JUNIOR COLLEGE DISTRICT OF
EAST CENTRAL MISSOURI

UNION, MISSOURI

FINANCIAL STATEMENTS

Year Ended June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

We have audited the accompanying financial statements of the business-type activities as of and for the years ended June 30, 2009, and June 30, 2008, and the discretely presented component unit as of and for the years ended December 31, 2008 and 2007, of the Junior College District of East Central Missouri (the "College"), which collectively comprise the College's financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Foundation's financial statements for the years ended December 31, 2008 and 2007, were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Junior College District of East Central Missouri as of and for the year ended June 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Further, in our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit of the College as of December 31, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis on pages 7 through 12 are not a required part of the financial statements but are required supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The statistical data on pages 40-43 is presented for the purpose of additional analysis and is not a required part of the financial statements of the College. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Junior College District of East Central Missouri's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 20, 2009

MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of the Junior College District of East Central Missouri (the "College"). The College's management prepared this discussion. It should be read in conjunction with the financial statements and notes that follow.

The College prepared the financial statements in accordance with Government Accounting Standards Board ("GASB") principles. The College has implemented GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the College as a whole. The College has also adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, by including the East Central College Foundation as a discretely presented component unit of the College for fiscal 2006. The East Central College Foundation (the "Foundation") is a legally separate, tax-exempt entity. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs and to provide scholarships to the students attending the College.

There are three financial statements presented for the College: the statements of net assets, the statements of revenues, expenses, and changes in net assets, and the statements of cash flows. In addition, there are three financial statements presented for the Foundation: statements of financial position, statements of activities and statements of cash flows.

Statements of Net Assets

The statements of net assets present the assets, liabilities, and net assets of the College at the end of the fiscal years, June 30, 2009 and 2008. The purpose of the statements of net assets is to present a picture of the financial condition of the College. Total net assets, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College.

The assets and liabilities are categorized as current or noncurrent. Current assets consist primarily of cash and cash equivalents, short-term investments, net accounts receivable, bookstore inventories, and other assets. Noncurrent assets consist primarily of capital assets, including the property, plant and equipment owned by the College, net of any accumulated depreciation.

Net assets are presented in three major categories: (1) Capital assets, which represents the College's equity in its property, plant, and equipment, (2) Restricted, those funds that are limited in terms of the purpose and time for which the funds can be spent, and (3) Unrestricted, which are available to the College for any lawful purpose.

The following table of the College's net assets at June 30, 2009 and 2008, shows the unrestricted portion at $21.2 million and $25.1 million, respectively.

	2009	2008
Current assets	$ 25,666,447	$ 33,628,708
Other non-current	2,120,004	2,466,769
Capital assets	31,587,376	23,686,058
TOTAL ASSETS	$ 59,373,827	$ 59,781,535
Current Liabilities	$ 5,783,853	$ 6,669,276
Non-current Liabilities	21,114,090	21,970,441
TOTAL LIABILITIES	$ 26,897,943	$ 28,639,717
Invested in capital assets, net of related debt	$ 10,737,380	$ 5,320,172
Restricted	515,093	708,466
Unrestricted	21,223,411	25,113,180
TOTAL NET ASSETS	$ 32,475,884	$ 31,141,818

In fiscal year 2009, current assets decreased by $7,962,261 to $25,666,447. This was the result of proceeds from the 2008 Series General Obligation bonds spent on construction of the Health & Science Building, which is further reflected in the increase in capital assets. Significant capital expenditures in fiscal year 2009 included the following:

• Leigtonix Nexus package	$ 7,070
• Color laserjet printer	5,610
• Business Office laserjet check print system	31,161
• 2 quad core Xeon processors	13,577
• Quad core Xeon processor	6,557
• Quad core servers	32,608
• 2 Apple X-Servers	12,688
• Wireless network equipment	141,770
• Manikins	82,282
• Apple computer	5,336
• 2 Atlas monitors	10,300
• SimMan Manikin	80,297
• Upgrade HVAC system in CC Building	360,420
• Image Now fax/mail agent	12,900
• Video streaming equipment	34,344
• CC Building construction in progress	82,809
• Equipment for Allied Health & Science Building	916,396
• Allied Health & Science Building	7,241,435
TOTAL	$ 9,077,560

Net capital assets increased to $31,587,376. Capital expenditures, detailed above, totaled $9,077,560 which included the completion of the Health & Science Building. Depreciation of $1,176,242 was recorded.

Statements of Revenues, Expenses and Changes in Net Assets

The statements of revenues, expenses and changes in net assets present the College's financial results for the fiscal year. The statements include the College's revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Tuition and fees are examples of operating revenues. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following is a summarized version of the College's revenues, expenses, and changes in net assets for the years ended June 30, 2009 and 2008.

	2009	2008
Operating revenue	$ 12,600,724	$ 11,417,945
Operating expenses	23,792,706	22,156,821
OPERATING (LOSS)	(11,191,982)	(10,738,876)
Non-operating revenues (expenses)	12,526,048	14,471,426
Increase in net assets	1,334,066	3,732,550
Net Assets, Beginning of year	31,141,818	27,409,268
Net Assets, End of year	$ 32,475,884	$ 31,141,818

One of the financial strengths of the College is the diverse stream of revenue, which supplements its student tuition and fees. The following is the College's fiscal years 2009 and 2008 revenues, both operating and non-operating.

	2009	2008
OPERATING REVENUES		
Tuition and fees	$ 3,965,442	$ 3,800,194
Federal aid	4,795,968	3,857,649
State aid	717,277	714,800
Other auxiliary services	3,122,037	3,045,302
TOTAL OPERATING REVENUE	$ 12,600,724	$ 11,417,945

	2009	2008
NONOPERATING REVENUES (EXPENSES)		
State appropriations	$ 5,470,581	$ 7,291,636
Tax revenues	7,096,437	6,802,540
Interest income	905,651	1,201,463
Interest on debt	(946,621)	(726,459)
Land donation	-	(151,400)
Gain on disposal of asset	-	53,646
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 12,526,048	$ 14,471,426

Operating revenue for fiscal year 2009 increased by $1,182,779. Cafeteria sales increased by $27,400 (including catering) from FY08. Federal revenue gained primarily due to nearly a $900,000 increase in Pell awards in FY09. The state appropriations in FY08 included a $2 million distribution from the Lewis & Clark Discovery Initiative, a one-time allocation of funds. Customized training revenue from the state increased by approximately $58,000 from the previous year. Interest income declined due to lower rates and less cash on deposit as a result of building construction.

Following are the components of operating expenses for the College during fiscal years 2009 and 2008.

	2009	2008
OPERATING EXPENSES		
Salaries and benefits	13,434,609	$ 12,700,827
Supplies, other services, and utilities	7,036,088	6,885,470
Scholarships	2,145,767	1,599,866
Depreciation	1,176,242	970,658
TOTAL OPERATING EXPENSES	$ 23,792,706	$ 22,156,821

Operating expenses increased by $1,635,885 in FY09. Salaries and benefits account for the largest share of operating expenses. In fiscal year 2009, these expenditures increased from $12,700,827 to $13,434,609, due primarily to salary increases of 6%, increases in retirement contribution rates, growth in the number of employees, and increases in the cost of insurance benefits. Scholarship expenses reflect increased enrollment. Depreciation increased in FY09 because of the addition of the new building. The facility was opened in January, 2009, resulting in higher costs for supplies, services and utilities.

In addition, the following chart presents the fiscal years 2009 and 2008 operating expenses of the College by function.

	2009	2008
OPERATING EXPENSES BY FUNCTION		
Instruction	$ 8,471,647	$ 7,471,036
Academic support	2,226,401	2,396,068
Student services	1,464,529	1,258,726
Institutional support	4,379,411	4,854,722
Operations and maintenance	2,017,593	1,614,640
Student financial aid	2,095,837	1,548,296
Public service	28,551	159,456
Depreciation	1,176,242	970,658
Auxiliary enterprise	1,932,495	1,883,219
TOTAL OPERATING EXPENSES BY FUNCTION	$ 23,792,706	$ 22,156,821

Statements of Cash Flows

The statements of cash flows present information about the cash activity of the College. The statements show the major sources and uses of cash. The following is a summary of the statements of cash flow for the years ended June 30, 2009 and 2008.

	2009	2008
Cash Provided (Used) By:		
Operating activities	$ (11,789,423)	$ (6,930,299)
Capital and related financing activities	(10,417,892)	510,424
Noncapital financing activities	12,567,018	14,094,176
Investing activities	(295,851)	512,463
Net Change in Cash and Cash Equivalents	(9,936,148)	8,186,764
Cash and Cash Equivalents, Beginning of year	14,897,481	6,710,717
Cash and Cash Equivalents, End of year	$ 4,961,333	$ 14,897,481

Economic Outlook

The College in FY09 completed its seventh major expansion of facilities, with construction of the Health & Science Building. As a result of this project, the College is entering a phase of extensive renovation of existing facilities. A portion of the CC building was renovated in early FY10, and schematic design is now beginning on the renovation of the AD building. The College plans to relocate and improve the facilities needed to support the array of student services provided by the institution. Funds remaining from the 2006 general obligation bond issue, as well as unrestricted fund balances, will be used on the project.

The College is also faced with record enrollment. On the census date for Fall 2009, the College had 4,203 students enrolled for 40,444 credit hours, compared to 3,944 students enrolled for 33,503 students in Fall 2008. Student head count increased by 7%, while credit hours grew by 20.7% over this period of time. Growth in tuition revenue resulting from this surge in enrollment is expected to offset flat revenue streams from state aid and local property taxes. FY09 state aid to community colleges was maintained at FY08 levels. The College's assessed valuation, excluding new construction, grew by just .6 of 1% from 2008 to 2009. New construction and improvements totaling $30,036,236 brought the total assessed valuation of the district to $1,619,122,605, an increase of 1.9%.

Development of the FY11 budget will require careful analysis of declining state revenue, actual collection of local tax revenue, the level of new construction in the district, local employment levels and enrollment trends.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, students and investors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Jon Bauer, Vice President of Finance and Administration, East Central College, 1964 Prairie Dell Road, Union, MO 63084-4344.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,961,333	$ 14,897,481
Investments	16,912,000	15,710,000
Receivables:		
Students	2,252,152	1,708,924
Federal and state agencies	415,897	141,534
Other	422,440	429,700
Inventory	220,218	360,705
Prepaid expenses	482,407	380,364
TOTAL CURRENT ASSETS	25,666,447	33,628,708
Noncurrent Assets		
Other assets	2,120,004	2,466,769
Property and equipment, net	31,587,376	23,686,058
TOTAL NONCURRENT ASSETS	33,707,380	26,152,827
TOTAL ASSETS	$ 59,373,827	$ 59,781,535
LIABILITIES		
Current Liabilities		
Accounts payable	$ 700,152	$ 2,517,523
Due to agency groups	153,771	152,203
Accrued wages and benefits	608,019	505,904
Accrued interest	232,899	172,729
Deferred revenue	2,698,483	1,973,570
Compensated absences	497,949	385,138
Current portion of early retirement liability	96,318	162,062
Current maturing of bonds payable	660,000	670,000
Current maturity of performance lease	136,262	130,147
TOTAL CURRENT LIABILITIES	5,783,853	6,669,276
Noncurrent Liabilities		
Bonds payable	20,189,996	20,849,996
Early retirement liability	99,910	272,998
Performance lease	711,184	847,447
Post-employment benefit liability	113,000	-
TOTAL NONCURRENT LIABILITIES	21,114,090	21,970,441
TOTAL LIABILITIES	26,897,943	28,639,717
NET ASSETS		
Invested in property and equipment, net of related debt	10,737,380	5,320,172
Restricted	515,093	708,466
Unrestricted	21,223,411	25,113,180
TOTAL NET ASSETS	32,475,884	31,141,818
TOTAL LIABILITIES AND NET ASSETS	$ 59,373,827	$ 59,781,535

S
ee accompanying notes.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
EAST CENTRAL COLLEGE FOUNDATION, INC. – COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Current Assets		
Cash	$ 269,139	$ 216,301
Investments	241,977	639,037
Promises to give	5,900	9,000
Accrued interest receivable and other assets	22,328	17,341
TOTAL CURRENT ASSETS	539,344	881,679
Land	89,000	89,000
Assets Restricted for Permanent Investment		
Promises to give	148,143	308,294
Investments	2,369,542	2,340,476
TOTAL NONCURRENT ASSETS	2,517,685	2,648,770
TOTAL ASSETS	$ 3,146,029	$ 3,619,449
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,700	$ 135
Scholarships and agency funds payable	48,462	42,034
TOTAL CURRENT LIABILITIES	50,162	42,169
NET ASSETS		
Unrestricted	(136,754)	472,060
Temporarily restricted	622,935	271,820
Permanently restricted	2,609,686	2,833,400
TOTAL NET ASSETS	3,095,867	3,577,280
TOTAL LIABILITIES AND NET ASSETS	$ 3,146,029	$ 3,619,449

See accompanying notes.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $1,771,914 in 2009 and $1,438,293 in 2008)	$ 3,965,442	$ 3,800,194
Federal aid	4,795,968	3,857,649
State aid	717,277	714,800
Other auxiliary services	3,122,037	3,045,302
TOTAL OPERATING REVENUES	12,600,724	11,417,945
OPERATING EXPENSES		
Salaries	10,448,256	10,151,108
Employee benefits	2,986,353	2,549,719
Scholarships	2,145,767	1,599,866
Utilities	553,349	487,565
Supplies	6,482,739	6,397,905
Depreciation	1,176,242	970,658
TOTAL OPERATING EXPENSES	23,792,706	22,156,821
OPERATING (LOSS)	(11,191,982)	(10,738,876)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	5,470,581	7,291,636
Tax revenue	7,096,437	6,802,540
Interest income	905,651	1,201,463
Land donation	-	(151,400)
Gain on disposal of asset	-	53,646
Interest expense on capital asset - related debt	(946,621)	(726,459)
TOTAL NONOPERATING REVENUES (EXPENSES)	12,526,048	14,471,426
INCREASE IN NET ASSETS	1,334,066	3,732,550
NET ASSETS, Beginning of year	31,141,818	27,409,268
NET ASSETS, End of year	$ 32,475,884	$ 31,141,818

See accompanying notes.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
EAST CENTRAL COLLEGE FOUNDATION, INC. – COMPONENT UNIT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
UNRESTRICTED		
Revenues		
Contributions	$ 57,626	$ 19,909
Interest and dividends	25,884	10,234
Net realized and unrealized gains and losses	(718,786)	35,518
Special events	106,399	93,549
Net assets released from restrictions	258,636	194,662
TOTAL REVENUES	(270,241)	353,872
Expenses		
Program	186,940	152,406
Management and general	63,036	40,031
Fundraising expense	126,327	116,762
TOTAL EXPENSES	376,303	309,199
CHANGE IN UNRESTRICTED NET ASSETS	(646,544)	44,673
NET ASSETS, Beginning of year	472,060	427,387
RECLASSIFICATION OF NET ASSETS	37,730	-
NET ASSETS, End of year	$ (136,754)	$ 472,060
TEMPORARILY RESTRICTED		
Contributions	$ 210,027	$ 148,589
Interest and dividends	102,755	100,446
Net assets released from restrictions	(258,636)	(194,662)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	54,146	54,373
NET ASSETS, Beginning of year	271,820	217,447
RECLASSIFICATION OF NET ASSETS	296,969	-
NET ASSETS, End of year	$ 622,935	$ 271,820
PERMANENTLY RESTRICTED		
Contributions	$ 107,026	$ 110,740
Interest and dividends	3,959	3,837
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	110,985	114,577
NET ASSETS, Beginning of year	2,833,400	2,718,823
RECLASSIFICATION OF NET ASSETS	(334,699)	-
NET ASSETS, End of year	$ 2,609,686	$ 2,833,400

See accompanying notes.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 4,147,127	$ 3,660,660
Federal aid	5,238,882	4,752,683
Payments to suppliers	(8,813,447)	(4,562,868)
Payments to employees	(13,345,515)	(12,361,603)
Financial aid issued to students	(2,145,767)	(1,599,866)
Other receipts, net	3,129,297	3,180,695
NET CASH (USED) BY OPERATING ACTIVITIES	(11,789,423)	(6,930,299)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(9,077,560)	(7,865,391)
Principal paid on capital debt and leases	(453,881)	(1,133,719)
Interest paid on capital debt and leases	(886,451)	(667,712)
Proceeds from bond issue	-	10,275,000
Capital related receipts	-	(97,754)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(10,417,892)	510,424
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local taxes	7,096,437	6,802,540
State aid	5,470,581	7,291,636
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	12,567,018	14,094,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	16,710,000	20,531,000
Purchase of investments	(17,912,000)	(21,220,000)
Interest on investments	906,149	1,201,463
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(295,851)	512,463
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,936,148)	8,186,764
CASH AND CASH EQUIVALENTS, Beginning of year	14,897,481	6,710,717
CASH AND CASH EQUIVALENTS, End of year	$ 4,961,333	$ 14,897,481
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (11,191,982)	$ (10,738,876)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	1,176,242	970,658
Changes in assets and liabilities:		
Accounts receivables, net	(810,331)	80,925
Inventory	140,487	(173,727)
Prepaid expenses	(102,043)	157,552
Accrued wages and benefits	102,115	10,929
Accounts payable and due to agency groups	(1,815,803)	2,338,777
Deferred revenue	724,913	95,168
Combensated absences	112,811	48,225
Early retirement liability	(238,832)	280,070
Post-employment benefit liability	113,000	-
NET CASH (USED) BY OPERATING ACTIVITIES	$ (11,789,423)	$ (6,930,299)

See accompanying notes.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
EAST CENTRAL COLLEGE FOUNDATION, INC. – COMPONENT UNIT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (481,413)	$ 213,623
Adjustments required to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for endowment	(107,026)	(110,740)
Net realized and unrealized gains on investments	718,786	(35,518)
Change in operating assets and liabilities:		
(Decrease) in accrued interest receivable	(4,987)	(6,980)
(Decrease) in accounts payable and scholarships payable	7,993	12,292
NET CASH PROVIDED BY OPERATING ACTIVITIES	133,353	72,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(542,168)	(612,112)
Reinvested dividends	(41,467)	(37,753)
Proceeds from sale of investments	232,843	309,525
NET CASH (USED) BY INVESTING ACTIVITIES	(350,792)	(340,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	270,277	305,881
NET CASH PROVIDED BY FINANCING ACTIVITIES	270,277	305,881
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,838	38,218
CASH AND CASH EQUIVALENTS, Beginning of year	216,301	178,083
CASH AND CASH EQUIVALENTS, End of year	$ 269,139	$ 216,301

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Junior College District of East Central Missouri (the "College") was formed in 1968 and includes portions of Franklin, Crawford, Gasconade, St. Charles, Warren and Washington counties. Permanent facilities at Union, Missouri were first occupied during the 1971-72 school year.

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The College applies all applicable GASB pronouncements and Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, except those that conflict with a GASB pronouncement. The more significant of the College's accounting policies are described below.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The College is a primary government, which is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, the College has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Component Units

East Central College Foundation, Inc.

The Foundation is a private non-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation's year end is December 31. The College presents the Foundation financial statements of the calendar year end that falls within the College's fiscal year end.

During the years ended June 30, 2009 and 2008, the Foundation distributed $119,999 and $99,899 to the College or its students for both restricted and unrestricted purposes. As of June 30, 2009 and 2008, the Foundation owed the College $2,700 and $1,706, respectively, which is recorded in other receivables.

Basis of Accounting

The College has adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities. The College reports as a Business-Type Activity, as defined by GASB Statement No. 35.

The College's resources are classified for accounting and reporting purposes into the following net assets categories:

Invested in Capital Assets – Net of Related Debt – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Net assets whose use by the College is subject to externally imposed stipulations that they can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. When the College is able to utilize restricted expendable assets or unrestricted assets, it utilizes the restricted assets first. The College's restricted net assets reflect unspent tax levy proceeds restricted for debt service and unspent contributions with purpose restrictions.

Unrestricted – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Activities

The College's policy for defining operating activities as reported on the statements of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations and local property taxes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

Investments

Investments, which consist of certificates of deposits, are recorded at cost which approximates market value.

Receivables

Receivables from students are deemed to be substantially collectible. All property tax receivables are delinquent and have been written off. Other receivables are comprised mainly of receivables related to book store operations and interest income and no allowances are deemed necessary.

Inventories

Bookstore materials and supplies are carried in an inventory account at average cost and are subsequently charged to supplies and other services when sold or when consumed.

Capital Assets

Land, buildings, improvements, infrastructure, and equipment are stated on the basis of historical cost. Major fixed asset additions are financed primarily from bond proceeds. Assets acquired through gifts or donations are recorded at their estimated fair value at time of acquisition. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives. Net interest expense incurred during the construction of debt-financed facilities is included in the capitalization of the related facilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

These balances consist of one half of summer and all of fall session student fees.

Classification of Revenues

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

> *Operating Revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees; sales and services of auxiliary enterprises; most federal, state, and local grants and contracts and federal appropriations; and interest on student loans. Revenue from operating sources is recognized when earned.
>
> *Nonoperating Revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Scholarship Allowance

Student tuition and fee revenues are presented net of financial assistance and scholarships applied to student accounts.

Post-Employment Health Care Benefits

Retiree Benefits – The College offers post-employment health care benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under the Public School Retirement System. Retirees pay 100% of their own premiums.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured each month. This program is offered for a duration of 18 months after the employee's termination date. There is no associated cost to the College under this program.

There were 25 former employees receiving retiree or COBRA benefits as of June 30, 2009, and 48 as of June 30, 2008.

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as expenses and liabilities in the fiscal year earned.

Use of Estimates

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

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2009 and 2008, the College's investments consisted entirely of certificates of deposit due in less than one year.

Interest Rate Risk and Credit Risk

State law permits public colleges to invest in obligations of the State of Missouri or U.S. government and obligations of government agencies. The college does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with the Federal Deposit Insurance Corporation (FDIC) insurance, are at least equal to the amount on deposit at all times. The College's policy is to have collateral and insurance equal to at least 100% of the amount on deposit. At June 30, 2009 and 2008, the College's deposits bank balance was insured or collateralized as follows:

	2009	2008
FDIC Insurance	$ 261,085	$ 214,288
Collateralized	22,497,980	30,683,465
TOTAL	$ 22,759,065	$ 30,897,753

At June 30, 2009 and 2008, all of the College's deposits, were insured or collateralized with securities held by the College's agent in the College's name.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in any one issuer. More than 5% of the College's total investments are in the following issuers as of June 30, 2009:

- United Bank of Union - $22,747,980

NOTE C – CAPITAL ASSETS

Activity for capital assets is summarized below:

	Balance June 30, 2008	Additions and Completions	Dispositions	Balance June 30, 2009
Land	$ 382,697	$ -	$ -	$ 382,697
Buildings	19,990,130	15,080,730	-	35,070,860
Campus improvements	560,209	-	-	560,209
Furniture and equipment	4,049,384	1,753,315	(64,000)	5,738,699
Infrastructure	1,698,169	-	-	1,698,169
Construction in progress	7,839,294	82,809	(7,839,294)	82,809
	34,519,883	16,916,854	(7,903,294)	43,533,443
Accumulated depreciation	(10,833,825)	(1,176,242)	64,000	(11,946,067)
TOTAL	$ 23,686,058	$ 15,740,612	$ (7,839,294)	$ 31,587,376

	Balance June 30, 2007	Additions and Completions	Dispositions	Balance June 30, 2008
Land	$ 385,000	$ -	$ (2,303)	$ 382,697
Buildings	19,914,461	75,669	-	19,990,130
Campus improvements	560,209	-	-	560,209
Furniture and equipment	4,341,473	608,202	(900,291)	4,049,384
Infrastructure	1,676,575	21,594	-	1,698,169
Construction in progress	581,613	7,257,681	-	7,839,294
	27,459,331	7,963,146	(902,594)	34,519,883
Accumulated depreciation	(10,668,006)	(970,658)	804,839	(10,833,825)
TOTAL	$ 16,791,325	$ 6,992,488	$ (97,755)	$ 23,686,058

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2009 and 2008, is as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Current Portion
Bonds payable	$ 21,519,996	$ -	$ (670,000)	$ 20,849,996	$ 660,000
Performance lease	977,594	-	(130,148)	847,446	136,262
Early retirement liability	435,060	-	(238,832)	196,228	96,318
Post-employment benefit liability	-	113,000	-	113,000	-
	$ 22,932,650	$ 113,000	$ (1,038,980)	$ 22,006,670	$ 892,580

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Current Portion
Bonds payable	$ 12,129,996	$ 10,275,000	$ (885,000)	$ 21,519,996	$ 670,000
Performance lease	1,068,353	-	(90,759)	977,594	130,147
Early retirement liability	154,990	354,485	(74,415)	435,060	162,062
	$ 13,353,339	$ 10,629,485	$ (1,050,174)	$ 22,932,650	$ 962,209

Bonds payable at June 30, 2009 and 2008, consists of:

	2009	2008
$6,964,004 serial bonds due in annual principal installments of $190,000 to $830,000 through February 15, 2015; interest at varying rates from 3.80% to 8.50%.	$ 4,409,996	$ 5,049,996
$6,870,000 serial bonds due in annual principal installments of $230,000 to $995,000 through February 15, 2026; interest at varying rates from 3.90% to 4.00%.	6,195,000	6,195,000
$10,275,000 serial bonds due in annual principal installments of $20,000 to $1,060,000 through February 15, 2026; interest at varying rates from 3.00% to 4.00%.	10,245,000	10,275,000
TOTAL	$ 20,849,996	$ 21,519,996

NOTE D – LONG-TERM LIABILITIES (continued)

The College has recognized the face value of capital appreciation bonds issued in the 1998, 2006, and 2008 bond issues. The bonds were received at a discount from the face value. The discount on capital appreciation bonds is recorded under other assets on the statement of net assets. As of June 30, 2009, the discount balance is $773,644 for the 1998 series, $872,213 for the 2006 series, and $474,147 for the 2008 series, for a total of $2,120,004.

The following is a summary of bond principal maturities and interest requirements:

Year Ending June 30,	Principal	Interest	Total
2010	$ 287,780	$ 993,286	$ 1,281,066
2011	298,574	1,022,489	1,321,063
2012	750,000	620,466	1,370,466
2013	830,000	588,736	1,418,736
2014	915,000	553,249	1,468,249
2015-2019	4,531,087	3,293,934	7,825,021
2020-2024	7,157,551	2,108,198	9,265,749
2025-2026	3,960,000	240,600	4,200,600
	$ 18,729,992	$ 9,420,958	$ 28,150,950

During 2005 and in prior years, the College defeased various bond issued by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the College's net assets. As of June 30, 2009 and 2008, the amount of defeased debt outstanding but removed from the statement of net assets amounted to $350,000 and $1,105,000, respectively.

In 2005, the Board of Trustees authorized the defeasance of a portion of Series 1998 Bonds. On June 13, 2005, the College paid to UMB Bank $799,564, which UMB Bank deposited into an irrevocable trust with an escrow agent, to defease a portion of the outstanding 1998 bonds maturing on or after February 2015. This transaction reduced total debt service payments by approximately $322,862. At June 30, 2009, $4,409,996 of the bonds are outstanding. No economic gain was realized as a result of the defeasance.

NOTE D – LONG-TERM LIABILITIES (continued)

Voluntary Retirement Plan – In fiscal year 2005, the College offered a voluntary retirement incentive program. Full-time employees with 15 consecutive years of employment were eligible. The incentive included 50% of the final base pay, payable over three years beginning in September 2006 and paid health insurance until June 30, 2006. In addition, in fiscal year 2008, the College offered a new incentive for those full-time employees who have at least 10 years of service and who are eligible for "normal retirement" as defined by the Public School Retirement System (PSRS) or Public Education Employee Retirement System (PEERS). The incentive included 50% of the final base salary, payable over three years beginning in September 2009 and paid health, dental, and vision insurance until June 30, 2009. As of June 30, 2009 and 2008, the College's liability to participants electing these programs was $196,228 and $435,060, respectively.

Performance Lease – The College entered into a performance lease for energy efficient light fixtures and air conditioning units. Facilities under capitalized leases are recorded at the present value of future minimum lease payments. The future minimum payments on all significant leases with initial or remaining terms of one year of more at June 30, 2009, are as follows:

Fiscal Year		
2010	$	172,395
2011		172,395
2012		172,395
2013		172,395
2014		172,395
2015		100,565
TOTAL FUTURE MINIMUM PAYMENTS		962,540
LESS AMOUNT REPRESENTING INTEREST		(115,094)
PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	$	847,446

Gross amount of assets acquired was $1,776,767.

The charge to income resulting from amortization of assets recorded under capital lease is included with depreciation expense.

NOTE E – RETIREMENT PLAN

The Junior College District of East Central Missouri contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PSRS members are required to contribute 13% of their annual covered salary and the Junior College District of East Central Missouri is required to contribute a matching amount. The contribution requirements of members and the Junior College District of East Central Missouri are established and may be amended by the PSRS Board of Trustees. The Junior College District of East Central Missouri's contributions to PSRS for the years ending June 30, 2009, 2008, and 2007, were $1,855,516, $1,651,250, and $1,484,534, respectively, equal to the required contributions.

The Junior College District of East Central Missouri also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public School Retirement System. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Education Employee Retirement System of Missouri, P. O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.25% of their annual covered salary and the Junior College District of East Central Missouri is required to contribute a matching amount. The contribution requirements of members and the Junior College District of East Central Missouri are established and may be amended by the Board of Trustees. The Junior College District of East Central Missouri's employer and employee contributions to PEERS for the years ending June 30, 2009, 2008, and 2007, were $373,143, $341,752, and $291,125, respectively, equal to the required contributions.

NOTE F – TAXES

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. The counties of the College collect the property taxes and remit payments to the College.

The assessed valuations of the College on January 1, 2008 and 2007, upon which the levies for fiscal years 2009 and 2008 were based, were $1,586,254,474 and $1,555,003,910, respectively. The tax levy per $100 of assessed valuation was as follows:

	2009	2008
General operations	$ .3507	$ .3488
Debt service	.0841	.0825
TOTAL LEVY	$ .4348	$ .4313

NOTE G – OPERATING LEASES

The College was committed under the following operating leases, all which expire in one year, as of June 30, 2009:

	2009	2008
Southwest Area Center	$ 18,828	$ 18,828
R-Tech (Washington)	75,000	75,000
R-Tech (Rolla)	123,430	117,200
Storage Facility Franklin Street	8,100	7,800
Nursing School Facility (Rolla)	36,000	33,000
TOTAL REMAINING LEASE OBLIGATIONS	$ 261,358	$ 251,828

Lease expenditures for the fiscal year ended 2009 and 2008 were $261,358 and $251,828, respectively.

NOTE H – RISK MANAGEMENT

The College participates in a public entity risk pool to insure against its general liability risks. The risk of loss is transferred to this risk pool, with the pool retaining the right to raise insurance premiums in the subsequent calendar year if claims experience is unfavorable. The insurance premiums for the 2009 and 2008 calendar year were $165,818 and $174,610, respectively. Management is aware of no events or circumstances which would generate a significant increase in future insurance premiums.

NOTE I – CLAIMS AND ADJUSTMENTS

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the College may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of expenditures have not been audited by grantor governments, but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the College.

NOTE J – INDUSTRIAL NEW JOBS TRAINING CERTIFICATES

In accordance with sections 178.892 through and including 178.896, RSMo and 4 CSR 195-3.010 to provide tax-aided training for employees of industries, which are new to, or expanding their operations within the State of Missouri, the College has issued Industrial New Jobs Training Certificates. Proceeds of the certificates are used to reimburse the employer for training related costs. The certificates are to be repaid up to eight years using payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special (trust) fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts received for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying balance sheet.

NOTE J – INDUSTRIAL NEW JOBS TRAINING CERTIFICATES (continued)

The 2007 Harman/Becker project was issued under the "alternative structure". This structure reimburses training costs incurred by the Employer on a "cash flow" basis and does not involve the sale of Certificates to a third party. Under this structure monies from the New Jobs Training Credit deposited in the Job Training Program Fund is applied to reimburse the Employer for training costs. As the Employer incurred training costs it submits evidence of those costs to the College for approval, similar to the standard payment structure. However, rather than being immediately reimbursed for such costs from monies in the Program Fund representing proceeds of the sale of the Certificates, the training costs approved by the College would be owed to the Employer. The Employer is then reimbursed for these training costs only as monies are available from the New Jobs Training Credit in the Job Training Program Fund.

Accordingly, the outstanding balance column on the following schedule represents the remaining balance of unretired certificates on the standard structure and the remaining balance to be reimbursed to the employer for the alternative structure.

As of June 30, 2009, the Industrial New Jobs Training Certificates outstanding were $1,593,692 and were comprised of the following:

Company	Total Certificates Sold	Outstanding Balance June 30, 2009
Harman/Becker 2007 - Phase I, Washington, MO	$ 514,000	$ 339,641
Harman/Becker 2007 - Phase II, Washington, MO	570,000	418,988
Harman/Becker 2008 - Phase III, Washington, MO	544,000	433,190
Harman/Becker 2008 - Phase IV, Washington, MO	477,000	401,873
	$ 2,105,000	$ 1,593,692

NOTE K – COMMITMENTS

At June 30, 2009, the College was committed to a construction contract for the CC Building renovation and a parking lot addition for a total of $155,290. In addition, the College was committed to a contract with architects for the Administration Building renovation project for a total of $586,153.

NOTE L – POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description – The College's postemployment health care plan is a single-employer defined benefit health care plan. To be eligible for participation in the plan, retirees must meet the retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Public Education Employee Retirement System of Missouri (PEERS). Eligible participants receive benefits in the form of an implicit rare subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy – The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. Current contribution requirements require participants to pay the full blended premium. The College funds the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with the parameters of GASB-45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2009:

ARC	$ 113,000
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense)	$ 113,000

The change in net OPEB obligation was as follows:

Balance June 30, 2008 Net OPEB Obligation	Annual OPEB Cost	Employer Contributions	Balance June 30, 2009 Net OPEB Obligation
$ -	$ 113,000	$ -	$ 113,000

Funding Status and Funding Progress – As a pay-as-you-go plan, the plan was 0% funded at June 30, 2009.

NOTE L – POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Actuarial Methods and Assumptions – The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. In the 2009 actuarial valuation, the projected unit credit method was used with benefits attributed from the date of hire to expected retirement age. The actuarial assumptions included a health care cost trend rate of 11% in 2009, reduced by decrements of 0.5% each year until an ultimate health care cost trend rate of 6% is reached in 2019. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years on an open basis, and the valuation assumes that 60% of all future retirees and their dependents will participate in the postemployment benefit plan.

NOTE M – COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the audited financial statements of the Foundation for the years ended December 31, 2008 and 2007.

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of Accounting – The financial statements of East Central College Foundation, Inc. (the Foundation) have been prepared on the accrual basis.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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.

Estimates and Assumptions – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash – The Foundation invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation insured amounts.

NOTE M – COMPONENT UNIT DISCLOSURES (continued)

Promises to Give **–** Unconditional promises to give in future periods are recognized as revenues in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. The Foundation provides an allowance for uncollectible amounts equal to the estimated collection losses that will be incurred in collection of all promises to give. The estimated losses are based on a review of the current status of the existing promises to give.

Investments and Assets Restricted for Permanent Investment **–** Investments and assets restricted for permanent investment are reported at fair value. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Land **–** Land is carried at its fair value at the date of donation.

In-Kind Contributions **–** Non-cash contributions are recorded at their estimated fair values at the dates of the gifts.

Restricted and Unrestricted Revenues and Support **–** The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor 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 reported in the Statement of Activities as net assets released from restrictions.

Income derived from investments of permanently restricted funds is accounted for in accordance with the terms of those agreements.

Description of Program Services and Supporting Activities **–** The following program services and supporting activities are included in the accompanying financial statements:

Program **–** The program component of East Central College Foundation, Inc. consists of all aspects of the Foundation's administration of scholarships to students attending East Central College.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of East Central College Foundation, Inc.'s program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of East Central College Foundation, Inc.

Fundraising **–** Provides the structure necessary to encourage and secure private and public financial support.

NOTE M – COMPONENT UNIT DISCLOSURES (continued)

Expense Allocation – Expenses are charged to program services and supporting activities on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income Taxes – The Foundation is exempt from income taxes under Section 201(c)(3) of the Internal Revenue Code.

2. *ORGANIZATION*

East Central College Foundation, Inc. is a nonprofit organization incorporated under the laws of the State of Missouri, primarily as the official fundraising and gift-receiving agency of East Central College.

3. *PROMISES TO GIVE*

Unconditional promises to give are included in the financial statements as permanently restricted assets and support. They are recorded after discounting at the rate of 4% to the present value of the future cash flows.

	2008	2007
Legacy Campaign	$ 163,451	$ 337,233
Less: Allowance for uncollectible amounts	(6,272)	(13,209)
Discount for promises to give	(3,136)	(6,730)
	$ 154,043	$ 317,294

The promises are collectible in future years as shown below:

	2008	2007
Less than one year	$ 97,879	$ 199,642
One to five years	56,164	117,652
	$ 154,043	$ 317,294

NOTE M – COMPONENT UNIT DISCLOSURES (continued)

4. *INVESTMENTS AND ASSETS RESTRICTED FOR PERMANENT INVESTMENT*

Investments and assets restricted for permanent investment consist of:

	Quoted Prices in Active Markets For Identical Assets	
	2008	2007
Equity securities and mutual funds	$ 1,305,260	$ 1,808,365
Government and corporate obligations	109,241	114,871
Certificates of deposit	1,193,549	1,056,277
Cash surrender value of life insurance policy	3,469	-
	$ 2,611,519	$ 2,979,513

These amounts are reported in the Statement of Financial Position as follows:

	2008	2007
Unrestricted and temporarily restricted investments	$ 241,977	$ 639,037
Investments restricted for permanent investment	2,369,542	2,340,476
	$ 2,611,519	$ 2,979,513

Investments are carried at fair value in accordance with generally accepted accounting principles. Net realized and unrealized gains (losses) totaling $(718,786) and $35,518 were recorded in 2008 and 2007, respectively.

5. *INVESTMENT RETURN*

Investment return during 2008 and 2007 consisted of the following:

	2008	2007
Interest and dividends	$ 132,598	$ 114,517
Realized and unrealized gains (losses) on investments, net	(718,786)	35,518
	$ (586,188)	$ 150,035

NOTE M – COMPONENT UNIT DISCLOSURES (continued)

6. *SCHOLARSHIPS AND AGENCY FUNDS*

Scholarships payable consist of amounts awarded to students for the Spring 2009 and Spring 2008 semesters but not paid as of December 31, 2008 and 2007, respectively.

The Foundation serves as a fiscal agent for both outside organizations and specific groups at East Central College. Such amounts are not included in the revenues and expenses of the Foundation.

7. *NET ASSETS*

Temporarily restricted net assets of $622,935 and $271,820 at December 31, 2008 and 2007, respectively, are available for scholarships based on donor-imposed restrictions.

Net assets of $97,721 were released from donor-imposed restrictions for general scholarships for the year ending December 31, 2008.

Permanently restricted net assets consist of donations that are restricted for permanent investment in an endowment. The earnings of the endowment are restricted for the funding of various scholarships and are therefore included in temporarily restricted net assets.

8. *RELATED PARTY TRANSACTIONS*

The Foundation utilizes employees, materials and office space from the Junior College District of East Central Missouri (the College) at no charge. The value of these in-kind donations from the College, which is included in unrestricted contribution revenue, amounted to $142,379 and $124,755 for the years ended December 31, 2008 and 2007, respectively.

9. *RECLASSIFICATION OF NET ASSETS*

During the current year, certain contributions classified as permanently restricted in prior years were determined to be temporarily restricted and unrestricted. The total of these contributions was $334,699.

STATISTICAL INFORMATION (UNAUDITED)

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
ENROLLMENT DATA (UNAUDITED)

Year Ending	Summer		Fall		Spring	
June 30,	Enrollment	Hours	Enrollment	Hours	Enrollment	Hours
1996	947	4,005	2,972	24,221	2,999	21,355
1997	1,045	3,847	3,184	24,742	3,018	21,515
1998	937	3,720	3,288	24,931	3,124	20,681
1999	1,117	3,820	3,390	25,246	3,651	22,759
2000	1,165	4,472	3,396	27,744	3,216	23,538
2001	1,383	4,801	3,383	28,365	3,206	25,468
2002	1,135	4,455	3,631	29,333	3,432	26,284
2003	1,163	4,954	3,305	29,409	3,370	26,718
2004	1,190	5,003	3,618	30,073	3,569	28,477
2005	1,106	4,615	3,734	31,692	3,986	29,684
2006	1,159	5,036	3,979	31,250	3,695	28,423
2007	1,172	5,063	3,810	32,196	3,917	30,412
2008	1,105	4,684	3,991	32,833	4,033	30,967
2009	1,235	5,227	3,944	33,503	4,347	34,159

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
SCHEDULE OF BOND AND INTEREST REQUIREMENTS
$6,964,004 BOND ISSUE – SERIES 1998

Year Ending June 30,	Rate	Principal	Interest	Total
2010	7.550%	$ 287,780	$ 507,573	$ 795,353
2011	7.450%	278,574	536,777	815,351
2012	4.300%	710,000	135,353	845,353
2013	4.375%	770,000	104,824	874,824
2014	4.450%	830,000	71,136	901,136
2015	4.500%	760,000	34,197	794,197
		$ 3,636,354	$ 1,389,860	$ 5,026,214

The principal amounts are presented net of the discount on capital appreciation bonds.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
SCHEDULE OF BOND AND INTEREST REQUIREMENTS
$6,870,000 BOND ISSUE – SERIES 2006

Year Ending June 30,	Rate	Principal	Interest	Total
2010	4.000%	$ -	$ 157,600	$ 157,600
2011	4.000%	-	157,600	157,600
2012	4.000%	-	157,600	157,600
2013	4.000%	-	157,600	157,600
2014	4.000%	-	157,600	157,600
2015	4.000%	-	157,600	157,600
2016	3.900%	161,524	226,076	387,600
2017	3.980%	191,038	251,562	442,600
2018	4.050%	220,627	281,972	502,599
2019	4.110%	247,046	315,554	562,600
2020	4.160%	270,588	352,012	622,600
2021	4.190%	291,963	390,637	682,600
2022	4.000%	595,000	157,600	752,600
2023	4.000%	685,000	133,800	818,800
2024	4.000%	780,000	106,400	886,400
2025	4.000%	885,000	75,200	960,200
2026	4.000%	995,000	39,800	1,034,800
		$ 5,322,786	$ 3,276,213	$ 8,598,999

The principal amounts are presented net of the discount on capital appreciation bonds.

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
SCHEDULE OF BOND AND INTEREST REQUIREMENTS
$10,275,000 BOND ISSUE – SERIES 2008

Year Ending June 30,	Rate	Principal	Interest	Total
2010	3.000%	$ -	$ 328,113	$ 328,113
2011	3.000%	20,000	328,112	348,112
2012	3.000%	40,000	327,513	367,513
2013	3.000%	60,000	326,312	386,312
2014	3.000%	85,000	324,513	409,513
2015	3.500%	245,000	321,962	566,962
2016	3.600%	597,722	505,666	1,103,388
2017	3.790%	567,362	536,026	1,103,388
2018	3.790%	730,768	372,619	1,103,387
2019	3.750%	810,000	290,700	1,100,700
2020	3.750%	840,000	260,324	1,100,324
2021	3.750%	870,000	228,825	1,098,825
2022	4.000%	905,000	196,200	1,101,200
2023	4.000%	940,000	160,000	1,100,000
2024	4.000%	980,000	122,400	1,102,400
2025	4.000%	1,020,000	83,200	1,103,200
2026	4.000%	1,060,000	42,400	1,102,400
		$ 9,770,852	$ 4,754,885	$ 14,525,737

The principal amounts are presented net of the discount on capital appreciation bonds.

OTHER INFORMATION

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Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

We have audited the business-type activities of Junior College District of East Central Missouri, as of and for the year ended June 30, 2009, which comprise Junior College District of East Central Missouri's financial statements and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Junior College District of East Central Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Junior College District of East Central Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

Compliance and Other Matters

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

We noted certain other matters that we have reported to the management of Junior College District of East Central Missouri in a separate letter dated November 20, 2009.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 20, 2009

DAVIS, LYNN & MOOTS, P.C.
Certified Public Accountants

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

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

Compliance

We have audited the compliance of Junior College District of East Central Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Junior College District of East Central Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Junior College District of East Central Missouri's management. Our responsibility is to express an opinion on Junior College District of East Central Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program have occurred. An audit includes examining, on a test basis, evidence about Junior College District of East Central Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Junior College District of East Central Missouri's compliance with those requirements.

In our opinion, Junior College District of East Central Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Board of Trustees
Junior College District of East Central Missouri
Union, Missouri

Internal Control Over Compliance

The management of Junior College District of East Central Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Junior College District of East Central Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures, for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency in internal controls over major programs.

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

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

Junior College District of East Central Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Junior College District of East Central Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management 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.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 20, 2009

JUNIOR COLLEGE DISTRICT OF EAST CENTRAL MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster			
Pell Grants	84.063		$ 3,559,935
College Work-Study	84.033		60,600
Supplemental Educational Opportunity Grants	84.007		64,619
FFEL	84.032		4,858,148
Academic Competitiveness Grant	84.375		77,246
TOTAL STUDENT FINANCIAL AID CLUSTER			8,620,548
Title III Institutional Aid Strengthening Institutions Program	84.031A		407,043
TOTAL U.S. DEPARTMENT OF EDUCATION DIRECT			9,027,591
Passed Through Missouri Department of Elementary and Secondary Education			
Adult Education (AEL) - State Grant Program	84.002	5436	154,830
Perkins Vocational	84.048	5427	196,305
Tech-Prep	84.243A	5431	265,611
TOTAL U.S. DEPARTMENT OF EDUCATION PASS-THROUGH			616,746
TOTAL U.S. DEPARTMENT OF EDUCATION			9,644,337
U.S. DEPARTMENT OF LABOR			
Passed Through Missouri Department of Elementary and Secondary Education			
WIA Incentive Grant	17.267		1,497
Passed Through Jefferson College			
WIA Next Generation Jobs Team	17.259		715
TOTAL U.S. DEPARTMENT OF LABOR			2,212
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 9,646,549

NOTE A - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the College's financial statements.

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Junior College District of East Central Missouri.

2. No significant deficiencies were disclosed during the audit of the financial statements as reported in the 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*.

3. No instances of noncompliance material to the financial statements of Junior College District of East Central Missouri, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. One significant deficiency was disclosed during the audit of the major federal award programs as reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.

5. The auditor's report on compliance for the major federal award programs for Junior College District of East Central Missouri expresses an unqualified opinion.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.

7. The program tested as a major program is the Student Financial Aid Cluster (84.063, 84.007, 84.033, 84.032 and 84.375), and Higher Education Title III Institutional Aid (84.031A)

8. The threshold for distinguishing between Types A and B programs was $300,000.

9. Junior College District of East Central Missouri was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

SIGNIFICANT DEFICIENCY

U.S. DEPARTMENT OF EDUCATION

2009 - 1 Student Financial Aid Cluster – CFDA's 84.063, 84.007, 84.033, 84.032, and 84.375.
Grant period – Year ended June 30, 2009

Condition: Through an examination of a sample of selected student files of students having been eligible for student financial aid and withdrawing from enrollment, it was noted in 2 of 34 files sampled that Junior College District of East Central Missouri was not in compliance with the requirement to return federal student financial aid within 45 days of the date of determination of student withdrawals for students determined to have withdrawn during the semester.

Criteria: The College is required to return Title IV finds no later than 45 days after the College has determined that a student has withdrawn and refunds are due. (34 CFR, Section 668.173((b)) and OMB A-133 Compliance Supplement, page 5-3-32.

Effect: The College correctly determined in all instances tested that a return of Title IV funds was due. However, the actual transfer of funds was not always performed within the required 45 day time period

Cause: The College's process for returning Title IV funds begins when the College receives official notification of withdrawal from the student who has received Title IV funds, or at the end of the semester when unofficial withdrawals are determined by the College. In instances of official withdrawals, the College did not have sufficient procedures to communicate the withdrawals in a timely manner to those responsible for ensuring compliance with the requirement to return Title IV funds within 45 days of the determination of the students' withdrawal. To start the process of returning Title IV funds, the College's Registration Office receives the official withdrawal notification from a student, and then notifies the Financial Aid Office. The Business Office is then notified after the Financial Aid office has determined if a refund of Title IV funds is due. Although the College's Business Office is responsible for completing the transactions to return Title IV funds, the Business Office must rely on the timely flow of student withdrawal information to be able to process the transactions within 45 days.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT (continued)

Recommendation: Junior College District of East Central Missouri should review the process of communicating official student withdrawals and implement changes to ensure student withdrawal information is rapidly communicated to the Financial Aid Office and the Business Office.

College's Response: The College has adopted new daily and semester-end procedures for the timely return of funds. These procedures ensure close monitoring of the student financial aid draw-down system to conform to the required 45-day limit.

U.S. DEPARTMENT OF EDUCATION

2008 – 2 Student Financial Aid Cluster – CFDA's 84.063, 84.007, 84.033, 84.032, and 84.375. Grant period – Year ended June 30, 2008

Condition: Through an examination of a sample of selected student files of students having been eligible for student financial aid and withdrawing from enrollment, it was noted in 1 of 9 files sampled that Junior College District of East Central Missouri was not in compliance with the 45-day requirement to return federal student financial aid for students determined to have withdrawn during the semester.

Recommendation: It was recommended that the Junior College District of East Central Missouri more closely monitor the student financial aid draw-down system to ensure that the return of federal funds is completed within the 45 day limit.

Current Status: The College adopted new daily and semester-end procedures for the timely return of funds within the 45 day time limit. A similar finding was noted in the June 30, 2009, audit.