Metropolitan State College *of* Denver

FINANCIAL AND COMPLIANCE AUDITS

Years Ended June 30, 2006 and 2005

Anderson & Whitney

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METROPOLITAN STATE COLLEGE OF DENVER

REPORT SUMMARY
Year Ended June 30, 2006

PURPOSE AND SCOPE OF AUDITS

The Office of the State Auditor, State of Colorado, engaged Anderson & Whitney, P.C. to conduct financial and compliance audits of the Metropolitan State College of Denver (the College) for its fiscal year ended June 30, 2006. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the state auditor to conduct audits of all departments, institutions, and agencies of state government. Anderson & Whitney, P.C. performed these audits in accordance with auditing standards generally accepted in the United States, and *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted the related field work from June through October 6, 2006.

The purpose and scope of these audits were to:

- Express an opinion on the financial statements of the College as of and for the year ended June 30, 2006. This includes a review of internal control as required by auditing standards generally accepted in the United States and *Government Auditing Standards.*
- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditures of federal and state funds.
- Report on the College's compliance and internal control over financial reporting based on our audit of the financial statements performed in accordance with *Government Auditing Standards.*
- Express an opinion on the Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Financial Assistance Programs of the College for the year ended June 30, 2006.
- Evaluate progress in implementing prior audit findings and recommendations.

REPORT SUMMARY — Continued
Year Ended June 30, 2006

Audit Opinions and Reports

We expressed unqualified opinions on the College's financial statements and the Statement of Appropriations, Expenditures, Transfers and Reversions of the State-Funded Student Financial Assistance Programs as of and for the year ended June 30, 2006.

We issued a report on the College's compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. We did not note any material weaknesses or any material instances of noncompliance with legal or regulatory requirements based on our audit of the financial statements. However, we did note certain areas where the College could improve its internal control and other procedures, which are described in the Findings and Recommendations section of this report.

The College's Schedule of Expenditures of Federal Awards and applicable opinions thereon of the Office of the State Auditor, State of Colorado are included in the June 30, 2006, Statewide Single Audit Report issued under separate cover.

We also issued certain required communications related to the conduct of an audit including our responsibility under generally accepted auditing standards, significant accounting policies, audit adjustments, and accounting estimates. No delays, disagreements or audit adjustments are reported. There were uncorrected misstatements of $54,134 from understatement of accounts payable and grant receivables, and the related revenue and expense.

SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

This report contains one recommendation. The recommendation addresses matters regarding the return of federal financial assistance by students who withdraw from the College.

A summary of the recommendation is included in the Recommendation Locator on page 4 of this report. A detailed description of the finding and recommendation begins on page7 of this report. The College has agreed to implement the recommendation.

SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT RECOMMENDATIONS

The audit report for the year ended June 30, 2005 included two recommendations. One recommendation was satisfactorily implemented and the other was partially implemented.

METROPOLITAN STATE COLLEGE OF DENVER

RECOMMENDATION LOCATOR
Year Ended June 30, 2006

Record Number	Page Number	Recommendation Summary	Agency Response	Implementation Date
FEDERAL PROGRAM RECOMMENDATION				
1.	7	The College should ensure that federal requirements for return of funds are met by changing the approach to calculating the number of days per semester when a student withdraws from the institution.	Agree	June 30, 2007

DESCRIPTION OF METROPOLITAN STATE COLLEGE OF DENVER
Year Ended June 30, 2006

Established in 1963 as Colorado's "College of Opportunity," Metropolitan State College of Denver is the third largest higher education institution in Colorado and one of the largest public four-year colleges in the United States. With a modified open-enrollment policy, students who are at least 20 years old need only have a high school diploma, a GED high school equivalency certificate, or the equivalent to gain admission.

The College is governed by the Board of Trustees, an 11-member board consisting of a faculty and student representative and nine members appointed by the Governor of Colorado and approved by the Senate.

The College offers 51 major fields of study and 82 minors through its School of Business, School of Letters, Arts and Sciences, and School of Professional Studies. Degrees include bachelor of science, bachelor of arts, and bachelor of fine arts. Academic programs range from the traditional, such as English, art, history, biology, and psychology, to business-related degrees in computer information systems, accounting and marketing, to professional directed programs in nursing, health care management, criminal justice, pre-medicine, pre-law, and pre-veterinary science.

Enrollment and faculty and staff information is provided below.

Full-time Equivalent (FTE) student's, faculty, and staff reported by the College for the last three fiscal years were as follows:

	Resident	Nonresident	Total
2004	14,178	450	14,628
2005	14,627	426	15,053
2006	14,686	401	15,087

Full-time employees were:

	Faculty	Staff	Total
2004	717	254	971
2005	709	215	924
2006	737	285	1,022

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FINDING AND RECOMMENDATION RELATING TO FEDERAL FINANCIAL ASSISTANCE

CORRECT THE RETURN OF FUNDS CALCULATIONS

Total Federal Student Assistance paid to students in 2006 was approximately $14.8 million. The College has approximately 1,500 student financial aid recipients officially or unofficially withdraw from the College each year. When a financial aid recipient withdraws in the first 60% of a semester, there is a calculation required to determine if the recipient or the College needs to return funds to the U.S. Department of Education Title IV programs. (Federal Pell Grants, CFDA 84.063, Federal Supplementary Educational Opportunity Grants, CFDA 84.007, and Federal Direct Student Loans, CFDA 84.268).

Our June 30, 2005 audit included two recommendations regarding return of funds. One recommendation involved the timing requirements of return of funds, which was implemented by the College.

The other 2005 recommendation regarded the calculation of return of funds which requires a determination of the number of days in the semester. While the College attempted to address the error noted in 2005, there was another error in the number of days used in the calculation for year ended June 30, 2006, as explained below.

In the return of funds testing, the number of days the College calculated for the fall semester was 113 days. There was an understatement in this calculation of three days due to additional days added to the Thanksgiving break in November. Based on federal regulations, if a break is longer than three days, including weekends, these break days are omitted from the calculation. Because the semester days were understated, this resulted in the individuals not returning as much aid as they should have to the programs or lenders. Although the differences averaged only $15 each, we recommend the approach to how the number of days is calculated be changed to accurately reflect federal Title IV requirements.

Recommendation No. 1

The College should ensure that federal requirements for return of funds under Title IV are met by changing the approach to calculating the number of days per semester and ensuring calculations are accurate.

Metropolitan State College of Denver Response

Agree. Metropolitan State College of Denver will continually review the term dates in the Return of Funds Software to ensure calculations adhere to the required federal regulations. (Implementation date: June 30, 2007)

METROPOLITAN STATE COLLEGE OF DENVER

DISPOSITION OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2006

The following is a summary of the prior year audit recommendations and their disposition as of June 30, 2006:

Record No.	Finding	Disposition
1.	The College should further segregate functions between the payroll and human resources departments and implement clear record retention and filing standards.	Implemented
2.	The College should ensure that federal requirements for return of funds are met by changing the approach to calculating the number of days per semester and improving the timeliness of returning funds to the respective programs and lenders when a student withdraws from the institution.	Partially Implemented

INDEPENDENT AUDITORS' REPORTS,
MANAGEMENT'S DISCUSSION AND ANALYSIS,
AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying basic financial statements of the Metropolitan State College of Denver (the College) and its discretely presented component unit, collectively a blended component unit of the State of Colorado, as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Metropolitan State College of Denver Foundation, Inc., the College's discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Metropolitan State College of Denver Foundation, Inc. is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Metropolitan State College of Denver Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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 audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan State College of Denver and its discretely presented component unit at June 30, 2006 and 2005, and their respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Management's Discussion and Analysis on pages 12 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Anderson + Whitney P.C.

October 6, 2006

This section of the Metropolitan State College of Denver (the College) financial report presents management's discussion and analysis of the financial performance of the College during the years ended June 30, 2006 and 2005. This discussion focuses on current activities and known facts and provides an overview of the College's financial activities in comparison with the prior year. It should, therefore, be read in conjunction with the accompanying comparative financial statements and notes.

Understanding the Comparative Financial Report

The financial statements adhere to GASB Statement No. 35. This annual report consists of a series of financial statements: the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. The presentation of financial information is in a format more comparable to that used by for-profit colleges and universities. The statements are prepared under the accrual basis of accounting. Hence, revenues and assets are recognized when service is provided, and expenses and liabilities are recognized when others provide the goods or services, without regard to the actual date of collection or payment.

Beginning fiscal year 2004, the college adopted GASB 39, *Determining Whether Certain Organizations are Component Units,* and therefore the Financial Statements of the Metropolitan State College Foundation are attached to the College's Financial Statements.

Financial Highlights

- The College's financial position, as a whole, improved during the years ended June 30, 2006 and 2005. The combined net assets increased $3.3 million and $2.3 million, respectively over the previous year.

- Beginning in the Fall term of 2005, as a result of SB04-189, the College received state support via stipends as opposed to State Appropriations. In FY06 the level of funding for these stipends was set by the General Assembly at $80.00 per eligible credit hour. In FY07 it is set at $86.00 per eligible credit hour. This revenue is now recorded in the Tuition and Fee line under Operating Revenue instead of the State Appropriations line under Non-Operating Revenue.

- The College's June 30, 2006 current assets of $35.8 million were sufficient to cover current liabilities of $16.1 million. The current ratio of 2.23 (current assets/current liabilities) reflects the liquidity of the College's assets and the availability of funds for current operations.

- The College's enrollment is relatively consistent with last years, with a .2% increase in Full Time Equivalents and a .4% increase in total Headcount.

Statement of Net Assets

The Statement of Net Assets reports on assets, liabilities, and net assets (net assets represent the excess of total assets over total liabilities) as of June 30, 2006 and 2005. Over time, increases or decreases in net assets are one indicator of the College's financial health when considered in conjunction with non-financial facts such as student enrollment.

Condensed Statement of Net Assets
(in thousands)

	June 30		
	2006	2005	2004
ASSETS			
Current Assets	$35,793	$29,304	$25,545
Non-Current Assets	10,932	10,531	11,309
TOTAL ASSETS	46,725	39,835	36,854
LIABILITIES			
Current Liabilities	16,085	12,485	11,922
Non-Current Liabilities	1,849	1,838	1,718
TOTAL LIABILITIES	17,934	14,323	13,640
NET ASSETS			
Invested in Capital Assets	2,891	2,380	2,985
Restricted for Expendable Purposes	9,048	9,334	9,460
Unrestricted	16,852	13,798	10,769
TOTAL NET ASSETS	$28,791	$25,512	$23,214

At June 30, 2006 and 2005, the College's total assets were $46.7 million and $39.8 million, which shows an increase of $6.9 million and $2.9 million, respectively, when compared to the prior years. The largest asset category was Cash & Cash Equivalents at $29.2 and $22.7 million, respectively. The primary reason for the increase in current assets in fiscal years 2005 and 2006 were slight tuition increases and adherence to expenditure control. An additional factor contributing to fiscal year 2006's improvement was the $5.9 million Fee for Service cash receipt in June.

The College's financial position improved during fiscal year 2006 as evidenced by the $3.3 million increase in net assets for a total of $28.8 million. Of this total, $2.9 million is invested in capital assets (equipment) net of accumulated depreciation of $6.9 million. Depreciation amortizes the cost of an asset over its expected useful life and represents the utilization of long-lived assets. In fiscal year 2006, $9 million of net assets is externally restricted for student loans and $16.9 million is unrestricted and available for any lawful purpose of the College.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of operations during the fiscal year. Activities are reported as either Operating or Non-operating. Operating revenues and expenses generally result from providing services for Instruction, Public Service, Student Services, and Academic and Institutional Support to/from an individual or entity separate from the College. Non-operating revenues and expenses are those other than Operating and include but are not limited to State Appropriations, Investment and Interest Income, and Private Grants and Gifts.

Condensed Statement of Revenue, Expenses, & Changes in Net Assets (in thousands)

	Year Ended June 30		
	2006	2005	2004
Operating Revenues			
Tuition & Fees, net	$ 69,011	$ 37,263	$ 36,332
Fee for Service	5,895	-	-
Sales & Services	3,071	3,041	2,749
Grants & Contracts	26,012	28,935	26,774
Other Operating Revenues	3,776	3,236	3,095
Total Operating Revenues	107,765	72,475	68,950
Operating Expenses	107,882	107,177	104,057
Operating Income (Loss)	(117)	(34,702)	(35,107)
Non-operating Revenues (Expenses)			
State Appropriations	-	33,952	33,952
Interest Income	956	640	281
Other Non-operating	2,440	2,408	2,632
Net Non-operating Revenues (Expenses)	3,396	37,000	36,865
Increase in Net Assets	3,279	2,298	1,758
Net Assets at Beginning of Year	25,512	23,214	21,456
Net Assets at End of Year	$ 28,791	$ 25,512	$ 23,214

Tuition and Fee Revenue accounted for $69 million of $107.8 million in Operating Revenue in 2006. This Tuition and Fee amount is net of Scholarship Allowances of $20 million. Scholarship Allowances are defined as the financial aid awarded to students to pay tuition and fees. Scholarship Allowances increased $4.5 million from the previous year due to the impact of the College Opportunity Fund stipends discussed earlier. The accounting for these stipends also caused a $4.7 million decrease in Scholarship and Fellowship expense from the prior year.

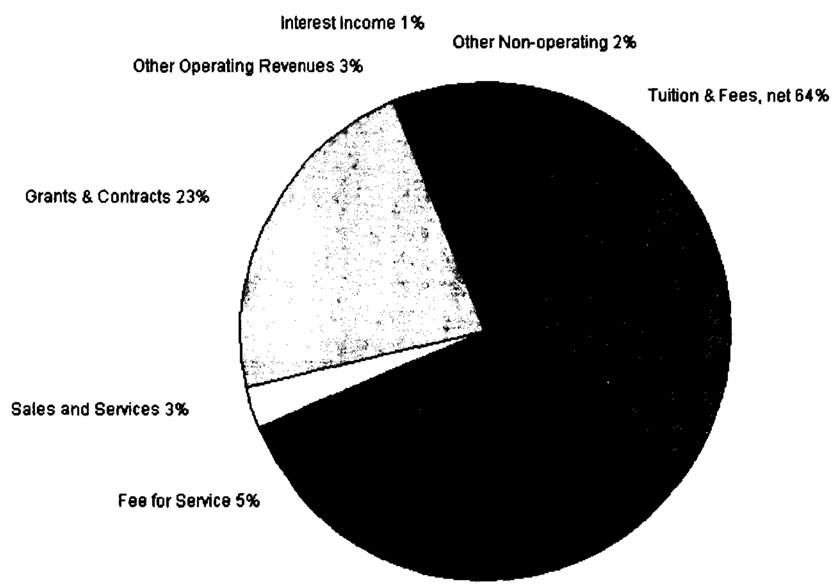
Operating expenses totaled $108 million in 2006. Of this total, $49.5 million was for Instruction, $8.2 million for Academic Support, $10.2 million for Student Services, $10.1 million for Institutional Support, $5.7 million for Operation of Plant, and $18.9 million for Auxiliary Enterprises. The remaining $5.4 million was for scholarships and other miscellaneous operating expenses.

Overall Operating Expenses show an increase of $705,000 from last year due to a combination of several factors, including:

- Labor expenditures increased approximately $3.6 million, resulting from an increase of 98 full-time employees (mainly filling vacant positions), and an average salary increase of 3% for Full and Associate Professors, Assistant Professors and Instructors, classified, and exempt personnel. The part-time faculty rate was increased in January 2006 by approximately 22% to better align Metro's rate with other area institutions.
- Materials and supplies increased approximately $2.5 million, which was mainly the result of the noncapitalized portion of substantial remodeling in the Central Classroom building and sizeable improvements to the Aerospace Department's flight simulators.
- Decrease in Scholarship and Fellowship expense of $4.7 million due to the impact of the College Opportunity Fund stipends on the calculation of Scholarship Allowances.

The following is a graphic illustration of Total Revenue (Operating and Non-operating) by source for the College. Each major Revenue component is displayed relative to its proportionate share of total Revenue.

Revenue By Source - 2006



Statement of Cash Flows

The Statement of Cash Flows presents relevant information related to cash inflows and outflows summarized by Operating, Non-capital Financing, Capital and Related Financing, and Investing Activities. It also helps the users of financial statements gauge the College's ability to generate cash flows and meet financial obligations as they mature.

Condensed Statement of Cash Flows
(in thousands)

	Year Ended June 30		
	2006	2005	2004
Net Cash Provided (Used) by:			
Operating Activities	$5,982	$(31,303)	$(31,665)
Non-capital Financing Activities	553	34,325	33,817
Capital and Related Financing Activities	(1,120)	(369)	(799)
Investing Activities	1,081	839	492
Net Increase in Cash	6,496	3,492	1,845
Cash & Cash Equivalents			
Beginning of Year	22,742	19,250	17,405
End of Year	$ 29,238	$ 22,742	$ 19,250

The College's overall liquidity improved in fiscal years 2006 and 2005 with an increase in Cash and Cash Equivalents of $6.5 million and $3.5 million, respectively. The increase in fiscal year 2006 is mainly the result of receiving $5.9 million in Fee for Service in June. The major sources of cash inflows are $74.7 million from Tuition and Fees, and $28.9 million from Federal and State Grants and Contracts. The primary outflows are $72.3 million for payments to or for employees and $31.5 million for payments to suppliers.

Economic Outlook and Metropolitan State College of Denver's Future

The College is experiencing more stability as President Stephen Jordan began filling interim positions, including the Vice President for Academic Affairs and Provost, the Vice President for Student Services, and the Vice President for Administration and Finance. Additionally, President Jordan's goal of increasing Metro's full-time faculty from 38% to 60% is becoming a reality with a net increase of 43 new faculty. In conjunction with the increased number of faculty, President Jordan implemented a faculty salary initiative that increased the Full and Associate Professors average salary by 6.9% and the Assistant and Instructor average salary by 3%. President Jordan also focused on the area of diversity and has created and filled the position of Associate to the President for Diversity, and hopes to achieve the status of a Hispanic Serving Institution (HSI) by the year 2010. President Jordan's vision of becoming the "preeminent urban public baccalaureate college in the country." is being attained, in part, by creating partnerships with the community colleges and all communities in the metropolitan area.

The College retained its Enterprise status by receiving less than 10% in State funding, and at the close of fiscal year 2006 completed its first year under Senate Bill 189, the College Opportunity Fund (COF). The stipends were set by the General Assembly in fiscal year 2006 at $80.00 per semester hour per resident undergraduate student, and $86.00 in fiscal year 2007. In addition to stipends, the College received $5.9 million in Fee for Service in fiscal year 2006 and is scheduled to receive $4.2 million in fiscal year 2007.

Referendum C passed on the 2005 November ballot. The passage of this referendum will further minimize the effects of TABOR by allowing the State to keep revenues it collects above the TABOR limits for the next four years.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the College at Campus Box 98, P.O. Box 173362 Denver, Colorado 80217.

Metropolitan State College of Denver
Statement of Net Assets

	June 30	
	2006	**2005**
Assets		
Current Assets		
Cash & Cash Equivalents	$ 29,238,014	$ 22,741,439
Accounts Receivable-Student (Net of $1,154,910 and $1,169,817 in Allowance for Doubtful Accounts)	4,383,037	3,822,025
Accounts Receivable-Other	1,189,172	1,635,276
Loans Receivable	916,439	1,017,640
Prepaid Expense	66,509	87,785
Total Current Assets	35,793,171	29,304,165
Non-Current Assets		
Investments	190,634	190,634
Loans Receivable (Net of $1,287,793 and $1,229,124 in Allowance for Doubtful Accounts)	7,850,173	7,960,050
Equipment (Net of $6,881,731 and $6,356,910 in Accumulated Depreciation)	2,891,221	2,379,721
Total Non-Current Assets	10,932,028	10,530,405
Total Assets	46,725,199	39,834,570
Liabilities		
Current Liabilities		
Accounts Payable	675,720	252,521
Accrued Payroll	7,243,349	6,229,510
Deferred Revenue	4,138,587	2,867,547
Compensated Absences	223,277	248,367
Due to Students	1,235,337	463,342
Deposits Held in Custody for Others	2,569,397	2,423,305
Total Current Liabilities	16,085,667	12,484,592
Non-Current Liabilities		
Compensated Absences	1,848,729	1,838,301
Total Non-Current Liabilities	1,848,729	1,838,301
Total Liabiliities	17,934,396	14,322,893
Net Assets		
Invested in Capital Assets	2,891,222	2,379,721
Restricted for Expendable Purposes	9,047,500	9,333,564
Unrestricted	16,852,081	13,798,392
Total Net Assets	28,790,803	25,511,677
Total Liabilities and Net Assets	$ 46,725,199	$ 39,834,570

See accompanying notes to the financial statements.

Metropolitan State College of Denver Foundation, Inc.
(Discretely presented component unit)
Statement of Financial Position
June 30, 2006 and 2005

	2006	2005
Assets		
Cash and cash equivalents	$ 179,876	$ 663,614
Contributions receivable, net (note 2)	81,897	213,525
Investments (note 3)	7,115,029	6,332,904
Note receivable (note 5)	200,000	200,000
Contributions receivable under split-interest agreements (note 4)	173,700	173,700
Assets held for investment (note 6)	93,175	93,175
Total assets	$ 7,843,677	$ 7,676,918
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 406,620	$ 352,931
Liabilities under annuity trusts (note 4)	29,936	30,415
Total liabilities	436,556	383,346
Net assets		
Unrestricted	970,283	855,148
Temporarily restricted (note 7)	3,021,280	3,449,286
Permanently restricted (note 7)	3,415,558	2,989,138
Total net assets	7,407,121	7,293,572
Commitments (note 9)		
Total liabilities and net assets	$ 7,843,677	$ 7,676,918

See accompanying notes to financial statements.

Metropolitan State College of Denver
Statement of Revenue, Expenses, & Changes in Net Assets

	Fiscal Years Ended June 30	
	2006	2005
Operating Revenues		
Tuition & Fees (Net of $20,007,556 and $15,536,160 in Scholarship Allowance)	$ 69,010,489	$ 37,262,889
Fee For Service	5,895,368	-
Sales & Services of Educational Departments	697,192	355,762
Sales & Services of Auxiliary Enterprises	2,373,830	2,685,398
Federal Grants and Contracts	18,542,091	18,462,304
State Grants and Contracts	7,404,635	10,371,530
Local Grants and Contracts	-	-
Private Grants and Contracts	65,221	100,640
Operating Interest Income	126,010	199,385
Other Operating Revenues	3,650,476	3,036,427
Total Operating Revenues	107,765,312	72,474,335
Operating Expenses		
Instruction	49,507,923	47,651,613
Public Service	235,686	347,667
Academic Support	8,200,404	8,308,226
Student Services	10,212,792	10,717,278
Institutional Support	10,147,251	9,040,134
Operation of Plant	5,715,958	5,371,255
Scholarships and Fellowships	2,926,725	7,679,275
Auxiliary Enterprise Expenditures	18,920,689	15,899,645
Depreciation	1,007,376	931,385
Other Operating Expenses	1,007,007	1,230,501
Total Operating Expenses	107,881,811	107,176,979
Operating Income (Loss)	(116,499)	(34,702,644)
Non-Operating Revenues (Expenses)		
State Appropriations	-	33,951,845
Investment and Interest Income	955,881	640,000
Gain (Loss) on Disposal of Fixed Assets	(36,509)	(78,813)
Non-Operating Gifts and Donations	2,476,253	2,486,962
Net Non-Operating Revenues (Expenses)	3,395,625	36,999,994
Net Increase in Net Assets	3,279,126	2,297,350
Net Assets at Beginning of Year	25,511,677	23,214,327
Net Assets at End of Year	$ 28,790,803	$ 25,511,677

See accompanying notes of the financial statements.

Metropolitan State College of Denver Foundation, Inc.
(Discretely presented component unit)
Statement of Activities
Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Total
Revenue, Gains and Support:				
Contributions	$ 44,600	$ 1,433,302	$ 279,112	$ 1,757,014
In-kind contributions	485,204	132,184	-	617,388
College program fees	-	483,784	325	484,109
Investment income	166,489	-	239,016	405,505
Changes in net present values of split interest agreements	-	-	-	-
Other loss	-	(1,964)	-	(1,964)
Net assets released from restrictions-				
Satisfaction of program requirements	2,515,014	(2,515,014)	-	-
Other reclassifications of net assets	52,331	39,702	(92,033)	-
Total revenue, gains and support	3,263,638	(428,006)	426,420	3,262,052
Expenses:				
School support	2,416,994	-	-	2,416,994
General and administrative	246,305	-	-	246,305
Fundraising	485,204	-	-	485,204
Total expenses	3,148,503	-	-	3,148,503
Change in net assets	115,135	(428,006)	426,420	113,549
Net assets, beginning of year	855,148	3,449,286	2,989,138	7,293,572
Net assets, end of year	$ 970,283	$ 3,021,280	$ 3,415,558	$ 7,407,121

See accompanying notes to financial statements.

Metropolitan State College of Denver Foundation, Inc.
(Discretely presented component unit)
Statement of Activities
Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	2005 Total
Revenue, Gains and Support:				
Contributions	$ 242,862	$ 1,525,157	$ 96,176	$ 1,864,195
In-kind contributions	387,503	72,327	-	459,830
College program fees	-	307,381	2,393	309,774
Investment income	129,113	-	226,815	355,928
Changes in net present values of split interest agreements	-	(12,984)	(5,595)	(18,579)
Other loss	-	(15,885)	-	(15,885)
Net assets released from restrictions- Satisfaction of program requirements	2,472,185	(2,472,185)	-	-
Other reclassifications of net assets	48,109	36,126	(84,235)	-
Total revenue, gains and support	3,279,772	(560,063)	235,554	2,955,263
Expenses:				
School support	2,382,441	-	-	2,382,441
General and administrative	276,372	-	-	276,372
Fundraising	387,503	-	-	387,503
Total expenses	3,046,316	-	-	3,046,316
Change in net assets	233,456	(560,063)	235,554	(91,053)
Net assets, beginning of year	621,692	4,009,349	2,753,584	7,384,625
Net assets, end of year	$ 855,148	$ 3,449,286	$ 2,989,138	$ 7,293,572

See accompanying notes to financial statements.

Metropolitan State College of Denver
Statement of Cash Flows

	Fiscal Years Ended June 30	
	2006	**2005**
Cash Flows from Operating Activities		
Cash Received:		
Tuition and Fees	$ 74,677,059	$ 37,136,233
Fee for Service	5,895,368	-
Sales and Services	3,335,768	3,115,491
Grants and Contracts	28,856,651	31,094,335
Student Loans Collected	2,601,341	2,341,128
Other Operating Receipts	5,035,951	4,766,961
Cash Payments:		
Payments to or for Employees	(72,284,568)	(68,717,766)
Payments to Suppliers	(31,487,624)	(30,745,371)
Scholarships Disbursed	(7,830,614)	(7,754,507)
Student Loans Disbursed	(2,817,501)	(2,539,487)
Net Cash Provided (Used) by Operating Activities	5,981,831	(31,302,983)
Cash Flows from Noncapital Financing Activities:		
State Appropriations, noncapital	-	33,951,845
Agency (Direct Lending Inflows)	51,789,377	48,167,219
Agency (Direct Lending Outflows)	(51,766,982)	(48,111,967)
Other Agency (Inflows)	4,739,906	4,964,002
Other Agency (Outflows)	(4,209,320)	(4,646,536)
Net Cash Provided (Used) by Noncapital Financing Activities	552,981	34,324,563
Cash Flows form Capital & Related Financing Activities:		
Acquisition of Capital Assets	(1,120,130)	(369,333)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,120,130)	(369,333)
Cash Flows from Investing Activites:		
Investment Earnings	955,881	640,000
Investment and Interest Income on Loan Funds	126,012	199,387
Net Cash Provided (Used) by Investing Actitivies	1,081,893	839,387
Net Increase in Cash	6,496,575	3,491,634
Beginning Cash Balance	22,741,439	19,249,805
Ending Cash Balance	$ 29,238,014	$ 22,741,439

Metropolitan State College of Denver
Statement of Cash Flows (Cont.)

Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activites		
Operating Income (Loss)	$ (116,499)	$ (34,702,644)
Adjustments to Reconcile:		
Depreciation Expense	1,007,376	931,385
Addition to Plant Fund	684,875	334,029
Non-Cash Operating Revenue	2,118,878	1,980,712
Non-Cash Operating Expense	(3,239,009)	(2,350,045)
Non-Operating Revenue (Expenses)	2,476,253	2,486,960
Operating Interest	(126,010)	(199,385)
Decrease (Increase) in Assets:		
Accounts Receivable	347,343	(224,316)
Prepaid Expense	22,530	3,921
Other Assets	80,632	139,753
Increase (Decrease) in Liabilities:		
Accounts Payable	423,553	140,735
Deferred Revenue	1,271,041	(92,450)
Accrued Payroll	271,361	83,967
Other Liabilities	759,507	164,395
Net Cash Provided (Used) by Operating Activites	$ 5,981,831	$ (31,302,983)

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

The accompanying financial statements reflect the financial activities of Metropolitan State College of Denver (the College) for the fiscal years ended June 30, 2006 and 2005. Effective July 1, 2002, Colorado Revised Statute 23-54-102 established a new independent governing board for Metropolitan State College of Denver. Following this statute, the powers, duties and functions formerly performed by the Trustees of the State Colleges in Colorado were transferred to the Board of Trustees of Metropolitan State College of Denver. The Trustees have full authority and responsibility for the control and governance of the College, including such areas as role and mission, academic programs, curriculum, admissions, finance, personnel policies, etc. To exercise their authority appropriately, the Trustees regularly establish policies designed to enable the College to perform its statutory functions in a rational and systematic manner. To assist them in meeting their responsibilities, the Trustees delegate to the President the authority to interpret and administer their policies in all areas of operations.

Reporting Entity

The State of Colorado is the primary reporting entity for state financial reporting purposes. The financial statements of the College and its discretely presented component unit are not intended to report financial information of the State in conformity with accounting principles generally accepted in the United States. The accounting policies of the College conform to accounting principles generally accepted in the United States, as applicable to government units.

The College is an institution of higher education of the State of Colorado. Thus, for financial reporting purposes, the College is a blended component unit of the State of Colorado.

Beginning in fiscal year 2004, the College adopted Statement No. 39 of the Governmental Accounting Standards Board (GASB 39), *Determining Whether Certain Organizations are Component Units*, and therefore the financial statements of the Metropolitan State College Foundation, Inc. (the Foundation) are presented as a discretely presented component unit. In accordance with GASB 39, paragraph 47, the discrete presentation of the Foundation's financial statements appears on separate pages from the financial statements of the College. The Foundation warrants inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the College including its ongoing financial support of the College.

Basis of Accounting

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

The College applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 30, 1989: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, and 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, except those deposits and investments representing endowments.

Investments: Investments are stated at their fair value which is determined based on quoted market prices. Changes in fair value of investments are reported as a component of investment income.

Plant Assets: Physical plant and equipment are stated at cost at the date of acquisition or fair market value at the date of donation. A physical inventory of all plant assets is taken annually with appropriate adjustments made to the financial records. Annual revisions of statements of values for insurance purposes are performed. The College follows the policy of capitalizing only those plant assets with an initial cost or fair value equal to or greater than $5,000.

Depreciation: Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3-5 years for capitalized computers and software, 12-25 for musical and scientific equipment, and 5-15 for other equipment.

Classification of Revenue: The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- Operating revenues – Operating revenues generally result from providing goods and services for instruction, public service, or related support services to an individual or entity separate from the College.
- Non-operating revenues – Non-operating revenues are those revenues that do not meet the definition of operating revenues. Nonoperating revenues include state appropriations for operations, gifts, and investment income.

Scholarship Allowance: Scholarship discount and allowance is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students or by other third parties making payments on the student's behalf. In the accompanying financial statements, the gross student tuition and fee revenues are reported less the scholarship discounts and allowances. College resources provided to students as financial aid are recorded as scholarship allowance to the extent that they are used to satisfy tuition and fees and other student charges. Any excess resources are recorded as student aid operating expense.

Application of Restricted and Unrestricted Resources: The College's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

Compensated Absences Policy: Employees' compensated absences are accrued when earned and are recognized based on vacation and sick leave balances due to employees at year end upon termination. Employees accrue and vest in vacation and sick leave based on their hire date and length of service. Vacation accruals are paid in full upon separation, whereas only 25 percent of sick leave is paid upon specific types of separation, such as retirement. The current portion of compensated absences liability in the Statement of Net Assets is calculated based on an estimated average amount for the past three fiscal years.

NOTE 2: CASH WITH THE STATE TREASURER, CASH ON HAND AND IN BANK, AND INVESTMENTS

At June 30, 2006 and 2005, the College had $26,381,743 and $22,082,009, respectively, on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. At year-end 2006, cash on hand and in banks consisted of the following:

Cash on hand	$	40,947
Cash in checking and depository accounts at bank		2,815,324
Total cash	$	2,856,271

The carrying amount of the College's cash on deposit was $876,156. Of this balance $40,947 is vault cash, petty cash, and change funds, and the reconciled bank balance was $835,209. Of this bank balance, $100,000 was covered by federal note depository insurance and the remainder by collateral held by the financial institution's agent in the institution's name.

The college is required to follow the requirement of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosure.* The standard primarily requires disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for any public entity's investments. The College has invested $190,634 at June 30, 2006 and 2005 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established by state statute for government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is a 2a7-like investment pool, and the college's investment is rated as AAA by Standard and Poor's, Fitch and Moody's. COLOTRUST pooled investments are excluded from the 5 percent and interest rate risk disclosure requirements. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. At June 30, 2006 and 2005 the fair value of the College's investment is $190,634.

NOTE 3: INVESTMENTS - UNREALIZED GAINS /LOSSES

The College deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The College reports its share of the Treasurer's unrealized gains/losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2006 and 2005. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. Unrealized losses of $317,745 at June 30, 2006 and $171,400 at June 30, 2005 are included in investment earnings.

Additional information on the Treasurer's pool may be obtained from the State of Colorado's Comprehensive Annual Financial Report.

NOTE 4: CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the years ended June 30, 2006 and 2005.

	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005
Depreciable Equipment	$ 8,617,051	404,637	285,057	$ 8,736,631
Less: Accumulated Depreciation Equipment	5,631,770	931,385	206,245	6,356,910
Net Depreciable Capital Assets	$ 2,985,281	(526,748)	78,812	$ 2,379,721

	Balance June 30, 2005	Additions	Retirements	Balance June 30, 2006
Depreciable Equipment	$ 8,736,631	1,703,436	667,115	$ 9,772,952
Less: Accumulated Depreciation Equipment	6,356,910	1,155,426	630,605	6,881,731
Net Depreciable Capital Assets	$ 2,379,721	548,010	36,510	$ 2,891,221

NOTE 5: LEASE OBLIGATIONS

Operating Leases - The College leases building space and equipment under operating lease agreements. Total rental expense for the years ended June 30, 2006 and June 30, 2005 under these agreements was $627,536 and $620,216, respectively. As of June 30, 2006 minimum future rentals (excluding contingent rentals) required by the above agreements are as follows:

Years ending June 30,

2007	$	642,727
2008		647,983
2009		580,453
2010		335,552
2011		23,170
TOTAL	$	2,229,885

The College has a sub-lease rental agreement for three more years totaling $462,821 at June 30, 2006. Payments made in FY 2006 and 2005 totaled $166,984 and $161,658, respectively.

NOTE 6: COMPENSATED ABSENCES

GASB 34/35 requires that compensated absences be broken out into current and non-current liabilities. Employees may accrue annual and sick leave based on the length of service and subject to certain limitations regarding the amount, which will be paid upon termination. The estimated costs of current compensated absences for which employees are vested for the years ended June 30, 2006 and 2005, are $223,277 and $248,367 respectively.

The estimated costs of non-current compensated absences for which employees are vested for the years ended June 30, 2006, and 2005, are $1,848,729 and $1,838,301 respectively. Fiscal Year 2006 expenses include an increase of $93,466 for the estimated compensated absence liability.

NOTE 7: PENSION PLAN OBLIGATIONS

On September 10, 1993 the Board of Trustees of the State Colleges in Colorado adopted an Optional Retirement Plan (ORP) for faculty and exempt administrative staff under the authority of Senate Bill 92-127. The implementation date was May 1, 1994. Eligible employees were offered the choice of remaining in Public Employees Retirement Association (PERA) or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more service credit with PERA at the date of hire.

The ORP is a defined contribution pension plan with three vendors, Fidelity Investments, TIAA-CREF, and AIG-VALIC, providing a range of investment accounts for participants. The College's contribution to the ORP is 11.4 percent of covered payroll and contributions by employees is 8 percent of covered payroll.

The College's contributions to the ORP for the fiscal years ending June 30, 2006, 2005, and 2004 were $2,506,342, $2,380,984, and $2,287,172, respectively. These contributions were equal to the required contributions for each year. All ORP contributions are immediately vested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and investment decisions made by participants for their individual accounts.

A. PERA PLAN DESCRIPTION

Approximately half of the College's employees participate in a defined benefit pension plan. The PERA plan's purpose is to provide income to members and their families at retirement or in the case of death or disability. The plan is a cost sharing, multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado 80203, by calling PERA at 303-832-9550 or 1-800-729-PERA (7372), or by visiting www.copera.org

Prior to January 1, 2006, state employees and employees of local school districts were members of the combined State and School Division of PERA. On January 1, 2006, the combined division was segregated into a State Division and a separate School Division. PERA's financial statements at December 31, 2005 presented the state and school portions of the trust as a single division.

Employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed another 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan. PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members vest after five years of service, and if they were hired before July 1, 2005, most are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. Persons hired on or after July 1, 2005 (except state troopers, plan members, inactive plan members, and retirees) are eligible for retirement benefits at any age with 35 years of service, at age 55 with 30 years of service, at age 60 with 20 years of service, or at age 65 with 5 years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. State troopers and judges comprise a small percentage of plan members but have higher contribution rates and state troopers are eligible for retirement benefits at different ages and years of service. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Members who became disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their spouse or their eligible children under the age of 18 (23 if a full-time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

B. FUNDING POLICY

Most employees contribute 8.0 percent of their annual gross covered wages, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2005 to December 31, 2005, the state contributed 10.15 percent of the employee's salary. From January 1, 2006 through June 30, 2006, the state contributed these same percentage amounts plus an additional .5 percent for the Amortization Equalization Disbursement discussed below. Effective July 1, 2004, 1.02 percent of the total contribution was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2005, the State and School Division of PERA was under funded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, along with other significant provisions affecting the plan, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. The SAED will be terminated when each division's trust fund reaches 100 percent funding. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries and used by the employer to pay the SAED.

The annual gross covered wages subject to PERA is the gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code. The contribution requirements of plan members and their employers are established and may be amended by the General Assembly.

The College's contributions to the three programs described above for the fiscal years ending June 30, 2006, 2005, and 2004 were $3,565,730, $3,117,940, and $3,057,410, respectively. These contributions met the contribution requirement for each year.

C. Student Retirement Plan

Beginning in Fiscal Year 1993, in accordance with the provision of Section 24-54.6-101, Colorado Revised Statute (C.R.S.), and as provided in section 403 (b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees taking less than six hours each semester are required to participate. The plan requires a 7.5 percent contribution on the employee's part with no employer contribution. Total current year payroll covered by the plan for Metropolitan State College was $802,613. Employee contributions were 7.5 percent of covered payroll in the amount of $60,196.

NOTE 8: VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan, and certain agencies and institutions of the state offer 403(b) or 401(a) plans.

NOTE 9: POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

PERACare (formerly known as the PERA Health Care Program) began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During Fiscal Year 2006, the premium subsidy was $115.00 for those with 20 years of service credit ($230 for members under age 65 and not eligible for Medicare), and it was reduced by 5 percent for each year of service fewer than 20.

The Health Care Trust Fund is maintained by the institution's contribution as explained in Footnote 7B above.

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical and prescription benefit plans, and with health maintenance organizations providing services within Colorado. As of December 31, 2005, there were approximately 41,080 enrollees in the plan.

Life Insurance Program

During Fiscal Year 2005, PERA provided its members access to a group decreasing term life insurance plan offered by Unum Provident, in which 41,180 members participated. Active members may join the Unum Provident Plan and continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage of 13,375 members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

NOTE 10: CONTINGENT LIABILITIES

Amounts expended under the terms of certain grants and contracts are subjected to audit and possible adjustment by governmental agencies. In the opinion of management, any adjustments will not have a material or adverse effect on the accompanying financial statements.

The College, in the course of conducting business, is a party to various litigation and other claims. Although the final outcome of these legal actions can not be determined at this time, management does not believe the ultimate resolution of these matters will have a significant adverse affect on the financial position of the College.

The State of Colorado, including the College, is self-insured in regard to its general and automobile liability exposures. The College also participates in a State commercial insurance policy covering loss or damage to College property. Liability of State higher education institutions is limited by the Colorado Governmental Immunity Act.

NOTE 11: CAMPUS SHARED CONTROLLED COSTS

Legislation enacted in 1974 established the Auraria Higher Education Center (AHEC) and included the College as one of the constituent institutions, along with the Community College of Denver (CCD) and the University of Colorado at Denver (UCD). Each institution operates independently as an educational institution responsible to its own governing board while sharing common operations. For the purpose of total financial disclosure, Metro State's portion of campus shared costs for the Auraria Campus is as follows:

	Year Ended June 30	
	2006	2005
Administration of Auraria Higher Education Center and operation and maintenance of plant	$ 6,779,590	$ 6,651,590
Library and Media Center	3,224,692	3,052,449
Utilities	284,403	0
Total	$ 10,288,685	$ 9,704,039

NOTE 12: LEGISLATIVE APPROPRIATIONS

The accompanying financial statements contain revenues and expenses from both appropriated and non-appropriated funds.

Appropriated funds include the State appropriation from the State's General Fund, as well as certain cash funds as established by the Colorado State Legislature in its annual appropriations bill. Cash funds include tuition, certain fees, and certain other revenue sources, which are recognized in various lines, as appropriate, in the accompanying financial statements. The College's appropriated revenues are limited to the amount established by the State.

	Year Ended June 30	
	2006	2005
Total Appropriation	$ 84,136,223	$ 80,166,332
Actual Appropriated Revenues	82,721,880	74,926,176
Actual Appropriated Expenditures And Transfers	78,637,526	72,639,603
Net Increase in Appropriated Net Assets	$ 4,084,354	$ 2,286,573

All other revenues and expenses reported by the college represent non appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues, and other revenue sources.

For the years ended June 30, 2006 and 2005, appropriated expenses were within the authorized spending authority.

NOTE 13: COMPONENT UNIT DISCLOSURES

Metropolitan State College Foundation, Incorporated (the Foundation) is a not-for-profit corporation formed to promote the welfare, development, growth, and well-being of the College. The Foundation is a separate legal entity, which is fully independent from the College, is not financially dependent upon the College, has a separately elected Board of Directors and, as such, has substantial autonomy and separate government entity characteristics. The financial statements of the Foundation are prepared on the accrual basis and follow SFAS No. 117.

Effective for the fiscal year ended June 30, 2004, GASB 39 requires the inclusion of Metropolitan State College Foundation as a discretely presented component unit based on the nature and significance of its relationship with the College. The Foundation uses a different GAAP reporting model (SFAS No. 117) and following the GASB 39 recommendation, its financial information is not presented on the same page as the College but is reported on separate pages after the College's financial statements. The Foundation's separate financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

NOTE 14: RELATED PARTY TRANSACTIONS

The College leased office space to the Foundation for $10,800 for fiscal year 2006. During the years ended June 30, 2006 and 2005, the Foundation provided $2,272,664 and $2,278,345 respectively, of funding to the College for various purposes, such as scholarships, departmental funding, and other programs. In addition to this $2,272,664 that was paid through the College's system there was $144,330 paid through the Foundation directly. At June 30, 2006 the College had a receivable of $392,294 due from the Foundation. The College provides three employees to the Foundation and the Foundation reimburses the College for these expenses. As of June 30, 2006 these expenses amounted to $139,305.

(1) Summary of Significant Accounting Policies

(a) General

The Metropolitan State College of Denver Foundation, Inc. (the Foundation) is a nonprofit corporation organized and operated to promote the general welfare and development of the Metropolitan State College of Denver (the College).

(b) Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Financial statement presentation follows the requirements of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(d) Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support, including pledges, is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

(e) Contributions Receivable

Unconditional pledges are recognized as revenues in the period the pledge is received. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional pledges are recognized when the conditions on which they depend are substantially met.

(1) Summary of Significant Accounting Policies, Continued

(f) Allowance for Uncollectible Pledges

The Foundation uses the allowance method to record uncollectible pledges. The allowance is based on prior years' experience and management's analysis of specific pledges made.

(g) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities. Restricted gains and investment income are generally reported as increases to temporarily or permanently restricted investment income and upon expiration of the restrictions are reclassified to unrestricted investment income.

(h) Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(i) Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments in mutual funds and debt and equity securities and contributions receivable.

The Foundation places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds are not insured by the FDIC or related entity.

The Foundation has significant investments in mutual funds, bonds, and other investments and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation and the investments are monitored by the management of the Foundation. Though the market values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

Concentrations of credit risk with respect to contributions receivable are limited due to the large number and creditworthiness of contributors comprising the Foundation's contributor base and the historical high-collectibility experience.

(1) Summary of Significant Accounting Policies, Continued

(j) Use of Estimates

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

(k) Contributed Equipment, Supplies and Services

Contributed equipment and supplies are recorded at fair value at the date of donation. If donors stipulate how the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment and supplies are recorded as unrestricted support. Donated services are recognized as contributions in accordance with SFAS No. 116 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

In-kind contributions for the year ended June 30, 2006 consist of the following:

Materials	$ 130,184
Fundraising salaries	485,204
Other services	2,000
Total	$ 617,388

(l) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction. Income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

(2) Contributions Receivable

Contributions receivable consist of the following at June 30:

	2006	2005
Receivables restricted for:		
Scholarships, departmental funding, and other	$ 87,763	$ 217,296
Endowments	205	2,586
Less discount to net present value	(6,071)	(6,357)
Net contributions receivable	$ 81,897	$ 213,525

	2006	2005
Amounts due:		
Within one year	$ 35,536	$ 141,725
Over one through five years	21,267	44,935
Over five years	25,094	26,865
Total	$ 81,897	$ 213,525

As of June 30, 2006, management believes that all contributions receivable are fully collectible. Accordingly, there is no allowance for uncollectible contributions receivable.

(3) Investments

Investments, stated at their fair values, are comprised of the following at June 30:

	2006	2005
Cash and short-term cash funds	$ 1,727,023	$ 3,027,729
Government securities	1,782,606	0
Fixed-income mutual funds	1,125,570	1,121,148
Stock mutual funds and equities	2,468,329	2,172,526
Other	11,501	11,501
	$ 7,115,029	$ 6,332,904

Investment income is summarized below:

	2006	2005
Interest and dividend income	$ 228,737	$ 198,629
Net realized and unrealized gains	195,794	175,262
	424,531	373,891
Less investment management and bank fees	(19,026)	(17,963)
Net investment return	$ 405,505	$ 355,928

(4) Charitable Trust Arrangements

Charitable Remainder Unitrusts

The Foundation is the beneficiary of certain charitable remainder trusts administered by banks that provide for the payment of distributions to the grantor or other designated beneficiaries over the designated beneficiaries' lifetimes. At the end of the trusts' terms, the remaining assets will be available for the Foundation's use or for the establishment of an endowment. At June 30 the net present values of the contributions receivable under remainder trust agreements are included in the statement of financial position as contributions receivable under split-interest agreements, as follows:

	2006	2005
Gross amounts receivable	$ 312,523	$ 312,523
Less unamortized discount	(138,823)	(138,823)
Net contributions receivable	$ 173,700	$ 173,700

Charitable Gift Annuities

The Foundation is both the trustee and remainder beneficiary of four annuity trusts whereby the Foundation pays a specified amount of earnings to named beneficiaries. The assets received under three of these arrangements consist of investments which are part of the pooled investments of the Foundation. The assets received under the fourth arrangement are not part of the pooled investments since the assets will be available for unrestricted use.

At June 30, 2006 and 2005 the fair market value of these trusts' assets totaled $47,692 and $44,825 respectively, and the corresponding liabilities related to estimated future distributions to the beneficiaries totaled $29,936 and $30,415, respectively.

(5) Note Receivable

During May 2005, the Foundation made a $200,000 loan to the newly hired College president. The loan is secured by real estate and bears interest of 3.54% per year. The principal plus accrued interest is due on or before June 30, 2008. The loan will be forgiven if the president fulfills the terms of his employment agreement with the College, which expires on June 30, 2008. The loan will also be forgiven if the president is terminated without "cause", as defined in the employment agreement, or if the president dies, or becomes disabled for a period of three months or more.

While the note agreement remains in effect, thirty-six monthly interest payments of $590 are due to the Foundation on the first day of each month beginning June 1, 2005. The Foundation received interest totaling $7,080 in 2006.

(6) Assets Held for Investment

Assets held for investment consist of the following at June 30:

	2006	2005
Art	$ 93,175	$ 93,175
Furnishings	4,969	4,969
	98,144	98,144
Less accumulated depreciation	(4,969)	(4,969)
	$ 93,175	$ 93,175

(7) Net Assets

Temporarily Restricted Net Assets

At June 30, temporarily restricted net assets consist of pledges, contributions and related investment earnings restricted by donors for particular purposes as follows:

	2006	2005
Scholarships	$ 896,841	$ 1,046,368
Departmental funding	1,146,523	969,801
Other	977,916	1,433,117
	$ 3,021,280	$ 3,449,286

Permanently Restricted Net Assets

Permanently restricted net assets are comprised of original contributions, plus accumulated earnings and appreciation in excess of amounts distributed to the College under the Foundation's spending policy. The spending policy, expressed as a percentage of fair market value of the endowments, is anticipated to be 4.5% for the upcoming year. The calculation is based on the lesser of the rolling three-year average market value as determined each December 31st or the fair market value of the principal plus undistributed net accumulated earnings, as defined. The distribution from the various endowment accounts shall be allocated based on their portion of the fair market value to the total endowment fund as of the preceding distribution date.

At June 30, permanently restricted net assets consist of the following:

	2006	2005
Original contributions plus accumulated earnings	$ 3,340,626	$ 2,911,951
Permanently restricted pledges/split-interest agreements	103,985	106,365
Less liabilities under permanently restricted annuity trust assets	(29,053)	(29,178)
	$ 3,415,558	$ 2,989,138

(7) Net Assets, Continued

Net Asset Reclassification

In accordance with its spending policy, the Foundation reduced permanently restricted net assets by $66,963 in order to make available investment earnings for scholarship distributions. In addition, permanently restricted net assets were also reduced by $53,893 in accordance to the Foundation's policy to assess an annual administrative fee of 2% to the total endowment fund. These reclassifications were based upon an interpretation of Colorado law made by the Foundation's outside counsel. Additionally, permanently restricted net assets were increased by $28,823 for changes in donor restrictions and/or correction of fund classification errors.

(8) Related Party Transactions

The Foundation leases office space from the College at an annual rate of $13.04 per square foot under an agreement that automatically renews for one-year terms at the beginning of each fiscal year. Rent expense totaled $10,800 for fiscal 2006. In addition, the College subleases office space from the Foundation as discussed in Note 9.

During 2006, funding provided by the Foundation directly to the College for scholarships, departmental funding, and other programs totaled $2,272,664. In addition, the Foundation paid other costs totaling $144,330 on behalf of the College to various vendors. At June 30, 2006, the Foundation has recorded a payable to the College of $392,294 for June funding.

During 2006, the Foundation reimbursed the College a total of $139,305 for administrative and other support provided to the Foundation by College employees. Furthermore, the College provides development and other personnel to the Foundation at no cost. The Foundation has recorded in-kind contribution revenue totaling $485,204 for such donated services. The corresponding expenses are included as part of fundraising expenses.

In the normal course of the Foundation's operations, transactions arise with companies whose officers and/or directors are also directors of the Foundation. During 2006, the Foundation paid for contract services provided by a company owned by a director. Payments totaled $17,839.

(9) Leases

During 1998, the Foundation entered into an agreement to lease space for the Center for Visual Arts. During 2006, the lease was extended to April 14, 2009. The lease agreement provides that the Foundation can purchase the premises. The College subleases this space from the Foundation under the same terms as the Foundation's agreement with the exception that the College can terminate the sublease, but the Foundation cannot terminate its lease agreement with the landlord.

(9) Leases, Continued

Future minimum lease payments under the lease at June 30, 2006 are as follows:

2007	$ 78,479
2008	84,057
2009	69,438
Total minimum lease payments	$ 231,974

ANDERSON & WHITNEY

A Professional Corporation of
Certified Public Accountants

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*

Members of the Legislative Audit Committee:

We have audited the financial statements of the Metropolitan State College of Denver, a blended component unit of the State of Colorado as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Metropolitan State College of Denver's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Metropolitan State College of Denver's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards.*

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This report is intended for the information of the Legislative Audit Committee, the Board of Trustees and management of the Metropolitan State College of Denver, and 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.

Anderson + Whitney P.C.

October 6, 2006

ANDERSON & WHITNEY

A Professional Corporation of
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Required Auditor Communications

Members of the Legislative Audit Committee:

We have audited the financial statements of Metropolitan State College of Denver for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control of the Metropolitan State College of Denver. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Metropolitan State College of Denver's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective or our tests was not to provide an opinion on compliance with such provisions.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. The significant policies used by Metropolitan State College of Denver are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the institution during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for doubtful accounts and loan receivables and the accrual for compensated absences.

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The process used by management in formulating the allowance for doubtful receivables is based on estimated loss percentages applied to aged accounts and loans receivable. The process used to formulate compensated absences is based on an estimate of employees that will be eligible in the future to receive payment for accumulated sick leave multiplied by current average pay rates. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDIT ADJUSTMENTS

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. No audit adjustments were made. There were uncorrected misstatements of $54,134 which understated accounts payable and grants receivable, and the related revenue and expenses, which management determined to be immaterial to the financial statements taken as a whole. In our judgment, the uncorrected misstatement does not indicate a matter which could have a significant effect on the College's financial reporting process.

❖ ❖ ❖ ❖ ❖

This information is intended solely for the use of the Legislative Audit Committee and is not intended and should not be used by any others than these specified parties.

Anderson + Whitney P.C.

October 6, 2006

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

ANDERSON & WHITNEY

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Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying statement of appropriations, expenditures, transfers, and reversions of the State-Funded Student Assistance Programs of the Metropolitan State College of Denver, an institution of higher education of the State of Colorado for the year ended June 30, 2006. This financial statement is the responsibility of the College's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described in Note 1, this financial statement was prepared in conformity with the accounting practices prescribed or permitted by the Colorado Commission on Higher Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations, expenditures, transfers, and reversions of the State-Funded Student Assistance Programs of the Metropolitan State College of Denver for the year ended June 30, 2006 on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Legislative Audit Committee, the Board of Trustees and management of the Metropolitan State College of Denver, and for filing with the Colorado Commission on Higher Education and is not intended and should not be used by anyone other than these specified parties.

Anderson + Whitney P.C.

October 6, 2006

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STATE OF COLORADO
METROPOLITAN STATE COLLEGE OF DENVER
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
YEAR ENDED JUNE 30, 2006

	Total Financial Aid	CLEAP	SLEAP	Colorado Need-based Grants	Colorado Work-Study	Colorado Diversity Grants	Colorado Merit Scholarshps	Perkins Loan Match	Governor's Opportunity Scholarship
Appropriations:									
Original Official Allocation	$ 6,369,041	$ 122,088	$ 101,197	$ 3,772,741	$ 1,777,789	$ -	$ 122,901	$ -	$ 472,325
Additional Allocation	413,769	1,174	47,190	309,800	-	-	-	-	55,605
Transfers	-	-	-	-	-	-	-	-	-
Total Appropriations	6,782,810	123,262	148,387	4,082,541	1,777,789	-	122,901	-	527,930
Total Expenditures	6,782,810	123,262	148,387	4,082,541	1,777,789	-	122,901	-	527,930
Reversions to State General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statement.

NOTE 1 – Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying statement of appropriations, expenditures, transfers, and reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as prescribed by the Colorado Commission on Higher Education (CCHE). The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the Colleges for the year ended June 30, 2006.

Because the statement presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position or changes in net assets of the College in conformity with generally accepted accounting principles in the United States.

Basis of Accounting:

The College's accounting systems are structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in the revised publication *Financial Accounting and Reporting Manual for Higher Education.* Financial statement presentation and other accounting criteria are included in the *Colorado Handbook for State-Funded Student Assistance Programs.*

All state-funded student financial assistance is expensed on a cash basis, except for the Perkins Loan Program and the Colorado Work-Study program. Perkins student loans are recorded as loans receivable when the funds are disbursed. Colorado Work-Study wages are recorded on the accrual basis, recognizing expenses when the services are performed.

The Perkins Loan Program matching requirement from general funds, as approved by the Colorado Commission on Higher Education, is recorded as a transfer from the general fund to the loan fund and not as general fund expense and loan fund revenue.

The Colorado Leveraging Educational Assistance Partnership (CLEAP) and Supplemental Leveraging Educational Assistance Partnership (SLEAP) consist of state and federal funds. The amounts shown in the accompanying statement are the combined totals.

NOTE 2 – State Funded Student Financial Assistance Programs:

The College's various state-funded student financial assistance programs include the following:

- Colorado Need-based Grants awards, consisting of:
  - Colorado Student Grant
  - Colorado Leveraging Educational Assistance Partnership (CLEAP)
  - Supplemental Leveraging Educational Assistance Partnership (SLEAP)
- Colorado Undergraduate Merit Scholarships
- Colorado Work-Study
- Governor's Opportunity Scholarships
- Loan Matching for the Perkins Loans

The total state-funded financial assistance expenditures made by the College were $6,782,810 during the year ended June 30, 2006.

The director of financial aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the College in federal and state student financial aid programs. The College's controller's office is responsible for the programs' financial management, general ledger accounting, and payments.

During the year ended June 30, 2006, the College obtained authorization to award federal student financial aid funds of $13,714,821 in Pell Grants, $491,506 in Supplemental Educational Opportunity Grants, $671,207 in Federal Work-Study, and $0 of new capital contributions in the Perkins Student Loan Program.

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