

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Liberal, Kansas
Financial Statements
For the Year Ended June 30, 2009

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BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Seward County Community College / Area Technical School
Liberal, Kansas 67901

We have audited the accompanying financial statements of the business-type activities of Seward County Community College / Area Technical School, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the College's primary government 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 an opinion on these financial statements based on our audit.

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 misstatement. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the College's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the College's primary government unless the College also issues financial statements for the financial reporting entity that include the financial data for its component unit. The College has not issued such reporting entity financial statements. The effects of this departure from accounting principles generally accepted in the United States of America are not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of Seward County Community College / Area Technical School, as of June 30, 2009, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities Seward County Community College / Area Technical School as of June 30, 2009, 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 March 1, 2010 on our consideration of the Seward County Community College / Area Technical School'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 12 and the budgetary comparison schedules on pages 30 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 an opinion on the financial statements that collectively comprise the Seward County Community College / Area Technical School's basic financial statements. The statement of current funds and the statement of student activity accounts 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 not a required part of the basic financial statements of Seward County Community College / Area Technical School. Such information has 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
March 1, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

Seward County Community College/Area Technical School is proud to present its financial statements for fiscal year ending June 30, 2009. The emphasis of discussions about these statements will be on current year data for the college only. Comparative data for the college is included for fiscal year ending June 30, 2008 per GASB 35 and will be briefly discussed enumerating noteworthy differences between the fiscal years. The reader will notice significant differences when comparing financial data for Fiscal 2008 to Fiscal 2009. These significant differences are due to the merger of Southwest Kansas Technical School, Unified School District #480, Liberal, KS with Seward County Community College, Liberal, KS. The merger of the two institutions was effective for operational activities beginning on July 1, 2008.

Component unit information is not provided in the colleges' 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 missing component unit information. However, it is noted that the Seward County Community College Development Foundation is diligently pursuing the completion of their accounting

records to have their audit completed. The audit period for the Foundation is July 1, 2008 through June 30, 2009. 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 when available.

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 year ending June 30, 2009. 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/Area Technical School. 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/Area Technical School 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

	2008	2009
ASSETS		
Current Assets	\$11,913,639	\$13,606,805
Non Current Assets	<u>\$12,956,210</u>	<u>\$35,335,338</u>
Total Assets	<u>\$24,869,849</u>	<u>\$48,942,143</u>
LIABILITIES		
Current Liabilities	\$4,213,030	\$4,610,334
Long Term Liabilities	<u>\$4,928,229</u>	<u>\$6,972,623</u>
Total Liabilities	<u>\$9,141,259</u>	<u>\$11,582,957</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	\$7,836,010	\$28,446,838
Restricted for:		
Expendable Capital Projects	\$29,719	\$590,552
Expendable Debt Service	\$1,488,715	\$1,166,115
Expendable Other	\$655,294	\$568,927
Unrestricted	<u>\$5,718,852</u>	<u>\$6,586,754</u>
Total Net Assets	<u>\$15,728,590</u>	<u>\$37,359,186</u>

The total net assets of the college increased by \$ 21,630,596. A review of the Statement of Net Assets reveals the net overall increase is primarily a result of the merger of Southwest Kansas Technical School with Seward County Community College. Current assets increased due to merged enrollments and overall enrollment increases. Long-term liabilities increased due to the participation of the college in the Kansas Finance Authority No Interest Bond Loan Program. Proceeds from the bond issue are being utilized to fund various needed infrastructure and deferred maintenance projects.

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 college. 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 college. 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

	2008	2009
Operating Revenues	\$5,642,352	\$6,145,389
Operating Expenses	\$14,766,178	\$19,093,993
Operating Income (Loss)	-\$9,123,826	-\$12,948,604
Non Operating Revenues (Expenses)	\$10,458,332	\$11,863,316
Capital gifts and contributions	\$00	\$62,411
Transfers from Unified School District # 480	\$00	\$22,653,473
Increase in net Assets	\$1,334,506	\$21,630,596
Net Assets – July 1	\$14,394,084	\$15,728,590
Net Assets – June 30	\$15,728,590	\$37,359,186

As presented in the statement, total operating revenues increased \$503,037. This increase is directly attributable to increased total enrollment, expanded auxiliary enterprise operations (bookstore sales/increased dormitory occupancy) and increased federal grant and contract revenue. Operating expenses increased \$4,327,815 as a result of merged

operations. Increased utility costs, fleet vehicle fuel, and maintenance also increased operational costs from the buildings and vehicles added as a result of the merger. Substantial funds were allocated for repair and maintenance, especially for the technical campus.

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)

	2008	2009
Net Cash Flows From Operating Activities	(\$7,608)	(\$10,220)
Net Cash Flows From NonCapital Financing Activities	\$10,241	\$12,493
Net Cash Flows from Capital & Related Financing Activities	(\$1,481)	(\$1,265)
Net Cash Flows from Investing Activities	\$233	\$140
Net Increase (Decrease) in Cash	\$1,385	\$1,148
Cash, Beginning of Year, July 1	\$9,334	\$10,719
Cash, End of Year, June 30	\$10,719	\$11,867

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 reasons for the increase in year end cash balance from 2008 to 2009 were unexpended budget, higher collections of accounts receivables, increased enrollment, and a small increase in tax revenue from an increased assessed property valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Revenue Bond Issues

Seward County Community College/Area Technical School currently has two revenue bond issues outstanding as of June 30, 2009. 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 2008 Refunding

This series of revenue bonds was refunded to take advantage of declining interest rates. The principal balance outstanding as of June 30, 2009 is \$705,000. The outstanding interest is \$78,946. 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, 2009 is \$4,150,000. The outstanding interest is \$2,509,326. This series of bonds matures March 1, 2027.

General Obligation Bond Issue

Seward County Community College/Area Technical School currently has no general obligation bond issues outstanding as of June 30, 2009.

Kansas Finance Authority No Interest Bonds

Seward County Community College/Area Technical School has received two issues of KFDA No Interest Bonds. The series 2008 PEI Bonds had an original value of \$1,260,000. The outstanding principal on this bond issue as of June 30, 2009 is \$1,102,500. The series 2009 PEI Bonds had an original value of \$1,244,000. The outstanding principal on this bond issue as of June 30, 2009 is \$1,244,000. Principal payments for each bond issue are due December 1.

The series 2008 PEI Bonds mature on December 1, 2015. The series 2009 PEI Bonds mature on December 1, 2016.

There is no accrued interest on either series of bonds.

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

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Statement 1

Statement of Net Assets

June 30, 2009

ASSETS

Current Assets:

Cash and cash equivalents	\$ 9,731,111
Restricted cash and cash equivalents	2,136,502
Taxes receivable	40,643
Accounts receivables, net (Note 4)	1,044,068
Loans receivable - current	313,000
Inventories	341,481

Total Current Assets	<u>13,606,805</u>
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Noncurrent Assets:

Loans receivable	1,433,176
Capital assets, net (Note 5)	33,902,162

Total Noncurrent Assets	<u>35,335,338</u>
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Total Assets	<u>48,942,143</u>
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LIABILITIES

Current Liabilities:

Accounts payable	244,367
Accrued interest on debt	75,037
Dorm deposits payable	15,500
Deferred revenue (Note 6)	3,172,655
Deposits held in custody for others	273,463
Accrued compensated absences	252,614
Current portion of early retirement liability	83,698
Current portion of loan obligations	313,000
Current portion of revenue bonds payable	180,000

Total Current Liabilities	<u>4,610,334</u>
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Noncurrent Liabilities:

Early retirement liability, net of current portion	97,023
Net OPEB Obligation	167,100
Loans payable, net of current portion	2,033,500
Revenue bonds payable, net of current portion	4,675,000

Total Noncurrent Liabilities	<u>6,972,623</u>
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Total Liabilities	<u>11,582,957</u>
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NET ASSETS

Invested in capital assets, net of related debt	28,446,838
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Restricted, expendable for:

Capital projects	590,552
Debt service	1,166,115
Other	568,927

Unrestricted	<u>6,586,754</u>
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Total Net Assets	\$ <u>37,359,186</u>
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(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Statement 2

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2009

Operating Revenues

Student tuition and fees (net of scholarship allowances of \$636,574)	\$ 1,691,774
Federal grants and contracts	1,792,649
State and local grants and contracts	797,914
Auxiliary enterprises revenues (net of scholarship allowance of \$263,283; \$1,288,433 of revenues are used as security for revenue bonds)	1,445,888
Other operating revenues	<u>417,164</u>
Total operating revenues	<u>6,145,389</u>

Operating Expenses

Instruction	7,211,274
Academic support	154,984
Student services	2,118,198
Institutional support	2,761,464
Operation and maintenance of plant	2,258,519
Depreciation	2,761,357
Scholarships and fellowships	423,457
Auxiliary enterprises expenses	<u>1,404,740</u>
Total operating expenses	<u>19,093,993</u>

Operating Loss	<u>(12,948,604)</u>
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NONOPERATING REVENUES (EXPENSES)

State appropriations	3,684,055
Local property taxes	8,281,479
Noncapital gifts and contributions	5,000
Interest/dividend income	124,950
Interest and fees on capital asset related debt	(232,168)
Other revenue (expenses)	<u>-</u>
Net nonoperating revenues (expenses)	<u>11,863,316</u>

Loss before other revenues, expenses, gains, and losses	(1,085,288)
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Capital gifts and contributions	62,411
Transfers from Unified School District #480	<u>22,653,473</u>

Increase in net assets	21,630,596
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Net Assets - July 1, 2008	<u>15,728,590</u>
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Net Assets - June 30, 2009	\$ <u><u>37,359,186</u></u>
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(The Notes to the Financial Statements are an Integral Part of This Statement)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Statement 3

Statement of Cash Flows

Page 1 of 2

For the Year Ended June 30, 2009Seward County
Community College

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 1,588,110
Grants and contracts	2,009,818
Payments to vendors and suppliers	(6,909,266)
Payments to employees	(8,273,531)
Payments for scholarships	(423,457)
Auxiliary enterprise charges	1,389,802
Other receipts (payments)	398,664
Net cash used by operating activities	<u>(10,219,860)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Local property taxes	8,527,661
State appropriations	3,684,055
Transfers from Unified School District #480	158,394
Noncapital donations and special events	5,000
Student organization agency transactions	118,080
Net cash provided by noncapital financing activities	<u>12,493,190</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(1,451,285)
Proceeds from disposal of capital assets	18,500
Cash received from Foundation for capital assets	30,411
Capital gifts and contributions	32,000
Proceeds from PEI Bond Loan Fund	757,824
Principal paid on capital debt	(422,700)
Interest & fees paid on capital debt	(230,144)
Net cash used by capital and related financing activities	<u>(1,265,394)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	140,469
Net cash provided by investing activities	<u>140,469</u>

Net increase in cash 1,148,405

Cash and cash equivalents, Beginning of year 10,719,208

Cash and cash equivalents, End of the year \$ 11,867,613

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

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Statement 3

Statement of Cash Flows

Page 2 of 2

For the Year Ended June 30, 2009Seward County
Community College

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)

TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (12,948,604)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,761,357
Gain on sale of capital assets	(18,500)
Changes in assets and liabilities:	
Receivables, net	(154,780)
Inventories	(36,329)
Accounts payable	(59,183)
Deferred revenue	9,992
Early retirement liability	51,208
Compensated absences	7,879
Net OPEB obligation	<u>167,100</u>
Net cash used by operating activities	\$ <u>(10,219,860)</u>

Noncash activities

State on-behalf payments for fringe benefits	\$ <u>608,000</u>
Loan receivable and loan obligation	\$ <u>1,746,176</u>
Transfer of fixed assets from Unified School District #480	\$ <u>22,471,413</u>

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

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Liberal, Kansas
Notes to Financial Statements
June 30, 2009

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).

Component Unit

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 \$602,983 and expenditure reimbursements of \$72,200 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.

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

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.

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Liberal, Kansas
Notes to Financial Statements
June 30, 2009

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 \$854,542, which represent the estimated amount of expenses ultimately to result if unperformed contracts in process at June 30, 2009 are completed. Encumbrances outstanding at June 30, 2009 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.

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.

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Liberal, Kansas
Notes to Financial Statements
June 30, 2009

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, with disbursements being adjusted for prior year's 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.

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.

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.

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.

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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 2009, the state made contributions of approximately \$608,000 (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.

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.

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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 2008 were allocated between fiscal years 2009 and 2010.

As of June 30, 2009, the county treasurer had distributed to the College approximately 99% of the 2008 taxes levied. A portion of the 2008 and 2009 taxes levied will be used to finance the year ending June 30, 2010.

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.

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.

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NOTE 2: COMPLIANCE WITH KANSAS STATUTES

Under-collateralization

The College was under-collateralized by \$795,084 for one day because the Kansas Division of Accounts and Reports release payments on July 31, 2008 instead of August 1, 2008.

Negative Cash:

The TQE grant fund and Bridges 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 other 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 College. The statute requires banks eligible to hold the College's funds have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, 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 College'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 College 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 College's deposits may not be returned to it. State statutes require the College'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, 2009.

At June 30, 2009, the College's carrying amount of the deposits was \$11,863,413 and the bank balance was \$11,970,990. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$251,650 was covered by federal depository insurance; \$11,719,340 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, 2009, the College had no investments.

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NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30, 2009:

Student tuition and fees	\$ 864,209
Auxiliary enterprises and other operating activities	427,664
Federal and state agencies	<u>7,195</u>
Gross accounts and grants receivable	1,299,068
Less allowance for doubtful accounts	<u>(255,000)</u>
Net accounts and grants receivable	\$ <u>1,044,068</u>

NOTE 5: CAPITAL ASSETS, NET

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2009</u>
Non-depreciable assets				
Land	\$ 294,019	-	-	294,019
Construction in progress	341,980	-	(215,390)	126,590
Depreciable assets				
Land Improvements	1,017,693	-	-	1,017,693
Buildings	18,283,138	20,755,422	-	39,038,560
Furniture and equipment	4,879,840	3,167,277	-	8,047,117
Library materials	<u>1,081,170</u>	<u>-</u>	<u>-</u>	<u>1,081,170</u>
Total capital assets	<u>25,897,840</u>	<u>23,922,699</u>	<u>(215,390)</u>	<u>49,605,149</u>
Less accumulated depreciation				
Land Improvements	948,875	23,285	-	972,160
Buildings	7,497,269	1,904,548	-	9,401,817
Furniture and equipment	3,414,316	833,524	-	4,247,840
Library materials	<u>1,081,170</u>	<u>-</u>	<u>-</u>	<u>1,081,170</u>
Total accumulated depreciation	<u>12,941,630</u>	<u>2,761,357</u>	<u>-</u>	<u>15,702,987</u>
Net capital assets	<u>\$12,956,210</u>	<u>21,161,342</u>	<u>(215,390)</u>	<u>33,902,162</u>

NOTE 6: DEFERRED REVENUES

Deferred revenues consisted of the following at June 30, 2009:

Property taxes levied for future period	\$ 3,099,247
Grant and contract funds received in advance	4,743
Summer session payments received in advance	<u>68,665</u>
Total deferred revenues	\$ <u>3,172,655</u>

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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, 2009:

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2009</u>	Amounts due within <u>one year</u>	Interest <u>Paid</u>
KKDA PEI Bonds	\$ -	2,504,000	(157,500)	2,346,500	313,000	-
General obligation bonds	120,000	-	(120,000)	-	-	1,770
Revenue bonds	<u>5,000,200</u>	<u>-</u>	<u>(145,200)</u>	<u>4,855,000</u>	<u>180,000</u>	<u>228,371</u>
Total bond obligations	5,120,200	2,504,000	(422,700)	7,201,500	493,000	230,141
Early retirement benefits	129,513	107,492	(56,284)	180,721	83,698	-
Net OPEB Obligation	-	183,100	(16,000)	167,100	-	-
Compensated absences	<u>244,735</u>	<u>252,614</u>	<u>(244,735)</u>	<u>252,614</u>	<u>252,614</u>	<u>-</u>
Total Long-term liabilities	\$ <u>5,494,448</u>	<u>3,047,206</u>	<u>(739,719)</u>	<u>7,801,935</u>	<u>829,312</u>	<u>230,141</u>

Bonds payable consist of the following:

<u>Debt Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Outstanding Interest Rates</u>	<u>Balance June 30, 2009</u>
General Obligation Bonds, Series 2002	10/15/02	1,135,000	9/1/08	N/A	-
Revenue Bonds Student Union and Dormitory, Series 2008	5/13/08	780,200	3/1/15	3.102%	705,000
Series 2001B	12/1/01	4,555,000	3/1/27	4.00% to 5.15%	4,150,000
KBOR PEI Infrastructure Loan Series 2008	3/26/08	1,260,000	12/1/15	0.00%	1,102,500
Series 2009	3/31/09	1,244,000	12/1/16	0.00%	1,244,000

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

Year ending June 30,	Principal <u>Due</u>	Interest <u>Due</u>	Total <u>Due</u>
2010	\$ 180,000	228,213	408,213
2011	195,000	221,881	416,881
2012	195,000	214,953	409,953
2013	210,000	207,886	417,886
2014	210,000	200,269	410,269
2015-2019	1,205,000	862,071	2,067,071
2020-2024	1,530,000	534,806	2,064,806
2025-2027	<u>1,130,000</u>	<u>118,193</u>	<u>1,248,193</u>
Total	\$ <u>4,855,000</u>	<u>2,588,272</u>	<u>7,443,272</u>

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Debt service requirements to maturity for KBOR PEI Infrastructure loan:

Year ending June 30,	<u>Due</u>
2010	\$ 313,000
2011	313,000
2012	313,000
2013	313,000
2014	313,000
2015-2017	<u>781,500</u>
Total	\$ <u>2,346,500</u>

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 includes 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, 2009.

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

	<u>Balance June 30, 2009</u>
<u>Principal and Interest Account</u> - Proportionate monthly credit of the next maturing interest requirement and of the next maturing principal requirement.	\$ <u>822,957</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>

Loan Obligations

The college has entered into two interest free loan agreements with the Kansas Board of Regents (KBOR) to finance certain costs of infrastructure improvements projects. Payments are due annually on December 1.

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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.

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	\$ 3,068,602
Capital assets	<u>5,251,768</u>
Total assets	<u>8,320,370</u>
Liabilities	
Current liabilities	259,230
Non-current liabilities	<u>4,675,000</u>
Total liabilities	<u>4,934,230</u>
Net assets	
Invested in capital assets, net of related debt	396,768
Restricted	1,450,815
Unrestricted	<u>1,538,557</u>
Total net assets	<u>\$ 3,386,140</u>

Condensed Statement of Revenues, Expenses and

Changes in Net Assets	
Operating revenues	\$ 1,938,067
Depreciation expense	(269,865)
Other operating expenses	<u>(1,278,518)</u>
Operating income	389,684
Non-operating revenues (expenses)	
Interest and fees on capital asset related debt	<u>(231,562)</u>
Net non-operating revenues (expenses)	<u>(231,562)</u>
Increase in net assets	158,122
Beginning net assets	<u>3,228,018</u>
Ending net assets	<u>\$ 3,386,140</u>

Condensed statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 527,792
Capital and related financing activities	(419,333)
Investing activities	<u>-</u>
Net increase (decrease) in cash	108,459
Beginning cash and cash equivalents	<u>2,239,973</u>
Ending cash and cash equivalents	<u>\$ 2,348,432</u>

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NOTE 9: INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Mandatory Transfers		
<u>From</u>	<u>To</u>	<u>Amount</u>
Auxiliary Enterprise	Bond and Interest	\$ 465,934
GO Bond & Interest	General	291,166
General	Vocational Education	2,539,620
General	Adult Basic Education	50,000
General	Truck Driver Education	123,014
General	Capital Outlay	<u>200,000</u>
Totals		\$ <u>3,669,734</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, binding legal agreements, and grant agreements with agencies of the government, donors, or other organizations to match gifts and grants.

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan description. The Seward County Community College contributes to the Kansas Public Employees 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 7.97% 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, 2009, 2008, and 2007 were \$242,277,363, \$220,815,154, and \$192,425,626, respectively, equal to the required contributions for each year.

NOTE 11: DEFINED CONTRIBUTION PLAN

Employees of the College can participate in a 403(b) tax sheltered annuity. The plan is administered by TIAA-CREF, Hartford/Fortis, American Funds, and Oppenheimer. The college will match employee contributions up to \$600 in FY 2009. During the year ended June 30, 2009, the employees contributed \$149,788 and the College contributed \$83,215.

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NOTE 12: 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 retired employees under this plan were \$56,284 for the year ended June 30, 2009.

NOTE 13: OTHER POST EMPLOYMENT BENEFITS

During fiscal year 2009, the college implemented GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes the following measurement and recognition disclosures:

Plan description. As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. While certain retirees pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. Upon meeting specified criteria, retirees may fully receive single coverage until they are Medicare eligible. Otherwise, retirees are required to pay carrier-charged premiums to maintain coverage. In all cases, the retiree contribution for spousal coverage is equal to the family coverage rate less the single coverage rate.

Benefits are provided through a fully insured arrangements. Coverage is made available through one plan option that operates as a Traditional Comprehensive Major Medical Program. Coverage is available until Medicare eligibility for both retirees and spouses.

Funding Policy. The current funding policy of the College is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other post employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

Annual OPEB Cost and Net OPEB Obligation. The College's annual OPEB (Other Post Employment Benefits) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year and the amount actuarially contributed to the plan.

Annual OPEB Cost	\$ 183,100
Less benefits provided during the year	(16,000)
Net OPEB obligation June 30, 2009	\$ <u>167,100</u>

This is the transition year of GASB Statement No. 45.

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Funding Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The College's actuarial accrued liability (AAL) for benefits was \$1,504,416, all of which was unfunded.

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

In the July 1, 2008 actuarial valuation, the projected unit credit-level percentage of pay method was used. The actuarial assumptions included a 4 percent annual interest rate, 2 percent per year aggregate payroll growth, 3.5 percent per year salary scale, and an annual health care cost trend of 9 percent reduced by decrements of 1 percent annually to an ultimate rate of 5.5 percent. The AAL is being amortized as a level of percentage of pay. The amortization of AAL is done over a period of 30 years.

NOTE 14: RENT REVENUE

The College rents dorm rooms. The dorm rooms are rented on a semester basis and each renter is required to sign a contract. The College charges fees for the use of its facilities. These fees vary according to the area being used. A contract is signed. There are no minimum future payments required.

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: COMMITMENTS AND CONTINGENCIES

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.

REQUIRED SUPPLEMENTARY INFORMATION

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2009Schedule 1

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	General Fund		
	Budgeted <u>Amounts</u>	Actual Amounts Budgetary <u>Basis</u>	Variance- Over <u>(Under)</u>
Revenues and Transfers:			
Prior year ad valorem property tax	\$ 9,869	70,488	60,619
Current year ad valorem property tax	7,916,360	7,843,058	(73,302)
Motor vehicle tax	491,765	510,853	19,088
Recreational vehicle tax	6,401	6,020	(381)
Delinquent tax	40,037	97,242	57,205
County sources	-	-	-
State sources	3,636,615	3,687,055	50,440
Federal sources	-	1,585	1,585
Student tuition and fees	2,015,000	1,515,713	(499,287)
Interest income	60,000	140,469	80,469
Other revenue	320,000	394,259	74,259
Transfers	-	-	-
Total Revenues and Transfers	<u>14,496,047</u>	<u>14,266,742</u>	<u>(229,305)</u>
Expenditures and Transfers:			
Instruction	1,980,087	3,269,235	1,289,148
Academic support	852,285	160,334	(691,951)
Student services	1,657,473	1,775,480	118,007
Institutional support	5,503,340	2,521,583	(2,981,757)
Operation and maintenance of plant	3,003,641	2,329,103	(674,538)
Scholarships	240,000	177,560	(62,440)
Transfers	<u>3,013,257</u>	<u>2,912,634</u>	<u>(100,623)</u>
Total Expenditures and Transfers	<u>16,250,083</u>	<u>13,145,929</u>	<u>(3,104,154)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>(1,754,036)</u>	1,120,813	<u>2,874,849</u>
Unencumbered Cash, Beginning of Year		<u>5,982,514</u>	
Unencumbered Cash, End of Year		\$ <u>7,103,327</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Vocational Education Fund

For the Year Ended June 30, 2009Schedule 1

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	Vocational Education		
	Budgeted <u>Amounts</u>	Actual Amounts Budgetary <u>Basis</u>	Variance- Over (Under)
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	-	-	-
Interest income	-	-	-
Other revenue	-	35,846	35,846
Transfers	<u>2,640,243</u>	<u>2,539,620</u>	<u>(100,623)</u>
Total Revenues and Transfers	<u>2,640,243</u>	<u>2,575,466</u>	<u>(64,777)</u>
Expenditures and Transfers:			
Instruction	2,740,866	2,465,580	(275,286)
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operation and maintenance of plant	-	-	-
Scholarships	-	-	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>2,740,866</u>	<u>2,465,580</u>	<u>(275,286)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>(100,623)</u>	109,886	<u>210,509</u>
Unencumbered Cash, Beginning of Year		<u>100,623</u>	
Unencumbered Cash, End of Year		\$ <u>210,509</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Adult Supplemental Fund

For the Year Ended June 30, 2009

Schedule 1

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	<u>Adult Supplemental</u>		
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Over</u>
		<u>Basis</u>	<u>(Under)</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	750,000	152,482	(597,518)
Interest income	-	-	-
Other revenue	-	29,011	29,011
Transfers	-	-	-
Total Revenues and Transfers	<u>750,000</u>	<u>181,493</u>	<u>(568,507)</u>
Expenditures and Transfers:			
Instruction	750,000	104,692	(645,308)
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operation and maintenance of plant	-	-	-
Scholarships	-	-	-
Transfers	-	-	-
Total Expenditures and Transfers	<u>750,000</u>	<u>104,692</u>	<u>(645,308)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>-</u>	76,801	<u>76,801</u>
Unencumbered Cash, Beginning of Year		<u>217,141</u>	
Unencumbered Cash, End of Year		\$ <u><u>293,942</u></u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule
 Truck Driver Training Course Fund
 For the Year Ended June 30, 2009

Schedule 1

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<u>Truck Driver Training Course Fund</u>			
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Over</u>
		<u>Basis</u>	<u>(Under)</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	-	4,973	4,973
Federal sources	-	-	-
Student tuition and fees	300,000	37,238	(262,762)
Interest income	-	-	-
Other revenue	-	33,781	33,781
Transfers	<u>123,014</u>	<u>123,014</u>	<u>-</u>
Total Revenues and Transfers	<u>423,014</u>	<u>199,006</u>	<u>(224,008)</u>
Expenditures and Transfers:			
Instruction	423,014	159,384	(263,630)
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operation and maintenance of plant	-	-	-
Scholarships	-	-	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>423,014</u>	<u>159,384</u>	<u>(263,630)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>-</u>	39,622	<u>39,622</u>
Unencumbered Cash, Beginning of Year		<u>-</u>	
Unencumbered Cash, End of Year		\$ <u><u>39,622</u></u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Auxiliary Enterprises

For the Year Ended June 30, 2009Schedule 1

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	<u>Auxiliary Enterprises</u>		
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Over</u>
		<u>Basis</u>	<u>(Under)</u>
Revenues and Transfers:			
Federal sources	\$ -	-	-
Student sources	-	260,308	260,308
Sales	1,997,000	1,651,110	(345,890)
Other revenue	310,000	96,945	(213,055)
Transfers	-	-	-
Total Revenues and Transfers	<u>2,307,000</u>	<u>2,008,363</u>	<u>(298,637)</u>
Expenditures and Transfers:			
Salaries and benefits	235,000	232,374	(2,626)
General operating expenses	87,500	54,789	(32,711)
Supplies	108,000	50,671	(57,329)
Cost of goods sold	1,158,500	1,076,193	(82,307)
Equipment	85,000	80,067	(4,933)
Travel	15,000	14,102	(898)
Utilities	100,000	10,844	(89,156)
Mandatory transfers	<u>300,000</u>	<u>465,934</u>	<u>165,934</u>
Total Expenditures and Transfers	<u>2,089,000</u>	<u>1,984,974</u>	<u>(104,026)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>218,000</u>	23,389	<u>(194,611)</u>
Unencumbered Cash, Beginning of Year		<u>869,581</u>	
Unencumbered Cash, End of Year		\$ <u>892,970</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Capital Outlay

For the Year Ended June 30, 2009Schedule 1

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	<u>Capital Outlay</u>		
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Over</u>
		<u>Basis</u>	<u>(Under)</u>
Revenues and Transfers:			
State sources	\$ 125,322	117,263	(8,059)
KBOR Bond Loan Program	1,260,000	757,824	(502,176)
Tax Credit Revenue	80,000	32,000	(48,000)
Other revenue	-	2,363	2,363
Mandatory transfers	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Revenues and Transfers	<u>1,665,322</u>	<u>1,109,450</u>	<u>(555,872)</u>
Expenditures and Transfers:			
Post Secondary Capital Outlay Equipment	125,322	117,263	(8,059)
Tax Credit Deferred Maintenance Expenditures	80,000	-	(80,000)
Capital Equipment Requests	150,000	201,169	51,169
Post Secondary Capital Outlay Match	50,000	-	(50,000)
Bond Loan Program Capital Expenditures	<u>1,260,000</u>	<u>791,018</u>	<u>(468,982)</u>
Total Expenditures and Transfers	<u>1,665,322</u>	<u>1,109,450</u>	<u>(555,872)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>-</u>	-	<u>-</u>
Unencumbered Cash, Beginning of Year		<u>-</u>	
Unencumbered Cash, End of Year		\$ <u>-</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule
 Bond and Interest Fund (Revenue Bonds)
For the Year Ended June 30, 2009

Schedule 1

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<u>Bond and Interest (Revenue Bonds)</u>			
	<u>Budgeted</u>	<u>Actual Amounts</u>	<u>Variance-</u>
	<u>Amounts</u>	<u>Budgetary</u>	<u>Over</u>
		<u>Basis</u>	<u>(Under)</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	-	-	-
Interest income	-	-	-
Mandatory transfers	<u>500,000</u>	<u>465,933</u>	<u>(34,067)</u>
Total Revenues and Transfers	<u>500,000</u>	<u>465,933</u>	<u>(34,067)</u>
Expenditures and Transfers:			
Principal on bonds	146,000	145,200	(800)
Interest and fees	228,371	228,373	2
Payments to Reserves	-	-	-
Cash-Basis reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>374,371</u>	<u>373,573</u>	<u>(798)</u>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>125,629</u>	92,360	<u>(33,269)</u>
Unencumbered Cash, Beginning of Year		<u>730,597</u>	
Unencumbered Cash, End of Year		\$ <u><u>822,957</u></u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule
 Bond and Interest Fund (G.O. Bonds)
For the Year Ended June 30, 2009

Schedule 1

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	<u>Bond and Interest (G.O. Bonds)</u>		
	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance- Over (Under)</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 revenue	-	-	-
Mandatory transfers	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Transfers	-	-	-
	<hr/>	<hr/>	<hr/>
Expenditures and Transfers:			
Principal on bonds	120,000	120,000	-
Interest and fees	1,770	1,770	-
Payments to reserves	-	-	-
Transfers	291,166	291,166	-
	<hr/>	<hr/>	<hr/>
Total Expenditures and Transfers	412,936	412,936	-
	<hr/>	<hr/>	<hr/>
Excess of Revenues and Transfers Over (Under)			
Expenditures and Transfers	\$ <u>(412,936)</u>	(412,936)	<u>-</u>
Unencumbered Cash, Beginning of Year		<u>412,936</u>	
Unencumbered Cash, End of Year		\$ <u>-</u>	

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Notes to Schedule

For the Year Ended June 30, 2009Schedule 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)	\$ 14,266,742	2,575,466	181,493
Adjustments			
Revenues accrued but not received are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting.	66,559	-	17,973
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	(261,634)	-	-
Prior year encumbrances cancelled are not recorded for GAAP reporting	(16,822)	(909)	-
Transfers reported separately for GAAP reporting	<u>-</u>	<u>(2,539,620)</u>	<u>-</u>
Total revenues on GAAP basis	\$ <u>14,054,845</u>	<u>34,937</u>	<u>199,466</u>
Expenditures:			
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 13,145,929	2,465,580	104,692
Adjustments			
Compensated absences are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.	7,879	-	-
Net OPEB obligations are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.	167,100	-	-
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.	58,189	(3,515)	-
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.	-	-	-
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.	4,246	166	-
Transfers reported separately for GAAP reporting	<u>(2,912,634)</u>	<u>-</u>	<u>-</u>
Total Expenditures on GAAP basis	\$ <u>10,470,709</u>	<u>2,462,231</u>	<u>104,692</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Notes to Schedule

For the Year Ended June 30, 2009Schedule 1

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

		<u>Truck Driver</u>	<u>Auxiliary Enterprises</u>	<u>Capital Outlay</u>
Revenues:				
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$	199,006	2,008,363	1,109,450
Adjustments				
Revenues accrued but not received are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting.		10,850	98,565	-
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		-	-	-
Prior year encumbrances cancelled are not recorded for GAAP reporting		-	-	-
Transfers reported separately for GAAP reporting		<u>(123,014)</u>	<u>-</u>	<u>(200,000)</u>
Total revenues on GAAP basis	\$	<u>86,842</u>	<u>2,106,928</u>	<u>909,450</u>
Expenditures:				
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$	159,384	1,984,974	1,109,450
Adjustments				
Compensated absences are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.		-	-	-
Net OPEB obligations 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.		(18,000)	(32,212)	59,708
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.		-	-	-
Expenditures for cost of goods sold are reported in year ordered for budgetary purposes, but in the year sold for GAAP reporting		-	(36,329)	-
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>-</u>	<u>(465,934)</u>	<u>-</u>
Total Expenditures on GAAP basis	\$	<u>141,384</u>	<u>1,450,499</u>	<u>1,169,158</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Budgetary Comparison Schedule

Notes to Schedule

For the Year Ended June 30, 2009Schedule 1

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

	Bond & Interest (Rev. Bonds)	Bond & Interest (G.O. Bonds)
Revenues:		
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 465,933	-
Adjustments		
Revenues accrued but not received are reported in the year received for budgetary purposes, but in the year earned for GAAP reporting.	-	-
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	-	-
Prior year encumbrances cancelled are not recorded for GAAP reporting		
Transfers reported separately for GAAP reporting	(465,933)	-
Total revenues on GAAP basis	\$ <u>-</u>	<u>-</u>
Expenditures:		
Actual amounts (budgetary basis) from the budgetary comparison schedules (Schedule 1 pages 1 to 6)	\$ 373,573	412,936
Adjustments		
Compensated absences are reported in the year paid for budgetary purposes, but in the year earned for GAAP reporting.	-	-
Net OPEB obligations 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.	-	-
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.	3,189	(1,164)
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.	-	-
Transfers reported separately for GAAP reporting	<u>-</u>	<u>(291,166)</u>
Total Expenditures on GAAP basis	\$ <u>376,762</u>	<u>120,606</u>

(See Auditors' Report)

SUPPLEMENTARY INFORMATION

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Schedule 2

Statement of Current Funds Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues:			
Prior year ad valorem property tax	\$ 70,488	-	70,488
Current year ad valorem property tax	7,596,876	-	7,596,876
Motor vehicle tax	510,853	-	510,853
Recreational vehicle tax	6,020	-	6,020
Delinquent tax	97,242	-	97,242
County sources	-	-	-
State sources	3,692,028	64,678	3,756,706
Federal sources	1,585	1,791,064	1,792,649
Student tuition and fees	2,078,202	250,146	2,328,348
Interest income	124,950	-	124,950
Donations	-	5,000	5,000
Transfer from U.S.D. # 480	182,060	-	182,060
Other revenue	413,543	1,258	414,801
Auxiliary enterprises	1,709,171	-	1,709,171
Total Current Revenues	<u>16,483,018</u>	<u>2,112,146</u>	<u>18,595,164</u>
Expenditures:			
Instruction	5,988,903	705,379	6,694,282
Academic support	160,334	-	160,334
Student services	1,778,194	337,672	2,115,866
Institutional support	2,548,034	-	2,548,034
Operation and maintenance of plant	2,368,491	-	2,368,491
Debt Payment	157,500	-	157,500
Scholarships	177,560	1,145,754	1,323,314
Auxiliary enterprises	1,450,499	-	1,450,499
Total Expenditures	<u>14,629,515</u>	<u>2,188,805</u>	<u>16,818,320</u>
Transfers Among Funds - Additions/(Deductions):			
Nonmandatory transfers	291,166	-	291,166
Mandatory transfers	<u>(715,934)</u>	<u>50,000</u>	<u>(665,934)</u>
Net Increase/(Decrease) in Fund Balances	\$ <u>1,428,735</u>	<u>(26,659)</u>	<u>1,402,076</u>

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Statement of Cash Receipts and Cash Disbursements

Student Activity Funds

For the Year Ended June 30, 2009Schedule 3

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	Cash Balance <u>6/30/2008</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Cash Balance <u>6/30/2009</u>
Admin IFC Tech	\$ -	395	-	395
Alumni & Friends	1,739	-	-	1,739
AKCCOP	599	547	353	793
Assoc. of Info Tech Professionals	769	143		912
Athletic Business Acctg.	7,486	67,915	70,137	5,264
Athletic Trainer	377	-	-	377
Atlas	71	189	116	144
Auto Body Repair	-	27,533	23,587	3,946
Auto Mechanic	-	52,215	35,838	16,377
BESO	1	-	-	1
Black Collegiate Union	12	-	-	12
Block & Bridle	5,737	45,772	47,524	3,985
Carpentry	-	159	100	59
Ceramics Club	100	276	312	64
Cheerleaders	-	2,720	2,720	-
Collegiate Farm Bureau	1,220	-	245	975
Community Education - GED	43,488	47,390	67,616	23,262
Crusader Newspaper	11,383	10,700	16,751	5,332
Deca	8,139	13,952	11,257	10,834
Diesel Mech	-	23,003	18,544	4,459
Drafting	-	2,871	1,265	1,606
Education Club	123	170	95	198
Educational & Cultural Growth	4,614	980	380	5,214
Fellowship of Christian Athletics	-	20	20	-
Gift Certificates	105	300	200	205
Halo Club	484	13,508	13,247	745
House Construction	-	98,483	3,222	95,261
HVAC	-	2,613	108	2,505
International Student Organization	5	-	-	5
Intramural Sports	2,237	1,567	2,147	1,657
Kappa Beta Delta	562	1,345	1,694	213
KYLIX	304	1,198	1,133	369
Mach Shop	-	2,745	1,553	1,192
Martial Arts Club	142	-	-	142
Med Assistants	-	2,926	282	2,644
Musicals/Drama	7,491	2,542	3,468	6,565
OWLS	541	-	-	541
Petroleum Institute	2,744	29,075	31,819	-
Phi Theta Kappa	839	3,792	3,387	1,244
Professional Employees Assoc	379	1,350	1,310	419
Respiratory Therapy Student Group	590	85	-	675
Retirement Fund	20	-	-	20
SCCCOP	1,520	2,220	1,671	2,069
Science Club	207	2,000	145	2,062

(See Auditors' Report)

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Schedule 3

Statement of Cash Receipts and Cash Disbursements

Page 2 of 2

Student Activity Funds

For the Year Ended June 30, 2009

	Cash Balance <u>6/30/2008</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Cash Balance <u>6/30/2009</u>
Science Field Trips	3,389	-	1,296	2,093
Sigma Chi Chi	3,685	926	282	4,329
Skills USA	-	15,649	5,060	10,589
Student Government Assoc	9,826	6,700	3,872	12,654
SGA - Student/Club Alloc	9,149	10,437	3,307	16,279
Student Life	10,826	16,098	17,988	8,936
Student Nursing Assoc	564	4,522	4,852	234
Surg Tech Student Assoc	10	1,220	1,162	68
Vocal Music	389	900	1,063	226
Welding	-	4,554	4,497	57
Total Student Activity Funds	\$ <u>141,866</u>	<u>523,705</u>	<u>405,625</u>	<u>259,946</u>

(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 / Area Technical School
Liberal, Kansas 67901

We have audited the financial statements of the business-type activities of Seward County Community College / Area Technical School, Liberal, Kansas, as of and for the year ended June 30, 2009, which collectively comprise Seward County Community College / Area Technical School's basic financial statements and have issued our report thereon dated March 1, 2010. Our report was modified because of the omission of the discretely presented component unit. 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seward County Community College / Area Technical School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Seward County Community College / Area Technical School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Seward County Community College / Area Technical School'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 the entity'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 the entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity'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 / Area Technical School'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*.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, 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
March 1, 2010



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 / Area Technical School
Liberal, Kansas 67901

Compliance

We have audited the compliance of Seward County Community College / Area Technical School 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, 2009. Seward County Community College / Area Technical School'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 / Area Technical School'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 / Area Technical School'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 / Area Technical School's compliance with those requirements.

In our opinion, Seward County Community College / Area Technical School 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, 2009.

Internal Control Over Compliance

The management of Seward County Community College / Area Technical School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Seward County Community College / Area Technical School'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 / Area Technical School'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, the board of trustees, others within the entity, 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
March 1, 2010

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL

Liberal, Kansas

Schedule 4

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

<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	\$ 911,859
Federal Family Education Loan Program (Note B)	84.032	684,676
Federal College Work Study Program	84.033	55,870
Federal Supplemental Education Opportunity Grant	84.007	81,643
Higher Education Institutional Aid	84.031A	73,395
Student Support Services	84.042A	171,271
Federal Academic Competitiveness Grant	84.375	41,000
Passed Through Kansas Board of Regents		
Adult Basic Education	84.002	134,411
Adult Basic Education - EI Civics	84.002A	70,000
Vocation Education - Carl Perkins	84.048	178,139
Project Next Step	84.191A	36,797
Passed Through Kansas State University		
Teacher Quality Enhancement	84.336B	50,920
Total U.S. Department of Education		<u>2,489,981</u>
<u>U.S. Department of Health and Human Services</u>		
Passed Through Kansas State University		
Special Minority Initiatives	93.960	14,375
Total U.S. Department of Health and Human Serv.		<u>14,375</u>
Total Expenditures of Federal Awards		\$ <u>2,504,356</u>

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

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Liberal, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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, 2009, 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	\$ 684,676

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Schedule 14

None

SEWARD COUNTY COMMUNITY COLLEGE / AREA TECHNICAL SCHOOL
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

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

84.007, 84.032, 84.033, 84.063, & 84.375

Name of Federal Program or Cluster

Student Financial Assistance Cluster

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