

BARTON COUNTY COMMUNITY COLLEGE

Financial Statements With Independent Auditors' Report

For the Years Ended June 30, 2015 and 2014

BARTON COUNTY COMMUNITY COLLEGE
Financial Statements With Independent Auditors' Report
For the Years Ended June 30, 2015 and 2014

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Statements of Net Position.....	8
Statements of Revenues, Expenses and Change in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12
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 <i>Government Auditing Standards</i>	37
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	39

Required Supplementary Information

Schedule of Funding Progress – Other Post Employment Benefits.....	41
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Supplementary Information

Schedule 1 Summary Schedule of Revenues, Expenditures, Encumbrances and Changes In Fund Balance – Budget and Actual – Current Funds – Unrestricted (Regulatory Basis)	
1-1 General Fund	42
1-2 Post Secondary Technical Education Fund	43
1-3 Adult Basic Education Fund.....	44
1-4 Adult Supplementary Education Fund	45
1-5 Auxiliary Enterprise Funds.....	46
Notes to Supplementary Information.....	48
Schedule of Findings and Questioned Costs	49
Summary Schedule of Prior Audit Findings	50
Schedule of Expenditures of Federal Awards	51
Notes to Schedule of Expenditures of Federal Awards.....	52



Phone (620) 792-2428 ■ Fax (620) 792-5559 ■ www.abbb.com

2006 Broadway Ave. ■ Suite 2A ■ P.O. Drawer J

Great Bend, Kansas 67530-4043

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Barton County Community College
Great Bend, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of **Barton County Community College**, as of June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas, 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 from material misstatement. The financial statements of the Barton County Community College Foundation were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit and Accounting Guide*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of **Barton County Community College** as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and schedule of funding progress – other post employment benefits on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Barton County Community College's** basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The individual fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015, on our consideration of **Barton County Community College's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

Barton County Community College

Page 3

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Barton County Community College's** internal control over financial reporting and compliance.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

November 24, 2015

BARTON COUNTY COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Years Ended June 30, 2015 and 2014

Overview of the Financial Statements and Financial Analysis

Barton County Community College ("College") is presenting this discussion and analysis of its financial statements to provide an overview of the financial activities for the year. The annual financial statements are presented in accordance with pronouncements issued by the Government Accounting Standards Board (GASB), the authoritative body for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments, including public institutions of higher learning. The statements and notes continue to improve so that readers may receive full value from this information.

As defined by generally accounting principles established by GASB, the financial reporting entity consists of the College, as well as its component unit, the Barton County Community College Foundation. The following discussion focuses on the College; separately issued audited financial statements for the Foundation can be obtained as discussed in note 1.

The basic financial statements focus on the College as a whole. The statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. The discussions about these statements are based on comparative data.

Statement of Net Position

The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Barton County Community College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent) and Net Position (assets minus liabilities).

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

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

Net position is divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution, but must be spent for specific purposes as determined by donors, the Board, and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the institution for any lawful purpose of the institution.

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets	\$ 28,799,942	24,904,163
Noncurrent Assets, Net	<u>22,601,333</u>	<u>20,985,853</u>
Total Assets	\$ 51,401,275	<u>45,890,016</u>

BARTON COUNTY COMMUNITY COLLEGE
 Management's Discussion and Analysis
 For the Years Ended June 30, 2015 and 2014

Liabilities		
Current Liabilities	\$ 2,737,236	2,986,413
Noncurrent Liabilities	<u>10,742,556</u>	<u>11,367,800</u>
Total Liabilities	13,479,792	14,354,213
Deferred Inflows of Resources	<u>281,594</u>	<u>185,824</u>
Total Liabilities and Deferred Inflows of Resources	\$ 13,761,386	14,540,037
Net Position		
Invested in Capital Assets, Net of Debt	\$ 10,934,792	9,596,040
Restricted - Non-Expendable	-	-
Restricted - Expendable	9,928,911	8,132,910
Unrestricted	<u>16,776,186</u>	<u>13,621,029</u>
Total Net Position	\$ 37,639,889	31,349,979

The college's Total Net Position improved significantly over last year. Our overall enrollment increased this past year by 1.4%, although state financial support did not keep up with the increase. The largest increases were our BartOnline Operations and followed the nationwide trend toward distance education as the way the education is delivered.

Statement of Revenues, Expenses and Change in Net Position

The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution. In addition, the Total Net Position is provided for both the beginning of the year as well as the end of the year.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. Examples of nonoperating revenues are state appropriations and local ad valorem taxes. These are "nonoperating" because the Kansas Board of Regents provides state appropriations to the institution, and the Kansas Board of Regents does not directly receive goods or services for those revenues. Like the state appropriations, the property owners of Barton County provide the local ad valorem taxes, and the property owners do not directly receive goods or services for those revenues.

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 20,967,606	20,178,343
Operating Expenses	<u>(38,530,468)</u>	<u>(40,479,723)</u>
Net Operating Loss	\$ (17,562,862)	(20,301,380)

BARTON COUNTY COMMUNITY COLLEGE
 Management's Discussion and Analysis
 For the Years Ended June 30, 2015 and 2014

Total Nonoperating Revenues (Expenses)	\$ 21,541,544	20,367,608
Total Extraordinary Item	<u>2,311,228</u>	<u>-</u>
Change in Net Position	6,289,910	66,228
Total Net Position - Beginning, as restated	<u>31,349,979</u>	<u>31,283,751</u>
Total Net Position - Ending	<u>\$ 37,639,889</u>	<u>31,349,979</u>

The Statement of Revenues, Expenses, and Change in Net Position reflect a significant increase for this year. Although credit hour production increased for the year, our in-state hours decreased for the year and state support per hour decreased. Our BartOnline distance education continues to increase and we saw a significant increase in our EduKan business over the previous year. In an effort to offset the decline in state funding, tuition rates were increased \$6.00 per credit hour for fiscal year 2015.

Operations at Ft. Riley/Grandview decreased by 2% this last year due to cuts in military aid for soldiers and deployments. The number of students occupying student housing remained stable as compared to last year.

We saw a slight decrease in state support of SB155 (High School students funded for tiered technical courses) and a slight increase in revenue attributed to local property taxes.

We were again able to provide salary increases for our employees this past year. Our health insurance plan, which operates on a self-insured basis, continues to see increases in its costs. The cash reserve is stable, although due to Health Care Reform, there is concern for the future of the plan. We continue to add to our Health Plan reserve in preparation for upcoming changes due to Health Care reform. Because health insurance is a major employee benefit, the college continues to cover the cost of a single plan for our employees.

Statement of Cash Flows

The final statement presented by Barton County Community College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution (tuition and fees, grants, auxiliary enterprises, payments to employees and benefits, payments to suppliers, and activity revenues). The second section reflects cash flows from noncapital financing activities (state appropriations, local taxes, Pell and SEOG grants, and contributions). This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section reflects the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items (purchase of capital assets, principle on debt, interest payments, and loss on sale of assets). The fourth section deals with cash flows from investing activities and shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Change in Net Position.

	<u>2014</u>	<u>2013</u>
Operating Activities	\$ (18,598,850)	(18,621,275)
Noncapital Financing Activities	24,279,534	21,203,388
Capital and Related Financing Activities	(3,541,851)	(5,681,285)
Interest on Investments	<u>65,491</u>	<u>119,428</u>

BARTON COUNTY COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Years Ended June 30, 2015 and 2014

Net Change in Cash	\$ (2,204,324)	(2,979,744)
Cash - Beginning	<u>24,105,414</u>	<u>27,085,158</u>
Cash - Ending	\$ <u>26,309,738</u>	<u>24,105,414</u>

The cash balance at year end increased significantly as compared to the previous year; however, the vast majority of this is due to \$2.3 million obtained in insurance proceeds for the Camp Aldrich Dining Hall. Due to our increased growth, our enrollment revenue was able to offset the decrease in state funding per credit hour. The College's cash balance will help the future operations of the College.

Capital Asset and Debt Administration

At fiscal year-end, the College had \$34,031,890 of plant, property, and equipment which is an increase of \$5,155,837 over the prior year. Most of this can be attributed to the new dorm. The related accumulated depreciation increased to \$12,756,694 with depreciation charges of \$912,974 recognized in the current fiscal year. More detailed financial activity related to the changes in Capital Assets is presented in Note 10.

The College decreased long-term debt by a net amount of \$362,500 in 2015. This decreases long-term debt to \$11,022,000 at fiscal year-end. More detailed financial information related to long-term debt is presented in Note 32.

Economic Outlook

Barton's overall enrollment continues to grow, although at a slower rate; however, the hours generated through face to face classes on the Barton Campus and at Fort Riley have declined as compared to the previous year. Our distance education (BartOnline) continues to grow, although the growth seems to have slowed down slightly. The method of delivering education continues to move toward distance education versus traditional face-to-face delivery.

Our dependency on state funding and local valuations for funding play a major role in our financial success. The political and financial uncertainty of the state will continue to be a challenge for higher education. For the third straight year, state support for state aid was frozen due to lack of state funds. The College continues to focus its efforts in areas that will provide funding such as SB155 and specific targeted markets.

The college will continue to be good stewards of the local and state funding that it receives, and will take appropriate actions to continue the growth and success of its educational operations.

Mark Dean
Dean of Administration

BARTON COUNTY COMMUNITY COLLEGE

Statements of Net Position

June 30, 2015 and 2014

	College		Foundation	
	2015	2014	2015	2014
ASSETS				
Current Assets				
Cash - Unrestricted	\$ 23,085,946	20,825,861	99,914	423,094
Cash - Restricted	3,223,792	3,279,553	-	-
Total Cash	26,309,738	24,105,414	99,914	423,094
Investments	-	-	2,751,735	2,473,150
Accounts Receivable - 2014 Taxes in Process, Net of Uncollectible	281,594	185,824	-	-
Accounts Receivable, Students, Net of Allowance for Doubtful Accounts of \$993,473 and \$1,207,530	577,481	308,012	-	-
Federal Grant Receivable	146,321	-	-	-
Other Receivables	1,110,962	7,183	17,415	17,453
Inventory	273,002	256,878	-	-
Prepaid Insurance and Other Expenses	100,844	40,852	-	-
Unconditional Promises to Give	-	-	-	15,833
Total Current Assets	28,799,942	24,904,163	2,869,064	2,929,530
Noncurrent Assets				
Deposit on Sculpture	-	-	30,174	-
Beneficial Interest in Remainder Trusts	-	-	480,516	478,365
Beneficial Interest in Assets Held by Others	-	-	14,235	14,601
Endowment Investments - Restricted	-	-	3,973,503	3,876,747
Equity Interest in Joint Venture - Workfit, LLC	22,231	27,243	-	-
Capital Assets, Not Depreciated	678,800	678,800	884,118	882,718
Capital Assets, Net of Accumulated Depreciation of \$12,756,691 and \$12,130,016	20,596,396	16,067,237	-	-
Construction in Progress	1,104,812	4,004,347	-	-
Debt Issuance Costs, Net	199,094	208,226	-	-
Total Noncurrent Assets	22,601,333	20,985,853	5,382,546	5,252,431
Total Assets	\$ 51,401,275	45,890,016	8,251,610	8,181,961

The notes to the financial statements are an integral part of this statement.

BARTON COUNTY COMMUNITY COLLEGE

Statements of Net Position

June 30, 2015 and 2014

	<u>College</u>		<u>Foundation</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>LIABILITIES</u>				
Current Liabilities				
Current Obligations - Certificates of Participation	\$ 330,000	200,000	-	-
Current Obligations - Capital Leases	163,358	156,115	-	-
Current Obligations - State Loan Payable	162,500	162,500	-	-
Accounts Payable	261,012	372,478	-	55,709
Accrued Payroll and Benefits	692,083	690,920	-	-
Accrued Interest Payable	101,385	104,001	-	-
Compensated Absences	735,286	760,651	-	-
Deposits and Other Payables	291,612	539,748	-	-
Total Current Liabilities	2,737,236	2,986,413	-	55,709
Noncurrent Liabilities				
Noncurrent Obligations - Certificate of Participation	10,530,000	10,860,000	-	-
Unamortized Loss on Debt Refunding, Net of Accumulated Amortization of \$5,099 and \$5,099	(116,848)	(121,947)	-	-
Noncurrent Obligations - Capital Leases	259,358	422,716	-	-
Noncurrent Obligations - State Loan Payable	-	162,500	-	-
Net OPEB Obligation	70,046	44,531	-	-
Total Noncurrent Liabilities	10,742,556	11,367,800	-	-
Deferred Inflows of Resources				
Deferred Tax Revenue	281,594	185,824	-	-
Total Liabilities and Deferred Inflows of Resources	\$ 13,761,386	14,540,037	-	55,709
<u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	\$ 10,934,792	9,596,040	-	-
Restricted - Expendable for				
Board Designated	5,150,577	4,801,432	-	-
Encumbrances	1,577,304	861,412	-	-
Employee Health Insurance	3,201,030	2,470,066	-	-
Other	-	-	2,665,107	2,659,717
Restricted - Nonexpendable	-	-	4,164,203	4,080,080
Unrestricted	16,776,186	13,621,029	1,422,300	1,386,455
Total Net Position	\$ 37,639,889	31,349,979	8,251,610	8,126,252

The notes to the financial statements are an integral part of this statement.

BARTON COUNTY COMMUNITY COLLEGE
 Statements of Revenues, Expenses and Change in Net Position
 For the Years Ended June 30, 2015 and 2014

	Community College		Foundation	
	2015	2014	2015	2014
Operating Revenues				
Tuition and Fees	\$ 15,203,255	14,243,284	-	-
Less: Student Scholarship Allowances	(4,382,679)	(4,347,629)	-	-
Net Tuition and Fees	10,820,576	9,895,655	-	-
Federal Grants and Contracts	4,943,679	5,498,127	-	-
Housing Payments	1,616,315	1,427,349	-	-
Bookstore Sales	866,775	976,094	-	-
Activity Revenue and Other	2,720,261	2,381,118	-	-
Contributions and Other Fundraisers	-	-	540,819	919,944
Total Operating Revenues	20,967,606	20,178,343	540,819	919,944
Operating Expenses				
Instruction	15,171,432	15,016,639	-	-
Public Service	635,009	633,417	-	-
Academic Support	3,614,460	3,626,404	-	-
Student Services	3,324,124	3,690,271	-	-
Institutional Support	6,142,217	6,757,149	79,874	88,952
Physical Plant Operations	2,364,012	3,533,089	-	-
Student Financial Support	4,084,138	4,221,201	630,662	649,218
Auxiliary Services	2,282,102	2,217,129	-	-
Depreciation and Amortization	912,974	784,424	-	-
Total Operating Expenses	38,530,468	40,479,723	710,536	738,170
Net Operating Income (Loss)	(17,562,862)	(20,301,380)	(169,717)	181,774
Nonoperating Revenues (Expenses)				
State Appropriations	8,315,004	8,394,266	-	-
County Property Taxes	9,835,351	8,976,173	-	-
Pell and SEOG Grants	3,186,286	3,215,339	-	-
Contributions	631,665	45,167	-	-
Interest Income	17,666	24,182	-	-
Investment Income	47,825	95,246	296,425	930,111
Loss From Sale of Assets	(42,356)	(64,417)	(1,350)	(5,172)
Interest Expense on Debt	(449,897)	(318,348)	-	-
Total Nonoperating Revenues (Expenses)	21,541,544	20,367,608	295,075	924,939
Extraordinary Item				
Insurance Proceeds Camp Aldrich Fire	2,311,228	-	-	-
Change in Net Position	6,289,910	66,228	125,358	1,106,713
Total Net Position - Beginning, as restated	31,349,979	31,283,751	8,126,252	7,019,539
Total Net Position - Ending	\$ 37,639,889	31,349,979	8,251,610	8,126,252

The notes to the financial statements are an integral part of this statement.

BARTON COUNTY COMMUNITY COLLEGE
 Statements of Cash Flows - College
 For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Student Tuition and Fees, Net of Scholarships	\$ 10,551,107	10,353,130
Grants and Contracts	4,797,358	5,498,127
Auxiliary Enterprise Revenue	1,131,175	2,654,728
Payments to Employees and for Employee Benefits	(20,425,871)	(20,158,678)
Payments to Suppliers	(17,377,892)	(19,346,261)
Activity Revenue and Other	2,725,273	2,377,679
Net Cash Used by Operating Activities	<u>(18,598,850)</u>	<u>(18,621,275)</u>
Cash Flows From Noncapital Financing Activities		
State Appropriations	8,315,004	8,394,266
County Property Taxes	9,835,351	9,548,616
Pell and SEOG Grants	3,186,286	3,215,339
Insurance Proceeds	2,311,228	-
Contributions	631,665	45,167
Net Cash Provided by Noncapital Financing Activities	<u>24,279,534</u>	<u>21,203,388</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of Capital Assets	(2,247,849)	(4,973,265)
Donated Capital Assets	(295,390)	(47,667)
Proceeds From Sale of Assets	(27,484)	109,062
Principal Paid on Long-Term Debt	(518,615)	(506,693)
Interest Payments	(452,513)	(262,722)
Net Cash Used by Capital and Related Financing Activities	<u>(3,541,851)</u>	<u>(5,681,285)</u>
Cash Flows From Investing Activities		
Investment Income	47,825	95,246
Interest on Investments	17,666	24,182
Net Cash Provided by Investing Activities	<u>65,491</u>	<u>119,428</u>
Net Increase (Decrease) in Cash	<u>2,204,324</u>	<u>(2,979,744)</u>
Cash - Beginning of Year	<u>24,105,414</u>	<u>27,085,158</u>
Cash - End of Year	<u>\$ 26,309,738</u>	<u>24,105,414</u>
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Net Operating Loss	\$ (17,562,862)	(20,301,380)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	912,974	784,424
(Increase) Decrease in		
Accounts Receivable	(1,519,569)	489,662
Inventory	(16,124)	70,264
Prepaid Expenses	(59,992)	(9,235)
Joint Venture	5,012	(3,439)
Increase (Decrease) in		
Accounts Payable	(111,466)	20,333
Compensation and Related Benefits	(24,202)	64,467
Net OPEB Obligation	25,515	44,531
Other Liabilities	(248,136)	219,098
Net Cash Used by Operating Activities	<u>\$ (18,598,850)</u>	<u>(18,621,275)</u>

The notes to the financial statements are an integral part of this statement.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Barton County Community College is located in central Kansas in Barton County. The College is a modern comprehensive community college authorized by Kansas House Bill #893-1963 and approved by the State Superintendent of Education in July 1965. The College offers a multi-faceted curriculum for a student population of approximately 3,500 full-time equivalent students annually. Presently, about one-third of the students attend classes on the main campus. The other two-thirds are either enrolled in BartOnline courses or at one of a number of off-campus sites operated in the six surrounding counties, as well as, in or near the cities of Salina and Junction City, Kansas.

The Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Foundation reports its financial results under Financial Accounting Standard Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

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.

Financial Reporting Entity

The College is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present **Barton County Community College** (the primary government) and its component unit. The component unit is included in the College's reporting entity because of the significance of its operational or financial relationship with the College.

Barton County Community College Foundation is a discretely presented component unit of the College and is included in the component unit column in the College's basic financial statements. It is reported in a separate column to emphasize that it is a not-for-profit entity legally separate from the College. Foundation board members are appointed by the existing Foundation board members. The discretely presented component unit has a June 30 year end.

Barton County Community College Foundation is a nonprofit corporation whose purpose is to raise private sector funds by providing leadership and to prudently manage gifts to benefit educational opportunities and initiatives of **Barton County Community College**. The majority of the contributions received are from individual supporters of the Foundation. Scholarships totaling \$253,696 and \$262,230 and expenditure reimbursements of \$376,966 and \$385,988 were provided to the College during the 2015 and 2014 years, respectively.

Separately issued audited financial statements for the Foundation may be obtained from the College's administrative office.

Joint Venture

In November 2006, **Barton County Community College** entered into an operating agreement to jointly own and operate Workfit, LLC, a partnership dedicated to reducing work-related injuries and associated costs for surrounding employers. Workfit, LLC offers the Physical Capacity Profile testing procedure which is ADA,

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

EEOC and HIPPA compliant. **Barton County Community College** purchased a 30% equity interest by providing \$20,000 worth of services. If needed, the College has an ongoing financial obligation to the continued existence of Workfit, LLC. The College's equity interest in Workfit, LLC as of June 30, 2015 and 2014 was \$22,231 and \$27,243, respectively.

Unaudited financial statements for Workfit, LLC may be obtained from the College's administrative office.

Measurement Focus and Basis of Accounting

For financial statement reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

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

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first and then unrestricted resources as needed.

Property Taxes

Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. A percent of property taxes levied in November 2014 are normally distributed after June 30, 2015 and are presented as accounts receivable and deferred inflow to indicate that they are not appropriable.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

The College's property taxes are assessed on a calendar year basis, are levied, and become a lien on the property on November 1st of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20th and the second half is due May 10th. The College draws available funds from the County Treasurer's office at designated times throughout the year.

Revenue Classification

The college has classified its revenues as either operating or nonoperating according to the following criteria: Operating Revenues – Operating revenues include activities that have the characteristics of exchange

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans.

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 Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state aid, property taxes and investment income.

Cash

For purposes of the statements of cash flows, the College considers all unrestricted, highly liquid deposits with original maturities of three months or less as cash. The Foundation considers unrestricted and temporarily restricted funds in the checking accounts as cash. Cash contributions that are restricted by the donor for long-term purposes are not included in the definition of cash even though the funds are invested in short-term liquid investments.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments (including property taxes) or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated allowances for uncollectible amounts.

Management determines the adequacy of the allowance for doubtful accounts based upon a level that in management's judgment is adequate to absorb the losses inherent to student services. Amounts determined uncollectible are charged to the allowance account and removed from accounts receivable.

Inventory and Prepaid Items

Inventory, consisting mainly of new and used textbooks, school supplies and soft goods held for resale by the bookstore is stated at the lower of cost or market. The College records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of net position. Unrealized gains and losses are included in the change in net position. Investment income and gains and losses restricted by a donor are reported as increases or decreases in unrestricted net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Unconditional Promises to Give

Unconditional promises to give are recorded at net realizable value. Generally accepted accounting principles require that unconditional promises to give that are due beyond the next year be discounted using risk free interest rates. The Foundation considers all pledges receivable to be collectible and therefore, the financial statements do not include an allowance for uncollectible accounts.

Capital Assets

Capital assets include property, plant, equipment and infrastructure, such as streets, sidewalks, parking lots, water system and sewer system. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and have a useful life of at least 2 years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

an asset are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

The College capitalizes interest cost incurred on funds used during the construction phase to construct property, plant and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Interest cost capitalized was \$193,302 and \$193,302 at June 30, 2015 and 2014, respectively.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at June 30, 2014 represents the building of the student dorm and at June 30, 2015 represents a new roof to a dorm building and the rebuilding of Camp Aldrich.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following estimated useful lives (see Note 10 for further detail):

Assets	Years
Buildings	80
Improvements	20-40
Furniture/Fixtures/Equipment	20-40
Vehicles	5
Library Materials	80
Infrastructure	10-80

The Foundation has an extensive collection of artwork that has been either donated to or purchased by the Foundation. All donations of artwork are recorded at fair value as of the date of the donation. All purchases of artwork are recorded at cost. The artwork has not had a recent appraisal and the current value of the collection is not known. The collection is not depreciated as part of capital assets.

The artwork is on display in the Shafer Art Gallery in the Fine Arts Building on the campus of **Barton County Community College** and at various offices and meeting rooms on campus, and is sometimes on loan to businesses in the community. The artwork that is not currently out for viewing is stored in a climate controlled and secure room in the Fine Arts Building.

Various individuals have donated books on Kansas history to the Foundation. The books are kept in the Cohen Center for Kansas History in the Barton County Community College Library. The books have been recorded on the Foundation's books at fair value as of the date of the donation.

Deferred Inflows of Resources/Deferred Outflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. The college reports unearned revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

Net Position

The College's net position is classified as follows:

- a. *Invested in capital assets, net of related debt*: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- b. *Restricted net position – expendable*: Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- c. *Restricted net position – nonexpendable*: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College has no restricted nonexpendable net assets at June 30, 2015 and 2014.
- d. *Unrestricted net position*: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Federal Financial Assistance Programs

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

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and change in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as PELL, Supplemental Educational Opportunity Grants (SEOG), and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code 501(c)(3) and is not considered to be a private foundation; therefore, income taxes are not provided for in the financial statements.

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate the tax positions taken and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not, would not be sustained upon examination by the IRS.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

The Foundation believes it does not have any material uncertain tax positions that should be reflected in the financial statements. Tax years that remain subject to examination in the Foundation's major jurisdictions are for the years ended June 30, 2015, 2014 and 2013.

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended June 30, 2015.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

Budgetary Compliance – Regulatory Basis

By statute, the College prepares its annual budget on the regulatory basis of accounting. A reconciliation of these regulatory basis statements to the GAAP statements is presented in the notes to supplementary information.

NOTE 3 – CASH

Barton County Community College follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized in the individual fund financial statements.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

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

The College's carrying amount of deposits was \$26,309,738 and \$24,105,414 and the bank balance was \$26,499,285 and \$24,252,934 at June 30, 2015 and 2014, respectively. The bank balance was held by eight banks resulting in a concentration of credit risk. Of the bank balance, \$1,808,009 and \$1,986,374 was covered by federal depository insurance and \$24,683,872 and \$22,266,560 was collateralized with securities held by the pledging financial institutions' agents in the College's name at June 30, 2015 and 2014, respectively. The remaining balance of \$7,404 was unsecured at June 30, 2015.

The carrying amount of the Foundation's checking account at June 30, 2015 was \$99,914 and the bank balance was \$100,686. The carrying amount of the Foundation's checking accounts at June 30, 2014 was \$423,094 and the bank balance was \$423,064. The difference between the carrying amount and bank balance is due to outstanding checks and/or deposits in transit. The entire bank balance was adequately secured by pledged securities and/or FDIC coverage at June 30, 2015 and 2014.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The College had no investments at June 30, 2015.

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

Investments are stated at fair value on a recurring basis using quoted prices in active markets for identical assets and consist of money market funds, mutual funds, stocks and bonds as follows:

Foundation Investments

	<u>2015</u>	<u>2014</u>
Money Market Fund	\$ 339,573	257,444
Equity Funds	1,693,980	1,693,476
Common Stocks	2,685,056	2,388,901

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

Governmental Obligations	614,004	869,679
Non-governmental Obligations	1,029,522	871,177
Fixed Income Funds	363,103	269,220
Total	\$ 6,725,238	6,349,897

Investment return is summarized below.

	2015		
	Unrestricted	Temporarily Restricted	Total
Dividend and Investment Income	\$ 143,069	71,307	214,376
Net Realized and Unrealized Gains	53,566	26,698	80,264
Investment Fees	<u>(19,335)</u>	-	<u>(19,335)</u>
Net Investment Return	\$ 177,300	98,005	275,305

	2014		
	Unrestricted	Temporarily Restricted	Total
Dividend and Investment Income	\$ 61,958	91,629	153,587
Net Realized and Unrealized Gains	299,279	442,595	741,874
Investment Fees	<u>(17,666)</u>	-	<u>(17,666)</u>
Net Investment Return	\$ 343,571	534,224	877,795

Investment return has been allocated between unrestricted and temporarily restricted based on the donors' explicit stipulation.

Restricted Investments

Barton County Community College Foundation has recorded a portion of its investments as long-term due to restrictions placed by either the donor or granting agency. As of June 30, 2015 and 2014, the Foundation has received \$2,893,569 and \$2,812,997, respectively, in cash and stock contributions that are permanently restricted by the donors. The various donors have specified that the original donation must remain intact, but the investment income can be spent on scholarships or other educational purposes. The fair value of these permanently restricted donations was \$3,973,503 and \$3,876,747, at June 30, 2015 and 2014, respectively.

Fair Value Measurements

Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Common stock, non-governmental obligations and government obligations are valued at the closing price reported on the active market on which the individual securities are traded.

Equity and fixed income funds are valued at the daily closing price as reported by the fund. The funds are required to publish their daily net asset value and to transact at that price.

The beneficial interest in remainder trusts and the beneficial interest in the assets held by Golden Belt Community Foundation are reported at the Foundation's proportionate share of the fair value of the underlying assets in the trusts or in the assets held by Golden Belt Community Foundation as reported by the trustees. These assets are revalued annually by the Foundation based on investment statements provided by the third party trustees.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

<u>Fair Value Measurements at June 30, 2015 Using</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equity Funds	\$ 1,693,980	-	-	1,693,980
Common Stocks	2,685,056	-	-	2,685,056
Government Obligations	614,004	-	-	614,004
Non-governmental Obligations	1,029,522	-	-	1,029,522
Fixed Income Funds	363,103	-	-	363,103
Total Investments	\$ 6,385,665	-	-	6,385,665
Split Interest Agreements				
Beneficial Interest in Remainder Trusts	-	-	480,516	480,516
Beneficial Interest in Assets Held by Others	-	-	14,235	14,235
Total Split Interest Agreements	\$ -	-	494,751	494,751
<u>Fair Value Measurements at June 30, 2014 Using</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equity Funds	\$ 1,693,476	-	-	1,693,476
Common Stocks	2,388,901	-	-	2,388,901
Government Obligations	869,679	-	-	869,679

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

Non-governmental Obligations	871,177	-	-	871,177
Fixed Income Funds	<u>269,220</u>	<u>-</u>	<u>-</u>	<u>269,220</u>
Total Investments	\$ <u>6,092,453</u>	<u>-</u>	<u>-</u>	<u>6,092,453</u>
Split Interest Agreements				
Beneficial Interest in	\$			
Remainder Trusts	-	-	478,365	478,365
Beneficial Interest in				
Assets Held by Others	<u>-</u>	<u>-</u>	<u>14,601</u>	<u>14,601</u>
Total Split Interest Agreements	\$ <u>-</u>	<u>-</u>	<u>492,966</u>	<u>492,966</u>

The following summarizes the Foundation's activities related to those items measured at fair value using level three inputs for the year ended June 30, 2015:

	Split Interest Agreements
Fair Value – June 30, 2013	\$ <u>458,316</u>
Change in Value of Split Interest Agreements	38,908
Distributions	<u>(4,258)</u>
Fair Value – June 30, 2014	492,966
Change in Value of Split Interest Agreements	3,755
Distributions	<u>(1,970)</u>
Fair Value – June 30, 2015	\$ <u>494,751</u>

There were no transfers between levels one and two and there were no transfers in or out of level three during the current year.

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The fair value of the land, book collection and artwork owned by the Foundation is unknown. In order for the Foundation to determine the estimated fair value of these assets, it would incur excessive costs which could affect the Foundation's programs and activities.

NOTE 5 - OTHER RECEIVABLES

At June 30, 2015 and 2014, **Barton County Community College** has recorded a receivable for insurance proceeds for the fire on Camp Aldrich and bookstore credits at the Student Union Bookstore prior to year end. The receivable is comprised of the following:

		2015	2014
Student Union Bookstore Credits	\$	<u>36,698</u>	<u>7,183</u>
Insurance Proceeds		<u>1,074,264</u>	<u>-</u>
Total Other Receivables	\$	<u>1,110,962</u>	<u>7,183</u>

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

At June 30, 2015 and 2014, Barton County Community College Foundation has recorded a receivable for interest and dividend income earned prior to year end on its investment accounts with UMB Bank, N.A. The receivable is comprised of the following:

	<u>2015</u>	<u>2014</u>
Earnings on Investments	\$ 17,415	17,453

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

Included in Unconditional Promises to Give are pledges for the following purposes:

	<u>2015</u>	<u>2014</u>
Facility Improvements	\$ -	15,833
Pledges Due In:		
Less Than One Year	\$ -	15,833
One to Five Years	-	-
Total Pledges Due	\$ -	15,833

In addition to the Unconditional Promises to Give reported above, Barton County Community College Foundation received the following conditional promises to give, which are not recognized as an asset in the statements of net position:

	<u>2015</u>	<u>2014</u>
Promises to Give Conditional Upon Continued Employment at Barton County Community College	\$ 3,531	3,373

NOTE 7 - BENEFICIAL INTEREST IN REMAINDER TRUSTS

Barton County Community College Foundation was named as a 20% beneficiary of two trusts which own farmland and a small amount of cash. The trust documents state that the farmland should remain in the trusts until twenty years and nine months after the death of the last survivor. The last survivor passed away on August 14, 2000 and therefore, the trusts will continue until 2021. The Foundation's interests in these trusts are recorded in the financial statements at 20% of the fair value of the farmland (as reported by the Trustee) and cash. The amounts recorded as the beneficial interest of these trusts were \$100,429 and \$88,790 as of June 30, 2015 and 2014, respectively.

The Foundation was named as a 50% beneficiary of a trust that contains cash and marketable securities. The income earned by the trust's assets is distributed to five beneficiaries and then, upon the death of the last income beneficiary, a portion of the trust corpus will be distributed to the Foundation. The Foundation has recorded its respective interest in the trust based on the fair value of the investments at year end. The amounts recorded as the beneficial interest of this trust at June 30, 2015 and 2014 are \$380,089 and \$389,575 respectively.

NOTE 8 - BENEFICIAL INTEREST IN ASSETS HELD BY GOLDEN BELT COMMUNITY FOUNDATION

In a prior year, Barton County Community College Foundation irrevocably transferred money to the Golden Belt Community Foundation to establish an endowment fund. Under the terms of the agreement, the Foundation is able to receive 5% of the average market value of the endowed fund less any fees or administrative costs allocated to the fund by the Golden Belt Community Foundation. The average market

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

value is computed using the market value of the fund during the past 16 calendar quarters. The Foundation can receive this distribution annually.

At the time of the transfer, the Organization granted Golden Belt Community Foundation variance power. That power gives Golden Belt Community Foundation the right to distribute the investment income to another not-for-profit organization of its choice if Barton County Community College Foundation ceases to exist or if the governing board of Golden Belt Community Foundation determines that continued payments to Barton County Community College Foundation are unnecessary, obsolete, inappropriate, incapable of fulfillment, impractical, illegal, or inconsistent with Golden Belt Community Foundation's mission.

The transfer has been recorded in the financial statements at June 30, 2015 and 2014 at \$14,235 and \$14,601, respectively.

NOTE 9 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Expenditures to Date
Student Housing Dorm	\$ 4,610,433	4,605,293

NOTE 10 – CAPITAL ASSETS

The following is a summary of changes in the various capital asset categories for the years ended June 30, 2015 and 2014 for **Barton County Community College**:

	2015			
	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 678,800	-	-	678,800
Improvements	279,186	-	-	279,186
Infrastructure	843,340	-	-	843,340
Buildings	19,120,522	4,784,207	-	23,904,729
Vehicles	1,309,308	195,513	119,749	1,385,072
Machinery and Equipment	4,244,444	1,107,748	245,074	5,107,118
Library Materials	1,822,658	10,987	-	1,833,645
Equipment Not Yet in Service	577,795	-	577,795	-
Total	28,876,053	6,098,455	942,618	34,031,890
Less: Accumulated Depreciation	12,130,016	898,745	272,067	12,756,694
Construction in Progress	4,004,347	1,104,812	4,004,347	1,104,812
Capital Assets, Net	\$ 20,750,384	6,304,522	4,674,898	22,380,008
Debt Issuance Costs	\$ 248,655	-	-	248,655
Less: Accumulated Amortization	40,429	9,132	-	49,561
Other Assets, Net	\$ 208,226	(9,132)	-	199,094

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

2014				
	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 678,800	-	-	678,800
Improvements	279,186	-	-	279,186
Infrastructure	843,340	-	-	843,340
Buildings	18,753,387	673,375	306,240	19,120,522
Vehicles	1,252,196	178,190	121,078	1,309,308
Machinery and Equipment	4,174,878	115,481	45,915	4,244,444
Library Materials	1,799,848	22,810	-	1,822,658
Equipment Not Yet in Service	294,145	283,650	-	577,795
Total	28,075,780	1,273,506	473,233	28,876,053
Less: Accumulated Depreciation	11,623,918	770,195	264,097	12,130,016
Construction in Progress	221,262	3,783,085	-	4,004,347
Capital Assets, Net	\$ 16,673,124	4,286,393	209,136	20,750,384
Debt Issuance Costs	\$ 248,655	-	-	248,655
Less: Accumulated Amortization	31,297	9,132	-	40,429
Other Assets, Net	\$ 217,358	(9,132)	-	208,226

The following is a summary of changes in the various capital asset categories for the years ended June 30, 2015 and 2014 for Barton County Community College Foundation.

2015				
	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 94,000	-	-	94,000
Art Collection	664,557	2,370	1,350	665,577
Book Collection	124,161	380	-	124,541
Total	\$ 882,718	2,750	1,350	884,118

2014				
	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 94,000	-	-	94,000
Art Collection	614,138	55,591	5,172	664,557
Book Collection	124,060	101	-	124,161
Total	\$ 832,198	55,692	5,172	882,718

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 11 - PROPERTY AND EQUIPMENT

The majority of the office equipment and office space that Barton County Community College Foundation uses in its day to day activities are owned by **Barton County Community College**. The fair value of the use of the property and equipment is estimated to be \$12,188 for the years ended June 30, 2015 and 2014 and has been recorded in the financial statements.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of Barton County Community College Foundation are available for the following specific purposes:

	2015	2014
Scholarships and Program Enhancements	\$ 2,150,793	2,129,918
Gifts and Grants	100,785	124,570
Library	47,532	45,500
Vocational Education	-	1,598
Friends of the Gallery	23,053	20,348
Fine Arts Building	7,159	8,949
Cohen Center	252,234	242,044
Wesley Assessment Center	66,413	63,574
Library Renovation	4,963	4,751
AAC Enhancements	75	6,882
Other Various Restrictions	12,100	11,583
Total	\$ 2,665,107	2,659,717

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions specified by the donor. Net assets released were from the following restrictions:

	2015	2014
Scholarships and Program Enhancements	\$ 85,422	15,435
Gifts and Grants	66,814	97,664
Fine Arts Building	1,915	84,381
Vocational Education	1,598	-
AAC Enhancement	6,807	-
Other Various Restrictions	-	895
Total	\$ 162,556	198,375

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets of Barton County Community College Foundation have been restricted by the donors for the following purposes:

	2015	2014
Scholarships and Program Enhancements	\$ 3,374,085	3,291,362
Artwork	665,577	664,557
Book Collection	124,541	124,161
Total	\$ 4,164,203	4,080,080

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

The income generated from the investment of endowment principal is to be spent on scholarships and educational programs or enhancements per the donors.

NOTE 14- ENDOWMENT FUNDS

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Barton County Community College Foundation's long-term financial objectives for its endowment funds are to generate income to provide for current needs and to preserve the principal of the endowment funds in order to provide a base for generating income to meet future needs. The Financial Planning Committee is charged with investing and managing the endowment funds as a prudent investor would while taking into consideration the purpose, terms, and distribution requirements of each endowment fund. In making and implementing investment decisions, the Committee has a duty to diversify the investments of the endowment funds unless, under the circumstances, it is not prudent to do so.

The recommended asset allocation of the endowment funds as of June 30, 2015 and 2014 is as follows:

	<u>Minimum</u>	<u>Maximum</u>
Equity	45%	70%
Fixed Income	25%	45%
Cash Equivalent	0%	15%

The overall investment policy of the Foundation is to obtain the best possible return on its investments and that such return is the sum of the yield (defined as interest, dividends, etc.) and gain (defined as appreciation) commensurate with the degree of risk the Foundation is willing to assume in obtaining such return.

Endowment funds shall generally be invested for no less than 12 months prior to the earnings being available to use. The earnings and appreciation generated from the endowments will be available for expenditure in

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

accordance with the donor's restrictions. Any distribution from an endowment may not be in an amount which invades the endowment's principal balance. Furthermore, no expenditures are allowed from an endowment when the fair value falls below the endowment's principal balance.

All of the Foundation's endowment funds are donor restricted and the principal balances are included in permanently restricted net assets in the financial statements. Below is a reconciliation of the activity in the endowment investment accounts.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets				
June 30, 2013	\$ (285)	669,107	2,639,561	3,308,383
Investment Return				
Investment Income	285	70,702	-	70,987
Net Gain (Realized and Unrealized)	-	475,568	-	475,568
Contributions	-	-	166,166	166,166
Expenditures	-	(151,810)	-	(151,810)
Net Transfers To Endowments	-	183	7,270	7,453
Endowment Net Assets -				
June 30, 2014	-	1,063,750	2,812,997	3,876,747
Investment Return				
Investment Income	-	10,346	-	10,346
Net Gain (Realized and Unrealized)	-	163,205	-	163,205
Contributions	-	-	69,035	69,035
Expenditures	-	(159,836)	-	(159,836)
Net Transfers To Endowments	-	2,469	11,537	14,006
Endowment Net Assets -				
June 30, 2015	\$ -	1,079,934	2,893,569	3,973,503

The above table includes the cash and investment accounts that are under the control of the Foundation and do not include other assets that may be part of an endowment, i.e., pledges, beneficial interests in remainder trusts, and/or other receivables.

NOTE 15 - FUNDRAISING

Barton County Community College Foundation incurred \$10,877 and \$13,167 of fundraising expenses during the years ended June 30, 2015 and 2014, respectively. The fundraising expenses were incurred in connection with the Big Benefit Auction, Clay Shoot, and Barton Enhancement and Scholarship Team Fundraiser.

NOTE 16 - RELATED PARTY TRANSACTIONS

Barton County Community College entered into an arms length transaction with a board member. The College paid \$3,040,439 for self-insurance provided by Benefit Management, Inc. during the year ended June 30, 2015. The board member became a shareholder of the business in 2014.

NOTE 17 - CONCENTRATIONS

Barton County Community College provides the personnel that are used by Barton County Community College Foundation in its day to day operations and pays for some of the Foundation's office expenses. A

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

change in this agreement between the College and the Foundation could adversely affect the Foundation's operations.

NOTE 18 - LITIGATION

Barton County Community College is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the College.

NOTE 19 - CONTINGENT LIABILITY

The Foundation has agreed to award special scholarships to high school students who participate in Senior Day or in the Art Shows held on campus. The Foundation would be required to fulfill this commitment if the student attended **Barton County Community College** upon graduation from high school. The total commitment for special scholarships was \$2,500 and \$5,900 at June 30, 2015 and 2014, respectively.

Over the past few years, the Foundation Board has approved funding for GED testing expenses incurred by students at Barton County Community College's Adult Education Center. As of June 30, 2015 and 2014, the Foundation had a remaining commitment of \$1,559 and \$1,691, respectively.

On March 4, 2015 the Foundation signed a funding agreement between the Foundation and **Barton County Community College** to cover the utility costs for the L.E. "Gus" and Eva Shafer Memorial Art Gallery for the costs incurred during the 2016 fiscal year. The amount for this reimbursement is not to exceed \$15,000. The reimbursement will be paid to the College in December 2015 and June 2016.

NOTE 20 - IN-KIND DONATIONS

In-kind donations received during the year ended June 30, 2015 and 2014 consisted of stock, artwork, equipment, office supplies, insurance, office space and books for the benefit of **Barton County Community College** and/or Barton County Community College Foundation totaling \$181,174 and \$430,162, respectively.

NOTE 21 – RISK MANAGEMENT

Barton County Community College carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, farm liability, workers' compensation and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 22 - RISKS AND UNCERTAINTIES

Barton County Community College Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the activities of the Foundation.

The Foundation has tried to minimize the risk associated with these investment securities by having an investment committee review the investment activity throughout the year and by having regular meetings with the investment company representatives.

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 23 – SELF-INSURANCE PLANS

During the year ended June 30, 2015 and 2014, employees of **Barton County Community College** were covered by the College's medical self-insurance plan. The total premium contributed is approximately \$1,627, \$1,094, \$1,145 and \$615 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. The College contributes \$1,200, \$890, \$870 and \$615 per month per employee with family, employees with dependents or spouses, and single coverage, respectively, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the College. The administration contract between the College and the third party administration is renewable annually and administration fees are included in the contractual provisions. Stop loss coverage was in effect for individual claims exceeding \$75,000, which is based on a factor determined monthly by Gerber Life Insurance.

Self-Insurance Liability	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
2015	\$ 161,392	1,791,110
2014	169,362	1,517,962

Claim Payments	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
\$ 1,838,508	113,994	3,201,030
1,525,932	161,392	2,451,178

NOTE 24 – GRANTS AND SHARED REVENUES

Barton County Community College participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the College, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

The College receives a significant portion of its revenues from grants for student financial aid, all of which are subject to audit by federal and state governments. The ultimate determination of amounts awarded under these programs generally is based upon eligibility of students based upon their financial need. Until such audits have been completed, there exists a contingency to refund any amount awarded to a student that was not eligible for student financial assistance. Management is of the opinion that no material liability will result from such audits.

NOTE 25 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The College had unsecured deposits in the amount of \$7,404, which is a violation of K.S.A. 9-1402.

The College entered into two contracts for construction without the mandatory nondiscrimination clause provisions, which is a violation of K.S.A. 44-1030.

NOTE 26 – LEASES

Operating Leases

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

Barton County Community College currently has operating leases for an educational building located in Junction City and nine copy machines. As of June 30, 2015 and 2014, the total lease payments were as follows:

		<u>2015</u>	<u>2014</u>
Educational Building	\$	96,946	105,777
Copy Machines		51,610	24,827

The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015.

<u>Fiscal Year Ending</u>	Educational		<u>Total</u>
	<u>Building</u>	<u>Copy Machines</u>	
2016	\$ 86,880	49,792	136,672
2017	86,880	36,912	123,792
2018	86,880	36,112	122,992
2019	86,880	26,784	113,664
2020	86,880	-	86,880
2021 - 2023	<u>260,640</u>	<u>-</u>	<u>260,640</u>
Total	\$ <u>695,040</u>	<u>149,600</u>	<u>844,640</u>

Capital Lease

Capital lease obligation of the College at June 30, 2015 is comprised of the following:

		<u>Outstanding July 01, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2015</u>	<u>Current Portion</u>	<u>Interest Paid</u>
Capital Lease							
Track and Soccer Field	\$	578,832	-	156,116	422,716	163,358	24,780

Capital lease obligation of the College at June 30, 2014 is comprised of the following:

		<u>Outstanding July 01, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2014</u>	<u>Current Portion</u>	<u>Interest Paid</u>
Capital Lease							
Track and Soccer Field	\$	728,024	-	149,192	578,832	156,116	31,704

A capital lease obligation in the amount of \$422,716 and \$578,832 at June 30, 2015 and 2014, respectively, consists of an obligation to purchase the track and soccer field. The effective interest rate is 4.58 percent per annum.

The following is a schedule of future payments for the capital lease obligation:

<u>Fiscal Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$	163,358	17,538	180,896
2017		170,938	9,958	180,896
2018		<u>88,420</u>	<u>2,028</u>	<u>90,448</u>
Total	\$	<u>422,716</u>	<u>29,524</u>	<u>452,240</u>

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 27 – DEFERRED COMPENSATION PLAN

Barton County Community College sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The College is not required to make any contributions.

NOTE 28 – DEFINED BENEFIT PENSION PLAN

On-Behalf Payments for Employee Benefits

The College recognizes revenues and expenses for contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS) on behalf of the College's employees.

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 5% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State contributes 12.12% of covered payroll occurring during period July 1, 2014 to September 30, 2014, 9.5% for the pay dates during October 1, 2014 through March 30, 2015 and 11.91% for pay dates April 1, 2015 to June 30, 2015. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2015, 2014 and 2013, were \$350,628,289, \$361,575,393, and \$323,067,803 respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the College for the years ended June 30, 2015, 2014 and 2013 were \$856,949, \$734,162 and \$670,789, respectively.

NOTE 29 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The health insurance benefit plan is a single-employer defined benefit healthcare plan administrated by **Barton County Community College**. K.S.A. 12-5040 establishes the authority that post-employment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirements and can amend benefit provisions by state legislature. The plan provides medical and dental insurance benefits to eligible retirees and their spouses. The benefit is available for selection at retirement and is extended to retirees until the retiree becomes covered under another employer health plan or until the age of 65. Costs under the self-insured program are paid from general operating funds.

Funding Policy

As provided and required by K.S.A. 12-5040, the College allows retirees and their spouses to participate in the group health insurance plan. Kansas statutes, which can be amended by State legislature, established that participating retirees may remain in the College's health insurance plan by paying the full amount of the

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

applicable premium, conceptually; the College is subsidizing the retirees because each participant is charged a level of premium regardless of age. The total premium is approximately \$1,627, \$1,094, \$1,145 and \$615 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. Retirees and spouses must contribute 125% of group plan premiums to maintain coverage. The College does not pay a portion of the premium.

Annual OPEB Cost and Net OPEB Obligation

The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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, the amount actually contributed to the plan and changes in the College's net OPEB obligation.

Normal Cost	\$	80,157
Amortization of Unfunded Actuarial Accrued Liability		<u>38,374</u>
Annual Required Contribution (With Interest)		118,531
Interest on Net OPEB Obligation		1,336
Adjustment to the ARC		<u>(1,821)</u>
Annual OPEB Cost		118,046
Less: Employer Contributions		<u>(48,000)</u>
Increase in Net OPEB Obligation		70,046
Net OPEB Obligation – Beginning of Year		<u>-</u>
Net OPEB Obligation – End of Year	\$	<u><u>70,046</u></u>

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year OPEB Obligation</u>
2014	\$ 118,531	\$ 74,000	62.4%	\$ 44,531
2015	118,046	48,000	40.7%	70,046

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$910,815 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$910,815. The College's policy is to fund the benefits on a pay as you go basis. The covered payroll (annual payroll of active employees covered by the plan) was \$11,505,268 and the ratio of the UAAL to the covered payroll was 7.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the plan's year was determined as part of the July 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % of Pay, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Not Applicable
Valuation Interest Rate	3.00%
Projected Healthcare Inflation	Medical/RX – Pre-65 6.5% then grade down to 5%, Dental – Flat 3.75%
Inflation Rate	2.50%
Aggregate Payroll Growth	1.50%

NOTE 30 – TERMINATION BENEFITS

Prior to July 1, 2008, the College provided an early retirement program for certain eligible employees. Those eligible under the program received benefits for up to five years. Eligible employees received health insurance coverage (single membership) equal to that of a full-time employee from the time the employee chose to take early retirement and will continue until the early retirement employee reaches age 65. The College provided annual payments equating to 11% of the retiree's average base salary for the four highest years of employment at the College. Per GASB Statement No. 47 the College recognizes a liability and expense for voluntary termination benefits when the offer is accepted and the amount can be estimated. Effective July 1, 2008, this program was terminated for any future retiree's, but continues for eligible retirees already in the program at that time. Payments for the two retired employees under this plan were \$7,751 for the year ended June 30, 2014. Payments were no longer required after June 30, 2014.

NOTE 31 – COMPENSATED ABSENCES

Vacation

All 12-month employees of **Barton County Community College**, such as the executive, 12-month faculty, hourly and exempt personnel are entitled to vacation under the following schedule:

1. Executive personnel shall earn vacation at the rate of 13.33 hours per month (20 days per year) and allowed to accrue a maximum of 320 hours (40 days).
2. 12-month faculty on the Barton Campus shall earn 8 hours of vacation per month (12 days per year) for the first 5 years and thereafter shall earn vacation at the rate of 11.33 hours per month (17 days per year) and allowed to accrue a maximum of 192 hours.
3. 12-month faculty on the Fort Riley Campus shall earn vacation at the rate of 20 hours per month (30 days per year) and allowed to accrue a maximum of 240 hours (30 days).
4. Exempt personnel shall earn 8 hours of vacation per month (12 days per year) for the first 5 years and thereafter shall earn vacation at the rate of 11.33 hours per month (17 days per year) and allowed to accrue a maximum of 192 hours (24 days).

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

5. Full-time hourly personnel shall earn 6.67 hours of vacation per month (10 days per year) for the first 5 years and thereafter shall earn vacation at the rate of 10 hours per month (15 days per year) and allowed to accrue a maximum of 160 hours (24 days).

The College's potential liability for vacation at June 30, 2015 and 2014 has been estimated at \$700,478 and \$722,700, respectively, and is recorded in the financial statements.

Sick Leave

The College provides sick leave to its eligible employees as follows:

1. Executive personnel shall earn sick leave at the rate of 8 hours per month and allowed to accrue a maximum of 960 hours.
2. Faculty shall earn sick leave at the rate of 8 hours per month and allowed to accrue a maximum of 960 hours.
3. Full-time exempt staff shall earn sick leave at the rate of 8 hours per month and allowed to accrue a maximum of 960 hours.
4. 3/4-time exempt staff shall earn sick leave at the rate of 6 hours per month and allowed to accrue a maximum of 960 hours. Halftime exempt staff shall earn sick leave at the rate of 4 hours per month and allowed to accrue a maximum of 960 hours.
5. Full-time hourly staff shall earn sick leave at the rate of 8 hours per month and allowed to accrue a maximum of 960 hours.
6. Part-time hourly staff shall earn sick leave at the rate of .0462 hours per hour worked and allowed to accrue a maximum of 960 hours.

Accumulated sick leave is not paid upon termination of employment except for those employees qualifying for early retirement. A qualified early retiree will be paid for accumulated sick leave at a rate of the retiree's average base salary for the last four years of employment times the number of accrued sick days up to \$100 per day. The College's potential liability for sick leave at June 30, 2015 and 2014 has been estimated at \$2,642,134 and \$2,740,227, respectively, and is not recorded in the financial statements.

The College provides personal leave to its eligible employees as follows:

All full-time staff shall earn 16 hours of personal leave per year (2 days per year) and are allowed to accrue a maximum of 16 hours (2 days). The College's potential liability for personal leave at June 30, 2015 and 2014 has been estimated at \$34,808 and \$37,952, respectively, and is recorded in the financial statements.

The College has a donated leave program that allows its employees to contribute their paid leave time to their colleagues who are in need of it. Maximum leave which could be transferred to an employee requesting donated leave is 480 hours. Individuals must have a minimum of 126 hours of accrued sick leave before being eligible to donate sick leave under this program. The College's potential liability for donated leave at June 30, 2015 and 2014 has been estimated at \$15,456 and \$3,035, respectively, and is not recorded in the financial statements.

NOTE 32 – LONG-TERM DEBT

Certificates of Participation Bonds Series 2008

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

On December 3, 2008, the College issued certificate of participation bonds to finance the remodeling and improvements to the Library and Technical Building.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	4.4%–5.25%	\$4,590,000

Series 2013

On May 16, 2013, the College issued certificate of participation bonds to finance the construction of a student housing facility in the amount of \$4,575,000 and \$2,090,000 for the purpose of providing funds for refunding the series 2005 certificates of participation bonds.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	2.0%-4.5%	\$6,665,000

State of Kansas Loan Payable

On March 18, 2008, the College entered into a non-interest bearing loan agreement with the Kansas Board of Regents in an amount not to exceed \$1,300,000. This agreement is known as the Post-Secondary Educational Institution (PEI) Infrastructure Improvement Program Loan Agreement. The proceeds were used to renovate the Library. Long-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Outstanding June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2015</u>	<u>Current Portion</u>	<u>Interest Paid</u>
Business - Type Activities:						
Certificates of Participation						
Series 2013	\$ 6,470,000	-	200,000	6,270,000	200,000	196,713
Series 2008	4,590,000	-	-	4,590,000	130,000	231,019
Loan						
State of Kansas	325,000	-	162,500	162,500	162,500	-
Total Long-Term Debt	\$ <u>11,385,000</u>	<u>-</u>	<u>362,500</u>	<u>11,022,500</u>	<u>492,500</u>	<u>427,732</u>

Long-term debt activity for the year ended June 30, 2014 was as follows:

	<u>Outstanding June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2014</u>	<u>Current Portion</u>	<u>Interest Paid</u>
Business - Type Activities:						
Certificates of Participation						
Series 2013	\$ 6,665,000	-	195,000	6,470,000	200,000	142,101
Series 2008	4,590,000	-	-	4,590,000	-	231,019
Loan						
State of Kansas	487,500	-	162,500	325,000	162,500	-
Total Long-Term Debt	\$ <u>11,742,500</u>	<u>-</u>	<u>357,500</u>	<u>11,385,000</u>	<u>362,500</u>	<u>373,120</u>

The following is a schedule of future payments for the debt obligations:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 492,500	423,731	916,231
2017	340,000	416,481	756,481
2018	360,000	405,756	765,756
2019	365,000	394,430	759,430
2020	380,000	382,544	762,544

BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2015 and 2014

2021-2025	2,085,000	1,720,244	3,805,244
2026-2030	2,485,000	1,325,534	3,810,534
2031-2035	3,060,000	775,054	3,835,054
2036-2038	<u>1,455,000</u>	<u>125,700</u>	<u>1,580,700</u>
Total	\$ <u>11,022,500</u>	<u>5,969,474</u>	<u>16,991,974</u>

NOTE 33 – JOINTLY GOVERNED ORGANIZATION

Western Kansas Community College Virtual Education Consortium is a jointly governed organization in which the College participates and is not included in the combined financial statements of the College's basic financial statements. The Consortium is a special purpose governmental unit organized under the Inter-local Agreement Act authorized by K.S.A. 12-2901 and approved by the office of the Attorney General October 29, 2002 and the Board of Regents November 14, 2002. The organization is jointly governed between six community colleges in Western Kansas: Barton, Colby, Dodge City, Garden City, Pratt and Seward County. The Consortium is governed by a separate executive board comprised of the related College Presidents. The initial investment made by each College was completely repaid to the respective Colleges in the form of dividends in January 2007. The Consortium continues to operate and produce quality virtual education to students primarily using tuition and fees generated.

NOTE 34 – EXTRAORDINARY ITEM

In April 2014, the College suffered a fire destroying the main dining hall located at Camp Aldrich. Board approval was given to build a new hall with an insurance settlement. The hall and kitchen equipment located in the hall were removed from the books. At June 30, 2014, the College recorded an impairment loss of \$57,948, which represents the excess of the carrying value \$157,948 of the asset over the fair value \$0, less the insurance proceeds received to date of \$100,000. At June 30, 2015, the College recorded the remainder insurance proceeds of \$2,311,228 as an extraordinary item.

NOTE 35 – PRIOR PERIOD ADJUSTMENT

The prior period financial statements have been restated due to a correction of errors relating to property taxes receivable. County appropriations in the amount of \$185,824 were incorrectly recorded as revenue for the taxes in process at June 30, 2014. The revenue should have been booked as deferred inflow since they are not available to fund current year operating expenses within 60 days of the year end.

The cumulative effect of this change decreased the ending net position by \$185,824.

NOTE 36 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 04, 2015, which is the date the financial statements were available to be issued on Barton County Community College Foundation.

Subsequent to the year ended June 30, 2015, the Foundation experienced unrealized losses of approximately 6.71% on marketable equity securities due to the volatility of current financial markets. This unrealized loss was estimated as of September 30, 2015.



Phone (620) 792-2428 ■ Fax (620) 792-5559 ■ www.abbb.com

2006 Broadway Ave. ■ Suite 2A ■ P.O. Drawer J

Great Bend, Kansas 67530-4043

Certified
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Accountants

**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**

To the Board of Trustees
Barton County Community College
Great Bend, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Barton County Community College**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Barton County Community College's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Barton County Community College's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Barton County Community College's** internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Barton County Community College's** financial statement is free from 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

November 24, 2015



Phone (620) 792-2428 ■ Fax (620) 792-5559 ■ www.abbb.com

2006 Broadway Ave. ■ Suite 2A ■ P.O. Drawer J

Great Bend, Kansas 67530-4043

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Barton County Community College
Great Bend, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Barton County Community College's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Barton County Community College's** major federal programs for the year ended June 30, 2015. **Barton County Community College's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Barton County Community College's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Barton County Community College's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Barton County Community College's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Barton County Community College** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of **Barton County Community College** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Barton County Community College's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 **Barton County Community College's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

November 24, 2015

BARTON COUNTY COMMUNITY COLLEGE

Required Supplementary Information

BARTON COUNTY COMMUNITY COLLEGE
 Schedule of Funding Progress – Other Post Employment Benefits
 June 30, 2015 and 2014

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$910,815. The College's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$910,815. The covered payroll (annual payroll of active employees covered by the plan) was \$11,505,268 and the ratio of the UAAL to the covered payroll was 7.9%

	(a)	(b)	(b-a)	(a / b)	(c)	((b-a) / c)
Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent Of Covered Payroll
7/1/2013	0	910,815	910,815	0%	11,505,268 (A)	7.9%

(A) Annualized Pay of Active Employees as of July 1, 2013 valued for the valuation.

BARTON COUNTY COMMUNITY COLLEGE

Supplementary Information

BARTON COUNTY COMMUNITY COLLEGE
General Fund

Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Tuition and Fees	\$ 24,500,000	13,374,801	(11,125,199)
Activity Revenue and Other	476,597	211,507	(265,090)
State Appropriations	4,795,227	4,610,819	(184,408)
Federal Appropriations	-	225	225
County Property Taxes	10,628,318	9,835,351	(792,967)
Sale of Property	-	27,484	27,484
Insurance Reimbursements	-	10,345	10,345
Interest Income	10,000	12,987	2,987
Total Revenues	<u>40,410,142</u>	<u>28,083,519</u>	<u>(12,326,623)</u>
Expenditures			
Instruction	11,711,000	8,534,612	3,176,388
Academic Support	2,500,000	1,587,725	912,275
Student Services	3,000,000	1,692,828	1,307,172
Institutional Support	6,500,000	3,987,908	2,512,092
Physical Plant Operations	500,000	1,605,310	(1,105,310)
Student Financial Support	-	302,177	(302,177)
Public Service	2,550,000	-	2,550,000
Interest Payments	-	255,800	(255,800)
Total Expenditures	<u>26,761,000</u>	<u>17,966,360</u>	<u>8,794,640</u>
Excess Revenues Over (Under) Expenditures	13,649,142	10,117,159	(3,531,983)
Other Financing Sources			
Transfers In (Out)	<u>(17,239,000)</u>	<u>(7,683,972)</u>	<u>9,555,028</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(3,589,858)	2,433,187	6,023,045
Fund Balance - Beginning	<u>10,510,209</u>	<u>9,042,403</u>	<u>(1,467,806)</u>
Fund Balance - Ending	\$ <u><u>6,920,351</u></u>	<u><u>11,475,590</u></u>	<u><u>4,555,239</u></u>

BARTON COUNTY COMMUNITY COLLEGE
Post Secondary Technical Education Fund
 Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Appropriations	\$ -	100,616	100,616
State Grants and Contracts	-	-	-
State Appropriations	3,769,807	3,449,411	(320,396)
Other Revenues	1,830,193	2,792	(1,827,401)
Total Revenues	<u>5,600,000</u>	<u>3,552,819</u>	<u>(2,047,181)</u>
Expenditures			
Instruction	12,574,000	5,925,255	6,648,745
Public Service	-	-	-
Academic Support	631,000	1,768,240	(1,137,240)
Student Services	30,000	530,176	(500,176)
Institutional Support	9,030,000	1,780,211	7,249,789
Physical Plant Operations	235,000	1,070,310	(835,310)
Student Financial Support	-	-	-
Total Expenditures	<u>22,500,000</u>	<u>11,074,192</u>	<u>11,425,808</u>
Excess Revenues Over (Under) Expenditures	(16,900,000)	(7,521,373)	9,378,627
Other Financing Sources			
Transfers In	16,850,000	7,531,432	(9,318,568)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(50,000)	10,059	60,059
Fund Balance - Beginning	<u>50,000</u>	<u>19,308</u>	<u>(30,692)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>29,367</u>	<u>29,367</u>

BARTON COUNTY COMMUNITY COLLEGE
Adult Basic Education Fund
 Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Federal Appropriations	\$ 100,667	151,361	50,694
State Appropriations	50,333	-	(50,333)
Other Revenues	389,000	-	(389,000)
Total Revenues	540,000	151,361	(388,639)
Expenditures			
Instruction	423,000	153,138	269,862
Public Support	2,000	-	2,000
Academic Support	35,000	-	35,000
Student Services	15,000	-	15,000
Institutional Support	15,000	67,145	(52,145)
Physical Plant Operations	60,000	-	60,000
Total Expenditures	550,000	220,283	329,717
Excess Revenues Over (Under) Expenditures	(10,000)	(68,922)	(58,922)
Other Financing Sources			
Transfers In	-	70,000	70,000
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(10,000)	1,078	11,078
Fund Balance - Beginning	10,000	3,215	(6,785)
Fund Balance - Ending	\$ -	4,293	4,293

BARTON COUNTY COMMUNITY COLLEGE
Adult Supplementary Education Fund
 Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Tuition and Fees	\$ 40,000	-	(40,000)
Other Revenues	10,000	-	(10,000)
Total Revenues	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Expenditures			
Instruction	41,000	-	41,000
Public Support	1,000	-	1,000
Academic Support	2,000	-	2,000
Student Services	1,000	-	1,000
Physical Plant Operations	5,000	-	5,000
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

BARTON COUNTY COMMUNITY COLLEGE
Auxiliary Enterprise Funds
 Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Student Dormitory Fund			Student Union Fund			Athletic Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues									
Tuition and Fees	\$ -	-	-	800,000	323,800	(476,200)	-	-	-
Housing Payments	4,480,000	1,616,315	(2,863,685)	-	-	-	-	-	-
Bookstore Sales	-	-	-	4,650,000	883,084	(3,766,916)	-	-	-
Interest	-	413	413	-	860	860	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Other Revenue	20,000	-	(20,000)	50,000	611,284	561,284	170,000	-	(170,000)
Total Revenues	4,500,000	1,616,728	(2,883,272)	5,500,000	1,819,028	(3,680,972)	170,000	-	(170,000)
Expenditures									
Auxiliary Services	4,103,287	1,292,100	2,811,187	5,500,000	1,743,072	3,756,928	170,000	-	170,000
Debt Principal Payments	396,713	200,000	196,713	-	-	-	-	-	-
Debt Interest Payments	-	196,713	(196,713)	-	-	-	-	-	-
Total Expenditures	4,500,000	1,688,813	2,811,187	5,500,000	1,743,072	3,756,928	170,000	-	170,000
Excess Revenues Over (Under) Expenditur	-	(72,085)	(72,085)	-	75,956	75,956	-	-	-
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	-	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures	-	(72,085)	(72,085)	-	75,956	75,956	-	-	-
Fund Balance - Beginning	2,086,616	2,128,371	41,755	831,274	829,802	(1,472)	159,186	159,186	-
Prior Year Cancelled Encumbrance	-	5,140	5,140	-	-	-	-	-	-
Fund Balance - Ending	\$ 2,086,616	2,061,426	(25,190)	831,274	905,758	74,484	159,186	159,186	-

BARTON COUNTY COMMUNITY COLLEGE
Auxiliary Enterprise Funds
 Summary Schedule of Revenues, Expenditures,
 Encumbrances and Changes in Fund Balance - Budget and Actual
 Current Funds - Unrestricted (Regulatory Basis)
 For the Year Ended June 30, 2015

	Cosmetology Fund			Camp Aldrich Fund			Total Auxiliary Enterprise Funds		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues									
Tuition and Fees	\$ 10,000	-	(10,000)	40,000	-	(40,000)	850,000	323,800	(526,200)
Housing Payments	-	-	-	-	-	-	4,480,000	1,616,315	(2,863,685)
Bookstore Sales	-	-	-	-	-	-	4,650,000	883,084	(3,766,916)
Interest	-	-	-	-	-	-	-	1,273	1,273
Contributions	-	-	-	-	317,000	317,000	-	317,000	317,000
Other Revenue	500,000	-	(500,000)	4,210,000	1,278,567	(2,931,433)	4,950,000	1,889,851	(3,060,149)
Total Revenues	510,000	-	(510,000)	4,250,000	1,595,567	(2,654,433)	14,930,000	5,031,323	(9,898,677)
Expenditures									
Auxillary Services	510,000	-	510,000	4,250,000	2,597,610	1,652,390	14,533,287	5,632,782	8,900,505
Debt Principal Payments	-	-	-	-	-	-	396,713	200,000	196,713
Debt Interest Payments	-	-	-	-	-	-	-	196,713	(196,713)
Total Expenditures	510,000	-	510,000	4,250,000	2,597,610	1,652,390	14,930,000	6,029,495	8,900,505
Excess Revenues Over (Under) Expenditure	-	-	-	-	(1,002,043)	(1,002,043)	-	(998,172)	(998,172)
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	-	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	(1,002,043)	(1,002,043)	-	(998,172)	(998,172)
Fund Balance - Beginning	-	-	-	170,450	184,126	13,676	3,247,526	3,301,485	53,959
Prior Year Cancelled Encumbrance	-	-	-	-	-	-	-	5,140	5,140
Fund Balance - Ending	\$ -	-	-	170,450	(817,917)	(988,367)	3,247,526	2,308,453	(939,073)

BARTON COUNTY COMMUNITY COLLEGE

Notes to Supplementary Information
June 30, 2015

Reconciliation of Revenues, Expenditures and Other Financing Sources (Uses) for Budgetary Funds on a Regulatory Basis to GAAP Basis.

	General	Post Secondary Technical	Adult Basic Education	Auxiliary Enterprise	Total Budgetary Funds	Non-budgetary Funds	Total All Funds
Revenues							
Actual Amounts (Regulatory Basis) Revenues	\$ 28,083,519	3,552,819	151,361	5,031,323	36,819,022	14,563,633	51,382,655
Adjustments							
Accounts Receivable Adjustment	55,412	-	-	1,103,779	1,159,191	-	1,159,191
Change in Allowance for Doubtful Accounts	214,057	-	-	-	214,057	-	214,057
Federal Grant Receivable Adjustment	-	-	3,361	-	3,361	142,960	146,321
Change in Equity Interest in Joint Venture	(5,012)	-	-	-	(5,012)	-	(5,012)
Prior Year Cancelled Encumbrance	-	-	-	5,140	5,140	-	5,140
Total Revenues as Reported on the Statement of Revenues, Expenses and Change in Net Position	28,347,976	3,552,819	154,722	6,140,242	38,195,759	14,706,593	52,902,352
Expenditures							
Actual Amounts (Regulatory Basis) Expenditures	17,966,360	11,074,192	220,283	6,029,495	35,290,330	14,225,231	49,515,561
Adjustments							
Inventory Adjustment	-	-	-	(16,124)	(16,124)	-	(16,124)
Change in Debt	(156,115)	-	-	(200,000)	(356,115)	(162,500)	(518,615)
Change in OPEB Obligation	25,515	-	-	-	25,515	-	25,515
Change in Construction in Process	-	-	-	2,899,535	2,899,535	-	2,899,535
Accrued Interest on Debt	(959)	-	-	(1,657)	(2,616)	-	(2,616)
Change in Prepaid Expenses	(48,976)	-	(9,396)	-	(58,372)	(1,620)	(59,992)
Change in Debt Issuance Costs	6,786	-	-	7,445	14,231	-	14,231
Depreciation Expense	760,877	-	-	137,866	898,743	-	898,743
Additions to Capital Assets	(1,126,465)	-	-	(4,971,990)	(6,098,455)	-	(6,098,455)
Disposal of Capital Assets	670,551	-	-	-	670,551	-	670,551
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for regulatory purposes, but in the year the items are received for GAAP reporting							
Less 2014 Encumbrances	(100,000)	-	-	(1,477,304)	(1,577,304)	-	(1,577,304)
Plus 2013 Encumbrances	127,099	-	-	734,313	861,412	-	861,412
Total Expenditures as Reported on the Statement of Revenue, Expenses and Change in Net Position	18,124,673	11,074,192	210,887	3,141,579	32,551,331	14,061,111	46,612,442
Other Financing Sources (Uses)							
Actual Amounts (Regulatory Basis) Other Financing Sources (Uses) From Schedules 1	(7,683,972)	7,531,432	70,000	-	(82,540)	82,540	-
Net Increase in Net Position, as Reported on the Statement of Revenue, Expenses and Change in Net Position	2,539,331	10,059	13,835	2,998,663	5,561,888	728,022	6,289,910
Net Position - Beginning, as restated	17,551,680	19,309	3,215	5,586,981	23,161,185	8,188,794	31,349,979
Net Position - Ending	\$ 20,091,011	29,368	17,050	8,585,644	28,723,073	8,916,816	37,639,889

BARTON COUNTY COMMUNITY COLLEGE
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X No
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X No

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (PELL)
84.268	Federal Direct Student Loans (FDL)

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

Auditee qualified as low-risk auditee? X Yes No

BARTON COUNTY COMMUNITY COLLEGE
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

No material findings or questioned costs for the year ended June 30, 2014 are required to be disclosed under OMB Circular A-133.

BARTON COUNTY COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Direct Funding			
Student Financial Assistance Program Cluster - Title IV			
Federal Pell Grant Program	84.063	P063P122527	\$ 3,138,250
Federal Supplemental and Educational Opportunity Grants	84.007	P007A1111491/P007A121491	35,200
Federal Work-Study Program	84.033	P033A121491	50,346
Federal Direct Student Loans	84.268	N/A	<u>3,185,482</u>
Total Student Financial Assistance Program Cluster - Title IV			<u>6,409,278</u>
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A100313-13	290,941
TRIO Educational Opportunity Centers	84.066A	P066A120247-13	252,367
TRIO Upward Bound	84.047	P047A120716	264,001
TRIO Upward Bound	84.047A	P047A120905	<u>240,554</u>
Total TRIO Cluster			<u>1,047,863</u>
Higher Education Institutional Aid	84.031A	P031A09016-13	111,505
Adult Education National Leadership Activities	84.191C	V191C130039	149,787
Passed Through State Board of Regents			
Career and Technical Education - Basic Grants to States	84.048	N/A	100,616
Adult Education - Basic Grants to States	84.002	N/A	<u>151,506</u>
Total U.S. Department of Education			<u>7,970,555</u>
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558	N/A	20,911
Team Nutrition Grants	10.574	N/A	<u>250</u>
Total U.S. Department of Agriculture			<u>21,161</u>
Institute of Museum and Library Services			
Passed Through State Library of Kansas			
2014 KS Notable Book Grant	45.310	LS-00-14-0017-14	<u>225</u>
Corporation for National and Community Service			
Direct Funding			
Retired and Senior Volunteer Program	94.002	10SRWKS003/13SRWKS005	50,792
Passed Through State Department of Education			
Volunteer Generation Fund	94.021	10VGHKS001	<u>25,757</u>
Total Corporation for National and Community Service			<u>76,549</u>
Total Expenditures of Federal Awards			\$ <u>8,068,490</u>

See accompanying notes to schedule of expenditures of federal awards.

BARTON COUNTY COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Barton County Community College** and is presented on the accrual basis of accounting; therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - FEDERAL LOAN PROGRAMS

The Federal Direct Student Loans is a program where a student or student's parent applies for a federal loan. When the loan is approved, the money is transferred to a bank account in **Barton County Community College's** name, but the loan funds are designated for the individual student. Total new loans made to eligible students and/or students' parents pursuant to this program totaled \$3,185,482 for the year ended June 30, 2015.

NOTE 3 - ADMINISTRATIVE COST ALLOWANCE

Barton County Community College can receive an administrative cost allowance from the U.S. Department of Education federal awards for administering the federal awards program based upon Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Program costs (FWS), Federal Perkins Loan Program costs, and Federal Pell Grant Program disbursed to students during the year. The College received \$5,250 as an administrative cost allowance, which is less than the administrative cost allowance allowed for the year ended June 30, 2015.

NOTE 4 - MATCHING CONTRIBUTIONS

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students with priority given to Pell grant recipients who have the lowest expected family contributions. **Barton County Community College** was granted a waiver from matching these funds by the U.S. Department of Education, so the College did not provide any matching contributions for FSEOG grants for the year ended June 30, 2015.

The Federal Work-Study Program (FWS) provides part-time employment to eligible undergraduate and graduate students who need the earnings to help meet costs of postsecondary education. **Barton County Community College** was granted a waiver from matching these funds by the U.S. Department of Education, so the College did not provide any matching contributions for FWS grants for the year ended June 30, 2015.