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STATE OF COLORADO
 MORGAN COMMUNITY COLLEGE

REPORT ON EXAMINATION
 OF
 FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1974

TOUCHE ROSS & CO.



TOUCHE ROSS & CO.

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400 UNITED BANK CENTER
1700 BROADWAY
DENVER, COLORADO 80202

October 11, 1974

Legislative Audit Committee
State Capitol
Denver, Colorado

only

We have examined the balance sheet of the Current Funds, Loan Funds and Agency Funds of Morgan Community College as of June 30, 1974, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the respective funds of Morgan Community College at June 30, 1974, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended, in conformity with generally accepted accounting principles which, except for the changes, with which we concur, as described in Note A, have been applied on a basis consistent with that of the preceding year.

The accompanying balance sheet of the Plant Funds of Morgan Community College as of June 30, 1974, and the related statement of changes in fund balances for the year then ended were not audited by us and accordingly we do not express an opinion on them.

In certain instances, the College has recorded capital assets at amounts which are not in accordance with generally accepted accounting principles which require that such assets be recorded at acquisition cost (or, in the case of donated assets and library books, at fair market value at date of gift and average cost, respectively). The effect of this departure from generally accepted accounting principles has not been determined.

Touche Ross & Co.

Certified Public Accountants

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 1974

ASSETS

CURRENT FUNDS:

Unrestricted:

Cash	\$ 24,688
Cash on deposit with State Treasurer	1,636
Spending authority with State of Colorado	38,429
Accounts receivable:	
State of Colorado	3,258
Other, less allowance for doubtful accounts of \$1,700	<u>11,801</u>
	15,059

Inventories and supplies (Note A-3)	9,330
Prepaid expenses	<u>8,501</u>

Total unrestricted 97,643

Restricted:

Cash on deposit with State Treasurer	1,917
Accounts receivable, no allowance for doubtful accounts considered necessary (Note A-5)	25,219
Due from other funds	<u>2,849</u>

Total restricted 29,985

TOTAL CURRENT FUNDS \$127,628

LOAN FUNDS:

Cash on deposit with State Treasurer	\$ 972
Loans to students, less allowance for doubtful loans of \$280	2,448
Due from U. S. Government	<u>3,173</u>

TOTAL LOAN FUNDS \$ 6,593

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

Accounts payable	\$ 41,839
Salaries and wages	9,738
Advance from State of Colorado	13,000
Due to other funds	4,925
Deferred revenue (Note A-4)	6,769

Commitments (Note C)

Fund balance 21,372

Total unrestricted 97,643

Restricted:

Accounts payable	3,143
Due to State of Colorado	24,877

Contingency (Note D)

Fund balance (Note A-5) 1,965

Total restricted 29,985

TOTAL CURRENT FUNDS \$127,628

LOAN FUNDS:

Fund balances:

U. S. Government grants refundable	\$ 5,934
Other loan funds	<u>659</u>

TOTAL LOAN FUNDS \$ 6,593

(Continued on page 3)

See notes to financial statements.

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 1974

(Continued from page 2)

<u>ASSETS</u>	
PLANT FUNDS (Note A-6) (Unaudited):	
Land	\$ 15,000
Building	50,000
Equipment	174,099
Library books	<u>7,571</u>
TOTAL PLANT FUNDS	<u>\$246,670</u>
AGENCY FUNDS:	
Cash	\$ 2,808
Cash on deposit with State Treasurer	2,914
Due from other funds	<u>2,076</u>
TOTAL AGENCY FUNDS	<u>\$ 7,798</u>

<u>LIABILITIES AND FUND BALANCES</u>	
PLANT FUNDS (Unaudited):	
Fund balance - investment in plant	<u>\$246,670</u>
TOTAL PLANT FUNDS	<u>\$246,670</u>
AGENCY FUNDS:	
Deposits held in custody for others	<u>\$ 7,798</u>
TOTAL AGENCY FUNDS	<u>\$ 7,798</u>

See notes to financial statements.

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1974

	<u>CURRENT FUNDS</u>			<u>PLANT FUNDS (Unaudited)</u>	
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>LOAN FUNDS</u>	<u>UNEXPENDED</u>	<u>INVESTMENT IN PLANT</u>
Revenues and other additions:					
Educational and general	\$443,619	\$ 95,404	\$ --	\$ --	\$ --
Auxiliary enterprises	25,218	--	--	--	--
Governmental grants and contracts	--	--	3,174	--	--
Expended for plant facilities	--	--	--	--	75,857
Total revenues and other additions	468,837	95,404	3,174	--	75,857
Expenditures and other deductions:					
Educational and general	420,086	95,472	67	--	--
Auxiliary enterprises	34,988	--	--	--	--
Transfer to State	20,760	--	--	--	--
Expended for plant facilities	--	--	--	71,223	--
Provision for doubtful loans	--	--	280	--	--
Total expenditures and other deductions	475,834	95,472	347	71,223	--
Transfers - additions (deductions):					
Mandatory - Loan Fund matching grant	(353)	--	353	--	--
Other - renewals and replacements	(71,223)	--	--	71,223	--
Total transfers	(71,576)	--	353	71,223	--
Net increase (decrease) for the year	(78,573)	(68)	3,180	--	75,857
Fund balances at beginning of year:					
As previously reported	51,005	--	--	--	160,669
Restatement of previously reported fund balances (Note A)	48,940	2,033	3,413	--	--
Adjustment (Note B)	--	--	--	--	10,144
As restated	99,945	2,033	3,413	--	170,813
Fund balances at end of year	<u>\$ 21,372</u>	<u>\$ 1,965</u>	<u>\$ 6,593</u>	<u>\$ --</u>	<u>\$246,670</u>

See notes to financial statements.

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES,
EXPENDITURES AND OTHER CHANGES

YEAR ENDED JUNE 30, 1974

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Revenues:			
Educational and general:			
Student tuition and vocational reimbursement	\$ 97,383	\$ --	\$ 97,383
Governmental appropriations and allocations	346,236	--	346,236
Governmental grants and contracts (Note A-5)	--	95,472	95,472
Total educational and general	<u>443,619</u>	<u>95,472</u>	<u>539,091</u>
Auxiliary enterprises	25,218	--	25,218
Total revenues	<u>468,837</u>	<u>95,472</u>	<u>564,309</u>
Expenditures and transfers:			
Educational and general:			
Instruction	195,144	63,248	258,392
Libraries	12,604	4,651	17,255
Student services	37,170	15,000	52,170
Operation and maintenance of plant	33,648	--	33,648
General administration	81,989	218	82,207
Student aid	29,834	10,135	39,969
Sponsored research	--	2,220	2,220
Rentals	27,997	--	27,997
Provision for doubtful accounts	1,700	--	1,700
Educational and general expenditures	<u>420,086</u>	<u>95,472</u>	<u>515,558</u>
Transfers:			
Mandatory - Loan Fund matching grant	353	--	353
Other - renewals and replacements	71,223	--	71,223
Total educational and general	491,662	95,472	587,134
Auxiliary enterprises - expenditures	34,988	--	34,988
Total expenditures and transfers	<u>526,650</u>	<u>95,472</u>	<u>622,122</u>
Other transfer and deduction:			
Excess of transfers to revenues over restricted receipts (Note A-5)	--	(68)	(68)
Transfer to State (Note A)	<u>(20,760)</u>	<u>--</u>	<u>(20,760)</u>
Net (decrease) in fund balances	<u>\$ (78,573)</u>	<u>\$ (68)</u>	<u>\$ (78,641)</u>

See notes to financial statements.

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Unaudited with respect to Plant Funds)

YEAR ENDED JUNE 30, 1974

A. Summary of Significant Accounting Policies:

Effective July 1, 1973, the College entered into the Community College System, under control of the State Board for Community Colleges and Occupational Education. Accordingly, the Morgan County Community College (a district junior college) was dissolved and its assets transferred to the State of Colorado, including cash aggregating \$20,760.

Effective for the year ended June 30, 1974, the College changed its accounting and reporting format to comply with the fund accounting guidelines as prescribed in the American Institute of Certified Public Accountants' guide on Audits of Colleges and Universities. Significant changes are summarized as follows:

- (1) Certain elements of Current Restricted Funds, Loan Funds and Agency Funds were commingled in the previous year's financial statements. Appropriate reclassifications have been made to properly segregate these funds in the accompanying financial statements.
- (2) Encumbrances have been recorded as a designation of fund balance. Previously, encumbrances were classified as expenditures.

The above changes had the effect of increasing fund balance at July 31, 1973 by \$48,940 for the Unrestricted Fund, \$2,033 for the Restricted Fund and \$3,413 for the Loan Funds.

The following is a summary of additional accounting policies utilized by the College.

- (3) Inventories and supplies are stated at the lower of cost (first-in, first-out) or market.
- (4) Summer session tuition and related expenses are deferred to the subsequent year's operations.
- (5) Revenues from sponsored programs are recognized to the extent of expenditures incurred. Amounts received in excess of expenditures are included as additions to fund balances during the year and may be subject to repayment if additional program expenditures are not made (see Note D). Funds restricted by the State of Colorado and its agencies have been classified as Current Restricted Funds.

STATE OF COLORADO
MORGAN COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Unaudited with respect to Plant Funds)

YEAR ENDED JUNE 30, 1974

A. Summary of Significant Accounting Policies (Continued):

(6) Depreciation on Plant Fund assets is not recorded.

B. Adjustment:

During the year the College made certain adjustments to its accounting records increasing the fund balance of the Investment in Plant Fund to record the cost of capital assets which previously were not recorded. This adjustment had the effect of increasing the fund balance of the Investment in Plant Fund at July 1, 1973 by \$10,144.

C. Commitments:

The College has non-financing leases on a building and equipment, exclusive of real estate taxes and other expenses, extending to 1977. Aggregate minimum rental commitments under these leases having an initial or remaining term of more than one year are as follows:

<u>YEAR ENDED JUNE 30,</u>	
1975	\$ 27,000
1976	13,100
1977	<u>400</u>
	<u>\$ 40,500</u>

The leases provide for renewal options extending expiration dates to 1976 through 1981.

D. Contingency:

Amounts expended under the terms of certain federal grants are subject to audit and possible adjustment by an agency of the federal government. In the opinion of College administrators, any adjustments which may be required will not be material.

