</u>	<u>4,815</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>131,000</u>	12,441	<u>(118,559)</u>
Unencumbered Cash, Beginning of Year		<u>600,088</u>	
Unencumbered Cash, End of Year		\$ <u><u>612,529</u></u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Bond and Interest Fund (G.O. Bonds)
For the Fiscal Year Ended June 30, 2007

Schedule 1
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<u>Bond and Interest (G.O. Bonds)</u>			
	<u>Budgeted</u>	Actual Amounts	Variance-
	<u>Amounts</u>	<u>Budgetary</u>	Favorable
		<u>Basis</u>	<u>(Unfavorable)</u>
Revenues and Transfers:			
Prior year ad valorem property tax	\$ 1,889	(5,591)	(7,480)
Current year ad valorem property tax	-	-	-
Motor vehicle tax	9,786	49,538	39,752
Recreational vehicle tax	118	635	517
Delinquent tax	1,748	19,293	17,545
Other revenue	-	-	-
Mandatory transfers	-	-	-
	<u>13,541</u>	<u>63,875</u>	<u>50,334</u>
Total Revenues and Transfers			
Expenditures and Transfers:			
Principal on bonds	115,000	115,000	-
Interest and fees	10,000	8,071	1,929
Payments to reserves	-	-	-
Cash-Basis reserve	<u>474,682</u>	<u>-</u>	<u>474,682</u>
	<u>599,682</u>	<u>123,071</u>	<u>476,611</u>
Total Expenditures and Transfers			
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>(586,141)</u>	(59,196)	<u>526,945</u>
Unencumbered Cash, Beginning of Year		<u>586,142</u>	
Unencumbered Cash, End of Year		\$ <u>526,946</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Notes to Schedule
For the Fiscal Year Ended June 30, 2007

Schedule 1
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Reconciliation of Revenue and Expenditures on a budgetary basis to GAAP basis.

	<u>General</u>	<u>Vocational Education</u>	<u>Adult Supplemental</u>
Revenues:			
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 12,158,950	1,384,128	102,221
Adjustments			
Revenues accrued but not received are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting.	(101,019)	-	(25)
Revenues received but deferred for future fiscal years are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting	(436,953)	-	-
Transfers reported separately for GAAP reporting	<u>-</u>	<u>(1,382,735)</u>	<u>-</u>
Total revenues as reported on the statement of changes in fund balances (Schedules 6 & 10)	\$ <u>11,620,978</u>	<u>1,393</u>	<u>102,196</u>
Expenditures:			
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 11,188,426	1,288,203	80,080
Adjustments			
Compensated absences are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.	4,125	-	-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting.	187,307	-	-
Interest accrued on the bonds but not paid yet are reported in the year paid for budgetary purposes, but in the year accrued for GAAP reporting.	(574)	-	-
Expenditures for cost of goods sold are reported in year ordered for budgetary purposes, but in the year sold for GAAP reporting	-	-	-
Reimbursements for expenditures are reported in the year received for budgetary purposes, but in the year accrued for GAAP reporting.	11,483	(7,585)	-
Transfers reported separately for GAAP reporting	<u>(1,432,735)</u>	<u>-</u>	<u>-</u>
Total Expenditures as reported on the statement of changes in fund balances (Schedules 6 & 10)	\$ <u>9,958,032</u>	<u>1,280,618</u>	<u>80,080</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Budgetary Comparison Schedule
 Notes to Schedule
For the Fiscal Year Ended June 30, 2007

Schedule 1
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Reconciliation of Revenue and Expenditures on a budgetary basis to GAAP basis.

	<u>Auxiliary Enterprises</u>	<u>Bond & Interest (Rev. Bonds)</u>	<u>Bond & Interest (G.O. Bonds)</u>
Revenues:			
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 1,668,304	426,626	63,875
Adjustments			
Revenues accrued but not received are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting.	(29,835)	-	(1,889)
Revenues received but deferred for future fiscal years are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting	10,576	-	64,292
Transfers reported separately for GAAP reporting	<u>-</u>	<u>(426,626)</u>	<u>-</u>
Total revenues as reported on the statement of changes in fund balances (Schedules 6 & 10)	\$ <u>1,649,045</u>	<u>-</u>	<u>126,278</u>
Expenditures:			
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 1,507,808	414,185	123,071
Adjustments			
Compensated absences are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.	-	-	-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting.	25,790	-	-
Interest accrued on the bonds but not paid yet are reported in the year paid for budgetary purposes, but in the year accrued for GAAP reporting.	-	(2,005)	(888)
Expenditures for cost of goods sold are reported in year ordered for budgetary purposes, but in the year sold for GAAP reporting	29,925		
Reimbursements for expenditures are reported in the year received for budgetary purposes, but in the year accrued for GAAP reporting.	-	-	-
Transfers reported separately for GAAP reporting	<u>(426,626)</u>	<u>-</u>	<u>-</u>
Total Expenditures as reported on the statement of changes in fund balances (Schedules 6 & 10)	\$ <u>1,136,897</u>	<u>412,180</u>	<u>122,183</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Balance Sheet - All Fund Types
June 30, 2007

Schedule 2
 Page 1 of 2

	<u>Current Funds</u>		<u>Plant Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Renewal and Replacement</u>	<u>Retirement of Indebtedness</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,142,537	280,827	248,346	1,557,670
Taxes receivable	41,233	-	-	-
Accounts receivables, net	720,719	113,267	-	-
Inventory	317,915	-	-	-
Capital assets, net	-	-	-	-
Total Assets	\$ <u>8,222,404</u>	<u>394,094</u>	<u>248,346</u>	<u>1,557,670</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 116,031	20,766	-	-
Accrued interest on debt	409	-	-	85,425
Dorm deposits payable	12,200	-	-	-
Early Retirement Liability	127,156	-	-	-
Deferred revenue	3,129,673	20,736	-	-
Deposits held in custody for others	-	-	-	-
Compensated absences	240,469	-	-	-
Certificates of Participation	-	-	-	-
Obligations under capital leases	-	-	-	-
Revenue bonds payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total Liabilities	<u>3,625,938</u>	<u>41,502</u>	<u>-</u>	<u>85,425</u>
Fund Balances:				
Net investment in plant	-	-	-	-
Reserved				
Expendable:				
Capital projects	17,641	-	-	-
Debt service	-	-	-	1,472,245
Other	-	352,592	248,346	-
Unreserved	<u>4,578,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,596,466</u>	<u>352,592</u>	<u>248,346</u>	<u>1,472,245</u>
Total Liabilities and Fund Balances	\$ <u>8,222,404</u>	<u>394,094</u>	<u>248,346</u>	<u>1,557,670</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Balance Sheet - All Fund Types
June 30, 2007

Schedule 2
 Page 2 of 2

		<u>Plant Funds</u> <u>Investment</u> <u>In Plant</u>	<u>Agency</u> <u>Funds</u>	<u>Adjustments</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$	-	104,524	-	9,333,904
Taxes receivable		-	-	-	41,233
Accounts receivables, net		-	14,001	-	847,987
Inventory		-	-	-	317,915
Capital assets, net		<u>13,228,860</u>	<u>-</u>	<u>-</u>	<u>13,228,860</u>
Total Assets	\$	<u>13,228,860</u>	<u>118,525</u>	<u>-</u>	<u>23,769,899</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$	-	5,504	-	142,301
Accrued interest on debt		-	-	-	85,834
Dorm deposits payable		-	-	-	12,200
Early Retirement Liability		-	-	-	127,156
Deferred revenue		-	-	-	3,150,409
Deposits held in custody for others		-	113,021	-	113,021
Compensated absences		-	-	-	240,469
Certificates of Participation		90,000	-	-	90,000
Obligations under capital leases		34,425	-	-	34,425
Revenue bonds payable		5,140,000	-	-	5,140,000
General obligation bonds payable		<u>240,000</u>	<u>-</u>	<u>-</u>	<u>240,000</u>
Total Liabilities		<u>5,504,425</u>	<u>118,525</u>	<u>-</u>	<u>9,375,815</u>
Fund Balances:					
Net investment in plant		7,724,435	-	-	7,724,435
Reserved					
Expendable:					
Capital projects		-	-	-	17,641
Debt service		-	-	-	1,472,245
Other		-	-	-	600,938
Unreserved		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,578,825</u>
Total Fund Balances		<u>7,724,435</u>	<u>-</u>	<u>-</u>	<u>14,394,084</u>
Total Liabilities and Fund Balances	\$	<u>13,228,860</u>	<u>118,525</u>	<u>-</u>	<u>23,769,899</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Changes in Fund Balances - All Fund Types
For the Fiscal Year Ended June 30, 2007

Schedule 3
 Page 1 of 2

	<u>Current Funds</u>		<u>Plant Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Renewal and Replacement</u>
Revenues:			
Prior year ad valorem property tax	\$ 45,029	-	-
Current year ad valorem property tax	7,343,722	-	-
Motor vehicle tax	492,091	-	-
Recreational vehicle tax	6,516	-	-
Delinquent tax	193,646	-	-
County sources	24	-	-
State grants and contracts	1,688,632	58,948	-
Federal grants and contracts	1,485	1,785,545	-
Student tuition and fees	1,631,904	226,068	-
Investment income	327,517	-	-
Donations	-	9,000	-
Other revenue	309,255	-	-
Sales and service of Auxiliary enterprises	1,333,791	-	-
Expended for plant facilities:			
From current funds	-	-	-
Retirement of indebtedness	-	-	-
Total Revenues	<u>13,373,612</u>	<u>2,079,561</u>	<u>-</u>
Expenditures:			
Education and general expenditures	11,114,473	2,056,892	-
Auxiliary enterprise expenditures	1,136,897	-	-
Retirement of indebtedness	193,833	-	-
Interest and fees on indebtedness	10,424	-	-
Depreciation	-	-	-
Net from disposal of fixed assets	-	-	-
Total Expenditures	<u>12,455,627</u>	<u>2,056,892</u>	<u>-</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	-	-	-
Mandatory transfers	(476,626)	50,000	-
Total Transfers	<u>(476,626)</u>	<u>50,000</u>	<u>-</u>
Net Increase/(Decrease) for the Year	441,359	72,669	-
Fund Balance, July 1, 2006	<u>4,155,107</u>	<u>279,923</u>	<u>248,346</u>
Fund Balance, June 30, 2007	\$ <u>4,596,466</u>	<u>352,592</u>	<u>248,346</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Changes in Fund Balances - All Fund Types
 For the Fiscal Year Ended June 30, 2007

Schedule 3
 Page 2 of 2

	<u>Plant Funds</u>			
	<u>Retirement of</u>	<u>Investment</u>	<u>Adjustments</u>	<u>Totals</u>
	<u>Indebtedness</u>	<u>In Plant</u>		
Revenues:				
Prior year ad valorem property tax	\$ 56,812	-	-	101,841
Current year ad valorem property tax	-	-	-	7,343,722
Motor vehicle tax	49,538	-	-	541,629
Recreational vehicle tax	635	-	-	7,151
Delinquent tax	19,293	-	-	212,939
County sources	-	-	-	24
State grants and contracts	-	-	400,000	2,147,580
Federal grants and contracts	-	-	-	1,787,030
Student tuition and fees	-	-	(480,553)	1,377,419
Investment income	-	-	-	327,517
Donations	-	-	-	9,000
Other revenue	-	-	-	309,255
Sales and service of Auxiliary enterprises	-	-	(212,026)	1,121,765
Expended for plant facilities:				
From current funds	-	1,154,607	(1,154,607)	-
Retirement of indebtedness	-	463,833	(463,833)	-
Total Revenues	<u>126,278</u>	<u>1,618,440</u>	<u>(1,911,019)</u>	<u>15,286,872</u>
Expenditures:				
Education and general expenditures	-	-	(1,438,714)	11,732,651
Auxiliary enterprise expenditures	-	-	(8,472)	1,128,425
Retirement of indebtedness	270,000	-	(463,833)	-
Interest and fees on indebtedness	264,363	-	-	274,787
Depreciation	-	1,315,059	-	1,315,059
Net from disposal of fixed assets	-	-	-	-
Total Expenditures	<u>534,363</u>	<u>1,315,059</u>	<u>(1,911,019)</u>	<u>14,450,922</u>
Transfers Among Funds - Additions/(Deductions):				
Nonmandatory transfers	-	-	-	-
Mandatory transfers	<u>426,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>426,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) for the Year	18,541	303,381	-	835,950
Fund Balance, July 1, 2006	<u>1,453,704</u>	<u>7,421,054</u>	<u>-</u>	<u>13,558,134</u>
Fund Balance, June 30, 2007	\$ <u>1,472,245</u>	<u>7,724,435</u>	<u>-</u>	<u>14,394,084</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Current Funds Revenues, Expenditures, and
 Changes in Fund Balances
For the Fiscal Year Ended June 30, 2007

Schedule 4

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues:			
Prior year ad valorem property tax	\$ 45,029	-	45,029
Current year ad valorem property tax	7,343,722	-	7,343,722
Motor vehicle tax	492,091	-	492,091
Recreational vehicle tax	6,516	-	6,516
Delinquent tax	193,646	-	193,646
County sources	24	-	24
State sources	1,688,632	58,948	1,747,580
Federal sources	1,485	1,785,545	1,787,030
Student tuition and fees	1,631,904	226,068	1,857,972
Investment income	327,517	-	327,517
Donations	-	9,000	9,000
Other revenue	309,255	-	309,255
Auxiliary enterprises	1,333,791	-	1,333,791
Total Current Revenues	<u>13,373,612</u>	<u>2,079,561</u>	<u>15,453,173</u>
Expenditures:			
Instruction	3,924,255	594,496	4,518,751
Academic support	177,825	-	177,825
Student services	1,670,717	683,524	2,354,241
Institutional support	2,649,699	-	2,649,699
Operation and maintenance of plant	2,706,974	-	2,706,974
Scholarships	189,260	778,872	968,132
Auxiliary enterprises	1,136,897	-	1,136,897
Total Expenditures	<u>12,455,627</u>	<u>2,056,892</u>	<u>14,512,519</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	-	-	-
Mandatory transfers	<u>(476,626)</u>	<u>50,000</u>	<u>(426,626)</u>
Net Increase/(Decrease) in Fund Balances	\$ <u>441,359</u>	<u>72,669</u>	<u>514,028</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE

Liberal, Kansas

Combining Balance Sheet

Current Funds - Unrestricted

June 30, 2007Schedule 5

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<u>ASSETS</u>	<u>General</u>	<u>Vocational Education</u>	<u>Adult Supplemental</u>
Cash and investments	\$ 5,897,652	140,606	205,549
Taxes receivable	41,233	-	-
Accounts receivables, net	340,867	7,685	63
Inventory	-	-	-
Total Assets	\$ <u>6,279,752</u>	<u>148,291</u>	<u>205,612</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 73,957	15,286	4,736
Accrued interest on debt	409	-	-
Dorm deposits payable	12,200	-	-
Early retirement Liability	127,156		
Deferred revenue	3,129,673	-	-
Compensated absences	240,469	-	-
Total Liabilities	<u>3,583,864</u>	<u>15,286</u>	<u>4,736</u>
Fund Balances:			
Reserved			
Expendable:			
Capital projects	-	-	-
Unreserved	<u>2,695,888</u>	<u>133,005</u>	<u>200,876</u>
Total Fund Balances	<u>2,695,888</u>	<u>133,005</u>	<u>200,876</u>
Total Liabilities and Fund Balances	\$ <u>6,279,752</u>	<u>148,291</u>	<u>205,612</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Current Funds - Unrestricted
June 30, 2007

Schedule 5
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<u>ASSETS</u>	<u>Cosmetology</u>	<u>Bookstore Dorm/Cafeteria</u>	<u>Total</u>
Cash and investments	\$ 68,249	830,481	7,142,537
Taxes receivable	-	-	41,233
Accounts receivables, net	22,392	349,712	720,719
Inventory	<u>24,303</u>	<u>293,612</u>	<u>317,915</u>
Total Assets	\$ <u>114,944</u>	<u>1,473,805</u>	<u>8,222,404</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,464	20,588	116,031
Accrued interest on debt	-	-	409
Dorm deposits payable	-	-	12,200
Early retirement Liability	-	-	127,156
Deferred revenue	-	-	3,129,673
Compensated absences	<u>-</u>	<u>-</u>	<u>240,469</u>
Total Liabilities	<u>1,464</u>	<u>20,588</u>	<u>3,625,938</u>
Fund Balances:			
Reserved			
Expendable:			
Capital projects	-	17,641	17,641
Unreserved	<u>113,480</u>	<u>1,435,576</u>	<u>4,578,825</u>
Total Fund Balances	<u>113,480</u>	<u>1,453,217</u>	<u>4,596,466</u>
Total Liabilities and Fund Balances	\$ <u>114,944</u>	<u>1,473,805</u>	<u>8,222,404</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Unrestricted
For the Fiscal Year Ended June 30, 2007

Schedule 6
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	<u>General</u>	<u>Vocational Education</u>	<u>Adult Supplemental</u>
Revenues:			
Prior year ad valorem property tax	\$ 45,029	-	-
Current year ad valorem property tax	7,343,722	-	-
Motor vehicle tax	492,091	-	-
Recreational vehicle tax	6,516	-	-
Delinquent tax	193,646	-	-
County sources	24	-	-
State sources	1,688,632	-	-
Federal sources	1,485	-	-
Student tuition and fees	1,233,820	-	99,504
Investment income	327,517	-	-
Donations	-	-	-
Other revenue	288,496	1,393	2,692
Auxiliary enterprises	-	-	-
Total Current Revenues	<u>11,620,978</u>	<u>1,393</u>	<u>102,196</u>
Expenditures:			
Instruction	2,563,557	1,280,618	80,080
Academic support	177,825	-	-
Student services	1,670,717	-	-
Institutional support	2,649,699	-	-
Operation and maintenance of plant	2,706,974	-	-
Scholarships	189,260	-	-
Auxiliary enterprises	-	-	-
Total Expenditures	<u>9,958,032</u>	<u>1,280,618</u>	<u>80,080</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	-	-	-
Mandatory transfers	<u>(1,432,735)</u>	<u>1,382,735</u>	<u>-</u>
Net Increase/(Decrease) in Fund Balances	230,211	103,510	22,116
Fund Balance, July 1, 2006	<u>2,465,677</u>	<u>29,495</u>	<u>178,760</u>
Fund Balance, June 30, 2007	\$ <u>2,695,888</u>	<u>133,005</u>	<u>200,876</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Unrestricted
For the Fiscal Year Ended June 30, 2007

Schedule 6
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	<u>Cosmetology</u>	<u>Bookstore Dorm/Cafeteria</u>	<u>Total</u>
Revenues:			
Prior year ad valorem property tax	\$ -	-	45,029
Current year ad valorem property tax	-	-	7,343,722
Motor vehicle tax	-	-	492,091
Recreational vehicle tax	-	-	6,516
Delinquent tax	-	-	193,646
County sources	-	-	24
State sources	-	-	1,688,632
Federal sources	-	-	1,485
Student tuition and fees	-	298,580	1,631,904
Investment income	-	-	327,517
Donations	-	-	-
Other revenue	-	16,674	309,255
Auxiliary enterprises	<u>85,544</u>	<u>1,248,247</u>	<u>1,333,791</u>
Total Current Revenues	<u>85,544</u>	<u>1,563,501</u>	<u>13,373,612</u>
Expenditures:			
Instruction	-	-	3,924,255
Academic support	-	-	177,825
Student services	-	-	1,670,717
Institutional support	-	-	2,649,699
Operation and maintenance of plant	-	-	2,706,974
Scholarships	-	-	189,260
Auxiliary enterprises	<u>65,026</u>	<u>1,071,871</u>	<u>1,136,897</u>
Total Expenditures	<u>65,026</u>	<u>1,071,871</u>	<u>12,455,627</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	-	-	-
Mandatory transfers	<u>-</u>	<u>(426,626)</u>	<u>(476,626)</u>
Net Increase/(Decrease) in Fund Balances	20,518	65,004	441,359
Fund Balance, July 1, 2006	<u>92,962</u>	<u>1,388,213</u>	<u>4,155,107</u>
Fund Balance, June 30, 2007	\$ <u>113,480</u>	<u>1,453,217</u>	<u>4,596,466</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Current Funds - Restricted
June 30, 2007

Schedule 7
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<u>ASSETS</u>	<u>Adult Basic Education</u>	<u>Bridges</u>	<u>Water Quality</u>	<u>KBOR Technology</u>
Cash and investments	\$ 385	(8,311)	(5,000)	-
Accounts receivables, net	<u>-</u>	<u>8,311</u>	<u>5,000</u>	<u>-</u>
Total Assets	\$ <u>385</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 210	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved				
Expendable	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	\$ <u>385</u>	<u>-</u>	<u>-</u>	<u>-</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Current Funds - Restricted
June 30, 2007

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<u>ASSETS</u>	<u>Scholarships</u>	<u>Carl Perkins</u>	<u>TQE</u>	<u>Technology Fee</u>
Cash and investments	\$ 20,011	22,127	(24,110)	256,560
Accounts receivables, net	<u>29,006</u>	<u>-</u>	<u>24,110</u>	<u>46,840</u>
Total Assets	\$ <u>49,017</u>	<u>22,127</u>	<u>-</u>	<u>303,400</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	16,147	-	-
Deferred revenue	<u>-</u>	<u>5,980</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>22,127</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved				
Expendable	<u>49,017</u>	<u>-</u>	<u>-</u>	<u>303,400</u>
Total Fund Balances	<u>49,017</u>	<u>-</u>	<u>-</u>	<u>303,400</u>
Total Liabilities and Fund Balances	\$ <u>49,017</u>	<u>22,127</u>	<u>-</u>	<u>303,400</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Current Funds - Restricted
June 30, 2007

Schedule 7
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<u>ASSETS</u>	<u>Title III</u>	<u>SSS</u>	<u>Project Synergy</u>	<u>Federal Pell Grant</u>
Cash and investments	\$ 13,849	5,316	-	-
Accounts receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>13,849</u>	<u>5,316</u>	<u>-</u>	<u>-</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 80	4,329	-	-
Deferred revenue	<u>13,769</u>	<u>987</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>13,849</u>	<u>5,316</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved				
Expendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	\$ <u>13,849</u>	<u>5,316</u>	<u>-</u>	<u>-</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Current Funds - Restricted
June 30, 2007

Schedule 7
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<u>ASSETS</u>	Federal College <u>Workstudy</u>	<u>FSEOG</u>	<u>FACG</u>	<u>Total</u>
Cash and investments	\$ -	-	-	280,827
Accounts receivables, net	-	-	-	113,267
Total Assets	\$ -	-	-	394,094
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	-	-	20,766
Deferred revenue	-	-	-	20,736
Total Liabilities	-	-	-	41,502
Fund Balances:				
Reserved				
Expendable	-	-	-	352,592
Total Fund Balances	-	-	-	352,592
Total Liabilities and Fund Balances	\$ -	-	-	394,094

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Restricted
For the Fiscal Year Ended June 30, 2007

Schedule 8
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	<u>Adult Basic Education</u>	<u>Bridges</u>	<u>Water Quality</u>	<u>KBOR Technology</u>
Revenues:				
State sources	\$ 41,043	-	-	17,905
Federal sources	240,214	13,170	5,000	-
Student tuition and fees	-	-	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
Mandatory transfers	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Revenues	<u>331,257</u>	<u>13,170</u>	<u>5,000</u>	<u>17,905</u>
Expenditures:				
Instruction	331,082	13,170	5,000	17,905
Student services	-	-	-	-
Scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>331,082</u>	<u>13,170</u>	<u>5,000</u>	<u>17,905</u>
Net Increase/(Decrease) in Fund Balances	175	-	-	-
Fund Balance, July 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2007	\$ <u><u>175</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Restricted
For the Fiscal Year Ended June 30, 2007

Schedule 8
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	<u>Scholarships</u>	<u>Carl Perkins</u>	<u>TQE</u>	<u>Technology Fee</u>
Revenues:				
State sources	\$ -	-	-	-
Federal sources	-	84,542	48,013	-
Student tuition and fees	76,193	-	-	149,875
Donations	9,000	-	-	-
Other revenue	-	-	-	-
Mandatory transfers	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Revenues	<u>85,193</u>	<u>84,542</u>	<u>48,013</u>	<u>149,875</u>
Expenditures:				
Instruction	-	84,542	48,013	94,784
Student services	-	-	-	-
Scholarships	<u>67,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>67,790</u>	<u>84,542</u>	<u>48,013</u>	<u>94,784</u>
Net Increase/(Decrease) in Fund Balances	17,403	-	-	55,091
Fund Balance, July 1, 2006	<u>31,614</u>	<u>-</u>	<u>-</u>	<u>248,309</u>
Fund Balance, June 30, 2007	\$ <u>49,017</u>	<u>-</u>	<u>-</u>	<u>303,400</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Restricted
For the Fiscal Year Ended June 30, 2007

Schedule 8
 Page 3 of 4

	<u>Title III</u>	<u>SSS</u>	<u>Project Synergy</u>	<u>Federal Pell Grant</u>
Revenues:				
State sources	\$ -	-	-	-
Federal sources	388,279	257,109	2,010	688,654
Student tuition and fees	-	-	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
Mandatory transfers	-	-	-	-
	<u>388,279</u>	<u>257,109</u>	<u>2,010</u>	<u>688,654</u>
Total Current Revenues	<u>388,279</u>	<u>257,109</u>	<u>2,010</u>	<u>688,654</u>
Expenditures:				
Instruction	-	-	-	-
Student services	388,279	257,109	2,010	-
Scholarships	-	-	-	688,654
	<u>388,279</u>	<u>257,109</u>	<u>2,010</u>	<u>688,654</u>
Total Expenditures	<u>388,279</u>	<u>257,109</u>	<u>2,010</u>	<u>688,654</u>
Net Increase/(Decrease) in Fund Balances	-	-	-	-
Fund Balance, July 1, 2006	-	-	-	-
Fund Balance, June 30, 2007	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Current Funds - Restricted
For the Fiscal Year Ended June 30, 2007

Schedule 8
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	Federal College <u>Workstudy</u>	<u>FSEOG</u>	<u>FACG</u>	<u>Total</u>
Revenues:				
State sources	\$ -	-	-	58,948
Federal sources	36,126	8,853	13,575	1,785,545
Student tuition and fees	-	-	-	226,068
Donations	-	-	-	9,000
Other revenue	-	-	-	-
Mandatory transfers	-	-	-	50,000
	<u>36,126</u>	<u>8,853</u>	<u>13,575</u>	<u>2,129,561</u>
Total Current Revenues				
Expenditures:				
Instruction	-	-	-	594,496
Student services	36,126	-	-	683,524
Scholarships	-	8,853	13,575	778,872
	<u>36,126</u>	<u>8,853</u>	<u>13,575</u>	<u>2,056,892</u>
Total Expenditures				
Net Increase/(Decrease) in Fund Balances	-	-	-	72,669
Fund Balance, July 1, 2006	-	-	-	279,923
Fund Balance, June 30, 2007	\$ -	-	-	352,592

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Plant Funds
June 30, 2007

Schedule 9
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<u>ASSETS</u>	<u>Renewal and Replacement</u>		
	<u>Emergency Replacement</u>	<u>Bond Surplus/ Maintenance</u>	<u>Total</u>
Cash and cash equivalents	\$ 30,000	218,346	248,346
Taxes receivable	-	-	-
Total Assets	\$ <u>30,000</u>	<u>218,346</u>	<u>248,346</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued interest on debt	-	-	-
Deferred revenue	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved			
Expendable			
Debt service	-	-	-
Other	<u>30,000</u>	<u>218,346</u>	<u>248,346</u>
Total Fund Balances	<u>30,000</u>	<u>218,346</u>	<u>248,346</u>
Total Liabilities and Fund Balances	\$ <u>30,000</u>	<u>218,346</u>	<u>248,346</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Balance Sheet
 Plant Funds
June 30, 2007

Schedule 9
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<u>ASSETS</u>	<u>Retirement of Indebtedness</u>			
	<u>Bond and Interest (Rev Bonds)</u>	<u>Bond and Interest (GO Bonds)</u>	<u>Bond Reserve</u>	<u>Total</u>
Cash and cash equivalents	\$ 612,529	526,946	418,195	1,557,670
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>612,529</u>	<u>526,946</u>	<u>418,195</u>	<u>1,557,670</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued interest on debt	83,215	2,210	-	85,425
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>83,215</u>	<u>2,210</u>	<u>-</u>	<u>85,425</u>
Fund Balances:				
Reserved				
Expendable				
Debt service	529,314	524,736	418,195	1,472,245
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>529,314</u>	<u>524,736</u>	<u>418,195</u>	<u>1,472,245</u>
Total Liabilities and Fund Balances	\$ <u>612,529</u>	<u>526,946</u>	<u>418,195</u>	<u>1,557,670</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Plant Funds
For the Fiscal Year Ended June 30, 2007

Schedule 10
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	<u>Renewal and Replacement</u>		
	<u>Emergency</u>	<u>Bond</u>	
	<u>Replacement</u>	<u>Surplus/</u>	<u>Total</u>
		<u>Maintenance</u>	
Revenues and Other Additions:			
Prior year ad valorem property tax	\$ -	-	-
Current year ad valorem property tax	-	-	-
Motor vehicle tax	-	-	-
Recreational vehicle tax	-	-	-
Delinquent tax	-	-	-
Investment income	-	-	-
Other revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Education and general expenditures	-	-	-
Retirement of indebtedness	-	-	-
Interest and fees on indebtedness	-	-	-
Payments to reserves	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	-	-	-
Mandatory transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) for the Year	-	-	-
Fund Balance, July 1, 2006	<u>30,000</u>	<u>218,346</u>	<u>248,346</u>
Fund Balance, June 30, 2007	\$ <u><u>30,000</u></u>	<u><u>218,346</u></u>	<u><u>248,346</u></u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Combining Statement of Changes in Fund Balances
 Plant Funds
For the Fiscal Year Ended June 30, 2007

Schedule 10
 Page 2 of 2

	<u>Retirement of Indebtedness</u>			
	<u>Bond and Interest (Rev Bonds)</u>	<u>Bond and Interest (GO Bonds)</u>	<u>Bond Reserve</u>	<u>Total</u>
Revenues and Other Additions:				
Prior year ad valorem property tax	\$ -	56,812	-	56,812
Current year ad valorem property tax	-	-	-	-
Motor vehicle tax	-	49,538	-	49,538
Recreational vehicle tax	-	635	-	635
Delinquent tax	-	19,293	-	19,293
Investment income	-	-	-	-
Other revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>126,278</u>	<u>-</u>	<u>126,278</u>
Expenditures:				
Retirement of indebtedness	155,000	115,000	-	270,000
Interest and fees on indebtedness	257,180	7,183	-	264,363
Payments to reserves	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>412,180</u>	<u>122,183</u>	<u>-</u>	<u>534,363</u>
Transfers Among Funds - Additions/(Deductions):				
Nonmandatory transfers	-	-	-	-
Mandatory transfers	426,626	-	-	426,626
	<u>426,626</u>	<u>-</u>	<u>-</u>	<u>426,626</u>
Total Transfers	<u>426,626</u>	<u>-</u>	<u>-</u>	<u>426,626</u>
Net Increase/(Decrease) for the Year	14,446	4,095	-	18,541
Fund Balance, July 1, 2006	<u>514,868</u>	<u>520,641</u>	<u>418,195</u>	<u>1,453,704</u>
Fund Balance, June 30, 2007	\$ <u>529,314</u>	<u>524,736</u>	<u>418,195</u>	<u>1,472,245</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Statement of Cash Receipts and Cash Disbursements
 Student Activity Funds
For the Fiscal Year Ended June 30, 2007

Schedule 11

	Cash Balance <u>6/30/2006</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Cash Balance <u>6/30/2007</u>
Alumni & Friends	\$ 1,739	-	-	1,739
AKCCOP	599	-	-	599
Assoc. of Info Tech Professionals	191	3,055	1,345	1,901
Athletic Business Acctg.	1,464	69,745	66,298	4,911
Athletic Trainer	298	79	-	377
Atlas	327	179	350	156
BESO	1,075	60	600	535
Black Collegiate Union	58	528	574	12
Block & Bridle	6,169	47,782	49,972	3,979
Ceramics Club	100	803	807	96
Cheerleaders	4,160	7,084	10,362	882
Collegiate Farm Bureau	-	700	-	700
Community Education - GED	15,532	29,315	20,666	24,181
Crusader Newspaper	11,773	13,530	9,691	15,612
Deca	5,646	9,532	8,187	6,991
Educational & Cultural Growth	7,806	2,024	3,490	6,340
Fellowship of Christian Athletics	-	-	-	-
Gift Certificates	24	181	-	205
Halo Club	1,305	12,861	12,589	1,577
Intramural Sports	1,889	1,563	2,391	1,061
Introduction to Education	83	-	-	83
Kappa Beta Delta	1,003	2,150	2,735	418
KYLIX	401	1,676	2,002	75
Martial Arts Club	142	-	-	142
Musicals/Drama	7,044	4,584	3,859	7,769
OWLS	551	-	10	541
Petroleum Institute	120	6,805	5,315	1,610
Phi Theta Kappa	587	4,099	4,508	178
Professional Employees Assoc	578	1,260	1,363	475
Respiratory Therapy Student Group	727	513	300	940
Retirement Fund	20	-	-	20
SCCCOP	855	2,503	2,206	1,152
Science Club	310	-	35	275
Science Field Trips	3,389	-	-	3,389
Sigma Chi Chi	2,512	1,347	888	2,971
Student Government	3,831	7,183	6,148	4,866
Student Life	7,691	12,969	13,504	7,156
Student Nursing Assoc	1,583	4,583	5,618	548
Surg Tech Student Assoc	909	3,043	3,926	26
Vocal Music	67	681	712	36
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Student Activity Funds	\$ <u>92,558</u>	<u>252,417</u>	<u>240,451</u>	<u>104,524</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Insurance in Force
June 30, 2007

Schedule 12
 Page 1 of 2

<u>Coverage</u>	<u>Company</u>	<u>Expires</u>	<u>Amount</u>
Master Insurance Policy	Employers Mutual	2-01-08	
Policy #OA5-95-87-08	Casualty Company		
Blanket Buildings & Contents			\$ 37,257,463
Loss of Tuition (Blanket)			800,000
Property off Premises & in Transit			30,000
 Commercial General Liability	 Employers Mutual	 2-01-08	
Policy #OD5-95-87-08	Casualty Company		
Each Occurrence limit			1,000,000
Damage to Premises rented to you			100,000
Medical Expense			5,000
Personal & Advertising Injury Limit			1,000,000
General Aggregate limit			2,000,000
Products/Completed Operations – aggregate limit			2,000,000
 Government Crime Policy	 Employers Mutual	 2-01-08	
Policy #OF5-95-87-08	Casualty Company		
Employee Theft			100,000
Forgery or Alterations			5,000
Theft, disappearance & destruction			
1801 N. Kansas, Liberal			100,000
924 N. Kansas, Liberal			10,000
111 S. Baughman, Ulysses			10,000
 Commercial Inland Marine Policy	 Employers Mutual	 2-01-08	
Policy #OC5-95-87-08	Casualty Company		
Musical Instrument Floater – per schedule			169,400
Exhibition Floater - Property of Others			10,000
Scheduled Property Floater			
Blanket Athletic Equipment & Audio Visual Equip			10,000
15 Motorola radios (Mobile Property Floater)			6,750
Additional debris removal			5,000
Pollutant cleanup & removal			10,000
Property in Transit or Off-premises			16,750
Electronic Data Processing – 3 locations			
Property in Transit or Off Premises			67,500
Hardware			1,272,000
Software			1,036,700
Loss of Income			35,000
 Accident Insurance – Health Prof Students	 Markel Insurance	 06-01-08	
Policy #MAR13770	Company		
Aggregate limit			1,000,000
Medical expense			5,000
Accidental death and dismemberment			5,000

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Insurance in Force
June 30, 2007

Schedule 12
 Page 2 of 2

<u>Coverage</u>	<u>Company</u>	<u>Expires</u>	<u>Amount</u>
Specified Medical Professional Liability Policy #AHC-1284604 Each Occurrence limit Aggregate limit	Allied Health Purchasing Group	7-31-08	2,000,000 4,000,000
Commercial Automobile Policy #OE5-95-87-08 Liability Medical Payments Uninsured Motorist Underinsured Motorist Comprehensive (\$250 Deductible) Per Schedule Collision (\$500 Deductible) Per Schedule	Employers Mutual Casualty Company	2-01-08	1,000,000 5,000 1,000,000 1,000,000 ACV ACV
Worker's Compensation & Employers Liability Policy #OH5-95-87-08 Workers' Compensation	Employers Mutual Casualty Company	2-01-08	Statutory
Commercial Umbrella Excess Liability Policy #OJ5-95-87-08 Each Occurrence Self-Insured Retention Aggregate Limit	Employers Mutual Casualty Company	2-01-08	10,000,000 10,000 10,000,000
Linebacker Policy (Wrongful Acts Liability) Policy #OK5-95-87-08	Employers Mutual Casualty Company	2-01-08	1,000,000
Intercollegiate Sports Policy #SB20CC-P-50558-159 Maximum Benefit - Medical Accidental Death & Dismemberment Aggregate Limit	Mutual of Omaha	8-1-07	5,000,000 10,000 5,000,000
Beauty Salon Liability Policy #BHCGL3166400 Each occurrence Aggregate	Arch Insurance Company	8-23-07	1,000,000 1,000,000

(See Auditors' Report)



BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994
224 N. LINCOLN
LIBERAL, KANSAS 67901

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Seward County Community College
Liberal, Kansas 67901

We have audited the financial statements of the business-type activities of Seward County Community College, Liberal, Kansas, as of and for the year ended June 30, 2007, which collectively comprise Seward County Community College's basic financial statements and have issued our report thereon dated January 31, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Other auditors audited the financial statements of the Seward County Community College Development Foundation, as described in our report on Seward County Community College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* or *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seward County Community College's internal control over financial reporting as a basis for designing our auditing procedures 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 Seward County Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Seward County Community College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Seward County Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Seward County Community College's financial statements that is more than inconsequential will not be prevented or detected by Seward County Community College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Seward County Community College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seward County Community 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 other matters that we reported to management of Seward County Community College in a separate letter dated January 31, 2008.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Byron Bird and Associates, Chartered
BYRON BIRD AND ASSOCIATES, CHARTERED
January 31, 2008



BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994
224 N. LINCOLN
LIBERAL, KANSAS 67901

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To The Board of Trustees Seward
County Community College Liberal,
Kansas 67901

Compliance

We have audited the compliance of Seward County Community College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Seward County Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Seward County Community College's management. Our responsibility is to express an opinion on Seward County Community College's compliance based on our audit.

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 Seward County Community 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. Our audit does not provide a legal determination on Seward County Community College's compliance with those requirements.

In our opinion, Seward County Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Seward County Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Seward County Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Seward County Community College's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Byron Bird and Associates, Chartered

BYRON BIRD AND ASSOCIATES, CHARTERED
January 31, 2008

SEWARD COUNTY COMMUNITY COLLEGE
 Liberal, Kansas
 Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2007

Schedule 13

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>		
Direct Programs:		
Federal Pell Grant Program	84.063	\$ 690,139
Federal Family Education Loan Program (Note B)	84.032	-
Federal College Work Study Program	84.033	36,126
Federal Supplemental Education Opportunity Grant	84.007	8,853
Higher Education Institutional Aid	84.031A	388,279
Student Support Services	84.042A	257,109
Federal Academic Competitiveness Grant	84.375	13,575
Passed Through Kansas Board of Regents		
Adult Basic Education	84.002	240,214
Vocation Education - Carl Perkins	84.048	84,542
Passed Through Kansas State University		
Teacher Quality Enhancement	84.336B	48,013
Bilingual Education - Professional Development	84.195N	<u>13,493</u>
Total U.S. Department of Education		<u>1,780,343</u>
 <u>U.S. Department of Health and Human Services</u>		
Passed Through Kansas State University		
Special Minority Initiatives	93.960	<u>13,170</u>
Total U.S. Department of Health and Human Serv.		<u>13,170</u>
 <u>U.S. Environmental Protection Agency</u>		
Passed Through Kansas State University		
Water Quality Improvement through Service Learning Grant	66.460	<u>5,000</u>
Total U.S. Department of Health and Human Serv.		<u>5,000</u>
Total Expenditures of Federal Awards		\$ <u>1,798,513</u>

(The Accompanying Notes are an Integral Part of This Schedule)

SEWARD COUNTY COMMUNITY COLLEGE
Liberal, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2007

Note A: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Seward County Community College 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 financial statements.

Note B: During the fiscal year ended June 30, 2007, the College processed the following amount of new loans under the Federal Family Education Loan Program (which includes Stafford Loans, Parents' Loans for Undergraduate Students and Supplemental Loans for Students):

	<u>CFDA Number</u>	<u>Amount Authorized</u>
Federal Family Education Loan Program	84.032	\$ 887,418

SEWARD COUNTY COMMUNITY COLLEGE
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2007

Schedule 14

None

SEWARD COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Schedule 15

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified.

Internal Control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial Statements noted? Yes X No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified.

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

Identification of major programs:

CFDA Numbers

84.063, 84.032, 84.033, 84.007, & 84.375

64.031A

Name of Federal Program or Cluster

Student Financial Assistance Cluster

Higher Educational Institutional Aid

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

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported